NATIONAL BANK OF ROMANIA

Annual Report 2025

Annual Report
2025

NOTES

The Annual Report for 2025 was examined and approved by the National Bank of Romania Board on 24 June 2026 and was submitted to the Parliament of Romania pursuant to Law No. 312/2004 on the Statute of the National Bank of Romania.

The statistical data used are those available at 25 May 2026. Some of the data for the period covered are provisional and will be updated as appropriate in the subsequent publications of the National Bank of Romania. Totals may not add up and minor differences from the percentage changes in charts and tables may occur, due to rounding.

The source of data used in charts and tables was indicated only when data were provided by other institutions.

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Overview

In 2025, Romania's economy grew for the fifth year in a row, albeit at a slower pace (+0.7 percent, 0.2 percentage points lower than in 2024), amid a slowdown in consumer demand that was only partly offset by a recovery of investment. The fiscal consolidation was initiated in the course of the year to put the economy back on a sustainable footing. This led to a narrowing of the twin deficits to below 8 percent of GDP, yet it triggered unavoidable costs in terms of not only economic growth but also inflation, with the annual CPI rate standing at 9.69 percent in December. The subdued economic performance also reflected in an easing of the labour market, as shown by the lower job vacancy rate, the higher unemployment rate, and softer annual wage dynamics.

Private consumption inched up 0.6 percent, its evolution being marked by fiscal correction measures and by the uncertainty arising from the protracted election calendar. Apart from the substantial deceleration in the annual dynamics of nominal net wage economy-wide[1], households' real incomes were also affected by the freezing of the value of the pension point (in January 2025), the electricity market liberalisation in July and the increase in indirect taxes (VAT rates and excise duties) one month later.

The rebound in gross fixed capital formation (3.4 percent) benefited in 2025 from solid support from inflows of EU funds. Their faster absorption gave a major boost to public investment, mainly infrastructure projects (roads, railways, utilities), while private investment was rather subdued, given the limited appetite of households to invest in real estate and of companies to purchase equipment.

2025 saw Romania's public finances re-enter a consolidation path. The budget deficit narrowed by 1.4 percentage points against 2024 to 7.9 percent of GDP, while the adjustment of the primary deficit was even larger (-1.8 percentage points). Even under these circumstances, Romania's public deficit remained the highest in the European Union, which calls for the fiscal reforms initiated in 2025 to continue with a view to meeting the 3 percent-of-GDP target by 2031.

The fiscal consolidation measures taken so far also helped narrow the current account deficit-to-GDP ratio by 0.3 percentage points (to 7.9 percent) in 2025. Specifically, the slowdown in consumer demand acted, together with the good crops, towards narrowing the trade deficit in H2, which contributed to an improvement in the external imbalance. At the same time, the current account deficit financing through non-debt-creating flows – i.e. net inflows in the form of equity in direct investment enterprises (including reinvestment of earnings) combined with the capital account surplus (made up chiefly of EU non-repayable investment funds) – rose significantly in 2025 to reach 42.8 percent (up approximately 11 percentage points over the year before).

[1] Amid the worsening cyclical position of the economy and the removal of some tax breaks in the private sector, but also the freezing of public sector wages at the beginning of 2025.

International reserves remained at an adequate level, with the relevant indicators surpassing the indicative thresholds. At end-2025, they amounted to EUR 77 billion, rising EUR 6.5 billion versus end-2024. From a quantitative perspective, the gold stock remained unchanged at 103.6 tonnes, out of which 61.2 tonnes stored with the Bank of England. For transparency and security reasons, the NBR carries out annual on-site checks of the bullions stored with this institution, the latest taking place in October 2025.

The annual CPI inflation rate stood at 9.69 percent in December 2025, 4.55 percentage points above the year-earlier reading. Behind the upward trend in consumer prices stood mainly the impact of the two major exogenous shocks in the summer of 2025: the removal of electricity price caps on 1 July – which led to a 61.6 percent monthly increase in the average consumer price for electricity – and, in August, the hike in VAT rates and excise duties, largely incorporated in consumer prices in the same month, its effects being detectable in the subsequent period as well.

In turn, the annual core inflation rate (which excludes administered prices, volatile prices, and tobacco product and alcoholic beverage prices from the CPI) rose by 2.9 percentage points in 2025 to 8.5 percent in December. The main impact came from the fiscal measures, but also contributing thereto was the indirect effect of liberalisation of the electricity market for non-household consumers, which put additional pressure on corporate costs. The core inflation trend was driven by processed food and market services prices, whose annual dynamics reached 8.5 percent and 10.6 percent, respectively, at end-2025 (versus 4.2 percent and 6.7 percent, respectively, a year earlier). Besides the broad-based impact of tax changes, these groups were under labour cost pressures, particularly after the increase in the minimum wage economy-wide in January 2025. Moreover, higher costs of certain agri-food commodities (milk, meat, oilseeds, coffee and cocoa) also contributed to the faster dynamics of processed food inflation. The annual change in non-food prices followed a more moderate path (6.8 percent at end-2025), as they were more sensitive to import prices, which were benign in the first part of the year under review.

In 2025, volatile food prices had a downward influence on the annual CPI inflation, thanks to the large harvests of vegetables domestically and of fruit regionally, together with fuel prices, amid a decline in oil prices and a weaker US dollar.

In the early months of 2026, the annual inflation rate stayed shy of double-digit levels, but in April it climbed to 10.71 percent. Behind this stood the oil market turmoil after the outbreak of the Middle East armed conflict, which had as a direct effect an upswing in motor fuel prices that gradually fed through to other goods and services via production and transport costs. Even though briefly discontinued by the ensuing energy shock, the downward path of inflation is expected to resume, amid the base effects associated with the liberalisation of the electricity market and the hike in indirect taxes, but also against the background of a wider aggregate demand deficit.

In the challenging macroeconomic environment of 2025, the NBR's actions and tailoring of the monetary policy stance prevented a more severe worsening of developments in consumer price dynamics. Monetary policy was geared towards bringing the annual inflation rate back in line with the flat target over the medium term, *inter alia* by

anchoring inflation expectations in the longer run, in a manner conducive to achieving sustainable economic growth. Specifically, the policy rate status-quo at 6.5 percent was accompanied by the preservation of interest rates on standing facilities. In addition, the central bank kept the minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions at 8 percent and 5 percent respectively. An important step in the harmonisation of the minimum reserve requirements mechanism with the ECB's relevant standards and regulations was completed once a new regulation on the MRR regime entered into force on 1 January 2025.

The management of liquidity on the money market further played a major role, given the stronger expansionary impact of the State Treasury's foreign currency operations, but also the uncertainties surrounding the protracted electoral calendar. Thus, in the period from January to April 2025, the NBR resorted to the deposit facility to mop up excess liquidity in the banking system, whereas towards end-May and in June the central bank supplied liquidity to credit institutions via repos. Against the background of a gradual improvement in investor risk perception towards the domestic economy – given the fiscal consolidation measures taken by the authorities –, the latter half of the year saw the re-emergence and the widening of the liquidity surplus, mopped up via the deposit facility.

In 2025, the leu depreciated by 2.3 percent versus the euro (based on December 2025 versus December 2024 exchange rate averages). In the first 10-day period of May, when the interbank forex market reflected, alongside other financial market segments, the influences of the tension-ridden electoral context (which generated high uncertainty and substantial capital outflows), the EUR/RON exchange rate posted an abrupt increase, partly corrected afterwards. Amid the successive revisions of investor expectations on the outlook for the federal funds rate, but also reflecting the steps taken domestically in the setup and adoption of fiscal consolidation measures, the EUR/RON exchange rate followed a relatively fluctuating course in Q3 before stabilising at slightly higher readings in the closing months of the year.

The NBR continued to extensively use the specific tools and means of communicating and detailing the rationale behind monetary policy decisions. It thereby highlighted the drivers behind the pick-up in the inflation rate in 2025 and the prospects for its decline in 2026 H2, as well as the role of monetary policy conduct and the NBR's determination to act in order to safeguard medium-term price stability. Moreover, the central bank repeatedly underlined the importance of the consistent implementation of fiscal correction measures, along with the absorption and use of EU funds.

Several risks to financial stability in Romania continued to be manifest during 2025 as well. On the external front, the abrupt rise in protectionist tendencies in international trade overlapped with a tense geopolitical environment, contributing to the increase in uncertainty surrounding global economic policies and the persistence of a volatile environment, likely to fuel and amplify systemic risks. Domestically, economic growth was subdued, while the twin deficits remained among the key risk factors.

Specifically, the risks associated with global uncertainty and with the worsening of domestic macroeconomic equilibria were further assessed as severe. To these added

two moderate systemic risks, namely the default risk for loans to the private sector – amid the deterioration of the financial standing of some non-financial corporations, which reflected in the worsening quality of corporate loans – and the risk associated with challenges to cybersecurity and financial innovation. The latter became increasingly relevant, against the background of fast-paced digitalisation and the extended use of AI-based solutions.

In a context marked by such risks, the banking sector in Romania showed resilience, the key prudential indicators staying higher than or similar to those recorded in the EU. Thus, at end-December 2025, total capital ratio was 25.8 percent, well above the overall capital requirements, asset quality was adequate (non-performing loan ratio of 2.7 percent and NPL coverage ratio of 62.4 percent) and the liquidity coverage ratio stood at a comfortable level (257.2 percent). Moreover, the results of the solvency stress test covering the 2025-2027 period confirm the resilience of the banking sector, supported by the substantial capital buffers at the beginning of the period under review and the further high operational efficiency, particularly of large banks.

The consolidation trend of the banking sector continued in 2025, as shown by the contraction in the total number of credit institutions from 32 to 29 (19 Romanian legal entities and 10 branches of credit institutions having their head offices in other countries), mainly on account of some mergers and acquisitions. This process was accompanied by a change in the shareholding structure in favour of domestic capital, as well as by the optimisation of operational models, as highlighted by the smaller territorial network and the lower number of employees, due to the progress in digitalisation.

The National Bank of Romania, as a member of the National Committee for Macroprudential Oversight (NCMO), closely monitors the developments in the domestic and external macroeconomic environment with a view to identifying and taking the most adequate measures to mitigate risks to financial system stability in Romania. In 2025, the NCMO General Board convened in four meetings, which resulted in the adoption of recommendations and decisions on macroprudential policy measures, addressed to member authorities of the NCMO, namely the NBR, the FSA and the Government of Romania. These measures are in line with those implemented in EEA countries by member states' designated authorities, with the strengthening of banking sector resilience and, implicitly, safeguarding financial stability being the primary objective.

According to its statutory tasks, the NBR monitors on a continuous basis the functioning of payment systems and securities settlement systems. In 2025, these systems ran smoothly and safely. Operational incidents were minor and no major incidents were reported by the managers of financial market infrastructures in the NBR's monitoring area, or by the credit institutions designated as critical participants.

The Government of Romania and the National Bank of Romania maintain an ongoing multifaceted institutional cooperation. This includes the participation of central bank experts in the meetings of the Committee for planning the financial flows of the State Treasury, the NBR's support extended to the Ministry of Finance in the process of bond issuance on the international capital markets, and the endeavours for Romania's

joining the Organisation for Economic Co-operation and Development (OECD). The NBR has been committed as early as 2008, consistent with its legal mandate, to developing the relationship with this organisation. Hence, it participates as a permanent guest in the works of the National Committee for Romania's Accession to the OECD, chaired by the Prime Minister of Romania, which coordinates the overall policy of the accession process.

In 2025, the central bank was involved in the OECD accession process, within its statutory scope, mainly via:

(i) contributing to the content of the reply letters from the Romanian authorities to the recommendations made by the OECD Committee on Financial Markets and Investment Committee; in this context, the former adopted in February 2026 the formal opinion on Romania's accession to the OECD;

(ii) reviewing and commenting on the draft assessment report of Romania by the OECD Investment Committee; and

(iii) participating in working meetings with OECD experts as part of the assessment missions related to the *OECD Economic Surveys: Romania 2026* and making comments and additions to those sections of the report that fall within the central bank's scope. This country report is a comprehensive analysis of Romania's economic developments, addressing key economic challenges and providing public policy recommendations. It substantiated Romania's assessment by the OECD Economic and Development Review Committee, which adopted the formal opinion on Romania's accession to the OECD on 16 March 2026.

Moreover, the NBR further took part in the activities of OECD working structures relevant to central banking (i.e. the Committee on Financial Markets and the Working Party on Sustainable Finance, the Advisory Task Force on the OECD Codes of Liberalisation, which assists the Investment Committee, and the four working parties of the Committee on Statistics and Statistical Policy), by attending their meetings and other specific events. As a member of the OECD International Network on Financial Education, the central bank also participates in the meetings of some of its working groups, and on 5-7 May 2026 hosted the half-yearly spring meeting of the network in Bucharest.

Also with regard to financial education, in 2025, dedicated programmes and events were carried out – at the NBR head office and within its territorial network – which were attended by about 135,000 people. The institution's ongoing interest in promoting such actions is also reflected in the approval of the National Bank of Romania's Second Strategy in the area of financial education. This document contains the milestones for organising and implementing a broad spectrum of financial education activities by 2030.

In 2025, the NBR launched *Economic*@BNR, a research and analysis platform on economic topics relevant for Romania, also from the perspective of the nationwide objectives to expand economic and financial education. The first study carried out under the project, entitled 'European Romania – Developments, Progress, Challenges' and published on 28 April 2025, highlights the performance of more than 100 specific indicators

representative of national development priorities over the past two decades. The comprehensive analysis of domestic developments, including regional and EU-wide comparative assessments, reflects Romania's progress and benefits as an EU Member State, while highlighting the challenges that the national economy must deal with in the coming years.

As for the relation with the Parliament of Romania, the ongoing dialogue between the National Bank of Romania and this institution takes many forms, such as:

(i) formulation of opinions on draft legal acts at the request of parliamentary committees or initiators;

(ii) formulation of opinions, preparation of supporting documents or participation in discussions/meetings of parliamentary committees of the Chamber of Deputies and the Senate on issues such as monetary policy, financial stability, bank resolution, European affairs or payment systems; and

(iii) preparation of replies to interpellations addressed by Members of Parliament to the central bank.

In keeping with the principles of transparency and institutional accountability, the NBR continued in 2025 to provide high-quality economic information in the form of both statistical data that the institution produces in compliance with the legal framework and research works and papers published. The reports issued by the central bank play a major role in ensuring communication with the public at large and the Parliament. The NBR sends to the presidents of the two chambers of Parliament and to the economic committees not only the *Annual Report* (a statutory duty), but also the *Inflation Report* and the *Financial Stability Report* – other two of the central bank's key publications, which explain its actions meant to ensure price stability and financial stability. Many topics relevant to central banking are discussed in public events or interviews by Board members, as well as during scientific seminars and symposiums; at the same time, economic research activities carried out within the NBR focus on such issues.

Turning to the NBR's online communication, in 2025 the central bank strengthened its digital infrastructure by migrating the NBR's website to a new platform, which ensured improved performance, security, and content management. This transition was completed in July 2025 by fully migrating the content, alongside optimisations of the layout and navigation.

In the same vein, the website also expanded its themed projects, such as introducing a section dedicated to the NBR's Treasure sent to Moscow – with documented information on the historical context, the stages of the evacuation and subsequent institutional efforts to recover it – as well as updating and redesigning the "Sustainability and green economy" section. In February 2025, the BNR Direct mobile application was launched for iOS and Android, showing the most accessed flows of information published by the NBR, i. e. exchange rates and interest rates, while also featuring press releases, publications, speeches, and contact information useful for the public. Social media communication was ensured via the central bank's official

accounts on Instagram, LinkedIn, X and YouTube; moreover, as of July 2025, an official Bluesky account was created to diversify the channels and to test the communication potential of an emerging platform. The NBR blog OpiniiBNR further played an important role in 2025, providing a space where central bank professionals address topical issues.

In the NBR's international technical cooperation activity, the relation with the National Bank of Moldova (NBM) continued to play a special part. Looking at the EC-funded technical assistance for the Republic of Moldova, worth noting is the study visit that NBM representatives made to the NBR on 'Compiling financial accounts in the System of National Accounts' from 26 May to 28 May 2025 through the TAIEX6 tool. Furthermore, in October 2025, a technical mission of an NBR delegation was in Chișinău under the project 'Strengthening the institutional capacity of the authorities of the Republic of Moldova in the field of European affairs' launched by the Ministry of Foreign Affairs under RoAid, Romania's International Development Cooperation Agency.

Another pillar of the technical assistance provided to the National Bank of Moldova is the joint NBM-NBR Cooperation Agreement signed in June 2021 to develop and expand cooperation between the two central banks. Under the Agreement, a number of requests for exchange of information were dealt with in the course of 2025 by both the NBM and the NBR, covering the entities registered in the Republic of Moldova that are part of Romanian banking groups, as well as the NBM's tasks regarding the licensing, supervision and regulation of the activity of banks in the Republic of Moldova.

In addition, from December 2023 to March 2026, the NBR provided technical assistance in financial services to the NBM, for the National Commission for Financial Markets and the Government of the Republic of Moldova, via an EU High-Level Adviser in the Republic of Moldova.

The second phase of the Regional technical assistance programme for central banks in Western Balkans continued in 2025, featuring a seminar and several missions in the area of financial stability. This phase ended in September 2025 and the third phase of the programme is scheduled to run from 2026 to 2028. The NBR was also involved in other projects aimed at providing technical assistance to countries in the region or in the EU's vicinity.

The National Bank of Romania's financial position strengthened considerably, its equity recording as at 31 December 2025 a significant positive value of lei 66,391.8 million, up 37 percent over the prior year. This sizeable level of equity reinforces the institution's ability to fulfil its national legal obligations and the tasks related to its capacity as a member of the European System of Central Banks, while securing its financial independence and instilling credibility in its operations.

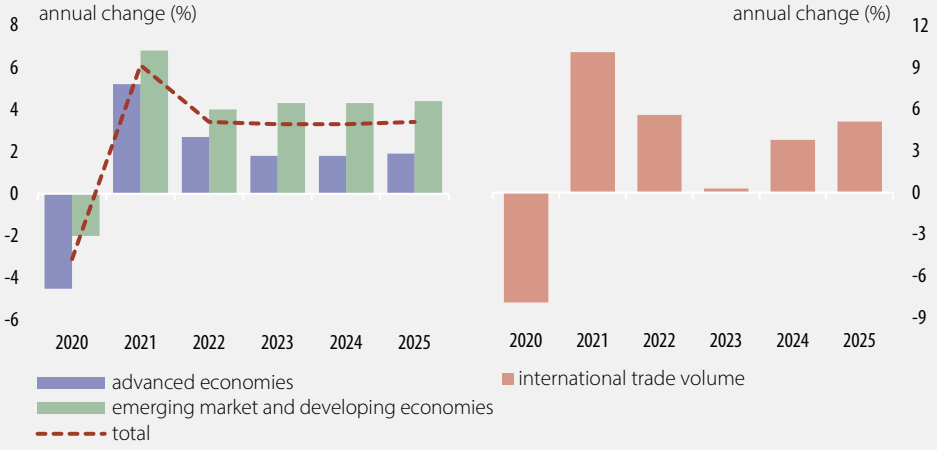
Similarly to previous years, in 2025 too, the National Bank of Romania acted to ensure price stability and financial stability and to fulfil all other tasks set forth by law, without resorting to public funds. Furthermore, following its concern for efficiently using the resources at its disposal, the NBR posted a positive financial result as at 31 December 2025 – due largely to the profit from foreign currency asset/liability management operations –, transferring lei 1,877.1 million to the government budget.

Chapter 1

Global environment and domestic macroeconomic developments

1. External environment

Global GDP growth remained relatively robust in 2025, at 3.4 percent, according to the IMF's April 2026 *World Economic Outlook*. Despite the volatile international environment, the resilience of economic activity reflected the cumulative impact of several factors: the US actual collected tariff rate turned out to be lower than initially announced, several economies benefited from fiscal impulses, financial conditions gradually eased and investment in artificial intelligence (AI) further expanded at a fast pace. This investment particularly supported Asian exports of semiconductors and technological equipment, making up partly for the stagnant demand for conventional industrial goods. Nonetheless, sectors continued to post divergent dynamics: services strengthened their role as the key driver of economic growth, while manufacturing recorded a modest increase, being affected by geopolitical uncertainties and the reconfiguration of global supply chains. Developments in commodity prices exerted overall disinflationary effects, allowing the major central banks to gradually take monetary easing measures (Chart 1.1).

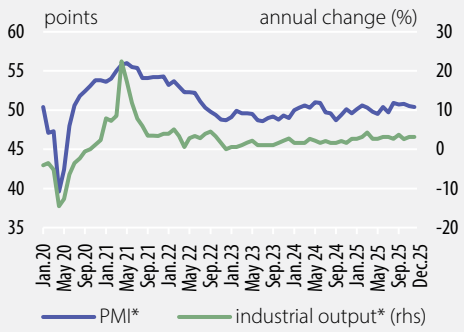


Source: IMF

Chart 1.1
Global economic growth

In the United States, growth slowed down to 2.1 percent in 2025 from 2.8 percent in 2024. Economic activity was bolstered by robust private consumption and solid technology investment, especially related to AI. This investment further increased at a swift pace, although its direct impact on GDP was partly offset by the high import content of the technological equipment and components employed. Conversely, the external sector made a negative contribution to economic growth, of a slightly lower magnitude than that seen in 2024; although the annual rate of change of imports decreased by about 3 percentage points, it was higher than that of exports, which also declined. Towards year-end, economic activity was temporarily hit by the federal government shutdown, which led to a sharp drop in public expenditure and a marked slowdown near standstill in 2025 Q4.

Euro area GDP dynamics strengthened to 1.4 percent in 2025, picking up from 0.9 percent in 2024. Behind this stood mainly domestic demand, contributions coming from private consumption, as well as from the increase in defence spending in some member economies. By contrast, net exports were dampened by uncertainty and competitive pressures from China (Box 1). The picture of growth across the main euro area Member States was further mixed: in 2025, Germany recorded a modest GDP rise of 0.2 percent, after the 0.5 percent contraction seen in 2024, France's economy decelerated to 0.8 percent, economic growth in Italy slowed down to 0.5 percent, whereas Spain continued to display relatively robust, though also declining, growth (2.8 percent).



*) seasonally adjusted data

Note: The Purchasing Managers' Index (PMI) is calculated by Markit Economics based on a business survey among manufacturing managers. When above 50, it shows economic expansion.

Source: World Bank, Bloomberg

Chart 1.2
Outlook for global economic growth

In China, GDP dynamics remained at 5.0 percent in 2025, underpinned by the widening trade surplus, due to Chinese exports being redirected from the US to other markets, amid a favourable competitive position. India further boasted fast-paced growth in 2025, i.e. 7.6 percent (Chart 1.2).

Box 1. The European industry between diagnosis and action

Motivation

Manufacturing has been the backbone of Europe's economic model for decades. The German car industry, France's aircraft industry, Italy's fashion industry, Denmark's wind technologies or the Dutch food industry have been the key pillars of economic growth in the EU, bolstering Europe's emergence as a hub for innovation and technology. Nevertheless, the recent years have marked a critical turning point in these developments, with industrial activity following a persistent stagnation or even declining trend mirrored by the declining share of GVA in GDP, the slowdown in productivity, job losses and the erosion of competitiveness in international markets. These occurred in the wake of simultaneous adverse shocks (Russia's invasion of Ukraine and the energy crisis, China's export-led growth to the detriment of domestic consumption or global trade fragmentation, accelerated by the current US trade tariffs) overlapping a range of challenging structural features of the EU manufacturing sector. The diagnosis and the potential solutions were detailed in Mario Draghi's report released in September 2024, perhaps the most important economic policy paper prepared by the EU institutions on competitiveness. This Box aims to describe several measures of the scale of the phenomenon and to discuss some of the major domestic and global drivers favouring deindustrialisation.

Measures of the decline

After a local peak in 2018, the industrial output volume across the EU[2] witnessed another temporary recovery after the outbreak of the COVID-19 pandemic, hitting the record high of the series in 2022. As for Germany, which has been both the industrial powerhouse of postwar Europe and the main exponent of the decline over the recent period, there was no rebound after 2018, the country's industrial production decreasing constantly to an approximately 15 percent lower level in 2025. Romania saw a similar path as well, the volume of industrial output falling by 9 percent in 2025 versus 2018 – in a context in which Germany, the most important trading partner, accounted for around a quarter of domestically-manufactured exports.

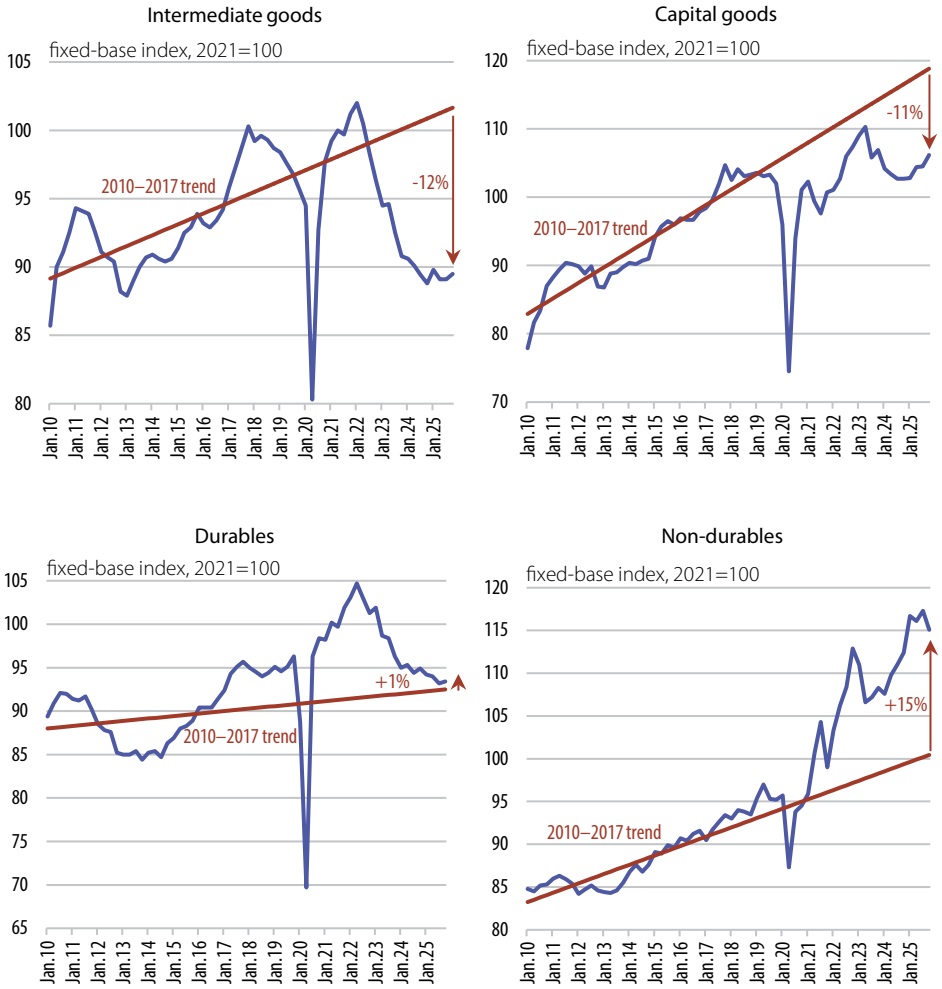


Chart A
Industrial output volume in the EU

Source: Eurostat, NBR calculations

Over the past eight years (2018–2025), industry made a 0.14 percentage point annual contribution, on average, to economic growth in the EU, hiring about 18.7 percent of the total number of employees. Labour productivity per person

[2] For the purpose of this analysis, for comparability, EU refers to EU-27 in its current composition (according to Eurostat data available at present), irrespective of the period reference is made to.

employed increased, on average, by 0.7 percent per annum, whereas labour productivity per hour worked grew by 0.9 percent in annual terms. By contrast, in the previous eight years (2010–2017), industry contributed 0.45 percentage points per annum, on average, to GDP growth and accounted for a 1 percentage point higher share of employees than in the recent period, while the average dynamics of productivity indicators stood at +2.9 percent and +2.7 percent respectively.

Looking at the EU's foreign trade in goods, industrial goods hold an overwhelming share (over 90 percent) for both imports and exports. The balance on trade in industrial goods was consistently positive after the Great Recession (except for one year), yet a worsening was visible in this case too: from an average surplus of 1.1 percent of GDP in 2010–2017 to 0.6 percent of GDP over the past eight years. In the automotive industry, which was, traditionally, the key pillar of EU exports, together with the manufacture of machinery and equipment, motor vehicle production peaked about a decade ago, car producers in the EU starting to lose market share swiftly afterwards, particularly to Chinese manufacturers (Chart A).

Coordinates of industrial activity

The European industrial sector and other economic activities carried out in the EU have certain relevant operating characteristics. First, the European Union has always been, mainly due to geographical reasons, highly dependent on imported energy – between 50 percent and 60 percent overall –, with a higher share in the case of oil and processed petroleum products, a somewhat lower share in that of natural gas, and a relatively low dependence on solid fuels. As far as sources thereof are concerned, Russia has generally been the main supplier of both natural gas and petroleum products (Chart B).

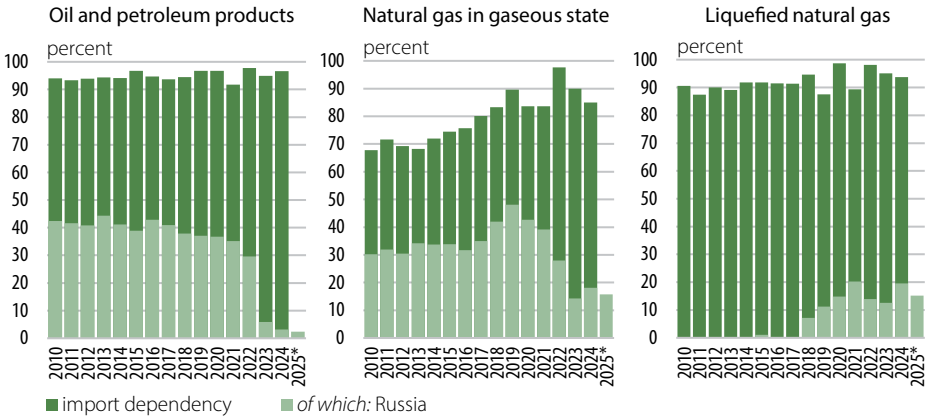


Chart B
Europe's energy dependency and Russia's role

*) Own estimates and calculations based on provisional data. Total dependency cannot be calculated yet, but it is relatively stable over time.

Source: Eurostat, NBR calculations and estimates

Second, the legal framework for many economic activities is often perceived as burdensome, at least when compared with the US business environment. According to a Eurostat assessment, the overall recurring administrative costs (regulatory and reporting burdens entailed by maintaining compliance) of EU companies amount to approximately EUR 150 billion or 1 percent of GDP annually.

The European Investment Bank shows that 34 percent of EU firms see excessive regulation as a major obstacle to investment, while 22 percent of SMEs dedicate over 10 percent of their workforce to regulatory assessment and compliance. Rigorous regulations obviously have benefits. For instance, the GDPR legislation, often cited as a source of additional disproportionate costs, particularly for small-sized companies, has become a global standard for data protection and digital consumer rights. In the same vein, Europe's ambitions with respect to decarbonisation and green transition have eroded, at least over the short term, the competitiveness of some European manufacturers, as these goals were insufficiently correlated with coherent and complementary industrial policies, even though the need to achieve them for a sustainable development in the quality of life is undeniable.

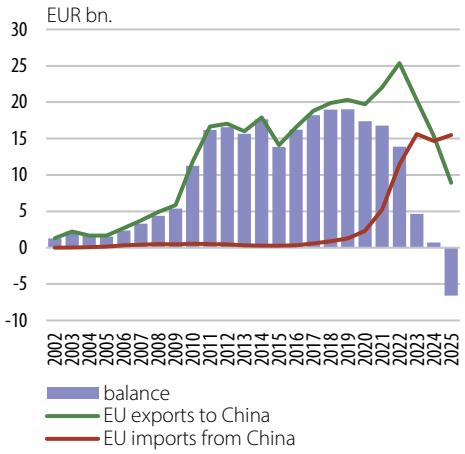
Third, EU Member States' incomplete integration renders Europe less attractive to companies than rival economies. An IMF paper published in 2024 estimates that intra-EU trade costs for goods are the equivalent of a 45 percent tariff (as for the US, the tariff equivalent of trade barriers between the federal states is of around 15 percent), while for services these barriers are the equivalent of a 110 percent tariff. For an industrial manufacturer seeking to operate in the European Union, fragmentation implies several distinct regimes of commercial law, taxation, insolvency and labour law, as well as segregated capital markets with relatively low capitalisation, which fail to efficiently channel sizeable funds into productive investments.

Last but not least, the demographic decline and the chronic labour shortage have become increasingly relevant. The EU working-age population (aged 15 to 64) seems to have peaked in 2009, and the somewhat slow decrease observed subsequently will accelerate markedly over the following years, given the current trends in the birth rate. According to World Bank projections, in 2050 people of working age will account for almost 20 percent less than in 2025. The decline is expected to be even larger in China, yet the Asian economy currently boasts a sizeable labour pool, given the size of its population. Conversely, the US is the only advanced economy whose working-age population is foreseen to remain on an upward path, solely on account of inflows of immigrants. Immigration has partly made up for labour shortages also in Europe over the past two decades. However, from the perspective of industry, there is often a mismatch between migrants' qualifications and the respective job profiles, especially in frontier sectors (e.g. next-generation semiconductors, green technologies, advanced aerospace construction or robotics-AI synergies), which would bring the highest productivity gains.

Recent shocks

These specificities have made numerous industrial activities susceptible to adverse shocks, such as those that occurred over the past years. The first such shock, which began to generate effects towards the end of the past decade, is China's fast-track emergence as Europe's competitor in manufacturing in terms of not only price but also quality. A mix of targeted policies, including the redirection of credit flows from consumption and real estate to the development of export capacities, subsidy schemes for industrial producers and an undervalued domestic currency,

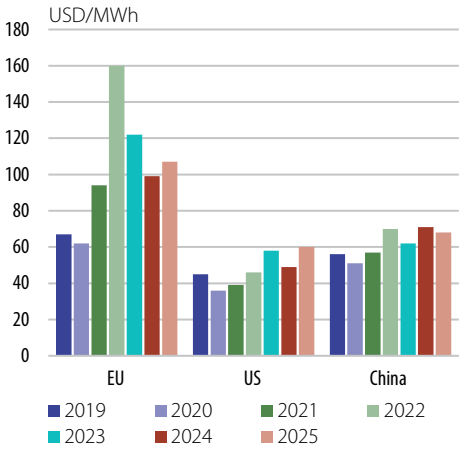
underpinned this change, even at the expense of a rise of some domestic imbalances. The low share of household final consumption in GDP (below 40 percent over the past two decades) and the large incentives that have led to industrial overcapacity as compared with demand are imbalances that an economy as important as China exports to the rest of the world. For instance, the production capacity of the automotive industry is estimated at up to 50 million vehicles per year, of which domestic demand covers only half. Consequently, there is a price war between Chinese car manufacturers and a continuous erosion of their profit margins, pushing them to search for export markets for the surplus production. The end result is the manufacture of motor cars at prices that European producers struggle to match and with at least equally performing technologies, which flood the EU market and increase their market share swiftly, even despite the non-negligible tariffs imposed by the European Union (Chart C). While this pattern has the most visible effects in the automotive industry, it is not characteristic solely to this sub-sector, but also to many others such as electronics, green technologies, telecommunications equipment, batteries, building materials or machinery and equipment. In 2025, exports contributed a third to China's 5 percent GDP growth and the trade surplus with the EU increased almost threefold over the past ten years, to EUR 360 billion in 2025, the first signals suggesting the persistence and even strengthening of the trend in 2026.



Source: Eurostat – Comext

Chart C
EU-China balance on trade in motor cars

Another major shock emerged with the 2021 energy crisis (prompted by the post-pandemic reopening of economies), subsequently amplified by the invasion of Ukraine in 2022, as the decoupling from Russia, by a cut-off in supplies and coordinated sanctions, pushed European prices for natural gas, electricity and oil to historical highs. The diversification of supply sources, a process that began in that period and is still carrying on, has led to a gradual decline in energy prices, which remain nevertheless markedly higher than those recorded before the outbreak of the war in Ukraine. The most obvious consequences were in energy-intensive industries, such as metallurgy and the chemical industry, whose 2025 output volumes were 15.5 percent and 17.8 percent respectively lower than in 2018. Some effects are structural and irreversible, with companies in the affected sub-sectors closing some EU production capacities permanently or cancelling decisions to invest locally in favour of regions with more affordable energy prices (Chart D).



Source: International Energy Agency (IEA)

Chart D
Electricity prices for consumers in energy-intensive industries

A more recent phenomenon that works through several channels and is likely to further affect the EU's industrial activity is the tariff war. The general trade framework agreed in the summer of 2025 sets forth, with a few exceptions, a single tariff of 15 percent on EU goods exports to the US, and the removal of almost all

tariffs on US goods. The manufacturing sub-sectors most exposed to the new US tariffs are the automotive industry, pharmaceuticals and metallurgy, but, apart from the more difficult and costlier access of companies exporting to the US, tariffs also operate on two levels. First, some EU firms will choose to relocate new investments to the US to the detriment of Europe to gain unrestricted access to the profitable US market. Second, the significantly higher US tariffs on Chinese exports redirect some Chinese products to other markets, such as the European market, increasing even more competition for EU producers.

Consequences and measures

Faced with fast losses of export market shares, as industrial production moves to regions with easier access to energy, permissive legislation, finance and labour, the European Commission has launched an industrial policy framework under the "Competitiveness Compass", comprising measures that target three major strands of work:

I. Energy and decarbonisation: The "Clean Industrial Deal", which seeks to reconcile decarbonisation with industrial competitiveness by mobilising over EUR 100 billion to support EU-made clean manufacturing, and the "Action Plan for Affordable Energy", which aims to reform energy markets, attract investments in the energy sector, implement high efficiency standards, and better integrate national markets to ensure secure energy supplies in the event of crises;

II. Innovation and regulation: initiatives such as "Choose Europe", a package of benefits for researchers – in an attempt to reverse the brain drain of the past decades from Europe to the US –, together with related reforms of the innovation ecosystem; the EU "Omnibus" package, which is expected to reduce administrative burdens by at least 25 percent for all businesses; the EU Inc. corporate legal regime, which facilitates the setting up of businesses and provides a harmonised set of operating rules; and last but not least the Savings and Investment Union, the European version of an integrated capital market, which aims to effectively connect people's savings and companies' financing needs;

III. Reduction of strategic dependencies: The "Industrial Accelerator Act", which introduces, *inter alia*, a European preference in public procurement and public support schemes, but also supports decarbonisation in the most exposed segments; the "Readiness Roadmap 2030", which mobilises up to EUR 800 billion for defence, amid a weakening of traditional security guarantees, or the "Critical Raw Materials Act", which aims to diversify sources of supply for critical raw materials and make their processing and recycling more efficient.

While developments over the past years have not provided many reasons for optimism, Europe retains important advantages, such as a solid industrial tradition, a network of leading universities and educational centres of excellence, strong institutions, an internal market of nearly 450 million consumers and a large stock of private savings. The extent to which Europe will be able to capitalise on these advantages will decide whether the last eight years are only the first phase of a prolonged agony or a reset towards putting the EU's industrial model on a more solid footing.

In 2025, commodity prices followed an overall downward trend, on the back of a series of benign supply-side factors and moderate global demand. Thus, the aggregate commodity price index calculated by the World Bank fell by 6.4 percent, on average, primarily on account of the energy sector, where prices decreased by 11.3 percent. In this respect, the increase in OPEC+ oil production and the dissipation of tensions in European natural gas markets contributed to the easing of supply constraints.

Non-energy commodity prices posted mixed developments. Specifically, industrial metal prices generally witnessed moderate rises (5.1 percent), supported by the advance in prices of technology metals linked to green transition such as aluminium, copper and tin. Conversely, iron ore prices were pushed down by the weak demand from China's construction sector. At the same time, agri-food commodity prices were influenced by weather conditions and production adjustments, yet without triggering broad-based inflationary pressures, the FAO index growing, on average, by 4.3 percent in 2025 (Chart 1.3).

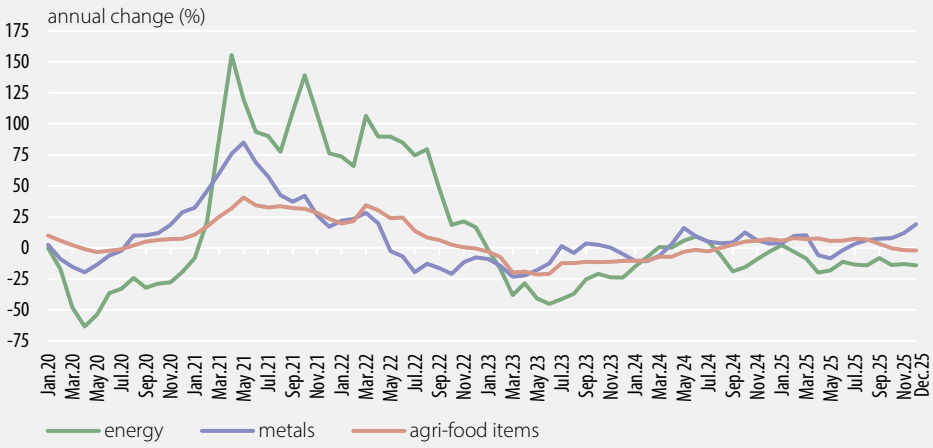


Chart 1.3
International prices of main commodities

Source: World Bank, FAO

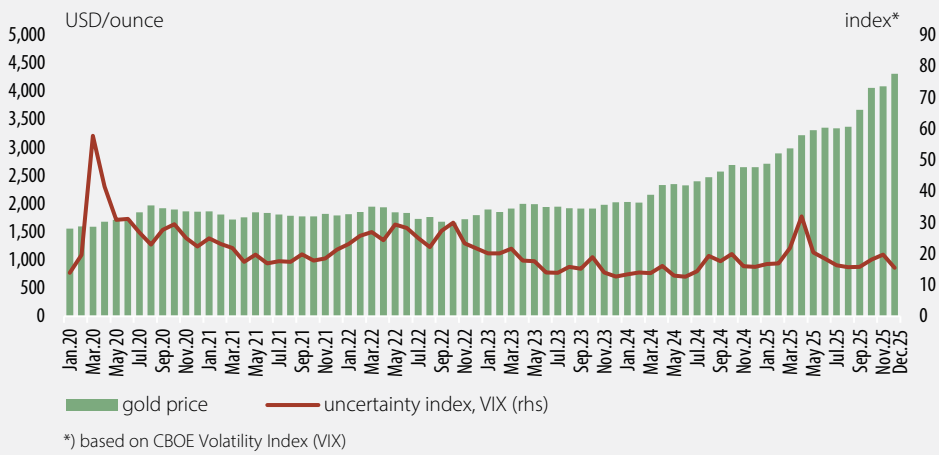
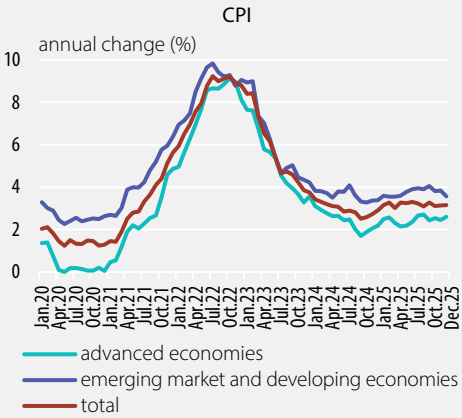


Chart 1.4
Gold price and uncertainty

*) based on CBOE Volatility Index (VIX)

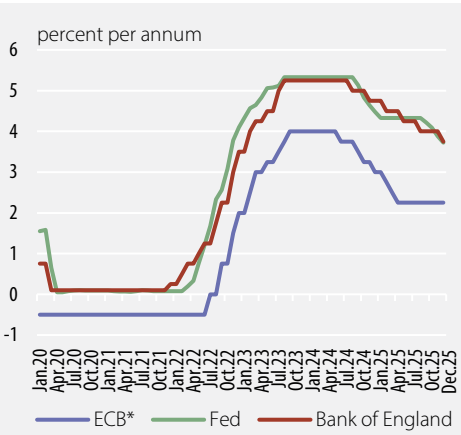
Source: World Bank, www.policyuncertainty.com, NBR calculations



Note: Seasonally adjusted data.

Source: World Bank

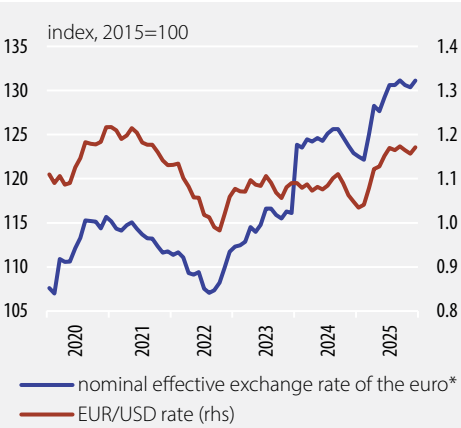
Chart 1.5
International consumer prices



*) deposit facility rate

Source: central banks' websites

Chart 1.6
Policy rates



*) calculated against 41 trading partners

Source: ECB

Chart 1.7
Euro exchange rate

The gold price further rose in 2025 (+44.1 percent on average) and early 2026, driven by the demand from retail investors, in an environment riddled with geopolitical uncertainty (Chart 1.4).

According to the World Bank, global inflation remained stable, hovering around slightly higher levels than the 3 percent threshold during 2025. In the US, headline inflation decelerated by 0.3 percentage points in 2025 versus the previous year, to 2.7 percent in December 2025, whereas core inflation slowed down more markedly, from 3.3 percent in January to 2.6 percent at year-end, on the back of the decline in services prices. In the euro area, headline inflation continued to ease in 2025, falling from 2.4 percent to 1.9 percent at the end of the year, while core inflation dropped by 1 percentage point, to 2.3 percent, amid the moderation in both the services component and non food inflation (Chart 1.5).

Looking at monetary policy, in the course of 2025 the US Fed lowered the target range for the federal funds rate, which reached 3.50 to 3.75 percent in December. Nevertheless, in early 2026 the space for further policy easing narrowed, amid the re-emergence of inflationary pressures. In the euro area, the ECB discontinued the monetary policy easing cycle towards end-2025, keeping, in December, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility unchanged at 2 percent, 2.15 percent and 2.40 percent respectively (Chart 1.6).

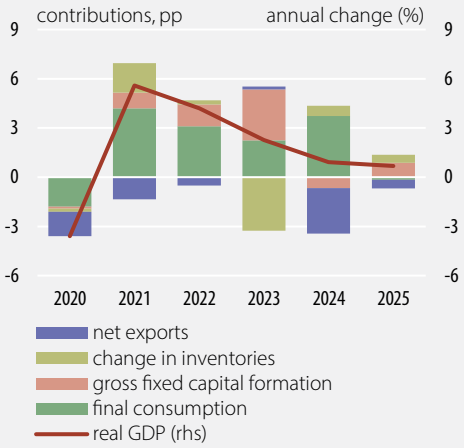
Throughout 2025, the EUR/USD exchange rate followed an upward path, strengthening by over 13 percent – from 1.03 in January to around 1.17 in December –, amid the diverging monetary policy stances pursued by the Fed and the ECB and the heightened uncertainty surrounding trade policies (Chart 1.7).

2. Domestic macroeconomic developments

2.1. Economic activity

Economic growth

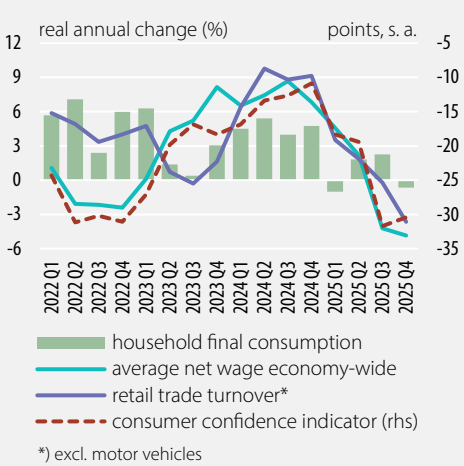
In 2025, Romania further experienced weak economic activity (+0.7 percent), ascribable to the notable slowdown in consumer demand. In the opposite direction acted however the rebound in investment, mainly in construction, which was spurred by the absorption of EU funds. Exports also made a positive contribution, yet the performance of domestic industrial goods on external markets was eroded by poor demand from European economies and the persistence of some competitiveness issues (Chart 1.8).



Source: NIS

Chart 1.8
Demand

Private consumption increased at a slacker pace, i.e. 0.6 percent, in correlation with the successive losses in households' purchasing power, under the impact of several factors. Thus, the worsening cyclical position of the economy and the removal of some tax breaks in the private sector[3], along with the freezing of public sector wages at the beginning of 2025, translated into the annual growth rate of net nominal wage economy-wide halving as compared with 2024 (to 6.5 percent). Real income was also affected by the freezing of the reference point value for pensions (in January 2025), the electricity market liberalisation in July and the increase in indirect taxes (VAT rates and excise duties) one month later, the last two measures pushing up consumer prices in 2025 H2. At the same time, the uncertainty surrounding the election calendar and the imminent start of the tightening of the fiscal framework, specific to the first half of 2025, followed by the entering into force of the restrictive fiscal measures, resulted in the worsening of households' expectations regarding their personal financial situation and the overall economic context, which reflected in the consumer confidence indicator falling to



*) excl. motor vehicles

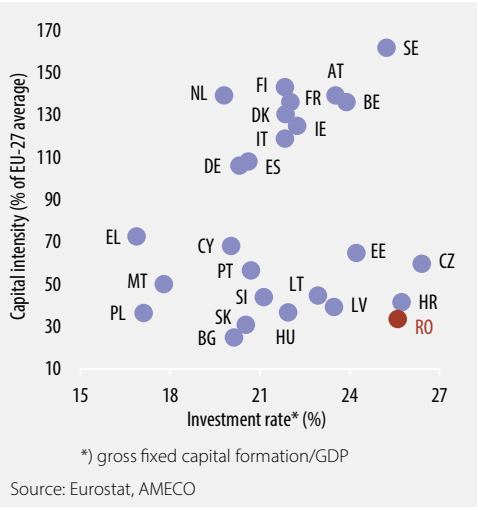
Source: NIS, EC-DG ECFIN

Chart 1.9
Household consumption

[3] This concerned employees in construction, IT, agriculture and food industry, the measures being only partly compensated by gross pay rises implemented by some employers.

levels similar to those recorded at the time of the pandemic outbreak or in the period immediately following Russia's invasion of Ukraine (Chart 1.9).

This environment led to changes in household behaviour, as shown by the slower dynamics of new consumer loans, the greater propensity to save, as well as the stronger shift to downtrading and purchases of goods and services on promotion. Hence, sales volumes for most groups of goods, as well as for recreation services recorded successive losses of momentum, so that in 2025 as a whole the turnover volume of trade came to a standstill, while that of market services to households dropped by 2.2 percent. Despite the weaker demand performance, supply further provided positive signals – modern retail chains continued to expand in 2025 (with a significant focus on cities and communes), while the fiercer competition among retailers increased their concern for cutting operating costs through digitalisation and investment in renewable energy generating stations.



*) gross fixed capital formation/GDP

Source: Eurostat, AMECO

Chart 1.10
Investment in EU economies (2025)

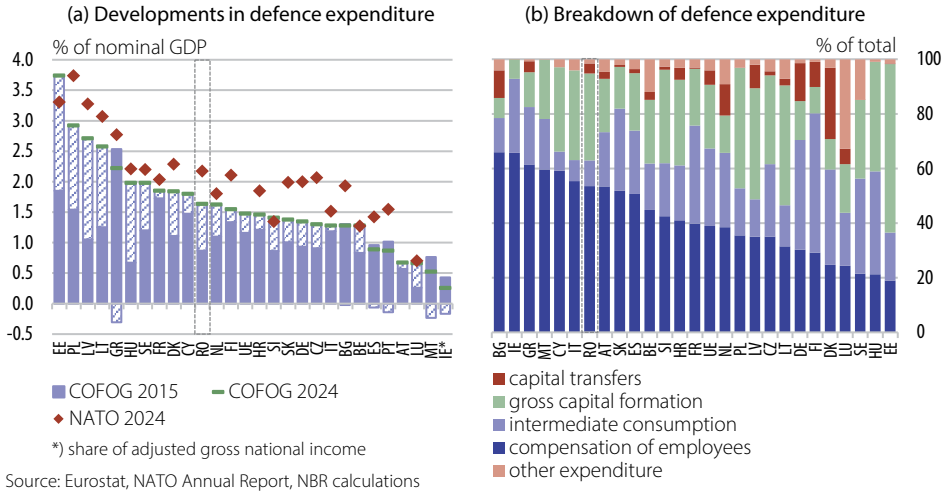
Fixed capital investment increased by 3.4 percent in 2025, making an almost 1 percentage point contribution to real GDP dynamics. The domestic economy further posted one of the highest investment rates in the EU, which also triggered a rise in capital intensity, to 34 percent of the EU-27 average (Chart 1.10).

Nevertheless, the breakdown shows mixed developments in investment. Specifically, public investment rose markedly, boosted by the faster absorption of EU funds (which offset the effect of the decline in domestic financing, linked with fiscal consolidation), targeting mainly infrastructure projects (roads, railways, utilities). However, fully reaping the benefits of EU funds allocations is a challenge, particularly with respect to financing under the NRRP, in whose case the delays in achieving the agreed objectives raise questions about the possibility to comply with the deadline (August 2026). Over a longer horizon, cohesion policy funding allocated under the 2021-2027 MFF and funds under the SAFE defence programme have also been made available to Romania (Box 2). At the same time, strengthening the administrative capacity to attract and implement EU funds into investment projects based on efficiency criteria would be a driver for boosting foreign investor confidence in a context in which in 2025 net direct investment in the domestic economy (33.9 percent as a share of GDP) was further lower than in countries such as Poland, Czechia, Slovakia or Bulgaria, despite the 59 percent increase in net inflows versus 2024.

Box 2. SAFE programme – prospects for accelerating investment in the defence industry

The international environment remains fraught with persistent and significant geopolitical tensions. More than four years after the outbreak of the war in Ukraine, no clear prospects for an end to the conflict have emerged. At the same time, the conflict in the Middle East has seen a renewed escalation recently, contributing to heightened global uncertainty. In this context, the European Council stressed in March 2025 that the European Union must become more responsible for its own defence and better equipped to deal with immediate and future challenges and threats. This box aims to present the latest developments towards increasing defence spending and to estimate the impact of the Security Action for Europe (SAFE) instrument on the economy, particularly on GDP growth, based on currently available information.

Until the start of the Russia-Ukraine war in 2022, there had been no pressing need to accelerate defence spending. According to Eurostat data for 2024, based on the Classification of the Functions of Government (COFOG), the most significant increases in defence expenditure were recorded by the Baltic States – Latvia, Estonia and Lithuania – as well as Poland (Chart A). Romania stood above the EU average, as the share of such expenditure in GDP almost doubled between 2015 and 2024. The breakdown shows a large share of compensation of employees, while allocations for investment in defence are relatively low. A similar picture emerges across other EU Member States. By contrast, investment has been a priority in the Baltic States.



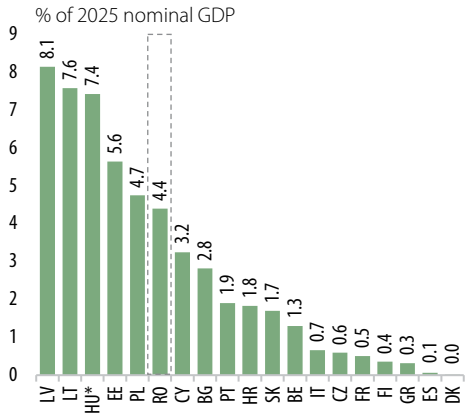
Source: Eurostat, NATO Annual Report, NBR calculations

Chart A
General government expenditure on defence according to the COFOG classification

In the same broader context, at the NATO Summit in The Hague in June 2025, Allies committed to investing 5 percent of GDP annually on core defence requirements and defence- and security-related spending by 2035, compared with the previous benchmark of 2 percent of GDP. There are significant methodological differences between data reported under the COFOG classification and those used by NATO, relating mainly to: (i) the timing of expenditure recording – under the ESA standard applicable to COFOG data, expenditure is recognised when military assets are delivered,

whereas under NATO methodology it is recorded when payments are made – and (ii) coverage, as COFOG includes, for instance, civil defence expenditure, which is not covered by NATO statistics.

While NATO methodology is clearly relevant to the gradual achievement of the 5 percent-of-GDP target, the COFOG/ESA framework is relevant for the application of EU fiscal rules, which have recently been made more flexible to allow EU Member States to increase defence spending[4]. In the first half of 2025, the European Commission proposed several key initiatives to boost European defence readiness and investment. In this context, a key element is the SAFE instrument, which provides competitively priced, long-maturity loans[5]. Under this instrument, Romania can receive up to approximately EUR 16.68 billion, the second-largest amount after Poland, which can receive up to EUR 43.7 billion. Relative to Romania's 2025 GDP, the SAFE loan amounts to 4.4 percent (Chart B). At regional level, the corresponding shares are higher for Hungary and Poland.



*) provisional allocations

Source: EC, NBR calculations

Chart B
SAFE allocations

SAFE is centred on a European defence industry investment plan listing the projects envisaged to boost production capacity and address existing capability gaps. As far as Romania is concerned, the authorities set the specific objective of "modernising, expanding and integrating Romania's defence industrial base into European supply and value chains"[6]. The national plan was endorsed by the European Commission in January 2026. Out of the EUR 16.7 billion available to Romania, approximately 57 percent of the allocation is earmarked for military procurement by the Ministry of National Defence (MApN), with substantial investment envisaged in land capabilities (e.g. infantry fighting vehicles or armoured personnel carriers), air capabilities (helicopters, missile systems) and maritime capabilities (patrol vessels)[7]. In addition to military procurement, SAFE also allows expenditure on related areas, such as dual-use infrastructure (Chart C). Accordingly, Romania will allocate approximately EUR 4.2 billion towards completing the Pașcani–Ungheni and Pașcani–Siret motorway sections.

Overall, SAFE provides a solid basis for developing defence capabilities, while giving Romania an opportunity to revitalise its domestic defence industry. For instance, as regards land systems, 80 percent of the infantry fighting vehicles could be built at the Petrești facility. Mangalia Shipyard could serve as a key pillar in equipping the Romanian Naval Forces. At the same time, complex component production could be outsourced, with only the final assembly stages carried out domestically.

4 For instance, EU Member States may activate the national escape clause. For further details, see Box 1, "Si vis pacem, para bellum. Redesigning the European Security Architecture", in the 2024 *Annual Report*.

5 The operation of SAFE loans is set out in Council Regulation (EU) 2025/1106 of 27 May 2025 establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument.

6 Objective listed by the Romanian authorities in the Government presentation on the European defence industry investment plan, https://www.caleaeuropeana.ro/wp-content/uploads/2026/01/Prezentarea-Planului-de-Investitii-pentru-industria-europeana-de-aparare.pdf.

7 An exhaustive list of the projects envisaged for financing through SAFE loans is available in the *2026–2028 Fiscal Strategy*. For further details, see https://mfinante.gov.ro/static/10/Mfp/buget/sitebuget/SFB2026-2028_13032026.pdf.

EUR bn.

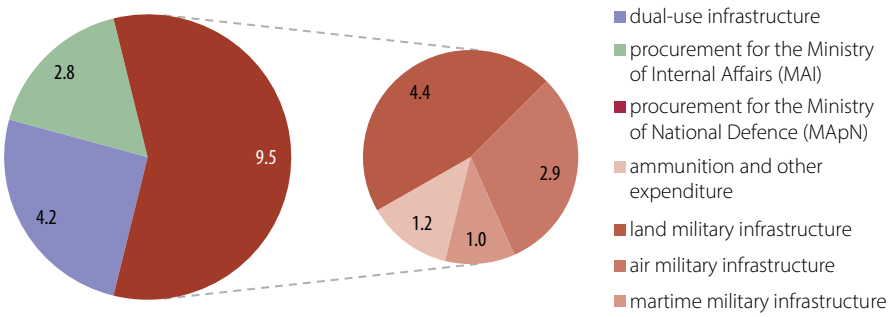


Chart C
Breakdown of SAFE allocations for Romania

Note: Figures are rounded to one decimal place. The second chart provides a breakdown of MApN procurement.
Source: Eurostat, NBR calculations

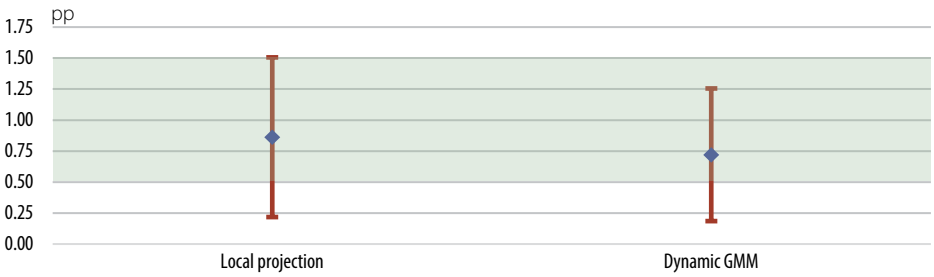
Empirical evidence from the literature points to considerable variation in the magnitude of the effects of military spending on economic activity. The literature generally points to a military spending multiplier below one in the short term – up to one year (Antonova *et al.*, 2025; Bokan *et al.*, 2025; Olejnik, 2023; Sheremirov and Spirovska, 2019), while the effects tend to become more pronounced with a lag, reflecting the time elapsed between payments for military procurement and actual production/delivery (Alloza *et al.*, 2025). The positive impact is primarily associated with spending on research and development and infrastructure (EC, 2025; Antolin-Diaz and Surico, 2025), whereas personnel expenditure may have a smaller impact on economic activity and may trigger crowding-out effects on the private sector by exacerbating labour market tightness and pushing up wage costs (Olejnik, 2023; Sarasa-Flores, 2025). Besides the composition of military spending, the way in which it is financed is also an important determinant of its economic impact. Bokan *et al.* (2025) and Ilzetzki (2025) show that the multiplier is lower when higher spending is financed through tax increases. A similar dampening effect arises when military spending has a high import content (EC, 2025). Potential cross-border spillovers could, however, amplify the impact of defence spending, so that the aggregate effect exceeds that estimated for a single economy considered in isolation (Juarros *et al.*, 2025; Furceri *et al.*, 2026).

The Ministry of Finance's estimates of MApN budget allocations for 2026-2029 point to a gradual increase in total expenditure, from 2.2 percent of GDP in 2025 to 3.1 percent of GDP in 2029. At the same time, MApN investment expenditure is projected to increase gradually, from 0.9 percent of GDP in 2025 to 1.8 percent of GDP in 2029.

Building on these details and in the absence of public information on the size of individual SAFE instalments, a set of technical assumptions was developed regarding the pace of implementation of projects financed under the instrument. The scenario is purely illustrative and assumes full absorption of the available resources (around EUR 16.7 billion over 2026-2030).

The annual path of military equipment expenditure is derived from the trajectory of MApN capital expenditure[8]. For dual-use infrastructure projects, the assumptions are based on the implementation timeframe of the National Recovery and Resilience Plan (NRRP), implying a more back-loaded expenditure profile. Under these assumptions, about 75 percent of the allocation for motorway construction would be spent in the final two years of the SAFE implementation period. Overall, the assumed schedule for SAFE-financed projects is as follows: EUR 1.5 billion in 2026, EUR 2.3 billion in 2027, EUR 3.3 billion in 2028, EUR 4.3 billion in 2029 and EUR 5.3 billion in 2030.

As regards SAFE's impact on economic growth, the analysis uses a set of multipliers calibrated on the basis of the empirical literature. For dual-use infrastructure expenditure intended to finance motorway construction, a multiplier comparable to that estimated for structural and cohesion funds (SCF) was assumed. Specifically, a 1 percentage point increase in structural and cohesion funds as a share of GDP is estimated to raise economic growth by around 0.5 percentage points contemporaneously, with additional medium-term spillover effects (Anghelescu *et al.*, 2026). For investment by the Ministry of National Defence and the Ministry of Internal Affairs, a short- to medium-term multiplier (0-2 years) was estimated using a panel dataset covering 11 Central and Eastern European (CEE) countries[9], including Romania, over the period 2011-2023. Two estimation methods were considered, in line with similar studies in the literature: (1) local projections (Jordà, 2005), used to estimate an impulse response function, and (2) dynamic panel GMM (Arellano and Bond, 1991), which accounts for persistence in economic growth through lagged dependent variables.



Note: The chart shows the coefficients/multipliers measuring the impact of defence spending (COFOG, as a share of GDP) on GDP growth over a two-year horizon for a sample of 11 CEE countries, estimated using two methods (local projections and dynamic panel Generalised Method of Moments – GMM), over 2011–2023 for local projections and 2014–2023 for GMM. The dots represent the estimated coefficient values, while the segments indicate the associated 90 percent confidence intervals. The range highlighted in the box represents a range of short-term multiplier values commonly found in the literature, according to Box 1, "Fiscal multipliers of defence spending: a short review of the empirical literature", *ECB Economic Bulletin*, Issue 6/2025, prepared by Cristina Checherita-Westphal and Laust Ladegård Særkjær.

Source: Eurostat, NBR estimates

Chart D
Defence spending multipliers for economic growth

8 The annual rates of change in MApN capital expenditure for 2027-2029 were taken from the Ministry of Finance's multiannual projections published upon the adoption of the 2026 budget law. The annual rate of change for 2030 was extrapolated from the 2028-2029 data, implying a gradual moderation in the growth rate of defence capital expenditure relative to the 42 percent annual increase recorded in 2027.

9 Bulgaria, Czechia, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The results of the estimated defence spending multipliers for economic growth, obtained using the two methods described above, are presented in Chart D. Over a two-year horizon, a 1 percentage point increase in the defence expenditure-to-GDP ratio is associated, on average, with faster economic growth by around 0.7-0.9 percentage points. In addition, the empirical evidence shows that these effects materialise with a certain lag, the impact within one year being statistically insignificant. In terms of the mechanisms underlying these estimates, slight effects on economic growth are envisaged, possibly reflecting an increase in personnel expenditure at an early stage. Given the length of the investment cycle and the time needed for new production capacity to become operational, the first part of the SAFE implementation period could be characterised by higher import content – with limited effects on GDP – together with a larger volume of personnel expenditure, to which a smaller multiplier is assigned, in line with the evidence in the literature.

Based on the multipliers and working assumptions presented above, the resulting impact on annual economic growth could reach around 0.3 percentage points in 2027 and approximately 1 percentage point by 2030, Chart E(a). Cumulatively, SAFE's impact on economic growth is estimated to range between 0.7 and 2.6 percentage points over 2026-2030[10], Chart E(b). In line with the evidence in the literature, the lower bound of the estimated SAFE impact range could correspond to high import content[11] and limited mobilisation of the domestic economy, whereas the upper end of the range would imply substantial mobilisation of domestic factors of production.

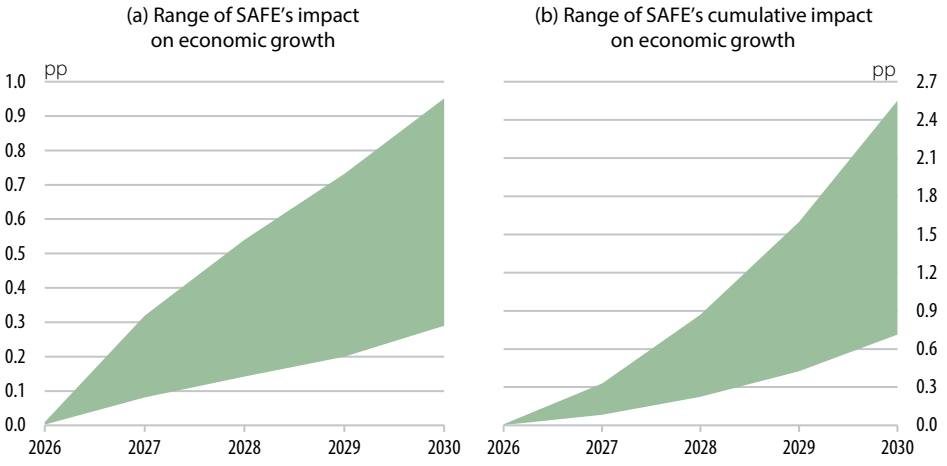


Chart E
Range of SAFE's impact on economic growth

Source: Eurostat, NBR estimates

[10] The impact is smaller than that estimated in Anghelescu *et al.* (2026), where Romania's entire SAFE allocation was assumed to affect the economy in a manner similar to EU structural and cohesion funds, which were assumed to generate immediate and persistent macroeconomic effects. Subsequently, following the publication of details on the composition of SAFE allocations, these assumptions were amended as follows: EUR 4.2 billion was allocated to dual-use infrastructure expenditure, to which a multiplier similar to that for structural and cohesion funds was applied, while the remainder of the available allocation was treated as defence expenditure, whose transmission to the economy was estimated using the specific multiplier presented in this analysis (implying macroeconomic effects materialising with a certain lag).

[11] Comext data on international trade in goods point to a relatively high import share in Romania's military equipment expenditure (around 65 percent). However, given the authorities' objective of localising as much production as possible in Romania, it is plausible that this share could be significantly lower for SAFE-financed projects.

The impact of SAFE should be treated with caution, as it is subject to considerable uncertainty stemming from (i) the absorption rate of funds and the gradual pace of implementation of investment projects – given their direct impact on the budget deficit and the limited fiscal space, SAFE loans may not be fully absorbed –, (ii) the magnitude of the multipliers, including the possibility of stronger short-term effects, or (iii) possible shocks that could dampen SAFE's impact.

Against the backdrop of persistent geopolitical conflicts and the emergence of new flashpoints, increasing defence spending has become a pressing priority, as also reflected internationally in actions taken by both NATO and the European Union. The SAFE instrument offers solid prospects for accelerating investment in the defence industry. The empirical evidence obtained on the basis of the information available at the time this box was prepared points to a potential cumulative contribution of more than 2 percentage points to economic growth in Romania over 2026-2030, provided that SAFE loans finance projects involving substantial mobilisation of domestic production capacity and that their implementation is not subject to delays.

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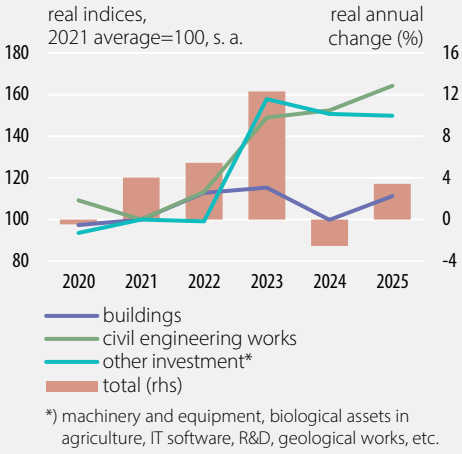
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Source: NIS, Eurostat

Chart 1.11
Gross fixed capital formation

Private investment was rather subdued in both real estate (as the positive annual dynamics of residential construction works were ascribed to a base effect, the average volume in 2025 being lower than in 2022-2023) and equipment purchases (including transport equipment bought by companies and public institutions), whose volume was marginally lower than in 2024 (Chart 1.11). In the former case, household demand softening, driven by a decline in real income and the uncertain outlook for the financial situation, added to adverse supply-side influences – production costs continued to be high, the objective of an improved regulatory framework for construction activity remained unfulfilled and chronic labour shortage was compounded by the elevated demand for workers for infrastructure projects. Turning to equipment purchases, companies' appetite was limited by the weak growth of the domestic economy, the restrictive fiscal framework, the unstable legislative landscape and the difficult access to finance. Nonetheless, in 2025 two favourable trends emerged: (i) development of the energy sector, investment projects aiming to harness the green energy potential (the related installed capacity added 25 percent, this segment making the main contribution to the around 4 percent rise in the National Power System's installed electricity generation capacity), to increase the storage capacity for electricity (the installed capacity rose 3.6 times) and to modernise the energy infrastructure; (ii) reshaping of some industrial activities in a context in which the challenges encountered over the past years (subdued external demand, high costs, uncertainty stemming from global trade tensions, competition from Chinese-made products in the European market, particularly in the automotive industry) will probably lead to a leaner, yet more efficient industrial sector. This implies substantial investment in research and development, automation and digitalisation projects, meant to narrow competitiveness gaps and to ensure a better position of the domestic industry in EU value chains through the gradual shift from a growth model based on the cost advantage of low wages towards one in which productivity gains

are driven by technological innovation. Domestic companies need to make a firm step in this direction, all the more so as Romania's economy is at a disadvantage relative to regional peers (Box 3).

Box 3. Vulnerabilities of Romania's growth model in the context of international technological and political shifts

This box identifies certain structural vulnerabilities of Romania's economy amid an apparent paradigm shift in the global economy. The transition marks a move from the neo-liberal globalisation of the past four decades to what is called by some political economy analysts the technological neo-realism of the 21st century. This shift may explain, on the one hand, the rationale behind renegotiating the international trade framework or reshoring production, and also underscores the erosion of traditional comparative advantages. Specifically, we address the strategic imperative to redefine the convergence model by moving away from a passive integration based on a relative cost advantage towards fostering innovation and intellectual property, alongside re-evaluating the implementation of industrial policies.

From a materialist perspective, political and economic doctrines evolve as superstructures of their technological base. From this point of view, the economic order enshrined in the Washington Consensus – featuring the imperatives of free trade, cross-border value chains, interdependence and cooperation – was not necessarily a political option. Rather, it was a logistical necessity for economic expansion in the technological age of oil and the internal combustion engine. Nevertheless, the technological advancements of the early 21st century exert a disruptive impact on this architecture. The rise in computing power, the progress of artificial intelligence, robotics and biotechnology shape a novel material base. Relative to this new foundation, free-market doctrines and borderless globalisation become obsolete. When a nation's competitive advantage is redefined by the ownership of algorithms or data centres, decoupling and reshoring production are no longer trade policy options, but structural necessities. This transition illustrates the technological neo-realism that gradually supplants the consensus of economic efficiency with the imperative of flows security, especially in view of the dual-use (civilian-military) nature of new technologies.

The growth model of Romania, similar to its regional peers, was grounded precisely on integration into the above-mentioned neo-liberal global economic order. This model enabled economic convergence to advance at a swifter pace by attracting foreign direct investment, fostering integration into global value chains and expanding industrial and services exports. However, the gradual dissolution of this framework amid technological and geo-economic shifts raises concerns about the sustainability of these economic activities, given that the sectors that supported the convergence of Romania's economy, i.e. the automotive industry and IT services, are exposed to profound structural changes prompted by the transition to electric motors, production automation and artificial intelligence (Chart A).

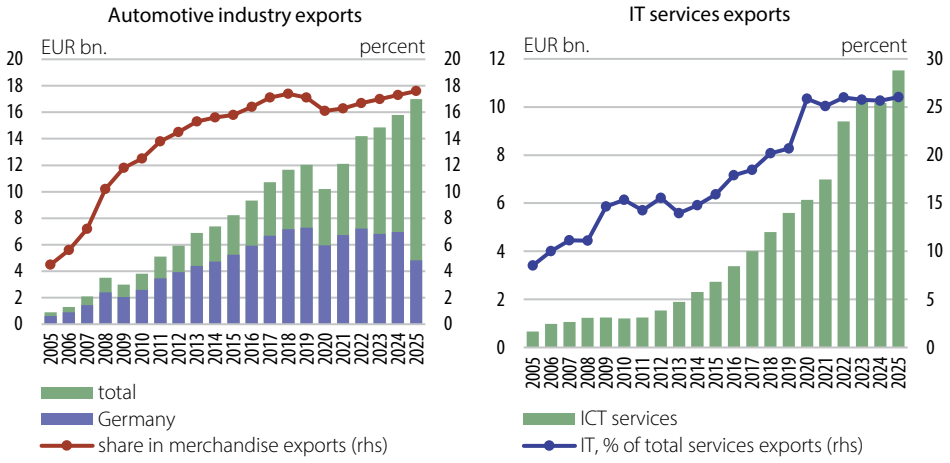


Chart A
Automotive industry and IT services exports of Romania

Source: Eurostat Comext, NBR processed data

Source: Balance of payments (BPM6), NBR processed data

A core vulnerability of Romania's economy stems precisely from its high degree of integration into the European industrial ecosystem, particularly in the production chains linked to the German automotive industry, which is heavily reliant on internal combustion engine technology. Over the past two decades, Central and East European economies, including Romania, integrated into this model primarily via labour-intensive, medium value-added manufacturing activities.

However, the transition to electric vehicles fundamentally changes the sector's economic rationale. Electric vehicles have a simplified technological architecture and require significantly fewer mechanical components and subassemblies. Hence, some of the historical competitive advantages of Europe's automotive industry risk losing their relevance in the new ecosystem. For economies such as Romania, which is integrated mid-peripherally in these production chains, the risk of a redundancy process for certain production capacities developed over the last two decades becomes increasingly apparent.

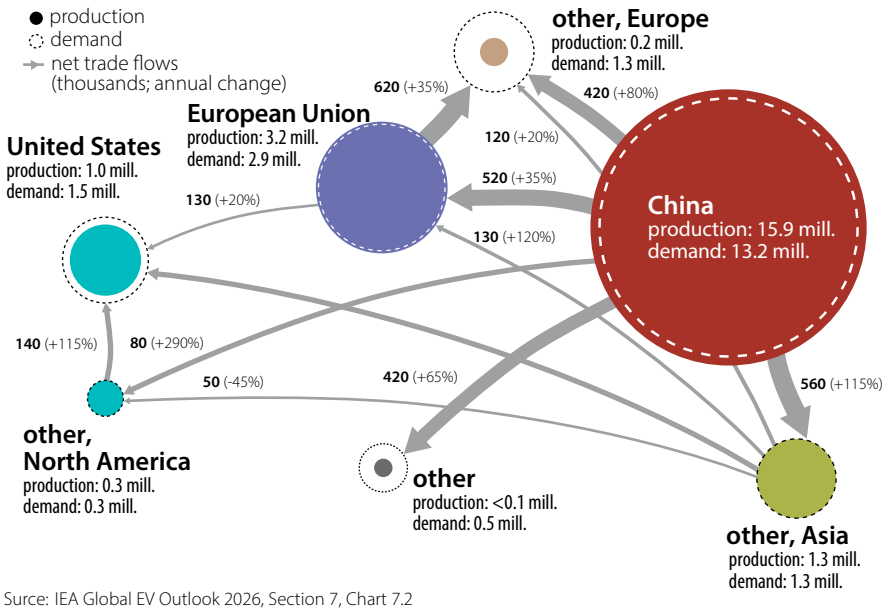


Chart B
Manufacturing and sales of electric vehicles

Surce: IEA Global EV Outlook 2026, Section 7, Chart 7.2

In parallel, the new global competition in the electric vehicle sector centres on competitive advantages distinct from those which defined the conventional automotive industry. Within the new paradigm, dominant positions tend to be linked to battery manufacturing, access to critical minerals, software development, power electronics, digital infrastructure and artificial intelligence. In these areas, China strengthened its dominant position through massive industrial investment and extensive vertical integration. Conversely, Europe's industrial sector grapples with elevated energy costs, external dependencies on batteries and critical raw materials, EU-wide regulatory pressures and a slower pace of technological adaptation (Chart B).

A similar structural vulnerability is emerging in the IT and IT outsourcing sector as well. The sector's fast-track growth contributed significantly to services exports, productivity growth and income convergence. However, Romania's integration into the global digital economy was achieved chiefly via outsourcing of the technical workforce and the relative advantage of the wage cost, not through control over its intellectual capital, digital platforms or technological infrastructure. The prevalent model of the local IT sector was largely based on outsourcing of software and programming activities with medium value added. Yet the emergence of generative artificial intelligence fundamentally alters the logic of this form of economic integration.

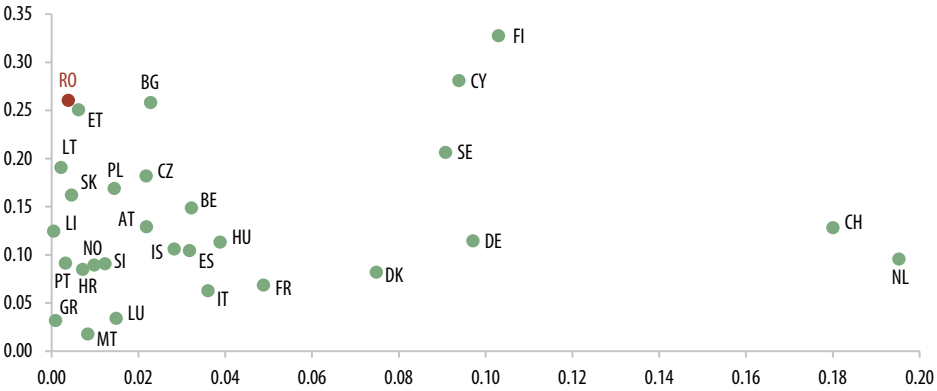


Chart C
Exports of services: ITC and intellectual property

OX: intellectual property receipts as a percentage of total exports of services
OY: ICT services receipts as a percentage of total exports of services

Source: Eurostat

Unlike the previous waves of automation, which affected chiefly the repetitive manufacturing activities, emerging AI models tend to automate or compress the economic value of the standardisable tasks: programming, software testing, technical documentation, digital and administrative support. Within the new digital paradigm, economic value tends to shift away from the provision of highly skilled labour towards the control of technological infrastructure, AI models, intellectual property and integrated digital ecosystems (Chart C).

These changes mirror a broader shift in the rationale behind globalisation. While the post-1990 era was predominantly characterised by the maximisation of economic efficiency through cost-cutting and the global fragmentation of production,

the new paradigm attaches growing importance to resilience, economic security and strategic autonomy. The pandemic, trade rows between the United States and China, the conflict in Ukraine and the tensions in the Middle East highlighted the vulnerabilities associated with over-reliance on global supply chains concentrated on regions and strategic suppliers.

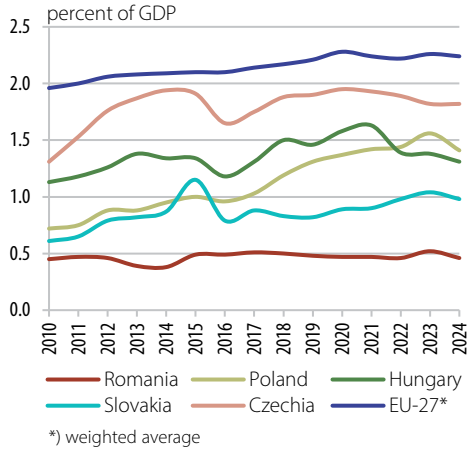
Against this background, concepts such as friendshoring, economic security, industrial resilience and technological sovereignty have gained the upper hand in designing the economic policies of major economies. The reconfiguration of global production chains is increasingly driven not only by costs, but also by factors such as geopolitical stability, security of supply, access to energy resources and control over critical dual-use (civilian-military) technologies.

The reshaping of the global paradigm puts asymmetric pressures on the economies with a high degree of passive integration. Traditional competitive edges, built on relative labour costs and on positioning in the assembly and processing segments of global value chains, are subject to persistent rather than cyclical structural erosion. For the Central and East European economies, the compensatory prospect of nearshoring production and re-directing strategic investment remains, for the time being, at the early trend stage, and its materialisation is uncertain in terms of both magnitude and time horizon.

For Romania, to capitalise on the potential opportunities stemming from this reconfiguration is conditional on addressing pronounced structural deficits: chronic underfunding of research and innovation, the absence of high-tech industrial ecosystems, poor quality of energy and transport infrastructure, and an institutional environment that has systematically constrained the absorption rate of public and private technology investment.

EU and NATO membership provides a framework for security and preferential access to financing mechanisms, which is a necessary but not sufficient condition to change the growth pattern. The existent energy resources and industrial base are relevant assets, the turning to good account of which hinges, however, on industrial policy and public investment decisions that should prove consistent over the long term; for these dimensions, Romania has a documented institutional capacity deficit.

Chart D
R&D expenditure



*) weighted average

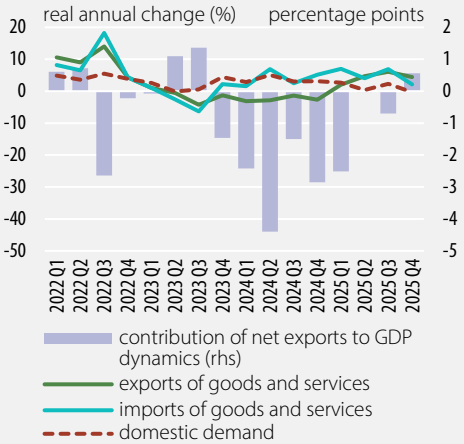
Source: Eurostat

On the whole, the strategic need is not to supplant external integration by a protectionist model, but to develop production capacities capable of repositioning the economy into higher value-added segments of European and global chains. This requires an active, export-oriented industrial policy focused on innovation and performance, supporting the transition from cost advantage to dynamic competitive advantages rooted in advanced technologies, infrastructure, skills and intellectual property. Among the priorities should

count: to develop industrial ecosystems associated with the energy transition, defence and critical infrastructure; to incentivise firms capable of creating intellectual property and scalable products; to boost investment in R&D and technology transfer; to enhance energy, digital and logistics infrastructure; and to acquire advanced technical skills (Chart D).

It also raises the issue of effective capacity for institutional implementation and sustained allocation of the resources needed for the transition over a time horizon above the average tenure of an executive cabinet or a legislative mandate. Without tangible and measurable progress along these dimensions, the threat of widening gaps vis-à-vis the regional economies that manage to attract high value-added segments of the new strategic production chains is still significant and probably persistent in the absence of structural interventions.

Net external demand further eroded real GDP dynamics in 2025, albeit to a lower extent than in the previous year (-0.5 percentage points versus -2.8 percentage points), as the pick-up in exports of goods was accompanied by a slowdown in import growth (Chart 1.12). Except for Q1 (near stagnation marked by the weak impulse from external demand), exports recorded significant increases – by 3.9 percent in Q2 (possibly owing to the temporary rebound in euro area demand for stock replenishment, following the frontloading of sales to the US in the first months of the year, before the entry into force of the higher trade tariffs implemented by the US administration) and by approximately 7 percent in Q3-Q4, with agriculture (cereals and oleaginous plants) being the main contributor amid the favourable harvests. Positive contributions also came from exports of motor vehicles (up by about 5 percent, on the back of the car model changes made in the course of 2025, *inter alia* by launching electric vehicle models) and of agri-food products (especially meat preparations and bakery products). Exports of natural gas and electricity increased too, yet imports thereof were higher in terms of both volume and dynamics, which is suggestive of the importance of re-exports to the countries affected by the war in Ukraine. The higher energy bill was mainly counterbalanced by the marked decrease in imports of agri-food commodities and the trend reversal in imports of consumer goods, in line with the slowdown in domestic demand.



Source: NIS

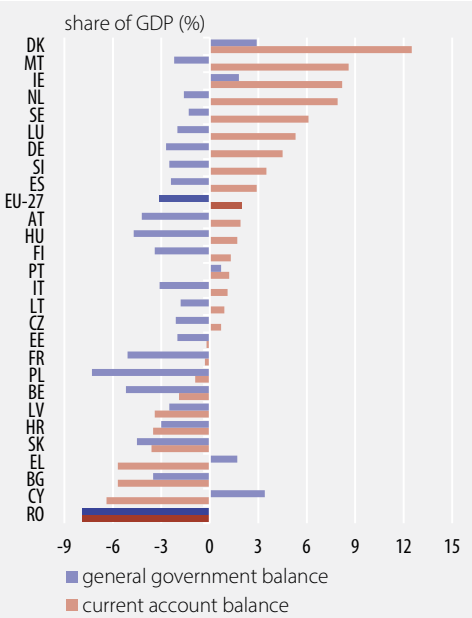
Chart 1.12
External demand

The favourable path of exports translated into a higher global market share, as the nominal rise in external sales of domestically manufactured goods (5.1 percent when expressed in EUR and 9.6 percent when expressed in US dollars) outpaced that of world

trade (6.3 percent[12]). An improvement in the price/cost competitive position, observable via labour costs, may have been a contributor – the downtrend in the dynamics of wage costs economy-wide during 2025 led to depreciations of ULC-based REER as of Q2, which totalled -1.4 percent over the year as whole, after an appreciation by more than 10 percent in 2024. At the same time, the real effective exchange rate calculated based on the industrial producer price index posted a significantly slower strengthening (0.7 percent in 2025, the trend persisting into 2026 as well). Nevertheless, domestic manufacturing remained weak, the 1.2 percent declines in production and in the turnover volume on the external market signalling the persistence of challenges related to costs (particularly energy costs, labour costs being under adjustment), modest external demand and global uncertainty.

External position

The effects of Romania's expansionary fiscal policy over the past years, compounded by the multiple crises that broke out worldwide as of 2020, continued to single out our country among EU Member States with respect to the size of the twin deficits. Nonetheless, 2025 witnessed a certain improvement, the initiation of sizeable fiscal consolidation measures and the related economic slowdown pushing both deficits to levels below those seen in 2024 (7.9 percent of GDP in each case), Chart 1.13. External debt increased, but the rise in international reserves ensured a further adequate profile in terms of balance-of-payments risks.



Source: Eurostat

Chart 1.13
Twin deficits in EU-27 (2025)

In 2025, the current account deficit widened at a slower tempo (3.4 percent as compared with 34.4 percent in 2024), primarily following the (slight) reduction in the deficit on trade in goods (by 1.4 percent), owing solely to the volume component – the growth rate of exports outpaced that of imports (+2.8 percent versus +0.8 percent, annual changes)[13]. The trend in the current account was also favourably influenced by the higher surplus on trade in services (up by 7.3 percent), owing chiefly to the ICT sub-sector and road freight transport (Chart 1.14). Opposite developments were observed in income accounts. Specifically, the primary income deficit widened by 20.7 percent (especially on account of interest payments on government securities

12 Nominal change calculated by aggregating volume change (4.2 percent) with price (in USD) change (2.1 percent) – Source: CPB Netherlands Bureau for Economic Policy Analysis.

13 Based on international trade data – classification by broad economic categories (BEC). The terms of trade worsened, the unit value of exports rising more slowly than that of imports (1.4 percent versus 1.9 percent).

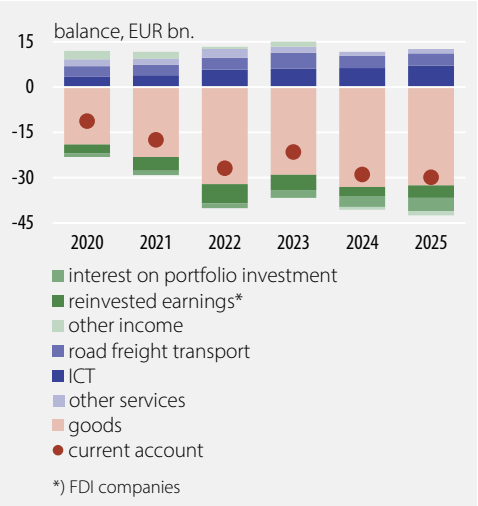


Chart 1.14
Current account and main components

and reinvested earnings of direct investment enterprises), while the secondary income surplus narrowed by 85 percent, as a result of an increase in the contributions paid to the EU budget and the contraction in net inflows of workers' remittances, amid the advance in foreign workers' remittances to their home countries.

The slacker growth rate of the current account deficit was accompanied by the faster dynamics of stable, non-debt-creating capital flows. Thus, net inflows in the form of equity in direct investment enterprises[14] grew by 44.4 percent against 2024 and the rebound in the absorption of EU non-repayable investment funds led to a 38.3 percent increase in the capital account surplus. Therefore, current account deficit financing through these flows ran at 42.8 percent (up approximately 11 percentage points over the year before).

The current account deficit continued to be dominated by the public component[15], whose financing entailed, in 2025 as well, substantial government bond issues. Consequently, net inflows in the form of portfolio investment amounted to EUR 13.5 billion, further accounting for a relatively high share of GDP from a historical perspective, i.e. 3.5 percent. At the same time, the public sector was the key contributor to the 12.3 percent increase in Romania's external debt. At end-2025, external debt totalled EUR 228.5 billion, which, coupled with the weakness in the economy, reflected in a worsening of some of the indicators associated with external debt repayment capacity. Specifically, external debt-to-GDP ratio (60.1 percent) was the same as in 2020, while the ratio of external debt to exports of goods and services (169.3 percent) was higher. Conversely, external liquidity remained at a comfortable level, as signalled by the below-one ratio of external debt service to exports of goods and services (67 percent) and the stronger adequate level of international reserves. The latter amounted to

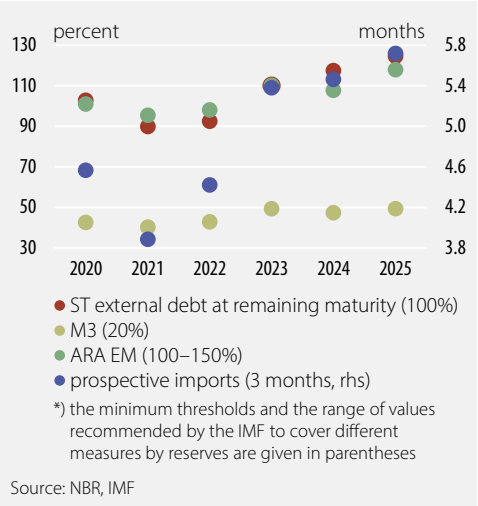


Chart 1.15
Reserve adequacy indicators*

14 Including reinvestment of earnings.

15 According to the saving-investment balance, the public sector accounts for -8.4 percent of GDP, whereas the private sector holds 0.5 percent of GDP (Source: NIS, NBR, Eurostat).

EUR 77 billion at end-2025 (up by EUR 6.5 billion versus the previous year), covering 5.7 months of prospective imports of goods and services and the short-term external debt stock at remaining maturity in full (the said indicator increased as compared with 2024 for both foreign exchange reserves – up to 104.4 percent and foreign currencies plus monetary gold – up to 124.1 percent respectively). In addition, the adequate level of international reserves was also mirrored by the improved capacity to accommodate a mix of balance-of-payments risks covered by the IMF's ARA EM metric, which stood at 118 percent[16] (Chart 1.15).

Labour market

Labour market eased in 2025, in line with the sluggish economic activity, at a pace that strengthened over the course of the year (Chart 1.16). The narrowing of labour demand was reflected in the decline in the job vacancy rate to a 10-year low of 0.6 percent in 2025 (down 0.1 percentage points from 2024). At the same time, the ILO unemployment rate surged by 0.7 percentage points, to 6.1 percent. The findings of the DG ECFIN survey indicated a change in the ranking of firms' concerns, labour shortage becoming less important among the factors that constrain their economic activity.

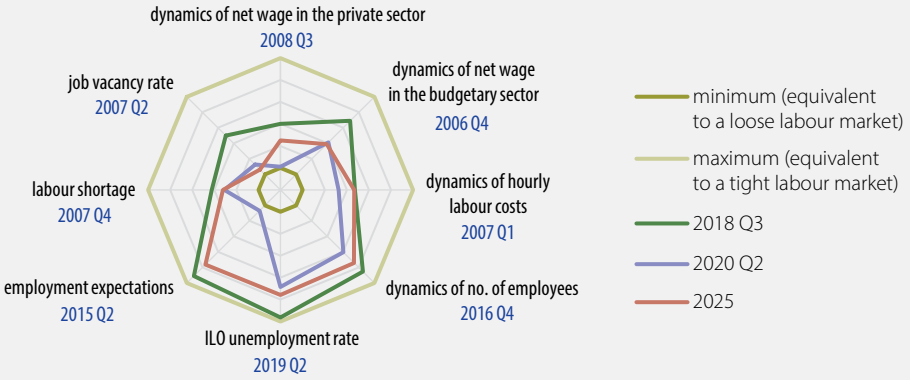


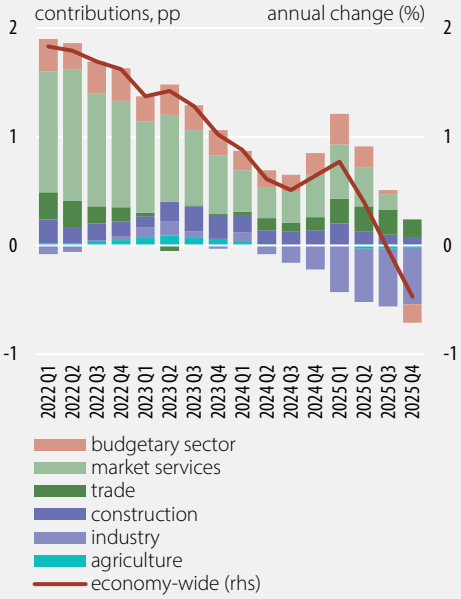
Chart 1.16
Overview of labour market developments

Note: The sample used covers the period from 2006 Q1 to 2025 Q4 and values were normalised for each variable. Maximum is defined as the lowest level of the unemployment rate since 2006 Q1 and the highest level for the other indicators.

Source: NIS, Eurostat, EC-DG ECFIN, NBR calculations

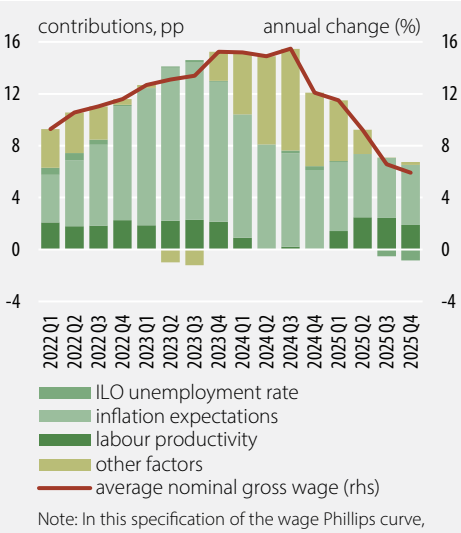
The annual dynamics of the number of employees followed a persistent downward trend in 2025, even posting negative readings towards year-end (Chart 1.17), so that the average annual growth rate was merely 0.2 percent. Trade and construction were the most resilient sectors, recording annual rates of change of 1.4 percent and 1.5 percent respectively. Hiring in services (excluding trade) moderated, remaining however above the economy's average. In particular, the IT sector, which at international level has been undergoing large restructuring linked to the take-up of AI-based technologies, witnessed marginal changes. The annual dynamics of the number of budgetary sector

16 ARA EM (Assessing Reserve Adequacy for Emerging Markets) is a composite annual metric assessing the adequacy of reserve holdings of emerging market economies relative to a large set of risk sources, such as loss of export income, residents' capital flight, rollover of short-term external debt and non-resident equity and MLT debt outflows.



Source: NIS, NBR calculations

Chart 1.17
Developments in the number of employees economy-wide



Note: In this specification of the wage Phillips curve, wage dynamics are determined by labour productivity, labour market conditions and labour market participants' inflation expectations (assumed to be adaptive).

Source: NIS, Eurostat, NBR estimates and forecasts

Chart 1.18
Determinants of average gross wage dynamics economy-wide

employees also decelerated, on the back of fiscal consolidation measures. In industry, headcount declined, reflecting firms' endeavours to streamline production and hence increase efficiency through capitalisation on the new technologies (automation/ robotisation), as well as the adverse impact of weak external demand, both visible especially in the automotive industry.

The annual growth rate of gross wage earnings economy-wide followed a downward path, to 8.6 percent in 2025 (against 15.5 percent in 2024). Behind this decrease stood particularly institutional factors, namely the wage freeze in the public sector, where the dynamics slowed down markedly (from 18.5 percent to 2.9 percent), but also the receding upward pressures on private sector wages (their annual pace of increase dropping to 10.2 percent from 14.7 percent previously). Thus, according to the in-house estimates of the wage Phillips curve (Chart 1.18), in 2025 the deceleration in the growth rate of gross wage earnings was underpinned by the lower impact of inflation expectations and of exogenous factors (for instance, the contribution of the demonstration effects exerted by the public sector to the annual increase in private sector wages turned negative in 2025). Moreover, the easing of labour market conditions lowered the bargaining power of employees. Conversely, the favourable developments in labour productivity, driven however primarily by employment adjustments, were accountable, to a larger extent, for the wage dynamics.

2.2. Prices and costs

Consumer prices

The annual CPI inflation rate stood at 9.69 percent in December 2025, 4.55 percentage points above the year-earlier reading. Most of the advance occurred in July and

August 2025, when consumer prices were affected by two major exogenous shocks (Chart 1.19). The first shock, on 1 July 2025, was triggered by the removal of electricity price caps, which led to a 61.6 percent monthly increase in the average consumer price for electricity[17] and contributed approximately 2.3 percentage points to the annual CPI inflation rate (Chart 1.20). A second shock followed in August, stemming from the hike in VAT rates and excise duties. These tax changes were largely incorporated in consumer prices in the same month, with an impact of approximately 2 percentage points on the annual CPI inflation rate, their effects being detectable in the subsequent period as well.

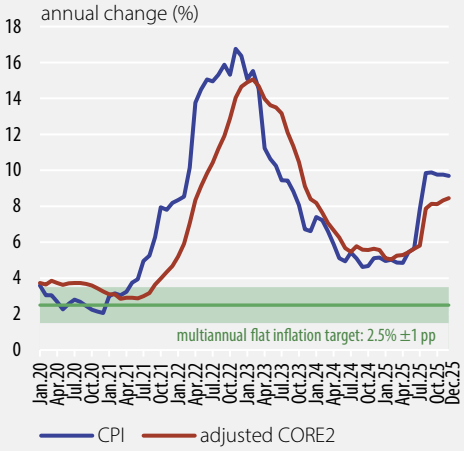


Chart 1.19
Annual inflation rate

Source: NIS, NBR

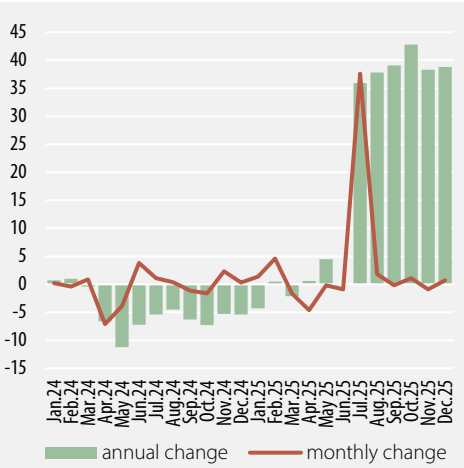


Chart 1.20
Electricity and natural gas prices

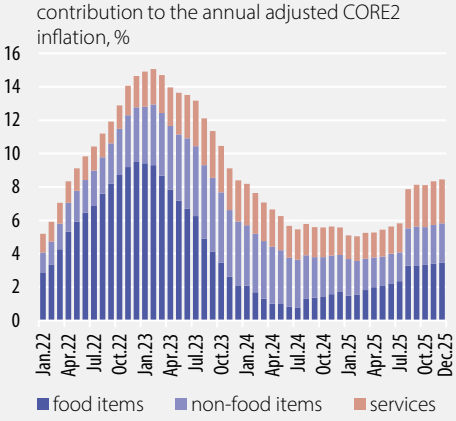
Source: NIS

The inflationary effects of the fiscal measures were particularly visible in core inflation, whose annual rate rose by 2.9 percentage points (2.1 percentage points in August alone) to 8.5 percent in December (Chart 1.21); however, the persistence of the upward trend in the final months of the year also reflected, to some extent, the indirect effect of the liberalisation of the electricity market for non-household consumers, as the substantial increase in electricity bills put additional pressure on corporate costs. The core inflation trend was driven by processed food and market services prices, whose annual dynamics reached 8.5 percent and 10.6 percent, respectively, at end-2025 (versus 4.2 percent and 6.7 percent, respectively, a year earlier). The two segments saw even larger increases in August 2025 than the mechanical calculation of the effect of the fiscal changes would have indicated[18]; notably, both segments were under labour cost pressures throughout 2025[19]. Moreover, higher costs of certain agri-food commodities (milk, meat, oilseeds, coffee and cocoa) also contributed to the faster

17 However, starting in October 2025, the average electricity price paid by household consumers began to post slightly negative monthly rates of change, reflecting the competition among suppliers for market share following market liberalisation.

18 The pass-through of the fiscal changes likely provided an opportunity for additional price increases, amid the lower demand elasticity for certain essential goods (such as food items), the absence of external competition for most services and seasonal demand (e.g. in tourism).

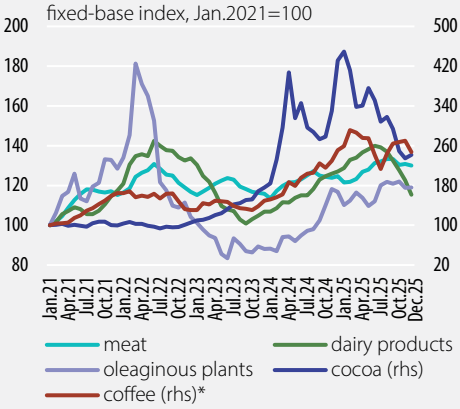
19 The high growth rate of unit wage costs in market services and the food industry throughout 2025 was fuelled by the increase in the minimum wage economy-wide in January 2025; in the food industry, this was compounded by the removal of tax breaks at the beginning of the year, with employers deciding to partly make up for the resulting decline in employees' net wages by increasing gross wages.



Note: Contributions include VAT rate changes.

Source: NIS, NBR calculations

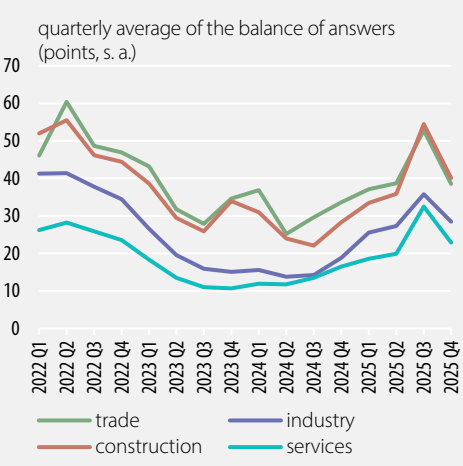
Chart 1.21
Main components of the adjusted CORE2 inflation



*) arithmetic mean of Arabica and Robusta prices

Source: FAO, World Bank, NBR calculations

Chart 1.22
Prices of main agri-food commodities



Source: EC-DG ECFIN

Chart 1.23
Expectations on price developments

dynamics of processed food inflation (Chart 1.22). The annual change in non-food prices followed a more moderate path, rising by only 0.4 percentage points over the period under review to 6.8 percent in December. In fact, the pass-through of the tax hikes to this segment was below one[20], as non-food prices were more sensitive to import prices, which were benign in the first part of 2025 and exerted a disinflationary effect on the non-food component in January-July.

Volatile food prices had a downward influence on the annual CPI inflation rate (a contribution of -0.2 percentage points in December). Following sizeable price hikes in the first half of the year due to adverse weather conditions, the favourable vegetable harvest domestically and fruit harvest across the region led to a significant moderation in the annual rate of change in prices for this group. Moreover, the deceleration in the annual inflation rate was also supported throughout the period by fuel prices, amid a decline in the Brent oil price and a weaker US dollar.

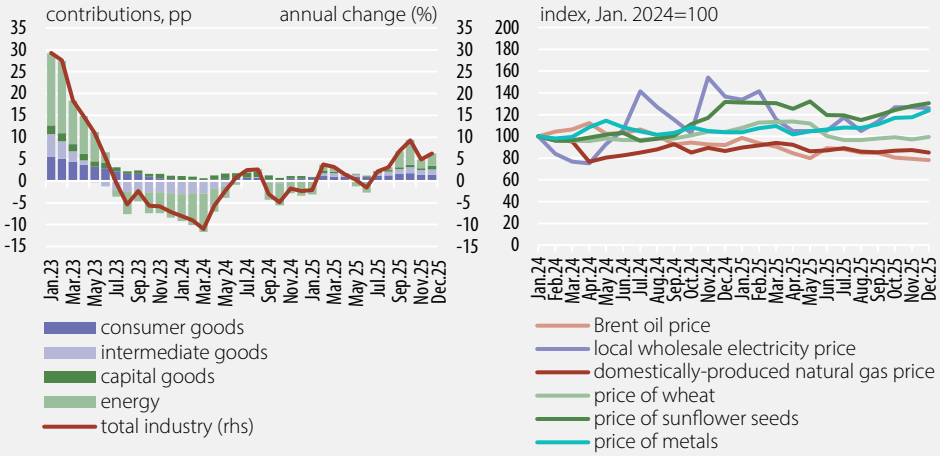
The short-term inflation expectations of economic agents trended upwards in the first part of the year and peaked in July-August 2025, reaching levels comparable to those seen in 2022, a year marked by the energy crisis. Subsequently they declined, yet remained above the level recorded at end-2024 (Chart 1.23). Financial analysts' medium- and long-term expectations followed a relatively steady path, with the annual inflation rate one year ahead hovering around 4.0 percent, apart from a temporary

20 This market is characterised by a high degree of competition (including from imports), as well as more elastic demand.

surge in July, while the two-year-ahead rate stood within the variation band of the target, close to its upper bound. The average annual HICP inflation rate rose by 1 percentage point over the course of 2025, to 6.8 percent. Thus, the gap with the EU average widened to 4.3 percentage points (from 3.2 percentage points in December 2024).

Producer prices

In 2025, the average annual growth rate of producer prices stood at 3.1 percent, 6.8 percentage points above the level recorded in 2024. However, over the course of the year, the indicator saw fluctuations, essentially reflecting developments in the energy sector (Chart 1.24). Excluding this influence, the indicator remained relatively stable, except for a step-up in July against the backdrop of higher electricity costs, and another in December, driven by the bottlenecks in the supply of microchips (the annual rate of change stood at around 3 percent in H1, rose to 3.9 percent in July and fluctuated around that level until December, when it climbed further to 4.7 percent).



Source: Eurostat, NIS, WB, EC, OPCOM, NBR calculations

Chart 1.24
Industrial producer prices on the domestic market and their determinants

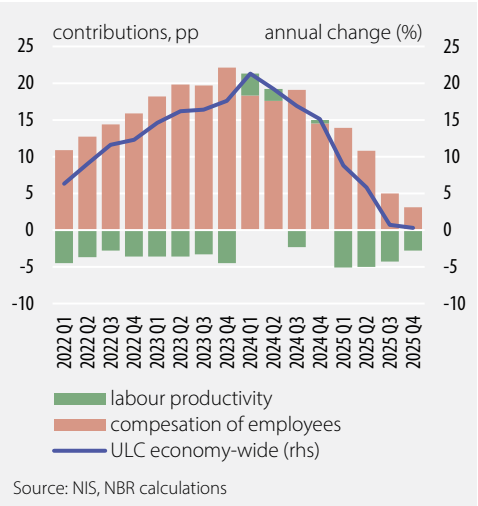
In the energy sector, the annual growth rate of prices was, on average, 12.9 percentage points higher than in 2024. In the first part of the year, the annual rate of change in energy prices moved out of negative territory, given the rise in wholesale prices for electricity and natural gas on European markets due to stronger demand (temperatures in February were well below the seasonal average) and tighter supply (following the unexpected closure of the liquefied natural gas terminal in Alexandroupolis and the halt, as of 1 January, in Russian gas transit via Ukraine). As the spell of very low temperatures came to an end, energy markets eased, with annual rates of change turning negative in April-June. July, however, saw a return to an upward path amid the liberalisation of the electricity market. Moreover, high summer temperatures affected both electricity supply and demand. The uptrend was subsequently reinforced by overhaul works carried out by some gas producers and stronger regional demand (following the intensification of attacks on Ukraine's energy system), with the annual dynamics of energy prices reaching 16.7 percent in October.

The pace of increase in producer prices for intermediate goods also accelerated, averaging 2.7 percent over the year as a whole, 4.5 percentage points above the previous year's level, with the chemical industry making the largest contribution: specifically, the hike in natural gas prices led to a drop in the supply of fertilisers both locally and globally (amid the halt in the activity of some major producers), resulting in a significant rise in prices. A similar contribution was made by metallurgy, in line with upward adjustments in international metal prices in 2025 H2, reflecting strong demand associated with digitalisation and decarbonisation.

The annual growth rate of producer prices for consumer goods followed a predominantly upward path for most of 2025, stabilising above 6 percent in H2 (versus 4.6 percent in December 2024). The trend was more pronounced in the food industry, which consolidated the rising trajectory seen since mid-2024, in the context of higher costs of some raw materials (meat, milk) and stronger wage pressures (the increase in the minimum wage and the decision of some companies to partially compensate for the income loss incurred by employees following the removal of tax breaks). In the latter part of the year, broadly favourable conditions in agri-food commodity markets led to a slight adjustment, but the annual growth rate remained elevated (4.5 percent versus 2.4 percent at end-2024).

The annual rate of increase in producer prices for capital goods decelerated to 2.1 percent, 4.5 percentage points below the 2024 average, mainly on account of developments in the automotive industry (particularly in the parts segment), where layoffs contributed to lower labour costs. Moreover, local producers were affected by sluggish external demand, as European companies in the sector faced the effects of higher trade tariffs, stronger competition from China and slower growth in household income. However, towards the end of the year, bottlenecks in the supply of microchips[21], an important input in the automotive parts industry, reduced supply and also pushed up prices.

Unit labour costs



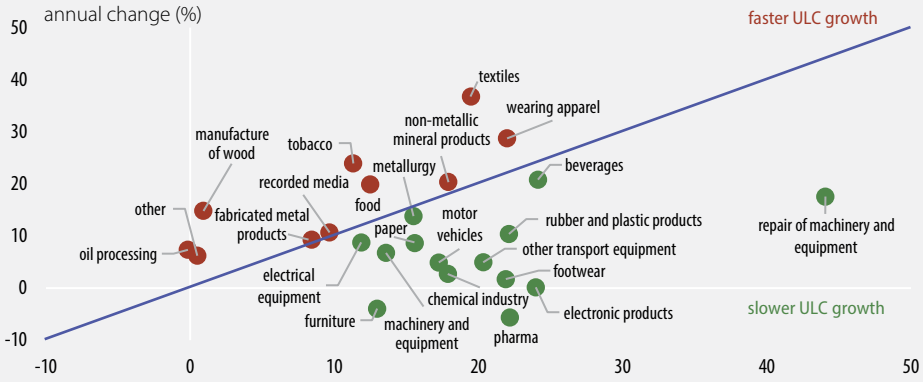
Source: NIS, NBR calculations

Chart 1.25
Unit labour costs economy-wide

The annual dynamics of unit labour costs economy-wide declined markedly in 2025 to 3.8 percent (almost 14 percentage points below the 2024 level). These developments reflected the narrowing gap between the indicators making up the ratio, as both moved towards moderation: the pace of increase in compensation per employee eased, while labour productivity growth returned to positive territory, as a result of layoffs by companies during the year (Chart 1.25).

21 The dispute between the Netherlands and China over Nexperia, a company with a significant share of the global chip market.

The annual rate of change of unit wage costs in industry followed a similar path, decelerating to 10 percent in 2025 overall (-5.6 percentage points versus 2024). The factors underlying economy-wide developments were also at play in industry (the growth rate of gross wage earnings slowed by 2.8 percentage points, while productivity per employee improved by 1 percent in annual terms). Manufacturing sub-sectors producing motor vehicles, furniture, computers and electronic products, as well as rubber and plastic products made a significant contribution to the adjustment (Chart 1.26); by contrast, the annual dynamics of unit wage costs in the food industry rose to 19.9 percent, 7.4 percentage points above the previous year's level.



OX: ULC annual change in 2023
OY: ULC annual change in 2024

Source: NIS, NBR calculations

Chart 1.26
Unit wage costs in manufacturing

2.3. Fiscal developments

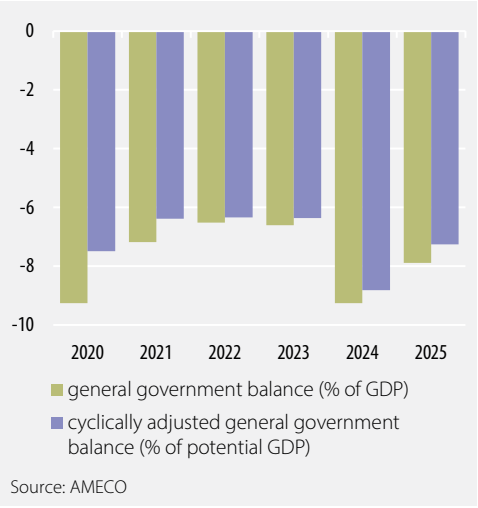
In 2025, Romania's public finances re-entered a consolidation path: the general government deficit measured according to the ESA 2010 methodology narrowed by 1.4 percentage points from 9.3 percent in 2024, reaching 7.9 percent of GDP at year-end, with the primary deficit recording an even larger adjustment (1.8 percentage points). In turn, the deficit calculated according to the national (cash-based) methodology declined from 8.7 percent in 2024 to 7.6 percent in 2025.

The initial budget plan for 2025 targeted a general government deficit of 7 percent of GDP, underpinned by a fiscal consolidation package enacted at the end of 2024[22]. However, significant risks to meeting this target were signalled from the very beginning, notably in the Fiscal Council's assessments[23], which were subsequently confirmed by the budget execution in the first part of the year. Given that the European Commission's spring forecast envisaged an insufficient correction of the general government deficit in 2026 – to only 8.6 percent of GDP – and its stay at high levels over the medium term, and that the tax reform, included the *National Medium-Term Fiscal-Structural Plan* 2025-2031, had not been implemented by the deadline of April 2025, the Council

22 Pensions and wages were subject to freezing and the value of holiday vouchers halved; on the revenue side, the sectoral income tax exemptions were lifted, the special taxation regime for SMEs was tightened, the dividend tax was raised from 8 percent to 10 percent and a special construction tax was introduced.

23 https://www.fiscalcouncil.ro/FC%20-%20EN%20-%20Opinion%20-%202025%20Budget.pdf.

of the European Union concluded that Romania had not taken effective action in response to the recommendation made in January 2025[24]. Subsequently, the Council adopted a revised recommendation[25], which reconfirmed the objective of bringing an end to the situation of an excessive deficit by 2030 and putting in place a stricter corrective net expenditure path, with Romania under the obligation to enact and notify effective corrective measures by 15 October 2025. In response to the Council recommendations, the new cabinet formed in June 2025 adopted two fiscal consolidation packages in July and September, with an annualised cumulative impact of around 3.7 percent of GDP, but the late activation of the measures planned for 2025 limited their short-term impact to merely 0.6 percent of GDP[26]. The European Commission's assessments point to a reduction of around 2 percentage points of GDP in the structural primary deficit, the opening of which in 2024 was thus almost fully reversed at the end of 2025, under the cumulative effect of the new consolidation measures. Turning to the general government deficit, the effects of the structural adjustment measures were partly offset by higher interest expenditure on public debt, by 0.4 percentage points of GDP to 2.8 percent of GDP, from 2.4 percent of GDP (Chart 1.27). Therefore, despite a significant correction of the structural primary deficit, Romania's general government deficit was 7.9 percent of GDP in 2025, still the highest in the EU, followed by Poland's deficit of 7.3 percent of GDP.



Source: AMECO

Chart 1.27
Consolidated general government deficit

General government revenue went up 1.4 percentage points of GDP compared to 2024, while the share of public spending in GDP remained virtually unchanged at 43.3 percent. However, developments were influenced by the marked rise in EU funds transiting the consolidated general government budget, from 1.6 percent in 2024 to 3 percent in 2025, amid the faster absorption of grants under the Recovery and Resilience Facility and the Multiannual Financial Framework 2021-2027. Apart from non-repayable funds, total general government revenue increased by 0.1 percentage points of GDP versus the previous year, while total expenditure decreased by 1.3 percentage points of GDP.

24 https://data.consilium.europa.eu/doc/document/ST-10157-2025-INIT/en/pdf.

25 https://data.consilium.europa.eu/doc/document/ST-10349-2025-INIT/en/pdf.

26 The measures effective 1 August 2025 were part of the first consolidation package and consisted of increasing the standard VAT rate and reduced VAT rates (from 19 percent to 21 percent and, respectively, from 5 percent and 9 percent to 11 percent), raising excise duties (by 10 percent for fuels, alcoholic beverages and high sugar-content beverages), introducing the health contribution for pension incomes upwards of lei 3,000 and for certain social benefits, doubling the additional tax in the banking sector and raising gambling taxes, as well as cost reductions in public administration, education and health insurance. Other measures in the first package were scheduled to take effect in 2026 and included further excise duty hikes (up 10 percent), a rise in dividend tax (from 10 percent to 16 percent), an increase in the road tax, a one-year extension of the freezing of pensions and wages, and a lower net income threshold for holiday vouchers. The second consolidation package, enacted in September 2025, consisted of measures effective 1 January 2026 with an impact of approximately 0.3 percent of GDP, including hikes in taxes on residential buildings and land, in the tax on transport means and the taxation of capital gains, the introduction of a logistical tax on small-value extra-EU parcels, and an increase in the calculation base ceiling for social contributions related to self-employment earnings.

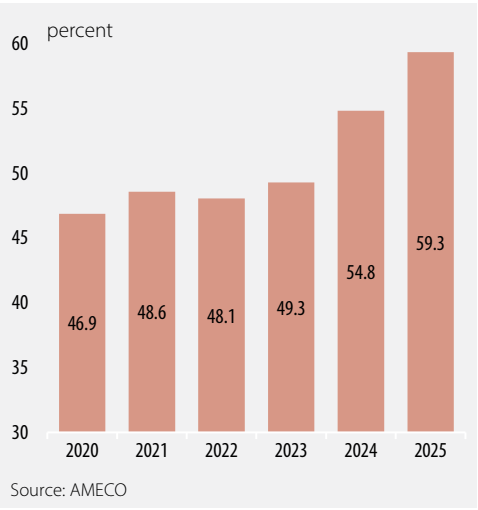
Tax revenues (including those from social contributions, net of those from imputed social contributions[27]) as a share of GDP rose by 0.5 percentage points (from 27.86 percent in 2024 to 28.35 percent in 2025) amid the enacted fiscal measures. The largest contributions came from the increase in revenues from current income and wealth taxes (0.3 percentage points of GDP) and taxes on production and imports (0.2 percentage points of GDP). As for the latter, the more favourable developments overall under 'taxes and duties on products' (+0.3 percentage points of GDP), which mainly include receipts from VAT and excise duties, were partly offset by the fall under 'other taxes on production' (-0.1 percentage points of GDP), as the contribution to the Energy Transition Fund ceased to be applicable in mid-2025. Revenues from social contributions, as a share of GDP, stayed flat compared to 2024. Conversely, the share of non-tax revenues in GDP – excluding current and capital transfers received from the EU, which surged from the previous year (+1.4 percentage points of GDP) – declined by 0.4 percentage points, mainly on account of lower 'property income' (-0.3 percentage points of GDP).

The tight fiscal stance reflected mainly in current expenditure, whose share of GDP narrowed by 0.9 percentage points from the previous year. However, adjusting for current transfers received from the EU in 2024 and 2025, the decrease equalled 1.1 percentage points of GDP. Significant cuts were made to wage expenditure (-0.7 percentage points of GDP), amid wage freezes and additional cost-cutting measures implemented in the latter part of the year, and to intermediate consumption (-0.6 percentage points of GDP) and subsidies (-0.3 percentage points of GDP), following the liberalisation of the electricity market at mid-year. However, these adjustments were partly offset by higher interest expenditure (+0.4 percentage points of GDP) and social protection expenditure (+0.3 percentage points of GDP), given the persistent effects of pension recalculation in September 2024. Moreover, the capital expenditure-to-GDP ratio stood 1 percentage point higher, with contributions coming from rises in both public investment and capital transfers (+0.2 percentage points of GDP and +0.8 percentage points of GDP respectively). However, these dynamics were fully explained by the faster absorption of non-repayable EU funds, whose contribution was 1.2 percentage points of GDP higher than in 2024.

In 2025, the public debt-to-GDP ratio (Chart 1.28) added 4.5 percentage points to 59.3 percent, from 54.8 percent a year earlier. The elevated primary deficit (5 percent of GDP) and a positive stock-flow adjustment contributed to the sharp rise in the public debt-to-GDP ratio, as the advance in the public debt stock (by lei 172.5 billion) exceeded the ESA 2010 deficit by about lei 21.5 billion (Chart 1.29). The interest-growth differential acted in the opposite direction, yet its favourable influence continued to diminish over the year before, amid the slowdown in nominal GDP growth and a higher average cost of financing (measured by the implicit interest rate, calculated as the ratio of interest expenditure to debt stock at the end of the previous year).

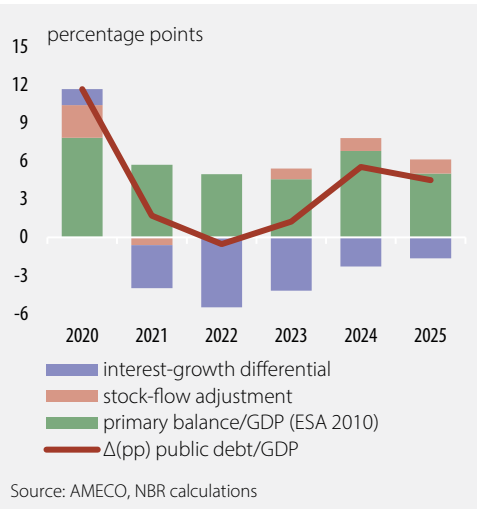
27 Revenues from social security contributions (ESA 2010 methodology) include "imputed social contributions", representing the counterpart to unfunded social benefits paid directly by employers out of their own resources, without creating a special fund for this purpose (military pensions are a case in point); the imputed contributions are equal in value to the amount of social contributions that would be needed to secure the *de facto* entitlements to the social benefits they accumulate, but they are not actual receipts.

The share of public debt held by residents narrowed mildly in 2025 (by 0.3 percentage points of GDP to 50 percent, from 50.3 percent), along with a reduction in the share of domestic currency-denominated debt (down 1.4 percentage points of GDP to 47.1 percent, against 48.5 percent), hinting at a heavier reliance on financing in international markets.



Source: AMECO

Chart 1.28
Public debt-to-GDP ratio



Source: AMECO, NBR calculations

Chart 1.29
Decomposition of the change in public debt to-GDP ratio

EUR-denominated bond issues on the external market (new issues and re-openings of previous ones) amounted to EUR 12.05 billion and covered maturities ranging from 3 years (EUR 200 million top-up of an issue maturing in September 2028) to 20 years (a EUR 1 billion issue maturing in October 2045). To these added USD-denominated issues totalling USD 5 billion, with maturities ranging from 5 to 12 years. Furthermore, in 2025, foreign floating-rate loans were taken in amount of EUR 3.075 billion, maturing in 2028, 2030 and 2032, as well as USD 0.125 billion, maturing in 2029. In addition, following the approval of the third payment request under the NRRP a drawing worth EUR 0.657 billion was made on loans related to the Recovery and Resilience Facility. In the domestic market, issues of EUR-denominated securities amounted to EUR 4.09 billion, of which EUR 2.26 billion targeted solely households under the FIDELIS programme. Againt this backdrop, the average residual maturity of the public debt stock slid slightly to 6.9 years at end-2025, from 7.2 years a year earlier.

Chapter 2

The National Bank of Romania within the European System of Central Banks, EU-level bodies and fora

Romania's membership to the European Union involves, *inter alia*, the participation of national institutions and authorities, including the National Bank of Romania, in EU-level bodies and fora, in line with the particulars of their activity. Specifically, the National Bank of Romania is a member of the European System of Central Banks (ESCB), alongside the European Central Bank and the national central banks (NCBs) in the other EU Member States. The organisation, objectives and tasks of ESCB are set out in the Treaty on the Functioning of the European Union ("the Treaty") and in the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, annexed to the Treaty.

The primary objective of the ESCB is to maintain price stability, according to Articles 127(1) and 282(2) of the Treaty. Without prejudice to the objective of price stability, the ESCB supports the general economic policies in the Union, with a view to contributing to the achievement of the objectives of the Union.

The framework of the NBR's activity is well defined by the EU legislation, which puts emphasis on the respect of the NCBs' independence, a concept that covers four types of independence, i.e. functional, institutional, personal and financial. The principle of the NCBs' independence is laid down in Article 130 of the Treaty, specifically: "When exercising the powers and carrying out the tasks and duties conferred upon them by the Treaties and the Statute of the ESCB and of the ECB, neither the European Central Bank, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body. The Union institutions, bodies, offices or agencies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the European Central Bank or of the national central banks in the performance of their tasks".

Pursuant to the provisions of Article 131 of the Treaty, each Member State shall ensure that its national legislation including the statutes of its national central bank is compatible with the Treaties and the Statute of the ESCB and of the European Central Bank.

1. NBR participation in European structures

The NBR participates, through its representatives, in the meetings and procedures of various working structures and substructures of European bodies, as referred to below. The number and format of meetings held during 2025 remained at a level similar to that seen in 2024.

1.1. Participation in the ECB General Council meetings

The NBR Governor attends the quarterly meetings of the ECB's General Council. This analysis and decision-making body had on its 2025 agenda topics covering, *inter alia*: (i) the regular macroeconomic analyses and reviews of key monetary, financial and fiscal developments both within and outside the euro area; (ii) compliance by the ESCB members with the provisions of Articles 123 and 124 of the Treaty, stipulating the prohibition of monetary financing and privileged access for the public sector or EU institutions; (iii) the analysis of the impact of artificial intelligence (AI) on financial markets and the real economy, by providing information on AI applications for modelling, forecasting and information-sharing across central banks; and (iv) the macroeconomic outlook for EU Member States outside the euro area.

1.2. NBR participation in the enlarged meetings of ESCB structures and substructures

As regards the decision-making mechanism at operational level, the NBR representatives attend the enlarged meetings of the ESCB committees, contributing to the preparation and implementation of the ECB General Council and Governing Council decisions. These structures, along with the relevant ESCB substructures, ensure a framework for assessment and decision-making according to their fields of competence. The NBR Board attaches particular attention to the central bank's participation in the ESCB structures and substructures by closely monitoring any related issues.

1.3. NBR participation in the European Systemic Risk Board

The NBR is represented in the quarterly and ad hoc meetings of the General Board of the European Systemic Risk Board (ESRB) by the NBR Governor, as a member with voting rights, along with the First Deputy Governor, as a member without voting rights. At a technical level, the NBR representatives participate in the meetings of the ESRB working structures, including the Advisory Technical Committee.

1.4. NBR participation in the working structures and substructures of the European Banking Authority

The NBR, as the regulatory and supervisory authority for the banking sector in Romania, is a member of the European Banking Authority (EBA), whose objective is to ensure effective and consistent prudential regulation and supervision across the EU banking sector. In this capacity, the NBR takes part in the EBA's decision-making process and working structures. In 2025, NBR representatives participated in the works of EBA structures, namely the Board of Supervisors, the Resolution Committee, the standing committees and their substructures[28], and the supervisory and resolution colleges.

[28] The Standing Committee on Regulation and Policy; the Standing Committee on Accounting, Reporting and Auditing; the Standing Committee on Payment Services; the Standing Committee on Anti-Money Laundering and Countering Terrorist Financing; the Standing Committee on Supervision, Risk and Innovation; the Subgroup on Ongoing Supervision; the Subgroup on Securitisation and Covered Bonds; the Subgroup on Governance and Remuneration; the Subgroup on Liquidity; the Subgroup on Resolution Planning Preparedness; the Subgroup on Resolution Execution; the Task Force on Stress Testing, etc.

1.5. NBR participation in the working structures of the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA)

AMLA is a decentralised EU agency which was established in 2024 as part of the legislative package on anti-money laundering and countering the financing of terrorism (AML/CFT) and will become fully operational as of 2028.

Romania is represented on AMLA's General Board by the National Bank of Romania, at executive management level, based on the Memorandum signed by all national authorities responsible for AML/CFT supervision. At technical level, NBR representatives also attend the meetings of AMLA's working structures.

Moreover, the NBR participates in some ESMA and EIOPA committees and related substructures, in certain cases as an observer.

1.6. NBR participation in structures of the EU Council and of the EC

The meetings of the working structures and substructures of the EU Council and the EC were held both online and in person, with the latter accounting for a somewhat larger share. The NBR representatives at various hierarchical levels participated in such meetings of the working structures and substructures, among which worth mentioning are:

- the meetings of the Economic and Financial Committee, which are attended by the First Deputy Governor;
- the meetings of various working structures and substructures[29] of the EU Council and the EC, whose agendas are closely connected with the central bank's fields of competence, in which they participated along with representatives from the Ministry of Finance and/or other government institutions.

Moreover, in 2025, the NBR assisted the Ministry of Finance in preparing for the participation of the Minister of Finance in the meetings of the Economic and Financial Affairs Council (ECOFIN)[30], as well as the Ministry of Foreign Affairs in preparing for the participation of Romania's representative in the European Council, by providing position papers or background information[31] to aid in formulating Romania's stance within these European fora.

29 The Financial Services Committee; the Working Party on Financial Services and the Banking Union; the Committee on Monetary, Financial and Balance of Payments Statistics; the Expert Group on Banking, Payments and Insurance; the Expert Group on Money Laundering and Terrorist Financing; the Government Expert Group on Retail Financial Services; the Ad Hoc Working Party on the Strengthening of the Banking Union; the Euro Counterfeiting Experts Group, etc.

30 At the two informal ECOFIN meetings organised by the Member States holding the rotating Presidency of the EU Council in 2025, the NBR was represented by the First Deputy Governor and a Director, respectively.

31 For instance, these concerned topics such as the Capital Markets Union, competitiveness, the legislative package on the digital euro and the reports prepared by Enrico Letta and Mario Draghi.

1.7. NBR participation in the process of transposing, implementing and notifying EU legislation

a) Transposing and implementing EU regulations

EU regulations are binding in their entirety and directly applicable in all Member States and thus do not have to be transposed into national law. The NBR, in its capacity as an institution with regulatory and supervisory tasks, checks the EC database (Eur-lex) on a regular basis to track any newly adopted EU regulations applicable to its scope of activity. The list of these regulations is sent regularly to the Ministry of Foreign Affairs and is uploaded to the central bank's website with a view to properly informing the entities under the NBR's regulatory/supervisory scope.

b) Informing the EC about the transposition of EU legislation

In 2025, the NBR, alongside other institutions with responsibilities in this area, was involved in transposing the following directives:

- Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 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;
- Directive (EU) 2024/790 of the European Parliament and of the Council of 28 February 2024 amending Directive 2014/65/EU on markets in financial instruments;
- 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;
- Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector;
- Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859;
- Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC;
- Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements;
- Directive (EU) 2024/2994 of the European Parliament and of the Council of 27 November 2024 amending Directives 2009/65/EC, 2013/36/EU and (EU) 2019/2034 as regards the treatment of concentration risk arising from exposures towards central counterparties and of counterparty risk in centrally cleared derivative transactions;
- Directive (EU) 2025/1 of the European Parliament and of the Council of 27 November 2024 establishing a framework for the recovery and resolution of insurance and

reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 and Regulations (EU) No 1094/2010, (EU) No 648/ 2012, (EU) No 806/2014 and (EU) 2017/1129;

- Directive (EU) 2023/2864 of the European Parliament and of the Council of 13 December 2023 amending certain Directives as regards the establishment and functioning of the European single access point.

Moreover, during the period under review, the NBR submitted to the Ministry of Foreign Affairs, via the THEMIS application, the transposition legislation adopted and published in *Monitorul Oficial al României*, as well as the compliance tables related to the provisions of those Directives also falling within the NBR's field of competence, so that the latter may duly notify the European Commission thereof.

1.8. NBR participation in the joint working platform with government authorities on European affairs

In line with its statutory tasks related to the *ex ante* advisory role played in the institutional relations with government authorities, the NBR is represented in the meetings of the Coordination Committee of the National System for the Management of European Affairs[32]. The Committee is in charge of preparing the decisions and formulating Romania's stance with regard to European affairs.

2. Technical assistance provided and received by the National Bank of Romania

As a member of the European System of Central Banks (ESCB), the NBR provides technical assistance to central banks in EU candidate and potential candidate countries, as well as in other countries in the EU neighbourhood. The NBR provides such assistance both through partnerships with other ESCB central banks and on a bilateral basis, following requests from the beneficiary central banks. Cooperation with other ESCB central banks, as well as with the ECB and the European Commission (EC), focuses on the implementation of EU-funded technical assistance projects.

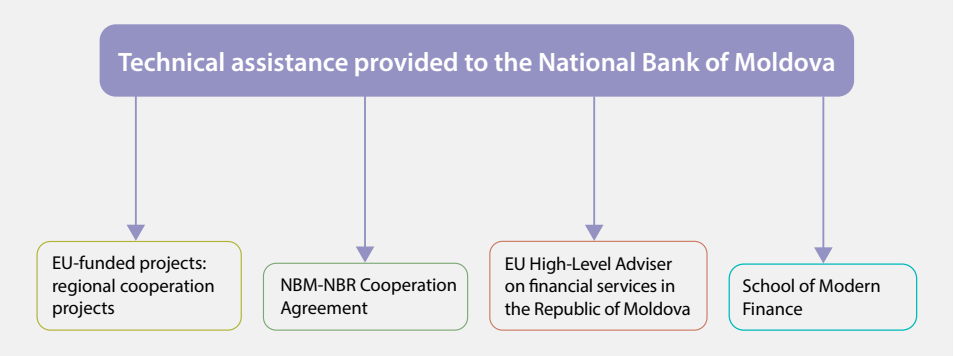
Moreover, considering the constantly changing economic environment in which topics such as the green and digital transitions are highly relevant and call for continuous transformation and updating of the financial sector as well, the NBR benefits from technical expertise under the new EU programme entitled "Technical Support Instrument".

2.1. Technical cooperation between the NBR and the National Bank of Moldova (NBM)

The NBR and the NBM maintain close technical cooperation, which takes various forms. As part of the European Commission's technical assistance to the Republic of Moldova,

32 The Committee operates under the leadership of the Secretary of State for European Affairs at the Ministry of Foreign Affairs.

the NBR hosted a TAIEX[33] study visit by NBM representatives on "Compilation of Financial Accounts within the System of National Accounts" from 26 to 28 May 2025. Moreover, in October 2025, an NBR delegation carried out a technical mission to Chișinău under the project "Strengthening the institutional capacity of the authorities of the Republic of Moldova in the field of European affairs", implemented by the Ministry of Foreign Affairs (MFA) through RoAid, Romania's International Development Cooperation Agency, as part of the MFA's 2025 Annual Plan for International Development Cooperation and Humanitarian Assistance.



Another pillar of the technical assistance provided to the National Bank of Moldova is the Cooperation Agreement between the NBM and the NBR, signed in Bucharest on 11 June 2021, with a view to developing and expanding cooperation between the two central banks. Under this Agreement, a number of requests for the exchange of information were dealt with in 2025 by both the NBM and the NBR, covering the entities registered in the Republic of Moldova that are part of Romanian banking groups, as well as the NBM's tasks regarding the licensing, supervision and regulation of banks operating in the Republic of Moldova.

Furthermore, given the steady support provided to the NBM in aligning with EU standards and practices across all areas of activity, four study visits by NBM representatives took place in 2025, covering: (i) the organisation of the compliance function, (ii) secretariat work and document management, (iii) best practices in internal audit, and (iv) communication and financial education.

Moreover, from December 2023 to March 2026, the NBR provided technical assistance in the area of financial services to the NBM, the National Commission for Financial Markets and the Government of the Republic of Moldova, via an EU High-Level Adviser in the Republic of Moldova.

Starting in 2023, the NBR and the NBM have also cooperated at academic level, alongside the Bucharest University of Economic Studies (BUES) and the Academy of Economic Studies of Moldova (ASEM), with a view to organising the "School of Modern Finance" programme on a biannual basis, for ASEM undergraduate and graduate students.

33 TAIEX (Technical Assistance and Information Exchange) is the European Commission's technical assistance and information exchange instrument, primarily aimed at candidate and potential candidate countries, countries covered by the European Neighbourhood Policy, and new Member States in the first post-accession years, with a view to supporting the alignment of national legislation with the EU *acquis*, as well as with the EU's internal policies and practices.

The fourth and fifth editions of the School of Modern Finance took place from 26 July to 3 August 2025 and from 6 to 14 September 2025, respectively.

2.2. NBR participation in other technical cooperation projects

In its capacity as an ESCB member, the NBR takes part in technical cooperation activities, providing technical assistance to central banks in candidate countries and potential candidate countries to EU membership, as well as in other EU neighbouring states or countries in the IMF/WB constituency, which Romania is part of. The Working Group on Central Bank Cooperation, a structure created under the auspices of the International Relations Committee, coordinates technical cooperation within the ESCB.

The second phase of the Regional technical assistance programme for central banks in Western Balkans continued throughout 2025, featuring a seminar and a series of missions in the area of financial stability. The programme concluded in September 2025 and will continue with the third phase running from 2026 to 2028.

On 1 September 2025, the twinning project[34] entitled "Support for regulation of the financial services in Montenegro" was launched, for the Central Bank of Montenegro and the Insurance Supervisory Agency. It is implemented by a consortium led by Germany, together with Croatia and Slovakia as junior partners, with the participation of experts from Romania (the NBR and the Financial Supervisory Authority), as well as from Belgium, Portugal, Bulgaria and Slovenia.

Moreover, at the request of the National Bank of Ukraine (NBU), the NBR provided technical assistance by hosting a study visit by NBU representatives from 12 to 16 May 2025, focusing on financial stability. Throughout 2025, NBR representatives also provided technical assistance to the NBU via webinars and responses to questionnaires on topics such as statistics, supervision, central bank accounting, payment systems and financial stability.

The NBR also collaborates with the Central Bank of the Republic of Türkiye under the 2018 Memorandum of Understanding regarding several specific activities aimed at enhancing the exchange of information and the cooperation between the two central banks. Specifically, in 2025, exchanges of experience were conducted through correspondence in the areas of human resources and the production and management of coins in circulation. Additionally, technical cooperation in archiving and correspondence management, originally scheduled for the end of 2025, was postponed until the end of 2026.

2.3. Technical assistance received by the NBR under the European Commission's Technical Support Instrument

The NBR benefits from technical assistance under the Technical Support Instrument (TSI) managed by the European Commission. The instrument provides Member States'

[34] Twinning is an instrument for cooperation between public administrations of EU Member States and beneficiary countries (candidate countries and potential candidates to EU membership, as well as countries covered by the European Neighbourhood Policy).

authorities with tailor-made expertise to design and implement reforms across a wide range of policy areas, including the financial sector and access to finance.

In 2025, the following TSI projects continued, with the NBR participating as a beneficiary authority:

- "Professional development in the sustainability area and building ESG supervisory and monitoring capabilities" – under the priority area "ESG risk management framework for the financial sector", this multi-country project, involving authorities from Bulgaria, Cyprus, Greece, Ireland, Croatia, Finland, Latvia, Italy and Slovenia, seeks to contribute to the development and enhancement of the capacity to assess and monitor climate risk from both microprudential and macroprudential perspectives;
- "Operationalisation of the transfer strategies for banking resolution" – a multi-country project alongside the *Magyar Nemzeti Bank* (the central bank of Hungary), with the overarching objective of strengthening preparedness and the capacity to implement transfer tools in resolution and thus effectively manage institutions in distress;
- "Capacity enhancement for CCPs authorisation, supervision, recovery, and resolution" – a joint project of the Financial Supervisory Authority and the NBR in a multi-country format, alongside Croatia, Greece, Poland and Portugal, designed to improve the knowledge and expertise of staff of the relevant authorities in matters relating to the authorisation, supervision, recovery and resolution of central counterparties;
- "EU Supervisory Digital Finance Academy: Strengthening Supervisory Capacity in Innovative Digital Finance" – the participation of NBR representatives in the training programmes of the second cycle of the EU Supervisory Digital Finance Academy (EU-SDFA) aims to enhance the NBR's capacity to regulate and supervise the financial sector in the context of the rapid evolution of digital finance, to develop the skills required to address the challenges posed by new financial technologies, and to manage banking crises, including those caused by technological vulnerabilities;
- "The Audit Learning Hub: Strengthening the skills of internal auditors to conduct audits of the core activities of central banks and national competent authorities" – under the PACE (Public Administration Cooperation Exchange) priority area, this multi-country project brings together internal audit professionals from the central banks of Romania, Austria, Ireland, Slovakia, Spain, Slovenia and Croatia, as well as from the Malta Financial Services Authority, with the overarching objective of strengthening the capacity to carry out effective audits of central banks' core activities and IT systems.

3. Developments in economic, financial, and banking policies at European level

Throughout 2025 and in the first part of 2026, the NBR continued to be actively involved in and contribute to the discussions at EU level in the broader context of deepening the Economic and Monetary Union and completing the Banking Union and the Capital Markets Union. Moreover, the NBR took part, in accordance with its tasks, in the stages of the 2025 and 2026 European Semesters.

3.1. The European Semester

The 2025 European Semester, an integral part of the European Union's economic governance framework, started on 26 November 2024 with the European Commission's publication of the first part of the Autumn Package. This marked the launch of the first implementation cycle of the new economic governance framework.

The documents published by the EC noted that Romania has been subject to the Excessive Deficit Procedure (EDP) since April 2020. Romania's medium-term fiscal-structural plan, adopted by the EC in 2025, aims to bring the general government deficit down to the 3 percent-of-GDP target by the end of 2031.

The 2026 European Semester started on 25 November 2025. In the package of documents published by the EC, Romania is covered by the annual Macroeconomic Imbalance Procedure[35] (MIP) and is subject to an in-depth review (IDR), whose report is due to be published in spring 2026, following the imbalances identified in June 2025. In the context of preparing the report under the MIP, EC representatives also held technical meetings with NBR experts.

3.2. Developments in policy initiatives at EU level

In 2025, progress was made in negotiations between the European co-legislators on the following legislative proposals of relevance to the NBR:

- the review of the bank crisis management and deposit insurance (CMDI) framework;
- the proposed Directive on payment services and electronic money services in the Internal Market and the proposed Regulation on payment services in the internal market;
- the digital euro package;
- the package of measures proposed to revive the EU securitisation market, a key initiative under the Savings and Investments Union (SIU) strategy; and
- the Market Integration and Supervision Package, another key component of the Savings and Investments Union (SIU) strategy.

The NBR representatives participate at a technical level in the dedicated EU Council working parties set up to discuss these legislative proposals.

35 The MIP is a procedure aimed at identifying potential risks at an early stage, preventing the emergence of harmful macroeconomic imbalances and correcting those that have already materialised.

Chapter 3

Monetary policy of the National Bank of Romania

1. Policy objective

In compliance with its Statute[36], the primary objective of the National Bank of Romania is to ensure and maintain price stability, which is the best contribution monetary policy – i.e. the key task of the monetary authority – can make to lasting economic growth. The NBR designs and implements monetary policy in the context of inflation targeting[37], characterised by a flat inflation target of 2.5 percent ±1 percentage point[38], compatible with the definition of medium-term price stability for the Romanian economy.

In the specific context of 2025, monetary policy was geared towards bringing the annual inflation rate back in line with the flat target over the medium term, *inter alia* by anchoring inflation expectations in the longer run, in a manner conducive to achieving sustainable economic growth. The aim implicitly was to pave the way for curbing the annual inflation rate over the longer term to a level compatible with the ECB's quantitative definition of price stability.

2. Policy decisions

The macroeconomic and financial environment in which monetary policy was designed and implemented was challenging in 2025, given the considerable divergent effects exerted on inflation across different time horizons by supply-side factors and by the budget consolidation launched during the year – imperative from the perspective of the magnitude of twin deficits and the access to and cost of public and private sector financing –, but also amid the protracted electoral calendar and the uncertainties and risks induced by escalating global trade tensions and by geopolitical conflicts.

Specifically, the action of supply-side factors remained predominantly inflationary in the first part of 2025[39], though uneven in terms of intensity, before strengthening markedly its inflationary nature in Q3, amid the substantial transitory direct effects exerted by the expiry of the electricity price capping scheme on 1 July and by the increases in VAT rates and excise duties starting 1 August in line with the package of

36 Law No. 312/2004.

37 The NBR moved to inflation targeting in August 2005.

38 The NBR shifted to a multiannual flat inflation target of 2.5 percent ±1 percentage point in December 2013.

39 Mainly due to the markedly higher food prices – owing primarily to the unfavourable weather conditions in the region and the rise in some agrifood commodity prices –, as well as amid the increase in energy (electricity and natural gas) prices. The influences thus generated outweighed considerably the opposite impact from the decreases in the dynamics of fuel, tobacco product and administered prices, as well as from the disinflationary base effects further manifest in the non-food sub-component of core inflation.

budget consolidation measures adopted in July[40]. In turn, short-term inflation expectations went up further and witnessed a leap in Q3, followed by a partial downward adjustment afterwards. Consequently, the annual inflation rate extended into H1 the generally upward trend it had re-embarked on towards end-2024, climbing above the forecasted level, while in Q3 it saw a considerable and above-expectations advance, which was only marginally corrected in the closing months of the year[41].

At the same time, underlying inflationary pressures persisted progressively on the wane, given the time lags necessary for the effects of the negative output gap opening and widening over the year to become manifest, and particularly amid the wage cost dynamics which, albeit decreasing, stayed high in the private sector, further generating risks to external competitiveness as well. Looking at the economy as a whole, the dynamics of wage costs saw however a steeper decline, in the context of the overall easing trend in the labour market, but also under the influence of public sector hiring and wage policy measures[42] implemented at the beginning of 2025 for budget consolidation purposes.

Economic growth continued to decelerate in 2025, albeit less than in the previous years, coming in at 0.7 percent from 0.9 percent in 2024[43], as the strong slowdown in the dynamics of private consumption – amid fiscal correction measures and the high inflation rate – was largely counterbalanced in terms of impact by the revival of gross fixed capital formation, underpinned by higher inflows of EU funds and of foreign direct investment. At the same time, net exports diminished considerably their contractionary impact, following the visibly more pronounced step-up in the dynamics of exports of goods and services than in those of imports, in terms of volume, *inter alia* given the more obvious recovery of economic activity in Europe and the significant increase in domestic agricultural output. The decline in the current account deficit as a share of GDP was however small[44], with the latter remaining considerably above European standards.

Against this background, after having picked up to 5.14 percent in the closing quarter of 2024[45], the annual inflation rate rose in 2025 H1 more than anticipated and advanced considerably and above expectations in Q3 – to 9.88 percent in September from 5.66 percent in June –, before shrinking only marginally in the last three months of

40 The transitory direct effects of the two successive supply-side inflationary shocks affected primarily the aggregate dynamics of the exogenous CPI components – mainly via the surge in electricity prices and the more modest pick-up in fuel prices – and sizeably the annual adjusted CORE2 inflation rate, especially via price rises in the services and processed food segments.

41 As the significant decreases in the dynamics of fuel and VFE prices during this period were largely counterbalanced in terms of impact by the further step-up in the annual adjusted CORE2 inflation rate.

42 Namely keeping public sector wages at the November 2024 level and putting in place a hiring freeze for vacancies in public authorities and institutions (according to GEO No. 156/2024).

43 After having moderated to 2.3 percent in 2023 from 4.2 percent in 2022.

44 The current account deficit saw its annual dynamics shrink to around 3.5 percent from 34.3 percent in 2024 and narrowed to 7.9 percent of GDP from 8.2 percent in the previous year.

45 The annual inflation rate witnessed increases in the last three months of 2024, climbing in Q4 overall more than anticipated – to 5.14 percent in December from 4.62 percent in September –, mainly due to costlier fuels, but also owing to the new rises in food prices, amid the severe drought in the summer of 2024 and the advance in some commodity prices.

the year, to reach 9.69 percent in December[46]. In turn, the annual adjusted CORE2 inflation rate halted its downward trend in mid-2025 H1, before accelerating its advance[47] in Q3 and going up further in the closing months of the year, thus climbing to 8.5 percent in December 2025 from 5.5 percent at end-2024[48], mainly due to the processed food and services sub-components.

Accordingly, the medium-term forecasts updated during the year under review[49] showed successive deteriorations of the inflation outlook, particularly in the short run, mainly ascribable to the inflationary action of supply-side factors and to the higher short-term inflation expectations, but also to the only gradual easing of underlying inflationary pressures. Heightened uncertainties and risks to the forecasts stemmed, nevertheless, from the future fiscal and income policy stance, given the requirement to initiate budget consolidation in line with the commitments under the agreements with the European Commission, yet amid the extension of the electoral period until towards mid-Q2 of 2025.

The August 2025 forecasting round showed a considerable worsening of the short-term inflation outlook, amid the sizeable transitory direct effects anticipated to be exerted in 2025 Q3 by the expiry of the electricity price capping scheme and the hikes in VAT rates and excise duties. However, they would entail with their fading in four quarters' time an abrupt downward correction of the annual inflation rate path. At the same time, the full implementation of the package of fiscal and budgetary measures adopted in July 2025[50] was likely to generate increasingly stronger underlying disinflationary pressures over the longer horizon[51], mainly via the fiscal adjustment initiated in 2025[52] and continued probably more visibly in 2026, while the temporary decline in household purchasing power under the impact of the marked increase in the annual inflation rate would weaken consumer demand[53]. In this context, the risk for the

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46 The average annual CPI inflation rate and the average HICP inflation rate (calculated based on the Harmonised Index of Consumer Prices – inflation indicator for EU Member States) went up to 7.3 percent and 6.8 percent respectively in December 2025, from 5.6 percent and 5.8 percent respectively in December 2024.

47 The annual adjusted CORE2 inflation rate stepped up to 8.1 percent in September 2025 versus 5.6 percent in June. The developments reflected the almost full pass-through of VAT rate hikes to consumer prices, also amid the resilience of demand in certain segments and high short-term inflation expectations. Additional influences further stemmed from the still fast dynamics of wage costs, as well as from the rise in some agri-food commodity prices and in the EUR/RON exchange rate, alongside those from the indirect effects of higher electricity and fuel prices.

48 The annual adjusted CORE2 inflation rate dropped relatively markedly in 2024, from 8.4 percent in December 2023.

49 Published in the February, May, August and November 2025 *Inflation Reports*.

50 The package included: i) measures applicable as of 2025, consisting mainly in increasing VAT rates and some excise duties, capping some benefits for public sector employees, imposing health insurance contributions on the part of pensions exceeding lei 3,000, as well as ii) measures applicable as of 2026, including a status-quo on the pension point and the state allowance for children, keeping public sector wages at the December 2025 level and putting in place a hiring freeze for vacancies in public authorities and institutions, raising the toll for using the national road network and motorways, and increasing the dividend tax rate (Law No. 141 of 25 July 2025).

51 Especially from aggregate demand.

52 In 2025, the general government budget execution led to a deficit of lei 146.0 billion (7.6 percent of GDP, according to the national methodology), visibly lower than that posted in 2024 (lei 152.5 billion, i.e. 8.7 percent of GDP) and than the lei 159.8 billion (8.4 percent of GDP) ceiling approved at the first budget revision in October 2025 (GEO No. 50/2025 and GEO No. 51/2025) and kept in place at the end-November revision (GEO No. 64/2025 and GEO No. 65/2025), yet higher than the lei 134.6 billion (7.0 percent of GDP) level initially foreseen in the budget plan (Law No. 8/2025).

53 According to the August 2025 projection, the annual inflation rate was expected to rise markedly in 2025 Q3, before coming down relatively slowly over the next three quarters, on a fluctuating path considerably higher than that in the previous projection and well above the upper bound of the variation band of the target, but to witness a steep downward correction in 2026 Q3 and thereafter decrease gradually, re-entering and falling deeper into the variation band of the target towards the end of the projection horizon. Specifically, the annual inflation rate was seen peaking at 9.2 percent in September 2025 and standing at 8.8 percent in December 2025, well above the previous forecast of 4.6 percent, but dropping to 3.0 percent in December 2026, slightly below the 3.2 percent value anticipated previously, and to 2.7 percent in June 2027.

inflation bout triggered by the two major supply-side shocks to affect medium-term inflation expectations and to thus generate second-round effects was significantly diminished.

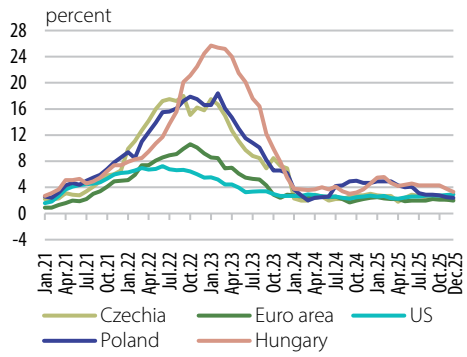
Uncertainties were, nevertheless, further associated with the additional corrective measures likely to be adopted in the future in order to place the budget deficit on a sustainable downward path, in line with the National Medium-Term Fiscal-Structural Plan agreed with the European Commission, as well as with the excessive deficit procedure. A major source of risks throughout the year under review continued to be the absorption and use of EU funds, especially those under the Next Generation EU programme.

Moreover, high uncertainties and risks to the outlook for economic activity, implicitly the medium-term inflation developments, stemmed in 2025 from the external environment, given the geopolitical conflicts and global trade tensions, but also amid the more obvious recovery of the euro area economy, underpinned *inter alia* by the monetary policy stance, as the annual inflation rate moved further towards the ECB's 2 percent medium-term target (Box 4).

Box 4. The monetary policy stances of major central banks and of those in the region in 2025

The annual dynamics of inflation continued to decline globally in 2025, amid less homogenous developments, falling in line with the targets of central banks in the euro area and countries in the region in H2, but resuming a slightly upward course in the US in the middle of the period, under the impact of higher trade tariffs (Chart A).

Chart A
Annual inflation rates in the euro area, US and countries in the region



Note: The annual inflation rate is calculated based on national CPI (Czechia, Hungary, Poland), HICP (euro area) and seasonally-adjusted personal consumption expenditure index (US).

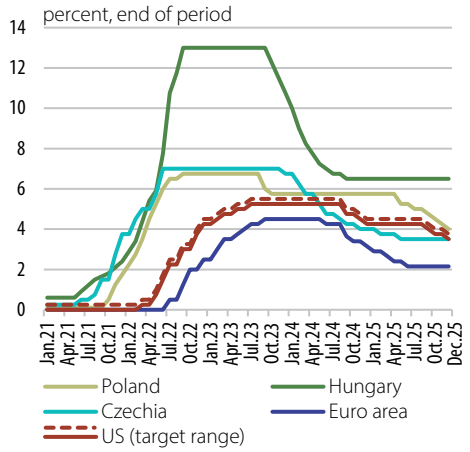
Source: Eurostat, national statistics institutes, FRED

Economic activity remained resilient, despite headwinds from the shift in the US trade policy and from the uncertainties brought about by geopolitical conflicts, while the wage dynamics remained elevated in some countries, albeit on a decrease, in the context of relatively robust labour markets. At such a juncture, major central banks extended into 2025 the gradual dialling back of monetary policy restriction, yet at a differentiated pace, while the approaches of central banks in the region continued to be only partly synchronised (Chart B).

Specifically, the ECB continued to reduce key rates in the first half of 2025, lowering them four times in a row, by a total of 1 percentage point[54], before leaving them unchanged in the second half of the year[55].

54 The cuts were decided in January, March, April and June. In the period from June to December 2024, the ECB had conducted four key rate cuts, lowering the rate through which it steers the monetary policy stance, i.e. the deposit facility rate, by a total of 1 percentage point.

55 Thus, the deposit facility rate, the interest rate on main refinancing operations, and the lending facility rate were kept at 2.0 percent, 2.15 percent and 2.40 percent respectively.



Source: NCBs

Chart B
Monetary policy rate in the euro area, US and countries in the region

The H1 decisions were based on consistent evidence that the annual inflation rate was on track to move sustainably towards the 2.0 percent medium-term target. Thus, in the context of the March projections, headline inflation was only slightly revised up, being expected to average 2.3 percent in 2025, mainly on the back of stronger than expected energy price dynamics. However, most indicators of underlying inflation continued to suggest that inflation would settle sustainably at around the 2 percent medium-term target. At the same time, the average annual inflation rate was anticipated to go down to 1.9 percent in 2026 and come in at 2.0 percent in 2027, while the economic growth projection for 2025 was revised down[56], *inter alia* amid heightened trade and policy uncertainty globally.

The annual inflation rate continued to shrink in Q2, falling to the target[57], with the projected headline inflation being revised down in June for both 2025 and 2026, primarily due to lower energy prices and a stronger euro. At the same time, the projections for inflation excluding energy and food remained broadly unchanged, with wage growth moderating visibly, while risks to growth remained tilted to the downside, driven by global trade tensions and geopolitical uncertainty[58].

Table A. Macroeconomic developments and monetary policy stance in advanced economies and in the region

	Inflation target/ objective[b]	Annual inflation rate						Monetary policy rate[b]		Annual GDP dynamics				General government balance, % of GDP***				Current account balance, % of GDP			
				Forecast*								Forecast**				Forecast**				Forecast**			
		2025 (avg.)	2025 (end of period)	2026 (avg.)	2027 (avg.)	2026 Q4	2027 Q4	Dec. 2024	Dec. 2025	2024[a]	2025[a]	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Euro area	2 percent	2.1[a]	2.0[a]	1.9	1.8	1.9	1.9	3.15	2.15	0.9	1.4	1.2	1.4	-3.0[a]	-2.9[a]	-3.3	-3.4	2.7[b]	1.6[b]	2.5	2.4
US	2 percent	2.6[d]	2.9[d]	2.4	2.1	-	-	4.25-4.50	3.50-3.75	2.8	2.2	1.9	2.1	-6.3[e]	-5.9[e]	-7.8	-7.8	-4.0[d]	-3.6[d]	-3.7	-3.7
Poland	2.5 percent ±1 pp	3.6[c]	2.4[c]	2.9	2.5	2.9	2.3	5.75	4.00	3.2	3.6	3.5	2.8	-6.4[a]	-7.3[a]	-6.3	-6.1	0.3[a]	-0.9[a]	-0.5	-0.8
Hungary	3 percent ±1 pp	4.4[c]	3.3[c]	3.2	3.3	-	-	6.50	6.50	0.7	0.5	2.3	2.1	-5.1[a]	-4.7[a]	-5.1	-5.1	1.8[a]	1.7[a]	-0.3	-0.4
Czechia	2 percent ±1 pp	2.5[c]	2.1[c]	2.2	2.5	2.3	2.5	4.00	3.50	1.3	2.6	1.9	2.4	-2.0[a]	-2.1[a]	-2.0	-2.2	1.7[a]	0.7[a]	2.3	2.3
Romania	2.5 percent ±1 pp	7.3[c]	9.7[c]	-	-	3.7	2.9****	6.50	6.50	0.9	0.7	1.1	2.1	-9.3[a]	-7.9[a]	-6.2	-5.9	-8.2[a]	-7.9[a]	-6.4	-6.0

*) forecasted values refer to the latest NCB projections in 2025

**) forecasted values refer to the European Commission's Autumn Economic Forecast (November 2025)

***) according to the ESA 2010 methodology

****) forecasted value corresponding to 2027 Q3

Source: a) Eurostat, b) NCBs, ECB, c) national institutes of statistics, d) US Bureau of Economic Analysis, e) U.S. Treasury

56 Driven by weaker exports and subdued investment.

57 The annual inflation rate dropped to 1.9 percent in May, from 2.4 percent at end-2024, and climbed to 2.0 percent in June.

58 The outlook for inflation was more uncertain than usual, amid two-sided risks induced by the volatile global trade environment.

At the beginning of H2, the Governing Council decided to keep key rates unchanged, as incoming data were broadly consistent with its previous assessment of the inflation outlook, conducive to growing confidence that interest rates had reached an appropriate level to ensure the sustainable convergence of inflation to the target. The key rate status-quo was extended at the meetings held in the period from September to December, as the annual dynamics of inflation remained close to the target and its anticipated averages saw only slight revisions during the September and December 2025 projection rounds, up for 2026 (to 1.7 percent and 1.9 percent respectively, from 1.6 percent in June), but down for 2027 (to 1.9 percent and 1.8 percent respectively, from 2.0 percent). Moreover, in September, the Governing Council assessed risks to growth as more balanced than earlier in the year, given the recent trade agreements and the future defence and infrastructure spending, along with productivity-enhancing reforms. In addition, according to statistical data released in H2, economic activity remained resilient in the first part of the year, trade and geopolitical tensions notwithstanding, supported by robust labour markets, as well as by rising real incomes and government spending.

Throughout 2025, the Governing Council pursued a data-dependent and meeting-by-meeting approach, without pre-committing to a particular rate path.

In parallel, the gradual normalisation of the Eurosystem balance sheet, which began in 2022, progressed further. By the end of the year under review, the balance sheet had decreased to EUR 6.3 trillion, from EUR 6.4 trillion in December 2024, primarily driven by the decline in the holdings of financial assets previously purchased under the central bank's programmes[59,60].

In 2025 the Governing Council formalised how it would interpret and react to future shocks, through its periodic monetary policy strategy assessment. The latter followed the 2021 comprehensive review and aimed to incorporate the recent years' lessons from the major change in the inflation environment and from the monetary policy measures taken. Against this background, the ECB reaffirmed the symmetric 2 percent inflation target over the medium term as the cornerstone of its monetary policy strategy, and it extended that symmetry to the central bank's reaction function, i.e. large, sustained deviations from the target in either direction would be tackled with appropriately forceful or persistent action.

The Federal Reserve kept the target range for the federal funds rate unchanged in the first eight months of 2025[61], after having lowered it by a cumulative 1 percentage point over the last three meetings of 2024. Then, the central bank conducted three downward adjustments of 0.25 percentage points each in the period from September to December, bringing the target range to 3.50-3.75 percent[62].

59 The Eurosystem discontinued reinvestments under the asset purchase programme (APP) as of July 2023 and under the pandemic emergency purchase programme (PEPP) at the end of 2024. Combined APP and PEPP holdings declined by EUR 537.3 billion in 2025, bringing the total monetary policy securities portfolio to EUR 3.7 trillion at year-end.

60 Moreover, banks had repaid the remaining amounts borrowed under the targeted longer-term refinancing operations (TLTROs) in December 2024.

61 The FOMC meetings held in January, March, May, June and July.

62 The decisions were taken in September, October and December 2025.

The decisions on the key rate status quo January through July 2025 were taken in a context in which the annual inflation rate stuck to a fluctuating downward path in the first part of the year, thus remaining somewhat high, above the central bank's 2 percent objective[63]. Moreover, short-term inflation expectations went up abruptly, as a result of the US Administration raising trade tariffs, while longer-term ones remained stable, at levels consistent with the inflation objective. Labour market conditions were further relatively balanced[64] and nominal wage growth continued to decelerate, nearing the pace consistent with the medium-term inflation objective. On the other hand, the forecasted values of the annual inflation rate were revised up in the March and June FOMC members' projections, especially for the 2025-2026 horizon[65].

The Fed started again in September and then continued to moderate the degree of monetary policy restrictiveness, the main reasons being the weakening of labour market conditions, also in the near future[66], as well as the higher downside risks to employment, partly owing to the slowdown in economic growth during H1 overall[67]. At the same time, the forecasts updated in September and December 2026 reconfirmed the prospects for a gradual convergence of the annual inflation rate towards the 2 percent target over the policy-relevant horizon[68].

As for the balance sheet policy, the Fed continued in 2025 the process of reducing the holdings of Treasury securities and mortgage-backed securities, moderating however its pace as of April[69, 70] and concluding it in December[71], given that reserve balances were moving closer to a level consistent with an ample-reserves regime[72].

In the region, the Polish central bank extended the status quo of key rates into the first four months of the year[73], before embarking on a rate-cutting cycle in May,

63 The annual inflation rate calculated based on the personal consumption expenditure (PCE) index fell gradually in the first four months of the year, reaching 2.3 percent from 2.7 percent in December 2024, but went up afterwards, to stand at 2.6 percent in mid-year.

64 The unemployment rate stayed somewhat steady since mid-2024, at a relatively low level from a historical perspective, measures of unfilled vacancies in the economy decreased further, while the monthly rise in employment slowed, recording a moderate pace.

65 According to the June 2025 projection, the median forecast of the PCE inflation rate stood at 3.0 percent in 2025 (versus 2.5 percent anticipated in December 2024), at 2.4 percent in 2026 (2.1 percent previously) and 2.1 percent in 2027 (2.0 percent previously).

66 The data and assessments during this period pointed to a significant slowdown in job gains versus the beginning of the year, as well as to a mild pick-up in unemployment rate. At the same time, the available information (in the absence of official statistics due to the government shutdown) showed that both hiring and firing rates stayed low, while individuals' perceived probability of finding a job and the share of firms reporting hiring challenges continued to fall.

67 The annualised quarterly GDP growth slowed in 2025 H1 overall to 1.6 percent from 2.4 percent in 2024 as a whole.

68 The December projection saw the median PCE inflation rate at 2.4 percent in 2026 (unchanged from the June projection), 2.1 percent in 2027 (similarly to the June and September forecasts) and at 2.0 percent in 2028.

69 During the March FOMC meeting, the Fed decided to slow the pace of decline of its securities holdings beginning in April and to maintain the monthly redemption cap on mortgage-backed securities.

70 January through November 2025, the volume of holdings shrank by about USD 300 billion, meaning that it declined by almost USD 2.3 trillion since the start of the central bank's balance sheet reduction in June 2022.

71 The decision was made public at the end-October FOMC meeting.

72 Under this framework, the level of reserves in the banking system is enough so that daily swings in reserve supply do not affect significantly the level of the federal funds rate. The Fed announced in December that it would initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis.

73 They were thus kept at the levels seen since October 2023.

lowering them in the period from May to December in six steps[74] that totalled 1.75 percentage points. Thus, the reference rate, the deposit rate and the Lombard rate were reduced to 4.00 percent, 3.50 percent and 4.50 percent respectively.

The decisions to leave key rates unchanged in the first four months of the year were taken in a context in which the annual inflation rate stayed in 2025 Q1 significantly above the 2.5 percent ±1 percentage point target band, mainly due to pricier electricity and natural gas[75, 76]. Moreover, according to the March forecast, it was expected to stick to high levels until mid-2026 – amid the expiry of household shielding measures on electricity prices – and to return within the band in 2026 Q3, *inter alia* amid the gradual deceleration of wage growth.

However, the inflation developments and outlook improved markedly afterwards, also compared with the March forecasts. Specifically, the annual inflation rate steepened significantly its decline, re-entering inside the band in July[77] and falling towards year-end in line with the midpoint of the 2.5 percent target[78]. Behind the decrease stood primarily the base effect associated with the VAT rate increase in April 2024 and the below-expectations dynamics of natural gas and electricity prices – attributable to some shielding measures and to developments in international prices –, but also the drop in the annual core inflation rate[79], amid the moderation of underlying inflationary pressures, partly due to the slower wage growth. At the same time, the anticipated path of the annual inflation rate witnessed successive downward revisions in the July and November 2025 forecasts, with the latter seeing the average annual inflation dynamics at 3.7 percent in 2025 (4.9 percent in March), 2.9 percent in 2026 (3.4 percent in March) and 2.5 percent in 2027 (similarly to previous projections).

The Czech National Bank conducted two more prudent cuts (0.25 percentage points each) of key rates in February and May 2025[80], extending the lowering cycle launched in December 2023[81], and then kept them unchanged. Specifically, the monetary policy rate was lowered to and then kept at 3.50 percent, while the deposit facility rate and the lending facility rate were cut to 2.50 percent and 4.50 percent respectively.

Through the decisions taken in the first part of the year, the central bank further ensured an adequate degree of monetary policy tightness, as the annual inflation

74 With a size of 0.50 percentage points in May and of 0.25 percentage points at the meetings held from July to December.

75 Owing to the partial unfreezing of electricity prices since July 2024 and the introduction of higher distribution tariffs for natural gas in January 2025. Therefore, the annual inflation rate climbed to 4.9 percent in January, from 4.7 percent in the previous month, and stayed put throughout Q1.

76 The annual core inflation rate also remained high, amid the swift advance in services prices.

77 In July, the annual inflation rate dropped to 3.1 percent.

78 The decline was broad-based, with decreases across all categories of goods and services: food and non-alcoholic beverages, energy, non-food goods, and services.

79 The annual core inflation rate went down gradually during the year, coming in at 2.7 percent in December 2025 versus 4.0 percent at end-2024.

80 In March 2025, the central bank left key rates unchanged.

81 The Czech National Bank carried out seven consecutive cuts of the key rate in the period from January to November 2024, which totalled 2.75 percentage points.

rate stayed in the upper half of the target band in 2025 Q1 and the February and May forecasting rounds reconfirmed the prospects for its annual average to decline mildly in 2025 and 2026, to values that remained nevertheless somewhat above the midpoint of the 2 percent target[82]. The forecasts were consistent with a modest reduction in interest rates during the first part of the year and with their relative status-quo afterwards. Risks to price stability over the longer horizon stemmed however from the evolution of services prices, as well as from the swift wage growth and the rise in residential property prices.

The halt in the key rate cutting cycle in mid-2025 and the subsequent status-quo of interest rates were warranted by the persistence of domestic inflationary pressures, especially in the case of services and residential property. Moreover, economic growth stepped up above expectations in the first three quarters of the year[83], driven primarily by household consumption, *inter alia* amid the labour market tightness. At the same time, the inflation forecasts were revised up in the second part of the year[84], while the balance of risks to inflation remained tilted to the upside, also in the context of the uncertainty associated with the fiscal policy stance, alongside the uncertainties and risks from the external environment, which warranted a further prudent monetary policy conduct.

In 2025 the Hungarian central bank left key rates unchanged at the levels they had been lowered to back in September 2024[85]. Thus, the base rate was kept at 6.50 percent, while the deposit facility rate and the ON and 1W lending facility rates stayed at 5.50 percent and 7.50 percent respectively.

The decisions were taken in a context in which the annual inflation rate had resumed a sharp upward course in the closing quarter of 2024, hitting a 15-month high[86] in February 2025, before shrinking relatively slowly[87] and staying above the 3 percent ±1 percentage point tolerance band until towards the end of the year. At the same time, the inflation outlook deteriorated compared with the end-2024 forecasts, especially over the short horizon[88], on account of market services, industrial goods and food prices rising above expectations[89]. Under the circumstances, the worsening of the inflation outlook was largely attributable to the core component, whose anticipated evolution reflected *inter alia* the higher short-term inflation expectations,

82 The May forecast saw the annual inflation rate averaging out at 2.5 percent in 2025 and 2.2 percent in 2026.

83 Annual GDP dynamics accelerated from 2.0 percent in 2024 Q4 to 2.2 percent in 2025 Q1, 2.6 percent in Q2 and to 2.8 percent in Q3.

84 According to the November projection, the average annual dynamics of core inflation were anticipated to reach 2.6 percent in 2026, compared to the May 2025 forecast of 2.2 percent.

85 January through September 2024, the central bank cut interest rates in eight steps of gradually smaller sizes, which cumulated 4.25 percentage points, and then it kept them unchanged.

86 The annual inflation rate stepped up to 5.6 percent in February 2025 from 4.6 percent in December 2024.

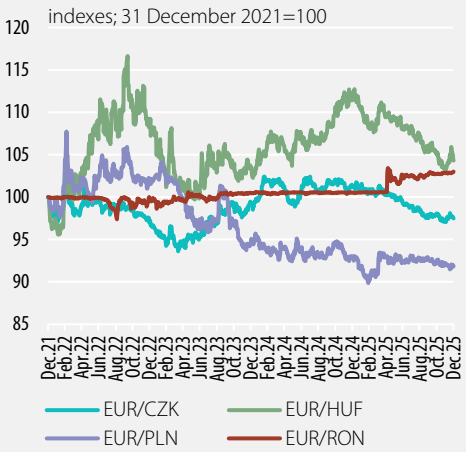
87 Mainly amid price cap measures, either mandatory (the cap on the mark-up on certain food items, adopted by the government at end-March 2025) or voluntary (banking and telecommunications companies agreeing to apply a price cap on certain services in April 2025), as well as in the context of cheaper fuels and the stronger forint versus the euro.

88 According to the medium-term projection updated in March, broadly reconfirmed over the following three quarters.

89 The March forecast expected the annual inflation rate to average out at 4.8 percent in 2025 (+1.1 percentage points against the December 2024 projection), 3.4 percent in 2026 (+0.3 percentage points) and 3.0 percent in 2027 (similarly to the end-2024 forecasts).

while the forecasts for the pace of economic growth were revised significantly down in June, given also the unexpected standstill in economic activity during the first quarter of the year[90].

Moreover, uncertainties and risks surrounding the inflation outlook came from the still elevated wage dynamics and the fiscal policy stance, as well as from the price adjustments anticipated to be carried out by firms at the beginning of 2026, alongside the calendar and effects of dialling back the measures to cap price increases for certain products and services. In addition, risks also stemmed from the heightened uncertainty in international financial markets amid trade and geopolitical tensions, as well as from financial investors' risk perception towards HUF-denominated assets.



Source: ECB, NBR

Chart 3.1
Exchange rate developments on emerging markets in the region

The international financial market witnessed a brief episode of a marked increase in volatility in mid-H1 amid escalating trade tensions worldwide, followed in 2025 H2 by frequent shifts in direction of the global risk appetite, given the repeated revisions of investor expectations on the outlook for the federal funds rate, with an impact on EUR/USD exchange rate[91] movements as well. Developments in the local financial market strongly reflected, however, the influences from the May electoral events[92] – which triggered high uncertainties and entailed substantial capital outflows –, but also the effects of the subsequent defusing of tensions in the domestic political landscape and the headway in talks over the new ruling coalition and the setup of the package of corrective fiscal measures, conducive to the alleviation of financial investor concerns about budget consolidation prospects and the sovereign rating (Chart 3.1).

In this context, tailoring the monetary policy stance with a view to ensuring medium-term price stability warranted a status-quo of the monetary policy rate, which was kept at 6.50 percent during 2025[93]. Accordingly, the NBR maintained the lending and deposit facility rates at 7.50 percent and 5.50 percent respectively.

90 According to the June forecast, economic growth was expected to remain modest in 2025 (0.8 percent versus the 2.4 percent pace anticipated in March 2025) and gain traction to 2.8 percent in 2026 (-1.4 percentage points against the previous projections) and to 3.2 percent in 2027 (-0.1 percentage points). The outlook was broadly reconfirmed by the forecasts updated in September and December.

91 In 2025 overall, the US dollar weakened 10.5 percent versus the euro (based on December exchange rate averages).

92 The first round of the presidential elections was held on 4 May 2025, with the second on 18 May.

93 The monetary policy rate had been lowered by 0.25 percentage points in each of the July and August 2024 Board meetings, to 6.50 percent, from 7.00 percent in January 2023, and had been left unchanged for the remainder of 2024. The lending and deposit facility rates had been reduced accordingly, reaching 7.50 percent and 5.50 percent respectively in August 2024, before being kept unchanged.

In addition, the minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions were left at 8 percent and 5 percent respectively. The NBR's actions and approach aimed to bring the annual inflation rate back in line with the 2.5 percent ±1 percentage point flat target in the medium run, *inter alia* via the anchoring of inflation expectations over the medium term, in a manner conducive to achieving sustainable economic growth while safeguarding financial stability.

Against this background, the main interbank money market rates extended their linear path into the first four months of the year, but saw considerable rises in the first 10-day period of May[94], before embarking and staying on a continuously downward trend, yet uneven in terms of pace, remaining at the end of the year visibly above the December 2024 levels. The EUR/RON exchange rate also witnessed a significant abrupt increase in the early days of May, which was partly corrected subsequently; after a slightly fluctuating course during Q3, it came in and tended to stabilise at somewhat higher readings[95], amid the successive revisions of investor expectations on the outlook for the federal funds rate, but also reflecting the steps taken domestically in the setup and adoption of the packages of corrective fiscal measures.

The monetary authority continued to extensively use the specific tools and means of communicating and detailing the rationale behind monetary policy decisions. It thereby highlighted the drivers behind the pick-up in the inflation rate during 2025 and the prospects for its decline as of 2026 H2, as well as the role of monetary policy conduct and the NBR's determination to act in order to safeguard medium-term price stability. In addition, the central bank repeatedly underlined the importance of the consistent implementation of fiscal correction measures, alongside the full absorption and use of EU funds, especially those under the Next Generation EU programme, deemed essential for partly counterbalancing the contractionary effects of budget consolidation and of geopolitical/trade conflicts worldwide, but also for carrying out the necessary structural reforms, energy transition included.

The adequate tailoring of the monetary policy stance and the actions taken by the NBR prevented a more severe worsening of developments in consumer price dynamics and paved the way for the annual inflation rate to resume its decline after the fading of the direct effects from the sizeable supply-side shocks in 2025 Q3, amid further economic growth during the reported year overall, at a moderate pace slower than in 2024.

Taking a closer look, the NBR Board's decisions in the first half of 2025[96] were warranted by the further deterioration of the inflation developments and outlook compared to forecasts, mainly under the impact of supply-side factors, as well as by the high uncertainties and risks surrounding the updated projections during this period.

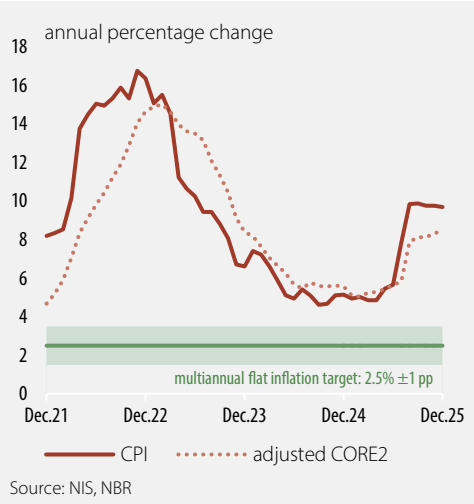
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94 Amid the changes in money market liquidity conditions in the context of the electoral events unfolding in the first part of May 2025.

95 In 2025, the leu depreciated by 2.3 percent versus the euro (based on December exchange rate averages). Over the same period, the Czech koruna, the forint and the zloty strengthened 3.6 percent, 7.0 percent and 1.1 percent respectively in relation to the single currency. In the reported year overall, the leu appreciated 9.2 percent against the US dollar (based on December exchange rate averages).

96 January, February, April and May meetings.

Specifically, after having risen above expectations in 2024 Q4, to 5.14 percent in December[97], the annual inflation rate fluctuated in the first three months of 2025, declining less than projected in Q1 as a whole, to 4.86 percent in March, given the sharp step-up in the growth rates of energy prices, administered prices and processed food prices, which largely countered the decreases in the dynamics recorded in this period for fuels, tobacco products and non-food sub-components of core inflation. In turn, the annual adjusted CORE2 inflation rate resumed its decrease at a slower-than-expected pace, dropping to 5.2 percent from 5.6 percent at end-2024 amid the opposite influences coming in this period as well, on the one hand, from disinflationary base effects in non-food sub-components and from the slower dynamics of import prices, and, on the other hand, from the hike in some agri-food commodity prices, as well as from the gradual pass-through of higher wage costs to consumer prices, *inter alia* amid the high short-term inflation expectations[98] (Chart 3.2).



Source: NIS, NBR

Chart 3.2
Inflation rate

Economic activity picked up above expectations in 2024 Q4[99] and came to a standstill in 2025 Q1[100], so that the aggregate output gap probably opened only marginally in the first months of 2025, implicitly less than projected. At the same time, household consumption accelerated its brisk year-on-year dynamics in the final quarter of 2024[101], while the trade and current account deficits posted a considerably faster annual growth rate in 2025 Q1, as a result of the wider unfavourable gap between the annual dynamics of imports and those of exports.

Moreover, although on a moderating trend, labour market tensions were still relatively elevated in the first months of 2025[102], given also the persistent mismatches between labour demand and supply in certain sectors, as well as structural market deficiencies. The annual dynamics of nominal gross wage recorded a slower decline in 2025 Q1, remaining in the double-digit range – amid *inter alia* the hike in the economy-wide

97 From 4.62 percent in September 2024, mainly as a result of the pick-up in the prices of fuels – primarily under the impact of the significant appreciation of the US dollar on the international financial market –, but also following new hikes in food prices amid the severe drought in the summer of 2024 and the rise in some commodity prices.

98 Against this backdrop, price dynamics continued to pick up in the processed food segment and slowed down their decrease in services, but sharpened their downward trend in the non-food segment.

99 According to the second provisional version of GDP data in 2024 Q4, economic activity increased in quarterly terms by 0.6 percent, after shedding 0.1 percent in the prior three months, and decreased its annual dynamics to 0.5 percent, from 1.5 percent in 2024 Q3. As a general rule, statistical data are those available at the time of conducting the monetary policy assessments.

100 According to preliminary data, which also indicated a drop in the annual dynamics of economic activity to 0.2 percent, from 0.5 percent in 2024 Q4.

101 Gross fixed capital formation witnessed, however, a sizeable fall in 2024 Q4, making a decisive contribution to the decline in annual GDP growth, while the contractionary impact of net exports strengthened.

102 *Inter alia* amid the number of employees economy-wide picking up faster in January-February 2025 than in the prior quarter.

gross minimum wage[103] and the partial compensation by employers of the impact exerted by the removal of some tax breaks. Over the same period, the growth rate of nominal unit wage costs in industry stepped up to 16.6 percent, after having dropped considerably in the previous three months, further exerting inflationary pressures, but also risks to external competitiveness.

Against this background, the medium-term forecasts updated in 2025 H1[104] revealed further deteriorations of the inflation outlook compared to the previous forecasts, especially over the short term in February and chiefly in the middle segment of the projection horizon in May. Specifically, the latter forecast[105] saw the annual inflation rate sticking to a fluctuating path until 2025 Q3 and then declining for four quarters on a significantly higher trajectory than anticipated in February 2025, implying its decrease no earlier than in 2026 Q3 and only marginally below the upper bound of the variation band of the target, before near-stabilising at this level until the end of the projection horizon. Hence, the annual inflation rate would decline to 4.6 percent in the final month of 2025 and to 3.4 percent in December 2026, compared to the corresponding levels of 3.8 percent and 3.1 percent respectively forecasted previously[106], and would reach 3.3 percent in March 2027.

The significantly higher values expected to be reached by the annual inflation rate over the next four quarters compared to the previous projection, as well as the general downward trend it was expected to follow starting in the last quarter of 2025, were largely attributable to supply-side factors, whose action was expected to become and remain inflationary in the near run[107] and to regain a slight disinflationary nature towards end-2025[108]. Furthermore, future developments in energy and food prices remained a source of inflationary risks, in the context of the forthcoming expiry of capping measures and the potential developments in commodity prices, and notable risks stemmed from the trade policy measures taken in advanced economies, which could affect global prices of some intermediate and final goods.

At the same time, underlying price pressures were expected to remain inflationary in the short run, gradually easing, and to turn disinflationary no sooner than in the second part of the forecast horizon, given the lagged materialisation of the disinflationary effects of the negative output gap expected to open and to widen moderately in 2025[109], as well as amid the persistence of pressures from wage costs. The latter's growth rate

103 The gross minimum wage was raised by 9.5 percent to lei 4,050 as of 1 January 2025.

104 Published in the February and May 2025 *Inflation Reports*.

105 Including data available until 30 April 2025.

106 Compared to the earlier one, the November 2024 projection envisaged the annual inflation rate to decline to 3.5 percent in December 2025 and to 3.3 percent at the end of the projection horizon (September 2026).

107 Mainly amid unfavourable base effects, the expiry of the electricity price capping scheme in mid-2025, and the increase in some agri-food commodity prices.

108 Due to the base effects in core inflation sub-components and in the fuels and administered prices segments, as well as following the decline in other commodity prices, *inter alia* in the context of global trade tensions.

109 According to the new data and assessments, economic growth was expected to recover during 2025-2026, yet more modestly than previously anticipated, stepping up gradually, amid the slight moderation in inflation and the use of EU funds under the Next Generation EU instrument, but also amid a relatively more sluggish revival of external demand, *inter alia* in the context of global trade tensions. The developments were likely to cause the output gap to become negative and widen moderately in 2025, but also to shrink more slowly in 2026, including as compared to earlier forecasts, implying that it would remain significant at the end of the projection horizon.

during 2025 was seen sticking to double-digit levels in the private sector, above the gradually declining values forecasted previously. Moreover, the current account deficit was expected to witness a modest downward correction over the two-year projection horizon and thus stay well above European standards as a share of GDP.

Heightened uncertainties and risks were associated, however, with the future fiscal and income policy stance, given, on the one hand, the size of the budget deficit in the early months of 2025, even amid the corrective measures implemented at the beginning of the year[110], 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. Uncertainties and risks were amplified by the protracted electoral context and the related stronger tensions in the domestic political environment, fanning financial investor concerns about the outlook for the fiscal position and the overall macroeconomic situation, leading in the first ten-day period of May to substantial capital outflows, in various forms, with a major impact on local financial market conditions[111]. Specifically, after having stayed practically flat in January-April 2025, the main interbank money market rates posted considerable rises in the days immediately following the first round of the presidential elections[112], while yields on government securities climbed relatively abruptly, especially at the shorter end of the maturity spectrum, thus halting their slightly fluctuating moves in the previous three months. Moreover, the EUR/RON exchange rate recorded a significant increase and then tended to stick to the new readings, while the USD/RON went up even more steeply, given the stronger appreciation trend of the US currency in international financial markets.

High uncertainties and risks to the outlook for economic activity, implicitly the medium-term inflation performance, stemmed also from the external environment, given the protracted war in Ukraine and Middle East situation, but especially amid the tensions generated worldwide by the US trade policy, affecting the developments in the global economy and in international trade. A major source of risks and uncertainties was still the absorption and use of EU funds, especially those under the Next Generation EU programme – essential for counterbalancing, at least in part, the contractionary effects of budget consolidation and of geopolitical/trade conflicts, as well as for carrying out the necessary structural reforms, energy transition included.

Under the circumstances, in its meetings of January, February, April and May 2025, the NBR Board decided to extend the status quo of the monetary policy rate, as well as of the lending facility rate and the deposit facility rate. Moreover, the NBR Board decided to keep the minimum reserve requirement ratios on leu- and foreign currency-denominated liabilities of credit institutions at 8 percent and 5 percent respectively.

110 The package of measures was approved by GEO No. 156/30 December 2024.

111 https://www.bnr.ro/en/24457-2025-06-02-international-reserves-may-2025.

112 Held on 4 May 2025.

The annual inflation rate resumed the upward course in May and came to exceed expectations for 2025 Q2 as a whole[113], while in Q3 it rose considerably, climbing to 9.88 percent in September, amid the above-expectations transitory direct effects exerted by the expiry of the electricity price capping scheme on 1 July and by the increases in VAT rates and excise duties starting 1 August, corresponding to the fiscal and budgetary package adopted in July 2025. In turn, the annual adjusted CORE2 inflation rate halted its downtrend in Q2, advancing to 5.7 percent in June[114], while in Q3 it went up at a faster pace, reaching 8.1 percent in September. This owed to an almost full pass-through of VAT rate hikes to consumer prices, *inter alia* amid the resilience of demand in certain segments and high short-term inflation expectations, but also reflected the influences from the still fast dynamics of wage costs and from the higher prices of some agri-food commodities and the increase in the EUR/RON exchange rate, as well as from indirect effects of the rises in electricity and fuel prices.

Moreover, the short-term inflation outlook worsened significantly, with the medium-term forecast updated in August 2025[115] showing that, after the surge probably witnessed in 2025 Q3, the annual inflation rate would come down relatively slowly over the next three quarters, on a fluctuating path considerably higher than that in the previous projection[116] and well above the upper bound of the variation band of the target.

According to the same projection, the annual inflation rate would see a steep downward correction in 2026 Q3, once with the fading of the transitory direct effects of the two successive supply-side shocks, and thereafter it would decrease gradually, falling to 3.0 percent in December 2026 and to 2.7 percent in June 2027, amid the increasingly stronger underlying disinflationary pressures over the longer horizon, especially from the aggregate demand deficit. The latter was anticipated to record a relatively fast-paced widening in the next six quarters, and considerably more pronounced than previously forecasted, amid the packages of corrective fiscal and budgetary measures implemented as of August 2025[117], conducive to a sizeable adjustment of the current account deficit as well.

Additional influences were expected to come from the temporary decline in household purchasing power under the impact of the annual inflation rate rising and sticking to high levels for four quarters, as well as from the likely significant improvement in the composition of aggregate demand over the projection horizon relative to 2024 through a greater contribution of investment to the detriment of private consumption, with implications for potential GDP dynamics as well.

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113 Up to 5.66 percent in June, driven primarily by higher food prices, especially fruit prices, *inter alia* amid the unfavourable weather conditions in the region, whereas the new rise posted during this period by the dynamics of energy prices was more than offset by the opposite evolution in the tobacco product segment.

114 The step-up in core inflation came from the hike in some agri-food commodity prices and the gradual pass-through of higher wage costs to some consumer prices, as well as from the increases in short-term inflation expectations and in the EUR/RON exchange rate, the impact of which exceeded by far that exerted by disinflationary base effects and the decrease in import price dynamics.

115 August 2025 *Inflation Report*.

116 May 2025 *Inflation Report*.

117 According to the new assessments, economic growth would remain subdued in 2025-2026, given the implementation of the fiscal consolidation packages and the sizeable short-term rise in the annual inflation rate – likely to weigh on household real disposable income –, but also amid the gradual recovery of external demand and the use of Next Generation EU funds.

Such a context was likely to significantly mitigate the risk that the inflation flare-up sparked by the supply-side shocks in 2025 Q3 would affect medium-term inflation expectations and thus trigger second-round effects, yet it called for the close monitoring of all developments, given *inter alia* the recent years' inflation behaviour.

Moreover, uncertainties were further associated with the measures likely to be adopted in the future in order to place the budget deficit on a sustainable downward path, in line with the National Medium-Term Fiscal-Structural Plan agreed with the European Commission, as well as with the excessive deficit procedure.

High uncertainties and risks to the outlook for economic activity, implicitly the medium-term inflation developments, continued to arise however from the external environment, given the war in Ukraine and the Middle East situation, but especially the global trade tensions. A major source of risks remained also the absorption and use of EU funds, especially those under the Next Generation EU programme, essential for partly counterbalancing the contractionary effects of budget consolidation and of geopolitical and trade conflicts worldwide, as well as for carrying out the necessary structural reforms, energy transition included.

Against this background, in its meetings of July and August 2025, the NBR Board decided to keep the monetary policy rate at 6.50 percent and the lending and deposit facility rates at 7.50 percent and 5.50 percent respectively. In addition, the minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions were maintained at 8 percent and 5 percent respectively.

According to subsequent data and assessments, the annual inflation rate entered a mildly downward path at the beginning of 2025 Q4, in line with expectations, falling to 9.69 percent in December. The decrease was driven by the significant declines posted during this period by the fuel and VFE price dynamics, while the annual adjusted CORE2 inflation rate continued to pick up, contrary to forecasts, climbing to 8.5 percent in December, amid the persistent influences stemming from the dynamics of wage costs and the high level of short-term inflation expectations, alongside those coming from the indirect effects of electricity price hikes and the rises in some agri-food commodity prices and the EUR/RON exchange rate[118].

Economic activity contracted by 0.2 percent in 2025 Q3, after having expanded by 1.1 percent in the previous quarter[119], so that the aggregate demand deficit saw its widening steepen over this period, after having visibly moderated it in Q2. Annual GDP growth stepped up, however, to 1.7 percent in 2025 Q3 from 0.3 percent in Q2[120], amid the annual dynamics of gross fixed capital formation returning to a significant

[118] In 2025 Q4, the annual growth rates of prices stepped up in all three segments of core inflation, especially services and processed food.

[119] According to the first provisional version of GDP data in 2025 Q3.

[120] During 2025 Q2, the annual GDP dynamics held steady, as household consumption grew versus the same year-earlier period, after the small decline seen in Q1, and net exports diminished considerably their contractionary impact, while gross fixed capital formation contracted slightly.

positive value and the increase in household consumption accelerating somewhat. Moreover, the impact of net exports became expansionary again, given that the rising annual rate of change of exports of goods and services, in terms of volume, exceeded visibly that of imports, which continued to decline. Consequently, the trade deficit saw a steeper contraction in annual terms in 2025 Q3 and the current account deficit continued to shrink, albeit at a slower pace than in Q2, owing to the worsening in the primary income balance.

Looking at the labour market, the overall easing trend slowed temporarily[121] in the second part of 2025[122], while the annual growth rate of the nominal gross wage in the private sector moderated its fall. At the same time, the annual pace of increase of the unit labour cost reverted to a double-digit level in services, although witnessing a sharper drop in the economy as a whole, while that in industry reaccelerated in 2025 Q4, standing still high from the perspective of inflation and of external competitiveness.

Furthermore, financial market conditions reflected, after the wrap-up of the electoral calendar[123], the influences of the gradual improvement in investor risk perception towards the local economy and financial market, amid the steps taken domestically for the adoption and implementation of the packages of corrective fiscal measures. Specifically, the main interbank money market rates posted mild declines in the second half of Q2, and then continued to shrink gradually, remaining at year-end significantly above their December 2024 levels. Long-term yields on government securities corrected, however, quickly and fully the abrupt increases seen in the first 10-day period of May and then stuck to a generally downward trend, *inter alia* against the backdrop of the successive revisions of investor expectations on the outlook for the Fed's policy rate, with effects on the global risk appetite. At the same time, the EUR/RON exchange rate partly corrected the abrupt rise recorded in the early days of May and, after slightly fluctuating developments during Q3, came in and tended to stabilise at somewhat higher readings.

Lending to households remained relatively intense until July and moderated slightly afterwards, whereas the annual dynamics of credit to non-financial corporations embarked and stayed in H2 on a markedly downward trend, as the rate of change of the domestic currency component extended its relatively swift decline[124], while foreign currency credit displayed a slower momentum (Box 5).

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121 Surveys indicated an obvious weakening towards year-end in employment intentions over the very short horizon.

122 Including amid the ILO unemployment rate halting its upward trend during this period. Moreover, the number of employees economy-wide discontinued in mid-Q4 the series of monthly declines seen since 2025 Q2.

123 The second round of the presidential elections was held on 18 May 2025.

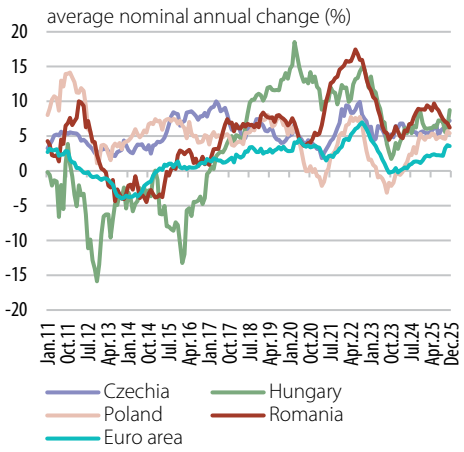
124 The annual dynamics of leu-denominated credit to non-financial corporations entered in August and then went deeper into negative territory.

Box 5. Credit to the private sector and liquidity in the economy

The dynamics and composition of private sector credit – relevant from the perspective of monetary policy design and transmission, as well as of convergence with monetary developments in the euro area and in the region – witnessed significant shifts in direction. Specifically:

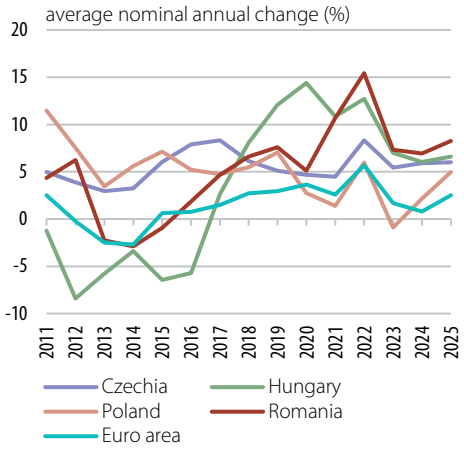
1. The annual growth rate of credit to the private sector moderated its rise in the first half of 2025[125] and then entered a downward path, partly in tandem with developments in the region and in the euro area (Chart A).

Chart A
Credit to the private sector
(monthly)



Source: NCBs

In terms of annual average, the dynamics of private sector credit reaccelerated however in 2025[126], to 8.3 percent from 6.9 percent in 2024[127], further exceeding those in the countries under comparison[128] (Chart B).



Source: NCBs

Chart B
Credit to the private sector
(annual)

The trend reversal in the dynamics of private sector credit in mid-2025 and their subsequent drop[129] were brought about primarily by loans to non-financial corporations. Their rate of change halted the slow advance and followed a relatively steep downward path in 2025 H2, as the dynamics of the domestic currency component witnessed a sharper decline, falling markedly into negative territory, given the restrictive effects exerted on credit demand and supply[130] by: (i) the more obvious slowdown in economic growth, amid the fiscal correction measures implemented and the step-up in the pace of inflation; (ii) the elevated levels of interest rates on new loans; (iii) the tightening trend of banks' credit standards on loans to this sector; (iv) the worsening of confidence among firms in all major sectors; (v) the considerable reduction in the volume of government-guaranteed loans[131] during the year overall. The hefty drop in the stock of the leu-denominated component in H2 was however more than offset by the further pick-up in the dynamics of foreign currency credit to firms.

125 The annual dynamics of private sector credit had embarked on an upward course in 2024 Q2.

126 After two years of decline.

127 In real terms, the average annual dynamics of private sector credit resumed nevertheless in 2025 the fall discontinued in the previous year, going down to 1.0 percent (from 1.3 percent in 2024). The value is somewhat lower than those in countries in the region, but slightly higher than in the euro area.

128 For the fourth consecutive year.

129 To 6.2 percent in December 2025 versus the end-2024 reading of 8.8 percent. In real terms, the annual rate of change of credit to the private sector decelerated considerably, entering negative territory in August 2025, after more than a year of positive values.

130 The monthly volume of actually new leu-denominated credit (adjusted for renegotiation operations) hit however an absolute high in July 2025.

131 The "IMM Invest Plus" programme ended in mid-2024.

In relation to households, lending remained relatively intense until July[132] (Chart C), given *inter alia* the still solid dynamics of real disposable income and the downward course of interest rates, and then it moderated slightly.

In the case of both major sectors, stimulative influences on lending further stemmed during 2025 from the preservation of the bank asset quality[133] and the relatively low loan-to-deposit ratio across the banking system[134], as well as from the slight acceleration of price growth on the residential real estate market[135].

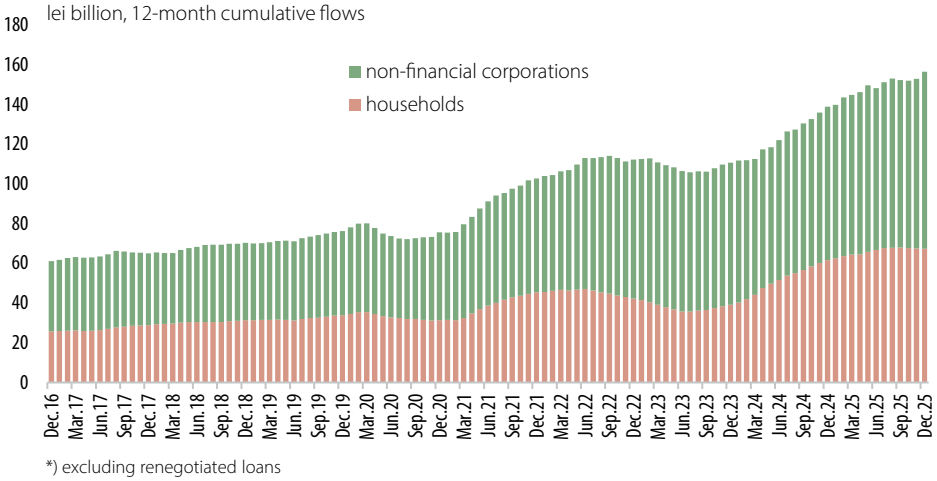


Chart C
New loans* to households and non-financial corporations

Given the relatively more modest deceleration in nominal GDP growth, the share of private sector credit in GDP extended its decline into 2025 – reaching 23.3 percent against 23.9 percent in 2024 –, in line with developments in the euro area and Poland[136], where it continued to narrow, from much/significantly higher levels however.

2. The share of the leu-denominated component in total credit to the private sector halted in mid-H1 the uptrend it had re-embarked on in 2023 and then followed a mildly downward course, shrinking to 68.2 percent at end-2025, from 70.0 percent in December 2024.

The trend reversal occurred in a context in which the annual dynamics of leu-denominated credit entered in mid-year on a markedly downward path, dropping as of Q3 to single digit levels (3.4 percent in December), whereas the change in the foreign currency component accelerated its advance[137] (to 12.7 percent in December),

132 In the first month of 2025 H2, the volume of new consumer credit and that of new housing loans reached historical highs, *inter alia* amid the frontloading of some purchases, especially of new dwellings, ahead of the coming into force of the higher VAT rates (1 August 2025).

133 The non-performing loan ratio (EBA definition) edged up slightly, to 2.71 percent in December 2025 against 2.48 percent at end-2024.

134 This ratio posted an increase in the first nine months of the year, to 70.0 percent in September, from 66.6 percent in December 2024, and shrank in the closing quarter to stand at 66.2 percent in December 2025.

135 The average annual dynamics of residential property prices stepped up to 5.7 percent in 2025, from 5.0 percent in 2024 and 3.3 percent in 2023.

136 In Czechia and Hungary, the private sector credit/GDP ratio went up slightly.

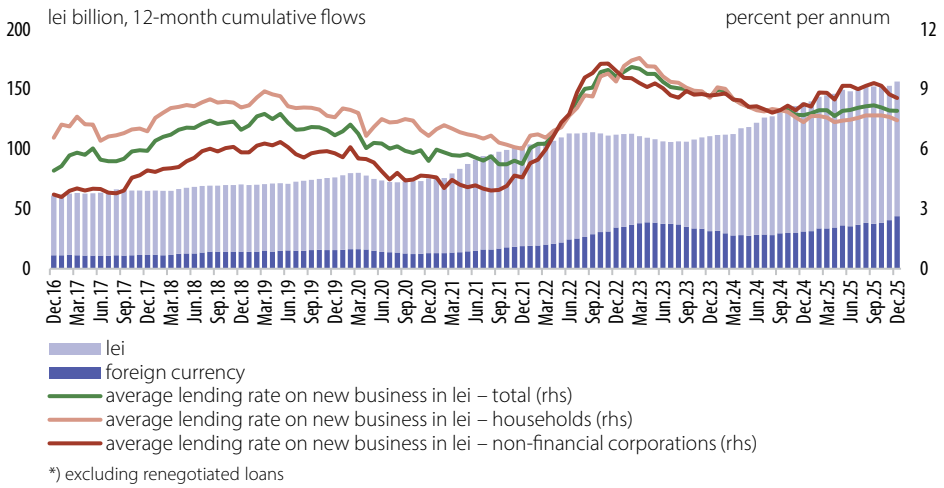
137 *Inter alia* amid the statistical effect of the movements in the EUR/RON exchange rate.

given the much more visible divergence between developments in the two components for the non-financial corporations segment, also in view of the interest rate differential.

Therefore, the share of the leu-denominated component in the stock of loans narrowed significantly for non-financial corporations (to 49.2 percent in December 2025 from 55.5 percent at end-2024), yet continued to widen for households, albeit more moderately, hitting a new historical high of 92.6 percent in December 2025 (90.8 percent 12 months earlier).

In terms of flow[138], the relative weight of the domestic currency component diminished to 72.0 percent in December 2025, from 77.6 percent at end-2024, as the annual dynamics of new loans in lei sharpened its downtrend, while the rate of change of new credit in foreign currency re-entered and advanced markedly into positive territory (Chart D).

Chart D
New loans* to the private sector and the average lending rate on new business in lei



3. The share of household loans in total credit saw its uptrend[139] steepen again slightly after the halt in 2024, climbing to 45.9 percent in December 2025[140] (from 45.1 percent 12 months earlier), yet staying significantly below the relatively constant levels recorded in Poland and Czechia and somewhat more modestly below that in the euro area.

The average annual dynamics of household credit witnessed a new sizeable pick-up in 2025 (to 9.2 percent[141] from 6.0 percent in the previous year), which visibly surpassed in terms of magnitude that seen in the non-financial corporations segment (to 6.6 percent versus 6.3 percent in 2024).

138 Assessment based on 12-month cumulated flows, adjusted by the volume of renegotiated loans.

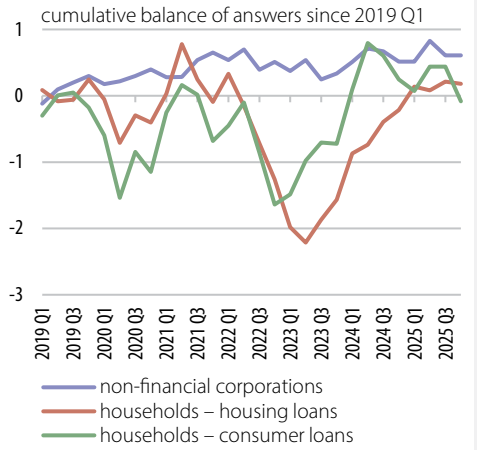
139 Initiated in 2020.

140 Marking a three-year peak.

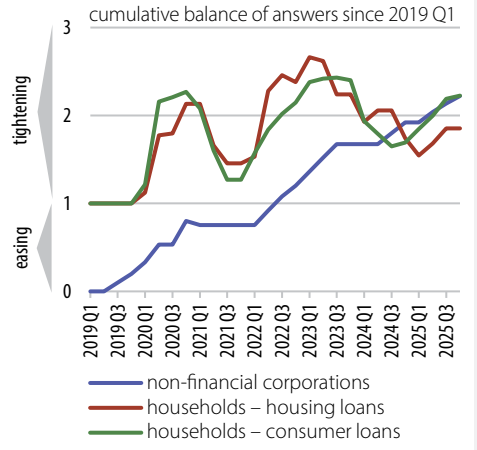
141 A post-2018 high.

The average annual growth rate of credit to non-financial corporations reaccelerated only slightly in 2025[142], and solely due to the foreign currency component, whose dynamics stepped up considerably during the year overall – to 10.4 percent, after having dropped to an average of 3.9 percent in 2024[143] –, primarily on account of medium- and long-term loans. By contrast, the rate of change of domestic currency credit fell abruptly in terms of annual average (to 2.4 percent against 8.1 percent in 2024), as it entered and went deeper into negative territory in H2. This reflected the contraction of medium- and long-term credit in annual terms and the markedly slower growth of short-term loans compared to the particularly high levels recorded in 2024.

Chart E
Demand for loans



Note: (+) increase; (-) decrease.



Note: (+) increase; (-) decrease.

The volume of new loans to firms increased however significantly more in 2025 than in the prior year, following the hefty recovery reported in industry and services, in contrast with the further weakening of activity in these sectors. Conversely, the credit flow saw a brake on growth in the case of agriculture and a sizeable contraction in construction. The breakdown by destination remained, however, broadly the same as in the previous years, with industry and services further accounting for around 80 percent of the volume of new loans.

Looking at the maturity breakdown of the stock of credit to non-financial corporations, the slight reacceleration of its growth was driven by the renewed step-up in the dynamics of medium- and long-term loans (to an annual average of 5.2 percent against 1.9 percent in 2024), in line with the rebound in investment, whereas short-term credit, which covers working capital financing needs, lost significant momentum (a pace of increase of 10.1 percent versus 18.8 percent in 2024).

Chart F
Credit standards

Developments were largely correlated with the findings of the successive issues of the NBR's *Bank Lending Survey*, which showed that non-financial corporations' demand for loans continued to rise in the first half of the year, but then shrank markedly in Q3, followed by a slight revival in the closing three months of 2025 (Chart E). At the same time, credit standards tightened further during the reported year (Chart F), while credit terms and conditions saw increased restrictiveness, primarily reflecting the widening of the average lending rate spread vis-à-vis ROBOR1M and the changes in loan covenants[144].

142 After two years of decline.

143 Growth rates calculated based on readings expressed in euro.

144 Other factors that contributed, to a small extent however, to the tightening of credit terms and conditions were the maximum loan amount, collateral requirements, and maximum maturity.

As for households, demand for housing loans continued to rise during the year, although more slowly than in 2023-2024 and slightly fluctuating, while demand for consumer credit recovered visibly in the first three quarters of 2025, but witnessed a strong decline towards year-end. However, credit standards steepened somewhat their tightening trend in the case of consumer loans and halted the previous two years' easing trend for housing loans, while credit terms and conditions became less restrictive overall, via the steady narrowing of the spread between the average lending rate and the IRCC, whose impact outweighed significantly the opposite influences from other factors[145].

4. The majority share of housing loans in total credit to households narrowed for the third consecutive year, yet at a considerably slower pace, reaching 57.1 percent in December 2025 from 58.0 percent in December 2024, amid mixed developments in the region and in Europe: mild decrease of the share in Poland, hefty rise in Hungary and quasi-standstill in the euro area and in Czechia.

The slowdown in the narrowing of this share occurred in a context in which the annual rate of change of housing loans stepped up further during 2025 (to 6.5 percent in December from 4.2 percent at end-2024), but stayed below the consumer credit dynamics, which dropped however significantly (to 10.7 percent in December 2025), after having climbed to 16.9 percent at the end of 2024 (from 4.3 percent in December 2023).

In terms of annual average, the dynamics of both major types of credit continued nevertheless to go up in 2025, more visibly this time for housing loans, whose growth rate stepped up to 6.0 percent[146] from 2.1 percent in 2024. Behind the added momentum stood the domestic currency component, whose rate of change extended its gradual upward course into the first three quarters and then diminished slightly[147], climbing to 9.1 percent during the year overall from 5.5 percent in 2024. This reflected a new historical high reached by the flow of loans[148], *inter alia* amid the interest rate downtrend and the dynamics of household income in H1. In 2025 overall, the stock of foreign currency housing loans (expressed in euro) moderated only slightly its steep contraction versus the same year-earlier period, so that the leu-denominated component saw its share in total housing loans widen further, reaching 90.8 percent in December 2025 from 88.8 percent at end-2024.

The annual pace of increase of consumer credit and other loans stepped up more modestly in 2025, averaging out at 13.9 percent against 12.2 percent in 2024, given the more moderate pick-up in the average dynamics of the domestic currency component (16.5 percent versus 15.5 percent in the previous year).

145 The decline in the maximum monthly debt service to monthly income – uneven however and relatively fluctuating from the perspective of the main types of credit – and the increase in non-interest rate charges on housing loans.

146 The annual dynamics of housing loans picked up to an almost three-year high of 7.0 percent in Q3 (from 4.2 percent in December 2024), before shrinking gradually to end the year at 6.5 percent.

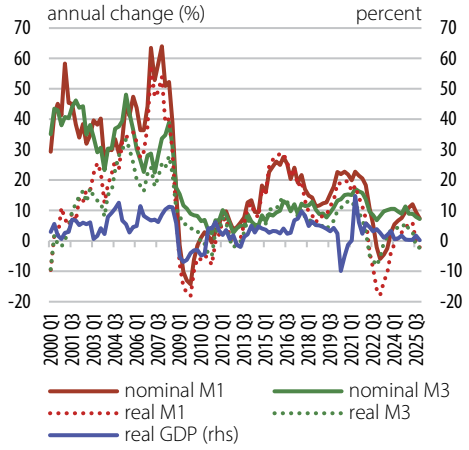
147 To 8.9 percent in December 2025 versus 9.8 percent in September 2025 (7.9 percent at the end of 2024).

148 In the case of both actually new loans and new loans including renegotiation operations, which stepped up further in the year under review.

Looking at other countries in the region and at the euro area, the share of housing loans in total credit to households in Romania remained above that in Hungary, but slightly below that in Poland and much lower than the levels in Czechia and the euro area.

The dynamics and composition of liquidity in the economy also reflected the influences from the macro-financial context of 2025, with the most relevant developments consisting in:

Chart G
Broad money and GDP



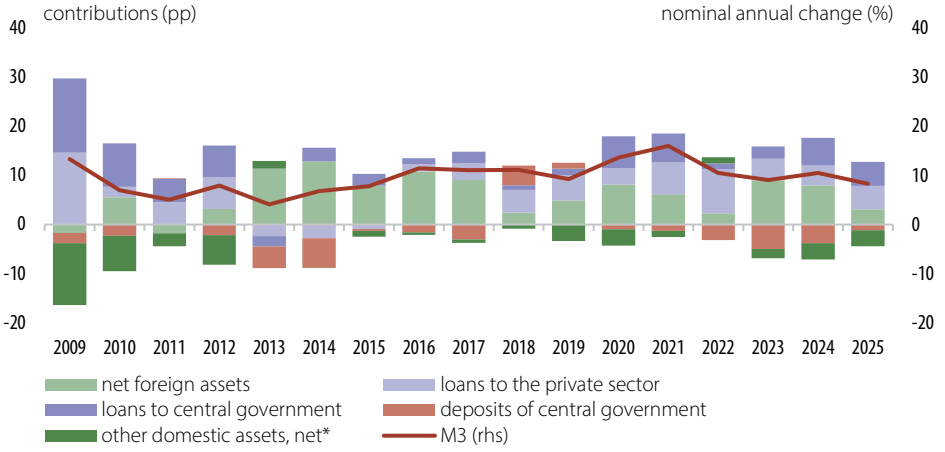
Source: NIS, NBR

1. The mild decrease in the degree of monetisation of the economy (to 41.5 percent from 42.2 percent in 2024), after a comparable increase recorded in the previous year, broadly synchronised with developments in the euro area and in the region[149], which featured however much higher M3-to-GDP ratios.

The average annual growth rate of broad money (M3) moderated slightly in 2025, to 8.3 percent[150] from 10.5 percent in 2024 (Chart G), remaining robust, as the improvement in the budget execution and the considerable pick-up in the dynamics of households' holdings of alternative financial instruments (government securities in particular) were accompanied by the absorption of a larger volume of EU funds and by the reacceleration of the average dynamics of private sector credit.

From the perspective of M3 counterparts (Chart H), the slower pace of monetary expansion reflected the deceleration in the dynamics of net foreign assets of the banking system, manifest in the first part of the year, whereas opposite influences came from the added momentum reported by net credit to central government[151] and by private sector credit – also attributable to H1 developments.

Chart H
M3 and its counterparts



*) long-term financial liabilities, capital accounts, other assets and other liabilities

149 Except for Poland, where the M3 share in GDP continued to widen slightly in 2025.

150 In real terms, the M3 annual rate of change went down markedly, partly because of the swift rise in the annual inflation rate, dropping to 1.0 percent as a 2025 average (4.7 percent in the previous year).

151 Solely due to the further decline in the rate of change of central government deposits.

2. The halt in the downtrend of the narrow money (M1) share in M3, seen since 2022, with M1 accounting for 60.5 percent of M3 at end-2025, relatively the same as in December 2024 (Chart I).

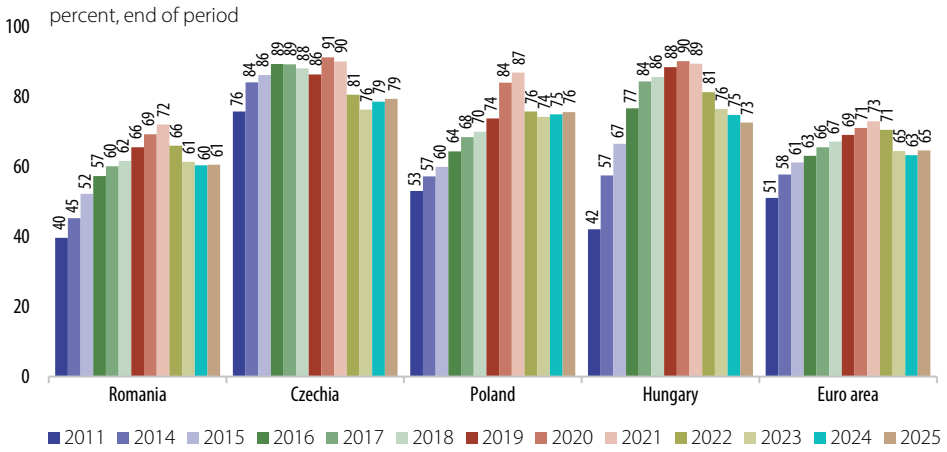


Chart I
Share of M1 in M3, international comparison

Source: NCBs

The indicator widened however both its considerable negative spread versus the levels in the region and the much more modest one vis-à-vis the euro area level, amid the increases thereof in 2025 (except for Hungary).

Developments in the weight of the most liquid monetary aggregate were uneven during the year under review. Specifically, the share widened in H1, as the annual dynamics of M1 stuck to an upward path – mainly due to the faster rise of ON deposits in foreign currency from both households and non-financial corporations[152] – and came to exceed those of time deposits with a maturity of up to two years, which followed a sharper downtrend.

The M1 annual rate of change embarked, nonetheless, on a relatively steep downward path in mid-year, given the swings in direction witnessed by the dynamics of ON deposits[153] and of currency in circulation[154] alike, given the fiscal correction measures implemented and the step-up in the inflation rate, denting household real income and confidence and weakening consumer demand. In parallel, time deposits with a maturity of up to two years saw their growth reaccelerate mildly in the second part of 2025, reflecting exclusively the developments in deposits from non-financial corporations and non-monetary financial institutions.

Against this background, the share of ON deposits in M3 practically discontinued its downward trend in 2025, fluctuating mildly during the year and reaching 43.2 percent in December (from 43.5 percent in December 2024), whereas the

152 It outweighed in terms of impact the loss of momentum reported by similar deposits in domestic currency, especially amid the uncertainty generated by the May presidential elections.

153 Household deposits in lei and foreign currency, as well as domestic currency deposits from non-financial corporations.

154 Whose annual growth rate shrank to a single digit level at year-end, after having climbed to an average of almost 15 percent in the first part of 2025.

relative weight of currency in circulation remained until Q3 on the upward path it had embarked on at the beginning of 2024[155], before dropping significantly and staying at year-end only slightly above the level recorded in the same year-earlier period, i.e. 17.3 percent versus 17.0 percent in December 2024.

During the reported year overall, the pace of increase of narrow money (M1) picked up further, however, averaging out at 9.9 percent from 7.2 percent in 2024, mainly due to the faster rise in ON deposits (to 8.5 percent against 6.1 percent in 2024) – driven by developments in foreign currency deposits[156], which more than offset the decline in the rate of change of similar deposits in lei –, but also with a contribution from currency in circulation, whose dynamics saw a sharper uptrend (to 13.6 percent from 10.1 percent in 2024).

By contrast, the average rate of increase of time deposits with a maturity of up to two years posted a new considerable drop in 2025, to 6.0 percent[157] from 16.2 percent in 2024, with a visibly larger contribution this time from the dynamics of household deposits.

3. The increase, for the second consecutive year, in the share of household deposits in total non-bank deposits – to 60.8 percent in December 2025 from 60.1 percent at end-2024.

The advance occurred in a context in which the annual growth rate of total household deposits decreased slowly from the double-digit readings seen throughout 2024, further exceeding markedly the dynamics of deposits from non-financial corporations, which posted a steeper decline in the first five months of the year and went up only slightly afterwards.

The average annual pace of increase of total household deposits thus recorded a mild contraction, after two years of gaining traction[158], staying relatively high at 9.7 percent (versus 12.3 percent in 2024). This was in correlation with the significant slowdown in income growth and the faster dynamics of government security holdings by households, but also with the weakening of private consumption and the swifter tempo of credit to this sector.

The average annual dynamics of non-financial corporations' total deposits witnessed a markedly steeper drop (to 2.2 percent from 9.2 percent in 2024), reflecting the losses of momentum in retail trade turnover and in disbursements from the government budget – except for payments from EU funds –, as well as amid the rise in dividend payments by firms[159].

155 The relative weight of currency in circulation in M3 climbed in August to the highest reading in over four years, i.e. 18.2 percent.

156 They added on average around 11 percent versus 2024 (based on readings expressed in euro), after two years of marked contraction.

157 In August 2025, the annual dynamics of time deposits with a maturity of up to two years fell to a post-March 2022 low of 3.8 percent.

158 Behind the decrease stood exclusively the slacker dynamics of leu-denominated deposits, almost entirely on account of time deposits.

159 Dividend distribution was most likely spurred by the increase in the applicable tax as of 1 January 2026, a measure included in the first fiscal consolidation package adopted in July 2025.

At the same time, the medium-term forecast updated in November pointed to a new worsening of the inflation outlook compared to previous projections, especially in the first part of the forecast horizon. Thus, the annual inflation rate was expected to witness a modest decline until mid-2026, on a fluctuating path significantly higher than that anticipated in the earlier projection. Moreover, following the steep downward correction envisaged for 2026 Q3 amid base effects, it was anticipated to decline at a relatively slow pace and from a substantially higher level than previously projected, re-entering the variation band of the target in 2027 Q1, one half-year later than in the August 2025 forecast[160].

The new worsening of the inflation outlook owed to the above-expectations transitory direct effects exerted in 2025 Q3 by the expiry of the electricity price capping scheme and by the increases in VAT rates and excise duties. The action of supply-side factors was anticipated to turn disinflationary again, only slightly over the near term[161], but much more visibly in 2026 Q3, once the ample direct inflationary effects triggered by the two supply-side shocks faded out.

At the same time, underlying inflationary pressures were expected to persist over the near-term horizon – mainly under the influence of wage cost dynamics in the private sector –, but would thereafter become disinflationary and gradually strengthen, given the relatively quick widening of the aggregate demand deficit until end-2026, and somewhat more pronounced than forecasted in August, amid the progress of the budgetary correction initiated in 2025[162]. In such a context, the risk for the inflation bout in 2025 Q3 to affect medium-term inflation expectations was significantly diminished, yet further called for close scrutiny of all developments, given also the risks from the short-term developments in food and natural gas prices, in the context of applicable regulations.

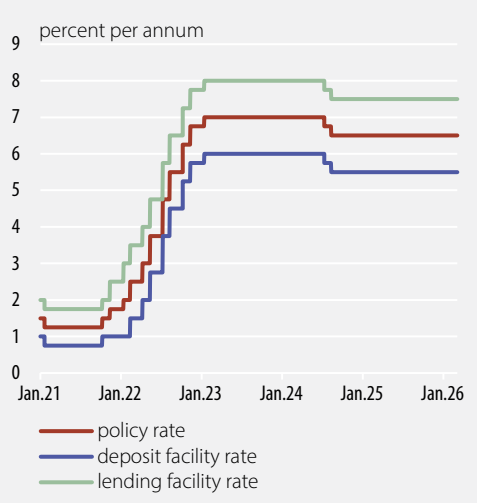


Chart 3.3
NBR rates

Against this background, in its meetings of October and November 2025 and January 2026, the NBR Board decided to keep the monetary policy rate at 6.50 percent (Chart 3.3). Moreover, the lending and deposit facility rates were kept at 7.50 percent and 5.50 percent respectively, while the minimum

160 The annual inflation rate was seen reaching 9.6 percent in December 2025 – against the prior forecast of 8.8 percent – and, in the second part of the projection horizon, dropping to 3.7 percent in December 2026 and then to 2.9 percent in September 2027, versus 3.0 percent and 2.7 percent respectively, as anticipated in August for the same reference points.

161 Chiefly on account of base effects in the segments of tobacco products, fuels and administered prices.

162 The new data and assessments further pointed to modest economic growth in 2025-2026 overall, given the implementation of the fiscal consolidation packages and the elevated inflation rate persisting until mid-2026, but also amid the somewhat faster recovery of external demand and the use of Next Generation EU funds. The prospects made likely a relatively swift widening of the aggregate demand deficit until end-2026, and slightly more pronounced than previously envisaged, followed only by a mild narrowing in 2027 Q1-Q3.

reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions were maintained at 8 percent and 5 percent respectively.

3. Use of monetary policy instruments

During 2025, the NBR continued to flexibly use the components of the monetary policy operational framework, with a view to tailoring monetary conditions so as to bring the annual inflation rate back in line with the 2.5 percent ±1 percentage point flat target over the medium term, in a context characterised by:

(i) the heightened uncertainty and the increased investor concerns about fiscal stance prospects and about the outlook for Romania's sovereign rating, amid the protracted electoral period and the ensuing rise in domestic political tensions, which triggered substantial capital outflows in various forms during the first part of May, leading to the temporary re-emergence of a liquidity shortfall in the money market;

(ii) the considerably larger volume of operations in the Treasury's foreign currency account, associated with the use of EU funds and the refinancing of public debt, implying a return and a widening of the money market liquidity surplus in the second part of the year, amid the gradual improvement in investor risk perception towards the local economy and financial market after the wrap-up of the electoral calendar;

(iii) the episodic, yet marked increase in international financial market volatility in mid-H1 due to escalating trade tensions worldwide, followed by a moderate fluctuation of the global risk appetite, given the successive revisions of investor expectations on the outlook for the Fed's policy rate, impacting the movements in the EUR/USD exchange rate as well;

(iv) the faster rise in the international reserve[163] and the further improvement trend of reserve adequacy indicators, given the increase to a record high of Eurobond issues by the MF on external markets[164] and the larger inflows of EU funds;

(v) the moderation of the uptrend in the annual dynamics of credit to the private sector and its reversal in mid-year, reflecting the halt in the upward course of the rate of change of the leu-denominated component and its steep decrease in H2, partly counterbalanced in terms of impact by the swifter increase in foreign currency credit (see the analysis in Box 5).

Under the circumstances, the NBR kept the monetary policy rate on hold throughout 2025 and left unchanged the interest rates on standing facilities as well. In addition, the central bank kept the minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions at 8 percent and 5 percent respectively. This was in correlation with the current and prospective picture of banking system liquidity and with the evolution of private sector credit, the foreign currency component included, but also with the general objective of harmonising

163 Which ended the year under review at EUR 77.0 billion, up from EUR 70.5 billion in December 2024 and EUR 66.0 billion at end-2023.

164 During 2025, the MF issued Eurobonds totalling approximately EUR 20 billion versus around EUR 18 billion in 2024.

the minimum reserve requirements mechanism with the ECB's relevant standards and regulations. The NBR has taken consistent steps towards this objective over the past two decades[165]. A major step in the harmonisation process was completed with the entry into force on 1 January 2025 of the new regulation on the MRR regime, which had been approved by the NBR Board in 2024[166] and brought important amendments[167] to several key features of the MRR mechanism (Chart 3.4).

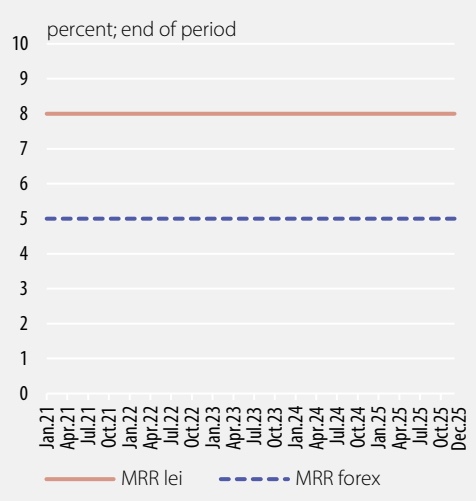


Chart 3.4
MRR ratios

The management of liquidity on the money market further played a major role, given the considerably stronger expansionary impact of the State Treasury's foreign currency operations in 2025, but also in the context of the protracted electoral calendar and the ensuing rise in domestic political tensions, conducive in the period around the May elections to heightened investor concerns about budget consolidation prospects – implicitly about the outlook for the external imbalance – and likely to entail risks to the leu's exchange rate.

At such a juncture, banks' net liquidity position saw its considerable positive value climb in the first months of the year, but turned and stayed in the second half of Q2 significantly negative, which called for a corresponding prompt tailoring of the central bank's monetary policy operations. Specifically, in the period from January to April 2025, the NBR further mopped up excess liquidity in the banking system via the deposit facility, while towards end-May it started and then in June continued to supply liquidity to credit institutions through 1W repos carried out via auctions at a fixed rate (i.e. the monetary policy rate) and with a pre-announced volume.

The strongly expansionary nature of the Treasury's foreign currency operations led however to the re-emergence and widening of the money market liquidity surplus in 2025 H2, which the central bank mopped up via the deposit facility[168], reflecting the gradual improvement in investor risk perception towards the local economy and financial market amid the steps taken domestically for the adoption and implementation of the packages of corrective fiscal measures.

165 Conditional however on domestic macroeconomic and financial developments.

166 Regulation No. 5 of 25 June 2024.

167 They included (i) the MRR calculation base (definition and source of underlying data); (ii) defining MRR ratios and the calculation bases to which they apply; (iii) the observation period of the MRR mechanism; (iv) the content and manner of MRR reporting; (v) the terms and conditions for exempting credit institutions from minimum reserve requirements; (vi) the sanctions for non-compliance with the requirements for setting up the MRR.

168 The average daily value of the deposit facility went up to lei 33.8 billion in March, from lei 18.3 billion in December 2024, and then shrank to lei 3.9 billion in June overall, before rising in the second part of the year to stand at lei 29.5 billion in December.

Against this background, after fluctuating at values somewhat higher than the deposit facility rate January through April 2025, ON rates on the interbank money market climbed in the days immediately following the first round of the presidential elections[169] above the policy rate, but embarked in June on a downward path, falling and consolidating in H2 slightly above the lower bound of the interest rate corridor, amid increasingly lower fluctuations.

In turn, 3M-12M ROBOR rates extended their linear path into the first four months of 2025, yet witnessed considerable increases in the first 10-day period of May, *inter alia* amid the change in banks' expectations on the outlook for money market liquidity conditions. They posted small downward adjustments in the second half of Q2 and then continued to shrink gradually, remaining at year-end significantly above the December 2024 levels. Their monthly averages thus stood in December 2025 at 6.19 percent for the 3M rate and at 6.33 percent and 6.53 percent for the 6- and 12-month maturities respectively, i.e. 0.28-0.51 percentage points higher than the December 2024 readings (Chart 3.5).

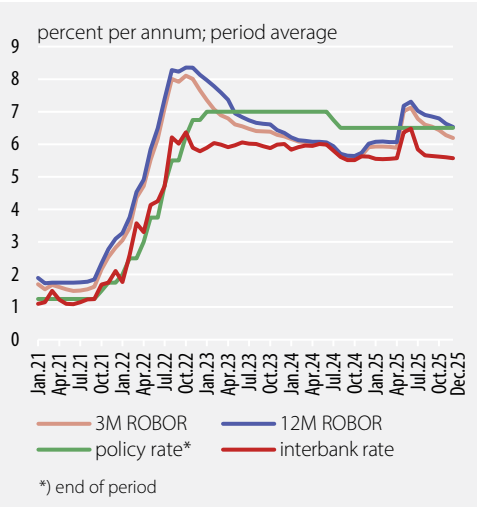


Chart 3.5
Policy rate and ROBOR rates

The benchmark index for loans to consumers (IRCC) declined however successively in the first two quarters of 2025, to 5.66 percent and 5.55 percent respectively, from 5.99 percent in 2024 Q4, and then held steady July through September, before climbing to 6.06 percent in the closing three months of the year, i.e. the highest reading since the introduction of the index[170].

Medium- and long-term reference rates[171] on the secondary market for government securities remained in the first part of January on the steep upward path seen since 2024 Q4, but dropped quickly[172] and stayed for three months near the values reached at the onset of the year. Immediately after the first round of the presidential elections in May, they posted abrupt increases[173], which were however fully corrected once the electoral process was over, given the defusing of tensions in the domestic political landscape and the headway in talks over the new ruling coalition and the setup of the first package of corrective fiscal measures. Moreover, in mid-year, they embarked and then stayed on a generally downward, yet uneven path, hitting in December the lowest readings for the past 13-14 months. This reflected the gradual improvement

169 Held on 4 May 2025.

170 In May 2019.

171 Bid-ask averages.

172 Given the improvement in the global risk appetite, but also amid the alleviation of financial investor concerns about fiscal consolidation prospects after the authorities announced the draft budget coordinates for 2025.

173 Climbing to 2½-year highs.

in the risk perception towards the local economy and financial market amid the steps taken domestically for the adoption and implementation of the packages of budget consolidation measures, but also the successive revisions of investor expectations on the outlook for the Fed's policy rate, with effects on the global risk appetite.

Consequently, the December 2025 averages of reference rates over the 3-, 5- and 10-year maturities went down from the readings in the same year-earlier period by 0.45 percentage points, 0.40 percentage points and 0.48 percentage points respectively, coming in at 6.56 percent, 6.75 percent and 6.83 percent respectively. Somewhat more modest declines were recorded in the case of 6-month and 12-month maturities, which shed 0.35-0.36 percentage points, to 6.00 percent and 6.10 percent respectively.

Developments in relevant interbank money market rates and in the IRCC were reflected in varying degrees in the evolution of interest rates on new loans to non-bank customers, given also the influences stemming in 2025 from the relative worsening of credit institutions' risk perception towards borrowers – *inter alia* amid the budget consolidation –, but also from the keener competition in certain banking market segments, mainly in the case of housing loans. This prompted a broader recourse by banks to fixed interest rates on new loans, implying also a further step-up in the volume of renegotiation operations, albeit more moderate than in the previous year.

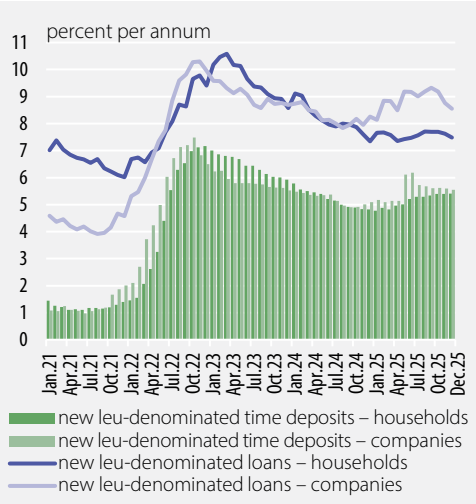


Chart 3.6
Bank rates

Thus, after a steeper decline in 2024, the average lending rate on new business to households went up 0.13 percentage points during 2025 overall, to stand at 7.48 percent in December, yet this masked uneven developments across the main categories of loans. The average interest rate on new consumer credit continued to shrink relatively quickly in H1 and then shifted to a more markedly upward, albeit fluctuating path in the second part of the year, climbing to 10.03 percent[174] in December 2025, up 0.23 percentage points versus end-2024 (Chart 3.6). The evolution was associated with a tightening trend of banks' credit standards for this type of loans, primarily warranted by expectations on households' financial standing and by the risk on customers' creditworthiness[175], given the budget consolidation initiated in 2025 and the sizeable short-term rise in the annual inflation rate, weighing on household real disposable income.

The average interest rate on new housing loans also stuck to a downtrend until mid-2025, hitting a low for the past almost three years in July, and then fluctuated at only slightly higher values, reaching 5.83 percent in December, 0.18 percentage points

174 A peak for the past approximately two years.

175 According to the May-November 2025 issues of the NBR's *Bank Lending Survey*.

below the end-2024 reading. Behind these developments stood both the average interest rate on floating rate loans – correlated with the evolution of the IRCC – and that on loans with an initial rate fixation period of over 1 year, whose majority share in the total flow of this category of loans widened further in 2025 overall.

Conversely, the average interest rate on new loans to non-financial corporations extended into the first three quarters the upward course it had embarked on in the closing months of 2024, peaking at a 2½-year high in September, reflecting the developments in relevant interbank money market rates, but also amid the relative deterioration of credit institutions' risk perception towards this category of borrowers[176]. The significant increase thus recorded in Q1-Q3 overall was however largely corrected in Q4, but remained substantial for the year as a whole, i.e. 0.29 percentage points (8.55 percent in December), being only slightly smaller in size than the decline seen in 2024. This evolution was broadly visible both for high-value loans (above EUR 1 million equivalent) – whose average interest rate added 0.16 percentage points, to 8.13 percent in December 2025 – and for low-value loans (below EUR 1 million equivalent), whose average interest rate rose however by 0.51 percentage points (to 9.00 percent).

In turn, the average remuneration of new time deposits from households re-entered a gradually upward path at the beginning of 2025 and ended the year at 5.39 percent, thus recovering 0.58 percentage points of the 1.08 percentage point decline recorded in 2024 overall. The average interest rate on new time deposits from non-financial corporations, more closely correlated with interbank money market rates, remained relatively stable during the first four months of the year under review, but witnessed a somewhat sizeable advance in May, followed by a gradual downward adjustment. In the reported period overall, it thus rose by 0.45 percentage points, to 5.54 percent in December 2025, practically offsetting the previous year's drop.

Under the circumstances, the spread between the average interest rate on new loans and that on new time deposits stayed on a mild downtrend, hence narrowing the gap vis-à-vis the historical low reached in 2022 H2. Developments were however uneven from a sectoral perspective. Specifically, the indicator shrank further in the case of households, reverting at year-end to the historical low recorded in 2022 Q3, whereas for non-financial corporations it followed a fluctuating course, standing in December 2025 at a level similar to that seen at end-2024.

4. Policy outlook

The NBR will further act consistently towards ensuring and preserving price stability over the medium term, in line with the flat inflation target of 2.5 percent ±1 percentage point, thus marking the best contribution that monetary policy can make to sustainable economic growth; moreover, over the medium to long horizon, the monetary authority

176 The successive issues of the NBR's *Bank Lending Survey* in the period from May to November 2025 pointed to a tightening trend of banks' credit standards for loans to non-financial corporations, the main determinants being the share of non-performing loans in the bank's portfolio, the risk perception towards certain sectors, as well as the expectations regarding the general economic activity. Moreover, findings showed a tightening trend of some credit terms, including the average lending rate spread vis-à-vis interbank money market rates.

will aim to bring down and consolidate the annual inflation rate at a level compatible with the ECB's quantitative definition of price stability.

With a view to ensuring an adequate monetary policy stance from this perspective, the NBR Board decided to keep the key interest rate unchanged at 6.50 percent in its meetings held during 2026 H1[177]. Accordingly, the lending facility rate and the deposit facility rate were left unchanged at 7.50 percent and 5.50 percent respectively, while the minimum reserve requirement ratios on leu- and foreign currency-denominated liabilities of credit institutions were kept at 8 percent and 5 percent respectively.

The decisions were taken in a context in which inflation performance and short-term outlook continued to worsen compared to the projections, under the impact of supply-side factors, while increasingly stronger underlying disinflationary pressures were expected over the longer horizon, especially from aggregate demand, against the background of the progress in budget correction, but also given the energy crisis generated by the Middle East war.

Thus, the annual inflation rate continued to decrease slowly in January-February 2026, while in March it rose to 9.87 percent, climbing slightly above the end-2025 level[178], given that the impact exerted by the pronounced pick-up in fuel prices amid the Middle East war and the moderate renewed acceleration in the dynamics of VFE prices and tobacco product prices outweighed somewhat the effects stemming in Q1 from the notable drop in natural gas and electricity prices, as well as from the mild deceleration in core inflation[179].

The annual adjusted CORE2 inflation rate entered a slowly downward path at the beginning of 2026, falling to 8.2 percent in March from 8.5 percent in December 2025[180]. The decline reflected mainly influences stemming from disinflationary base effects and the decrease in some agri-food commodity prices and the import price dynamics, being attributable to a small extent to the widening of the aggregate demand deficit and the weakening of consumer demand, highlighted by the most recent data.

According to those data, economic activity receded 1.9 percent in quarterly terms in 2025 Q4[181] and shed 0.2 percent in 2026 Q1[182], implying a more pronounced widening of the aggregate demand deficit during this period compared to expectations. Moreover, household consumption contracted in the closing quarter of 2025 versus the same year-earlier period, contributing decisively to the slowdown in annual GDP

177 The meetings took place in January, February, April and May 2026.

178 In December 2025, the annual inflation rate had reached 9.69 percent.

179 In April 2026, the annual inflation rate went up to 10.71 percent, mainly as a result of significant increases in the dynamics of natural gas, fuel and administered prices, under the influence of unfavourable base effects and the rise in oil prices alongside the impact of markedly higher rents for state-owned housing.

180 Almost entirely on account of the dynamics of the processed food sub-component, which embarked on a downward trajectory after six quarters of increase.

181 According to the first provisional data series on GDP developments in 2025 Q4.

182 According to preliminary data, economic activity contracted by 0.2 percent in 2026 Q1 against the previous three months and shrank by 1.7 percent versus the same year-earlier period.

growth to 0.2 percent, from 1.7 percent in 2025 Q3[183], whereas the impact of net exports became expansionary again[184], so that the trade deficit and the current account deficit continued to shrink in annual terms.

At the same time, labour market conditions extended their easing trend into the first months of 2026[185], yet amid persistent mismatches between labour demand and supply in certain sectors, as well as structural market deficiencies. Also under these circumstances, the annual growth rate of nominal gross wage posted a faster downward trend in 2026 Q1 as a whole, witnessing however increases in February and March on account of developments in the private sector, while the annual change of unit labour cost in industry decreased markedly and almost continuously over the first three months of 2026 compared to the still high levels seen in the second half of 2025.

The inflation outlook further saw, nevertheless, successive deteriorations in 2026 H1[186] compared to the previous forecasts, especially over the first part of the projection horizon. Specifically, the May medium-term forecast showed that the annual inflation rate would step up in 2026 Q2 above the levels envisaged in February 2026 and, after the abrupt downward correction anticipated for Q3 amid some base effects, it would resume its decrease on a higher path, re-entering the variation band of the target in 2027 Q3, one quarter later than in the prior forecast. The indicator would then return, however, to the coordinates in the previous projection and continue to shrink gradually, remaining only slightly above the mid-point of the inflation target at the end of the forecast horizon. Thus, the annual inflation rate was expected to reach 10.3 percent in mid-2026 and come in at 5.5 percent in December 2026, versus 9.8 percent and 3.9 percent respectively anticipated previously for the same reference periods[187], before dropping to 2.7 percent in March 2028, compared with 2.9 percent indicated by the prior projection for December 2027.

Behind the deterioration of the inflation outlook stood the effects anticipated to be exerted by the surge in fuel prices, owing to the particularly sizeable increases in oil and natural gas prices amid the Middle East conflict. They overlapped the influences expected to stem from the unfavourable base effects that would be manifest in the energy segment in 2026 Q2, as well as those coming from the liberalisation of the natural gas market for non-household consumers on 1 April 2026 and from the mid-year removal of the cap on the mark-up on basic food products[188].

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183 Gross fixed capital formation continued however to accelerate its robust growth in 2025 Q4 compared to the same year-ago period, cushioning the contractionary impact of private consumption on domestic demand.

184 Given that the annual growth rate of exports of goods and services outpaced once again that of imports in terms of volume in 2025 Q4.

185 The number of employees economy-wide showed a swifter decrease in January-March 2026 both compared to the previous quarter and against the same year-earlier period, whereas the ILO unemployment rate also fell in 2026 Q1 overall, yet after rising to an average of 6.2 percent in the previous three months, i.e. a five-year peak.

186 The medium-term projections published in the February and May 2026 *Inflation Reports*.

187 The November 2025 projection had seen the annual inflation rate go down to 3.7 percent in December 2026 and to 2.9 percent at the end of the forecast horizon (September 2027).

188 A small counterweight was envisaged from the temporary measures aimed at shielding firms and households from the impact of the energy crisis.

Hence, the action of supply-side factors would strengthen its inflationary nature in 2026 Q2, including against the previous forecast, before turning strongly disinflationary again in Q3 – amid the dissipation of the direct effects exerted by the removal of the electricity price cap and by the increases in VAT rates and excise duties –, although to a smaller extent than anticipated earlier. Moreover, the balance of risks stemming from supply-side factors remained tilted to the upside, given especially the uncertainties associated with developments in oil and other commodity prices, as well as their potentially higher direct and indirect effects on the domestic front, *inter alia* in conjunction with the May depreciation of the leu.

Furthermore, underlying factors were expected to exert very slightly disinflationary pressures in the near future, given the larger-than-expected size of the aggregate demand deficit at end-2025, but also the time lags necessary for the disinflationary effects of the negative output gap and of the flagging consumer demand to become manifest – especially amid the higher persistence of core inflation –, as well as the likely temporary re-acceleration of private sector wage cost dynamics in the first quarters of the current year. Underlying disinflationary pressures would, however, strengthen over the longer horizon, as the aggregate demand deficit was anticipated to widen further in 2026 H1 and to narrow very slowly afterwards – amid the furthering of the budget correction, but also in the context of the global energy crisis –, going down and sticking throughout the forecast horizon to significantly lower-than-previously-envisaged values[189].

In addition, the aggregate demand composition was expected to improve further in 2026, through a continued increase in the contribution of investment to economic growth to the detriment of that of private consumption, with implications for the future dynamics of potential GDP as well. In such a context, the risk for the sharper rise in the annual inflation rate in 2026 Q2 to affect medium-term inflation expectations and generate second-round effects was significantly diminished, yet called for close scrutiny of all developments, also in light of the inflation behaviour in previous years.

The heightening of domestic political tensions in April compounded, however, the uncertainties associated with the measures likely to be adopted in the future in order to keep the budget deficit on a sustainable downward path beyond the current year in line with the National Medium-Term Fiscal-Structural Plan agreed with the European Commission and with the excessive deficit procedure. In response, medium- and long-term yields on government securities posted sizeable increases in the second half of April 2026, which were nevertheless largely corrected during the first 10-day period of May. At the same time, the EUR/RON exchange rate re-embarked on an upward trajectory in mid-April, before witnessing a significant abrupt rise at end-April and in the first days of May, which was partly offset afterwards.

High uncertainties and risks to the outlook for economic activity, implicitly the medium-term inflation developments, stemmed however also from the Middle East conflict and the global energy crisis, via the effects they could exert, through several

189 Economic activity was expected to strongly reflect, in the first half of 2026 as well, the effects of the budget consolidation measures and of the high inflation dynamics, affecting primarily household real disposable income. However, it would then recover, particularly in 2027, mainly amid the use of European funds, especially those under the NRRP, as well as in the context of the de-escalation of the Middle East conflict and the revival of external demand.

channels, on consumer purchasing power and confidence, as well as on firms' activity and profits, *inter alia* by affecting the dynamics of economies and inflation in Europe/worldwide and the risk perception towards the region, with an impact on financing costs. An important source of risks and uncertainties also remained the absorption and use of EU funds, especially those under the NRRP, which are essential for partly counterbalancing the contractionary effects of budget consolidation and of the Middle East conflict, as well as for carrying out the necessary structural reforms, energy transition included.

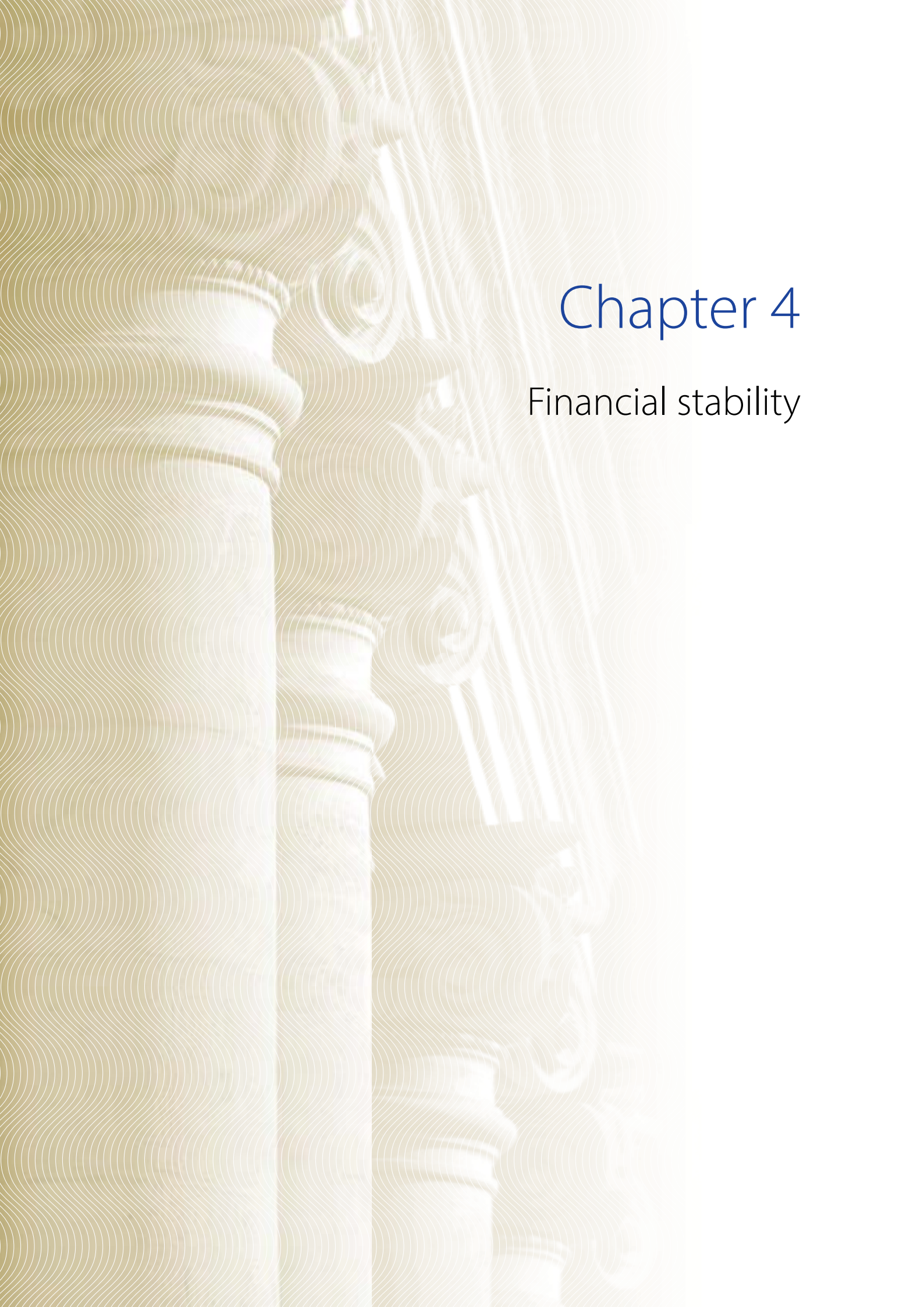
Looking ahead, monetary policy will continue to aim to bring back the annual inflation rate in line with the flat target of 2.5 percent ±1 percentage point on a lasting basis, *inter alia* by anchoring inflation expectations over the medium term, while minimising costs in terms of economic growth.

The calibration of monetary policy parameters, the NBR's policy rate included, in the context of ensuring adequate real monetary conditions, will be correlated mainly with the inflation developments and outlook, as well as with the behaviour of longer-term inflation expectations and the risks thereto, conditional decisively on underlying price pressures, anticipated to strengthen their disinflationary nature over the longer horizon.

The uncertainties and risks associated with the inflation outlook, having among the sources the Middle East conflict and the energy shock, as well as the global trade tensions and economic developments in Europe, will continue to play a major role in substantiating the monetary policy decisions. The major central banks' monetary policy decisions and the developments in international financial markets will also remain relevant, as well as the stance of central banks in the region.

Moreover, important landmarks will continue to be the characteristics of the monetary policy transmission mechanism, especially of lending to the private sector and of the saving behaviour, as well as the specificities of the functioning of the various segments of the local financial market, having particular relevance for the NBR's use of the components of the monetary policy operational framework with a view to ensuring adequate monetary conditions.

Particularly important in terms of defining monetary policy will further be the budget consolidation dynamics and design – with implications *inter alia* for the external imbalance, the sovereign risk premium and financing costs –, as well as the absorption and use of EU funds, especially those under the NRRP. They are essential for partly counterbalancing the contractionary effects of budget correction and of global geopolitical and trade conflicts, but also for carrying out the necessary structural reforms, energy transition included. Ensuring a balanced macroeconomic policy mix, together with enhancing the potential and strengthening the resilience of the Romanian economy, is pivotal to safeguarding medium-term price stability, as a prerequisite for sustainable economic growth.



Chapter 4

Financial stability

1. The NBR's role in implementing macroprudential framework

In order to support the activity of the National Committee for Macroprudential Oversight (NCMO)[190], the NBR makes assessments and analyses of the financial system components under its remit and ensures the NCMO Secretariat.

In 2025, the economic environment was marked by the escalating trade disputes, leading to global trade fragmentation and rekindled inflationary pressures. Adding to these were the mounting geopolitical uncertainty and the increasingly visible signs of a world economic slowdown. In the field of macroprudential policy, according to the statement released following the meeting of the Macroprudential Forum on 25 June 2025, the Governing Council of the European Central Bank recommended the national macroprudential authorities to maintain the current resilience of the banking system, amid a sharp rise in global geopolitical uncertainty. Although banking sector conditions remained favourable, with high capital and adequate profitability, the ECB considered it was essential that national authorities keep in place existing capital buffer requirements in order to ensure sufficient shock-absorbing capacity, without affecting lending. Moreover, the ECB emphasised the importance of maintaining existing borrower-based measures so as to preserve prudent lending standards and asset quality. In line with the ECB's recommendations, a shift in focus was visible across Member States towards increasing the resilience of financial and banking systems, a trend also seen in previous years. At the same time, in the jurisdictions with a less restrictive macroprudential framework, some authorities chose to strengthen it, *inter alia* by raising capital buffer rates with a view to increasing resilience in a context saddled with heightened uncertainty.

In parallel, there is growing interest in simplifying the prudential regulatory and supervisory framework, with recent initiatives focusing on reducing complexity and the administrative burden, while avoiding any worsening of the banking system's resilience. Specifically, in December 2025, the ECB's Governing Council endorsed the recommendations made by the High-Level Task Force on Simplification to simplify the European prudential regulatory, supervisory and reporting framework for banks. The package of measures aims to: (i) reduce the complexity of the risk-weighted and leverage ratio framework, by lowering the number of distinct elements and requirements, (ii) put in place a materially simpler prudential regime for smaller banks, by extending and strengthening the principle of proportionality at EU level, (iii) create a European governance mechanism enabling a holistic and coherent view on overall capital requirements and (iv) finalise the savings and investment union, including completion

190 The NCMO was established pursuant to Law No. 12/2017 on the macroprudential oversight of the national financial system (published in *Monitorul Oficial al României*, Part I, No. 192 of 17 March 2017) as an interinstitutional cooperation structure without legal personality. For further details about the NCMO's organisation and objectives, see https://www.cnsmro.ro/en/.

of the banking union, to foster cross-border integration and allow for more efficient capital markets.

A key element of the simplification initiative supported by the ECB and ESRB is the automatic reciprocity of macroprudential measures to reduce fragmentation and procedural delays. In parallel, an integrated approach to the overall capital requirements is proposed based on a holistic assessment of interactions between macroprudential buffers and microprudential requirements, with a view to avoiding unwarranted overlaps and improving the coherence of the signal sent to the market. Specifically, the simplification aims to increase the transparency, predictability and effectiveness of buffers, while also preserving their capacity to absorb potential losses and mitigate systemic risks. As regards the simplification of the capital buffer framework, the Task Force's recommendations supported by the ECB propose the exclusive use of two buffers: (i) a non-releasable buffer (merging the capital conservation buffer and the other systemically important institutions (O-SII) buffer) and (ii) a releasable buffer (merging the countercyclical capital buffer and the systemic risk buffer).

Moreover, in order to facilitate a common understanding at EU level of the interactions between capital buffers and the other minimum requirements for credit institutions, in 2025 the ECB and the ESRB prepared a report on this topic within the joint workstream[191] they established. The initiative was aimed at promoting a coherent and comparable approach across the EU, so that the analysis of the overlaps between different capital requirements should be conducted on a harmonised methodological basis, helping to increase transparency and improve the effectiveness of the macroprudential framework.

On the domestic front, in 2025, the NCMO General Board convened in four meetings[192]. Following these meetings, the NCMO issued a total of six recommendations and eight decisions on macroprudential policy measures addressed to member authorities of the NCMO. The recommended measures were in line with those implemented in EEA countries by member states' designated authorities, the primary objective being that of increasing banking sector resilience to different kinds of shocks.

Following the quarterly assessments that were reviewed and decided upon, the NCMO recommended the NBR to maintain the countercyclical capital buffer (CCyB) rate at 1 percent[193], due to: (i) the persistence of cyclical systemic risks, fuelled by multiple sources of geopolitical uncertainty and global trade negotiations, (ii) the tendency at European level to strengthen the resilience of the banking sector, *inter alia* via the widespread use of macroprudential instruments, (iii) the further adequate levels of profitability, liquidity and solvency ratios of the Romanian banking sector, which allow the build-up of capital buffers without affecting the real sector's access to finance, in line with the European recommendations, and (iv) the persistence of tensions

191 Report of the ECB-ESRB workstream on buffer usability.

192 For further details on the NCMO meetings, see the NCMO's 2025 *Annual Report* and the press releases published on the NCMO website (https://www.cnsmro.ro/en/).

193 NCMO Recommendations No. R/1/2025, No. R/2/2025, No. R/3/2025 and No. R/5/2025 on the countercyclical capital buffer in Romania can be found on the NCMO' website.

surrounding domestic macroeconomic equilibria, amplified by increasingly high fiscal pressures. The CCyB rate was raised for the first time pursuant to NCMO Recommendation No. R/7/2021 on the countercyclical capital buffer in Romania, which set forth the implementation of a CCyB rate of 0.5 percent as of 17 October 2022. Subsequently, the CCyB rate was recalibrated to 1 percent, the measure being applied as of 23 October 2023, according to NCMO Recommendation No. R/4/2022 on the countercyclical capital buffer in Romania[194].

As for the other systemically important institutions (O-SII) buffer, following the 2025 assessment using the information available as at 30 September 2025, the NCMO identified seven systemically important credit institutions (O-SIIs), while the buffer calibration methodology based on the bucketing approach (adopted in 2021[195]) resulted in the enforcement, as of 1 April 2026, of O-SII buffer requirements, as follows: (i) 2.5 percent for Banca Transilvania S.A. (consolidated level), (ii) 2 percent for UniCredit Bank S.A. (consolidated level), (iii) 1.5 percent for Banca Comercială Română S.A. (consolidated level), BRD – Groupe Société Générale S.A. (consolidated level), (iv) 1 percent for Raiffeisen Bank S.A. (consolidated level), CEC Bank S.A. (consolidated level) and (v) 0.5 percent for Exim Banca Românească S.A. (individual level). For 2026, the capital buffer for other systemically important institutions was set in accordance with NCMO Recommendation No. R/6/2025[196].

The systemic risk buffer (SyRB) is another capital buffer that has been applied in Romania ever since 2018[197]. According to the half-yearly analysis presented in the NCMO meeting of October 2025, in 2026 H1, two credit institutions would apply a SyRB rate of 2 percent, while three banks would apply a SyRB rate of 1 percent. The remaining credit institutions do not have the obligation to set a systemic risk buffer, due to their prudent lending practices. The relatively small number of institutions applying the SyRB buffer is indicative of a significant improvement in the loan portfolio quality since the introduction of this buffer. This was the result of active balance sheet clean-up and the shift to prudent provisioning policies. Hence, the number of banks applying a SyRB rate of 0 percent grew from two in 2018 H2 (the year of implementation of this macroprudential instrument) to 13 in 2026 H1.

The fourth capital buffer established by banks in Romania is the capital conservation buffer (CCoB), at a rate of 2.5 percent[198], uniformly implemented across the EU as early as 2019 based on the CRD IV regulatory framework for all credit institutions, irrespective of size, business model or financial and prudential position.

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194 The NBR implemented NCMO Recommendation No. R/4/2022 on the countercyclical capital buffer in Romania by issuing Order No. 7/2022 amending NBR Order No. 12/2015 on the capital conservation buffer and the countercyclical capital buffer.

195 Methodology for identifying systemic credit institutions and calibrating the O-SII buffer (https://www.bnr.ro/en/12552-methodology-for-identifying-systemic-credit-institutions-and-calibrating-the-o-sii-buffer).

196 The NBR implemented NCMO Recommendation No. R/6/2025 on the capital buffer for other systemically important institutions in Romania by issuing Order No. 1/2026 on the buffer for credit institutions authorised in Romania and identified as other systemically important institutions (O-SIIs), published in *Monitorul Oficial al României*, Part I, No. 108/10 February 2026.

197 NCMO Recommendation No. 9 of 18 December 2017 on the systemic risk buffer in Romania. For further details on the buffer calibration, see the 2024 *Annual Report*, Chapter 4, Section 1.

198 At national level, the capital conservation buffer has been implemented starting with 1 January 2016, in increments of 0.625 percent per annum in 2016-2019, as follows: (i) 0.625 percent as of 1 January 2016; (ii) 1.25 percent as of 1 January 2017; (iii) 1.875 percent as of 1 January 2018; (iv) 2.5 percent as of 1 January 2019.

In 2025, the NCMO General Board took several decisions, such as not applying through voluntary reciprocity the macroprudential policy measures adopted by Norway, Sweden, Germany and Austria. The decisions were warranted by the fact that the Romanian banking sector's exposures to those countries were well below the materiality threshold set by authorities to implement those measures and were not likely to generate systemic risks to the domestic banking sector. Moreover, the NCMO conducted an assessment on identifying material third countries for the Romanian banking sector in relation to the recognition and setting of countercyclical buffer rates. Based on this assessment, the members of the NCMO General Board unanimously decided to further designate the Republic of Moldova as a material third country for the banking sector in Romania in terms of recognising and setting countercyclical buffer rates. The NBR will continue to monitor the economic and financial developments in the Republic of Moldova for as long as the latter remains a material third country, based on the annual identification exercise.

In its meeting of 9 October 2025, the NCMO General Board issued Recommendation No. 4/2025 on government credit guarantee programmes. The wide outreach of national guarantee programmes, introduced as of 2020, has led to a significant increase in the portfolio of guaranteed loans, tapped by firms irrespective of size, year of establishment, geographical area or business sector. In order for their multiplier effect potential to materialise across the economy, future programmes need to be better targeted, in terms not only of the borrowers, but also of the financed activities. Specifically, in order to increase the effectiveness of government credit guarantee programmes and to support the structural change of Romania's economy, the following strategic sectors that could benefit from dedicated support were identified: food security, energy security, defence industry and high value-added sectors, including the entities that integrate artificial intelligence into their activities. Recommendation No. 4/2025 is based on three main pillars: (i) developing a general framework to serve as best practices for implementing future credit guarantee programmes, (ii) the need for potential credit guarantee programmes to target areas identified as strategic, and (iii) developing alternative financing instruments to help improve access to finance, in areas that are less serviced by traditional finance.

2. Main assessments on financial stability

Risks to financial stability remained elevated throughout 2025. On the external front, the abrupt rise in protectionist tendencies in international trade overlapped with a persistently tense geopolitical environment (Box 6), contributing to the increase in uncertainty surrounding global economic policies and the persistence of a volatile environment, likely to fuel and amplify systemic risks. Domestically, economic activity increased at a modest pace, while twin deficits ranked further among the key risk factors, Romania recording in 2025 too the highest (fiscal and current account) deficits at European level[199].

[199] According to the European Commission's autumn 2025 forecast.

Specifically, the risks associated with global uncertainty and with the worsening of domestic macroeconomic equilibria were further assessed as severe. This emphasised the importance of correcting the twin deficits, as well as of the careful coordination of macroeconomic policies, aimed at ensuring a coherent, credible and predictable framework conducive to enhancing the resilience of the economy to external shocks. To these added two moderate systemic risks, namely: (i) the default risk for loans to the private sector, amid the deterioration of the financial standing of some non-financial corporations, which reflected in the worsening quality of corporate loans, particularly in the SME segment and in the case of government-guaranteed loans and (ii) the risk associated with challenges to cybersecurity and financial innovation, the latter becoming increasingly relevant against the background of fast-paced digitalisation and the wider use of AI-based solutions. Banking sector resilience remained adequate, being supported by comfortable levels of capitalisation and liquidity, but the persistence of the above-mentioned risks calls for maintaining a prudent stance.

Pre-existing structural vulnerabilities that may amplify systemic risks refer to: (i) weak payment discipline in the economy and the persistent undercapitalisation of a significant share of the non-financial corporations sector, (ii) low financial intermediation, which is still the lowest in the European Union, (iii) structural demographic challenges and the skilled labour shortage, and (iv) climate change risks.

Box 6. Financial stability implications of global geopolitical and trade tensions

Global geopolitical and trade tensions have increased markedly in recent years, having significant implications for financial stability. After a long period of swift expansion in trade flows and deepening of global economic interlinkages, the 2008 financial crisis marked the start of a near-stagnation of globalisation. The COVID-19 pandemic and, subsequently, the Russo-Ukrainian war have amplified these trends, speeding up strategic shifts in trade relations and increasing concerns about the geoeconomic fragmentation at international level[200]. The year 2025 saw an abrupt escalation of trade tensions, following the US administration's decision to impose extended import tariffs for all trading partners and owing to the retaliatory tariffs levied by those countries in response to the US action. Despite the progress made in a series of bilateral talks, including between the US and the EU, these developments fuelled the uncertainty about economic policy stances and international trade prospects. At the beginning of 2026, the global economic policy uncertainty and geopolitical risk indices remained high in historical terms (Chart A).

In this context, geopolitical and trade tensions can affect financial stability through shocks that spill over to the real economy, as well as through financial and operational channels, where spillbacks occur[201]. Geopolitical risks can trigger shocks on prices

200 For further details, see, for instance IMF, "Geoeconomic fragmentation and the future of multilateralism", (2023); ECB, "Navigating a fragmenting global trading system: insights for central banks", (2024); BIS, "Deconstructing global trade: the role of geopolitical alignment", (2024), Gopinath *et al.*, "Changing global linkages: A New Cold War?" (2024).

201 For further details, see, for instance, the joint ESRB/ECB report *Financial stability risks from geoeconomic fragmentation*, 2026.

of energy and other commodities and disrupt transport and supply chains, while trade tensions can amplify value chain frictions and weigh on external demand. Moreover, the rise in uncertainty can dampen consumer and corporate confidence, leading to a postponement in consumption and investment decisions. These mechanisms can put pressure on companies' profit margins and cash flows and amplify credit risk. In parallel, effects can also be visible in the public sector, to the extent to which spending needs (for instance, to support the economy or for defence purposes) increase in a weaker economic growth environment, with possible negative implications for the sovereign risk perception. In the financial markets, geopolitical and trade uncertainty and tensions can heighten volatility and investors' risk aversion, resulting in higher risk premia and tighter financial conditions, *inter alia* through possibly stronger effects of volatility spillovers across asset classes (especially during times of stress) and shifts in cross-border capital flows. The operational channel focuses on risks such as cyberattacks and physical disruptions of critical infrastructures, which could hinder the functioning of financial institutions, having potential systemic implications.

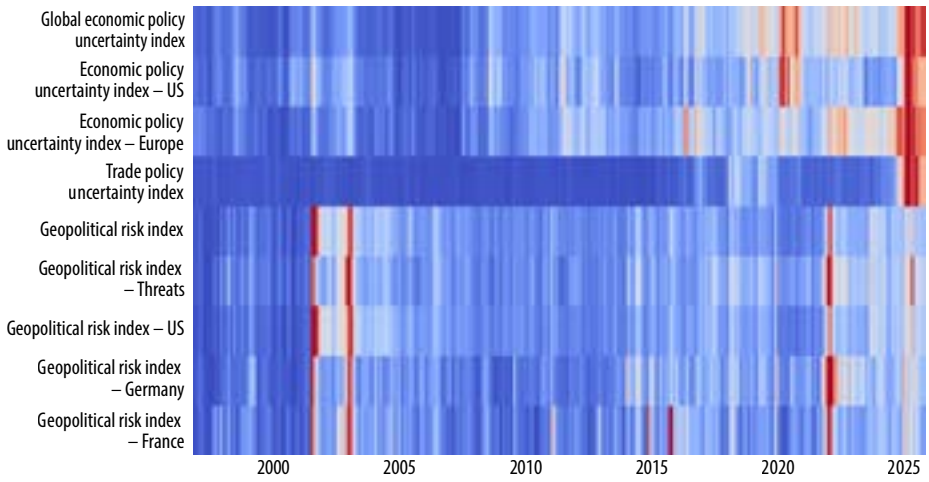


Chart A
Economic policy uncertainty and geopolitical risk indices

Note: Indicators are standardised individually in the [0;1] range, using the 1st and 99th percentile of each series. The values below the 1st percentile are mapped at 0, while those above the 99th percentile are mapped at 1. Colour intensity shows the relative level of indicators based on the standardised values.
Source: Baker, Bloom & Davis (2016); Caldara, Iacoviello, Molligo, Prestipino & Raffo (2019); Caldara & Iacoviello (2021), NBR calculations

In Romania, the importance of these developments is enhanced by the characteristics of an open, small economy, integrated in the European value chains, which increase the sensitivity to external demand dynamics, costs of imports (energy and commodities[202] included) and global financial conditions. As far as trade tensions are concerned, the direct exposure to the US is limited (as exports to the US accounted for approximately 2.5 percent of total exports in 2024), the stronger risk stemming from the indirect channel, namely via the main trading partners in the EU, Germany in particular.

In the financial sector, the direct exposure to companies that are big exporters to the US is also limited (around 0.3 percent of total loans to non-financial corporations),

202 See also the IMF's *Regional Economic Outlook for Europe*, October 2025, "Box 1. CESEE in a turbulent world: Spillovers from EU and global shocks".

but the high concentration of a small number of borrowers and financial institutions, especially non-bank financial institutions, calls for the close monitoring of the loan portfolio quality[203]. As regards the public sector, the new security context entailed higher spending needs for defence, also from the perspective of the commitments assumed as a NATO member. At EU level, the initiative known as Security Action for Europe (SAFE) creates conditions for Romania to tap into additional funding sources for defence investment through joint procurement.

Overall, although the Romanian financial sector has remained resilient to recent shocks, the persistence of an external environment saddled with elevated uncertainty, together with the domestic macroeconomic vulnerabilities, calls for further constant vigilance and a regular assessment of the channels whereby geopolitical and trade tensions can spill over to financial stability.

2.1. Indebtedness of non-financial corporations and households

Real sector debt remains in the downward phase of the cycle at aggregate level and across the main credit segments (non-financial corporations and households), Chart 4.1.

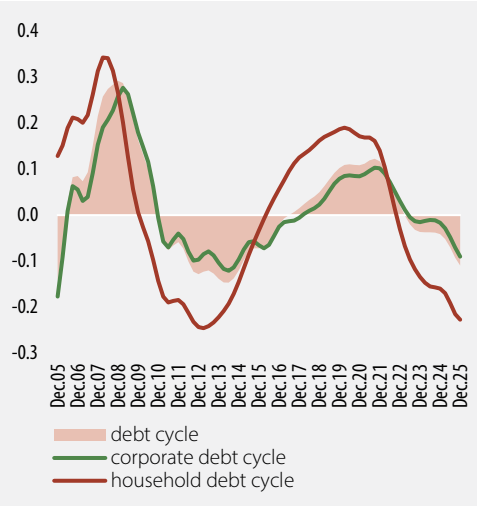


Chart 4.1
Debt cycle[204]

Private sector debt increased at a slower pace in 2025 (5.6 percent versus 8.9 percent in 2024), amounting to lei 819.4 billion (43 percent of GDP). Household debt to financial institutions rose at a rate similar to that seen in the year before (9.4 percent in 2025 and 9.5 percent in 2024), while the annual dynamics of corporate loans from banks and NBFIs went down to 5.1 percent in 2025 from 8.1 percent in 2024. Credit institutions are the main source of finance for the corporate and household debt, as they granted 74.4 percent of total loans to companies and households. Although the NBFIs have an increasingly important role in financing private sector debt, the NBFI loans (in terms of volume) account for 11.5 percent of the real sector's total financial debt (up from 10.6 percent in 2024).

Debt to non-resident financial corporations continued to grow at a faster pace than that of loans from domestic financial institutions (8.4 percent versus 7 percent in 2025),

203 For an analysis of the impact of tariffs at national level, see also "Box 1. The impact of the new US customs tariffs on Romania's international trade relations" in the *Inflation Report*, May 2025 and the Special feature "Implications of the changes in global trade policies for financial stability" in the *Financial Stability Report*, June 2025.

204 Total private sector debt consists of bank loans to non-financial corporations and households, NBFI loans to non-financial corporations and households, including write-offs and loan sales, intercompany loans (FDI) and loans from non-resident financial institutions. The cycle is calculated using the Christiano-Fitzgerald filter, assuming the length of the cycle is 14 years.

due mainly to the external debt of non-financial corporations (87.9 percent of total debt). Moreover, foreign intercompany loans are a main component of debt, accounting for 31 percent of total private sector debt and 43 percent of total corporate debt. Their annual growth rate decelerated to 3.1 percent in 2025, from 10.5 percent in 2024.

The bank loans of households are predominantly leu-denominated (93 percent, December 2025), also as a result of the borrower-based macroprudential measures implemented by the NBR, differentiated by loan currency. By contrast, foreign currency-denominated loans of non-financial corporations hold a significant share in banks' corporate loan portfolio (nearly half) and increased at a sustained pace during 2025, albeit below the maximum levels recorded in 2023. These loans remain under close monitoring by the NBR. Turning to NBFI loans, the evolution in the households segment was similar to that of bank credit, the stock of loans being mostly denominated in domestic currency (91 percent). Conversely, NBFI loans to companies are largely denominated in foreign currency (83.3 percent).

The increase in costs, especially personnel costs, continued to be the main challenge for non-financial corporations in 2024, as it was not offset by a proportional rise in turnover. Against this background, the financial health measure deteriorated slightly compared to the previous year, but stayed outside the risk area at aggregate level and above the pre-pandemic level (Chart 4.2). By economic sector, agriculture, real estate and utilities were in the risk area (the former two having been in this situation since before 2024).

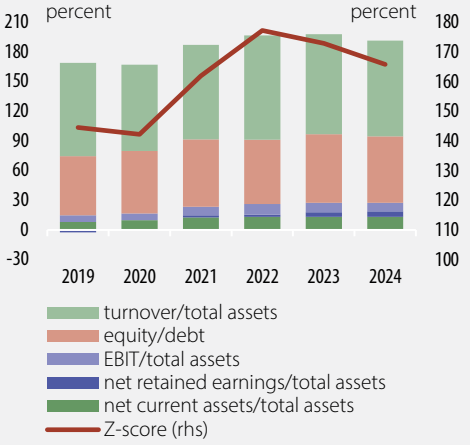


Chart 4.2
Overall financial health measure of the non-financial corporations sector (Z-score)

Source: MF, NBR

The funding structure of non-financial corporations remained relatively similar in 2024 too, as trade debt continued to be the main financing instrument, accounting for 17.4 percent of total liabilities and owners' equity, despite the higher risks and costs than in the case of bank loans. Conversely, loans granted by local financial institutions made up for less than 9 percent of total funding sources.

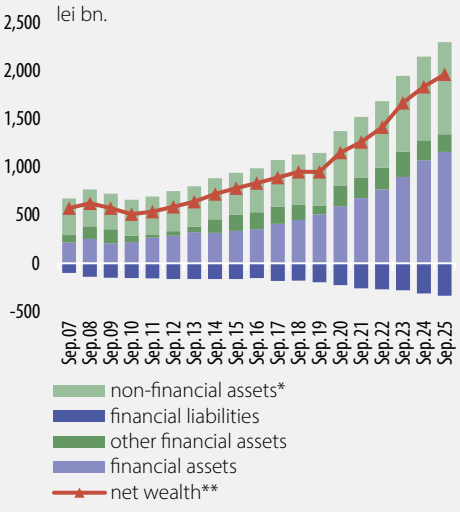
The level of indebtedness of non-financial corporations went up in 2024 to 162.9 percent (+4.7 percentage points from the year before), yet it stayed below the signalling threshold (200 percent). At the same time, non-financial corporations' interest coverage ratio worsened, dropping to 602 percent from 659 percent in 2023. In this context, 37 percent of the total number of firms reporting interest expenses are companies vulnerable to interest rate hikes[205], up by 22 percent year on year.

[205] Non-financial corporations vulnerable to interest rate hikes refer to firms with an EBIT-to-interest expenses ratio below 2.5, including loss-making firms.

Vulnerabilities in domestic firms' balance sheets became more pronounced in 2024, with 32.6 percent of total active firms having equity below the regulatory threshold. The recapitalisation needs of these companies remained on the uptrend that had started in 2022, being estimated at lei 160.5 billion (+9.2 percent versus 2023), the equivalent of over 9 percent of GDP. Although undercapitalised companies generated only 7.1 percent of gross value added, held 10.8 percent of total assets and employed 12.2 percent of the workforce, they accounted for 27 percent of non-financial corporations' total debt, being particularly vulnerable to economic shocks and capable of amplifying negative shocks at the level of trading partners.

These vulnerabilities could be mitigated by the recent measures[206] on the activity of firms in Romania, including the increase in and the differentiation of capital requirements based on turnover, the obligation to have a payment account opened in Romania, stricter regulations on inactive firms and their winding-up and the selling of equity conditional on the payment of overdue tax obligations.

Households further posted an adequate level of resilience and strengthened their wealth, remaining in the low-risk area in terms of vulnerabilities[207]. This favourable evolution was underpinned by the sustainable level of indebtedness and the consolidation of debt servicing capacity, *inter alia* due to the borrower-based macroprudential measures implemented by the NBR. However, vulnerabilities may increase in the period ahead, amid the slower growth or even the contraction in real disposable income, driven by the higher cost of living, the impact of fiscal measures and the moderate dynamics of economic activity.



*) Only fixed assets were included.
**) Households' net wealth is defined as the sum of financial wealth and non-financial wealth, net of liabilities.

Source: NBR, NIS, NBR calculations

Chart 4.3
Households' net wealth

The recent positive developments in net wealth acted as a factor mitigating the potential negative effects on income. Net wealth doubled as compared to the pre-pandemic period (September 2019), reaching an equivalent of 180 percent of households' gross disposable income. Moreover, the recent dynamics show an annual growth in net wealth of 6.7 percent (September 2025), reflecting a significant consolidation of households' financial position (Chart 4.3).

Households' net creditor position vis-à-vis the banking sector continued to strengthen, with a volume of deposits twice as large as that of credit to households (loan-to-deposit

206 Law No. 239/2025 establishing measures for the recovery and efficient use of public resources, as well as amending and supplementing some legal acts.

207 For further details on the composite indicator of household vulnerabilities, see Box 4 in the December 2025 *Financial Stability Report*.

ratio of 50 percent, December 2025). Deposits remained households' preferred saving instrument, their volume amounting to approximately lei 411 billion (+8 percent in annual terms, December 2025), distributed almost equally between time deposits (52 percent of total) and overnight deposits.

Private sector's debt servicing capacity posted mixed developments during 2025. On the one hand, the quality of bank loans to non-financial corporations worsened, the NPL ratio climbing to 5.5 percent in December 2025, from 4.1 percent in December 2024. On the other hand, the NPL ratio for bank loans to households remained below the prudential threshold of 3 percent, i.e. at 2.8 percent in December 2025 (-0.2 percentage points against the previous year). However, credit risk increased more visibly for certain types of loans, particularly those in the corporate portfolio: (i) government-backed loans granted by banks to non-financial corporations (NPL ratio of 9.9 percent in December 2025, from 4.9 percent in December 2024), (ii) exposures to the commercial real estate market (NPL ratio of 6.2 percent in December 2025, from 4.8 percent in December 2024) and (iii) loans to SMEs (NPL ratio of 6 percent, up from 4.8 percent in December 2024). Turning to households, the decline in the NPL ratio was largely due to consumer credit, for which the NPL ratio fell from 5.7 percent at end-2023 and 5 percent at end-2024 to 4.5 percent in December 2025. This was ascribed to several circumstantial factors, such as the high share of recently granted loans, the average period of over three years until default and the consolidation of the banking system, which led to increased sales of consumer loans.

The evolution of credit risk stemming from the private sector is closely linked to macroeconomic developments that are currently marked by significant uncertainties. The default rate one year ahead is forecasted to pick up further for corporate loans (from 3.2 percent in December 2025 to 3.9 percent in December 2026), as well as for the two main segments of household loans (from 0.25 percent in December 2025 to 0.31 percent in December 2026 for housing loans and from 3 percent to 3.6 percent for consumer credit in the same period).

Transactions in the residential real estate market slowed down in 2025, amid the fiscal changes that became effective as of August, namely the rise in the standard VAT rate from 19 percent to 21 percent and the removal of the tax break concerning the reduced VAT rate on real estate transactions made by first-time buyers. The number of real estate transactions decreased by 5.4 percent in annual terms and, although the volume of construction works increased by 10.8 percent in the same period, the number of completed dwellings at national level in the first three quarters of 2025 dropped by 5.3 percent as compared to the same period of 2024. Construction costs went up further by 6.9 percent in annual terms in 2025, putting additional pressure on house prices, which rose at a faster pace in 2025 Q4 (+6.7 percent versus +4.7 percent at mid-year). The banking sector's exposure to the residential real estate market remained strong, 62 percent (December 2025) of the portfolio of loans to households being secured by mortgages on residential property. Against the backdrop of the borrower-based macroprudential measures implemented by the NBR, the loan-to-value (LTV) ratio is adequate from a prudential perspective (71 percent in December 2025, from over 95 percent ten years earlier), helping increase the resilience of borrowers and credit institutions to shocks.

The commercial real estate (CRE) market was resilient in 2025 H1, as investment amounted to approximately EUR 390 million, but the activity decelerated markedly in Q3, the volume of transactions posting one of the lowest levels in the past years[208], i.e. EUR 31 million. At end-2025, investment volume was down 27 percent in annual terms[209] or EUR 532 million. For 2026, investments are expected to exceed EUR 700-800 million, with transactions in properties worth more than EUR 450 million being already scheduled to be closed, which signals a recovery of investment activity. The banking sector's exposure to the commercial real estate market remains significant, approximately 53 percent of the corporate portfolio being direct exposures (lei 42.8 billion, to construction and real estate) or indirect exposures (lei 68.4 billion, loans secured by real estate extended to non-financial corporations) to the commercial real estate sector (December 2025). The quality of these loans is lower than that of the aggregate portfolio (6.2 percent versus 5.5 percent, December 2025) and worsened during 2025, similarly to the overall picture of corporate loans. Increased attention is paid to loans with an above-one LTV ratio (about 31 percent of banks' exposures to commercial real estate), as they have an NPL ratio of 8.4 percent versus 3.6 percent for CRE loans with LTV ratios below 100 percent. The NBR monitors developments in and risks from the real estate sector on a continuing basis, in line with the ESRB recommendations, to enable the early identification of potential vulnerabilities and the implementation of adequate risk mitigation measures.

2.2. Banking sector

In 2025, the domestic banking sector showed resilience, the latest assessments reflecting a good capacity to withstand potential shocks associated with the challenging macroeconomic context and the uncertainty-ridden geopolitical environment. The adequate levels of the main financial soundness indicators place the Romanian banking sector into the low-risk bucket. Thus, the total capital ratio reached 25.8 percent in December 2025, staying well above the overall capital requirements, asset quality was adequate (non-performing loan ratio of 2.7 percent and NPL coverage ratio of 62.4 percent). The liquidity position remained at a comfortable level, with liquidity indicators posting robust values, i.e. liquidity coverage ratio (LCR) of 257.2 percent and net stable funding ratio (NSFR) of 195.6 percent at the end of the year under review. The developments recorded in 2025 indicate that the banking sector maintained a good capacity to generate profit, with return on assets (ROA) of 1.7 percent and return on equity (ROE) of 17.6 percent in December 2025, due to an efficient control of operating expenses (cost-to-income ratio of 48.9 percent[210]).

The consolidation trend of the banking sector continued in 2025, as shown by the contraction in the total number of credit institutions and the increase in market concentration, on account of some mergers and acquisitions. This process was accompanied by changes in the shareholding structure, with the majority foreign

208 CBRE Romania Real estate investment volumes Q3 2025.

209 According to Avison Young's 2025 *Romanian Real Estate Market Overview*, investments for 2025 amounted to approximately EUR 532 million.

210 Value determined in accordance with EBA's latest calculation formula. The new formula excludes cash contributions to resolution funds and deposit guarantee schemes in the case of operating expenses, entailing a marginal improvement of the indicator.

capital decreasing in favour of domestic capital, as well as by the optimisation of operational models, reflected in the smaller territorial network and the lower number of employees, due to the progress in digitalisation. The rises in the Herfindahl-Hirschman index, determined based on the market share of credit institutions, and in the shares of assets held by the top five credit institutions show a strengthening of the position of large banks, without signalling, however, pressures on the competitive environment.

The developments in the balance sheet structure helped banks preserve adequate solvency and liquidity ratios and have good profit-making capacity. Given the persistently tense geopolitical context and complex macro-financial environment, local banks demonstrated the resilience of the traditional business model, based on the prevalence of deposits from the real sector and a high share of overnight deposits, which ensure stable financing at significantly lower costs than those of wholesale funding. The assets of the Romanian banking sector (gross value) amounted to lei 996.1 billion in December 2025 (Chart 4.4), having increased notably as compared to end-2024 (+8.8 percent).

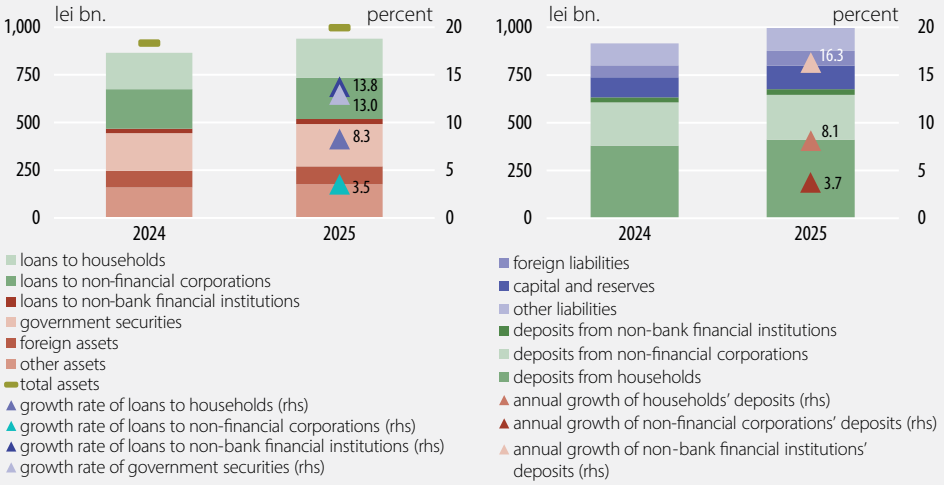


Chart 4.4
Composition of main balance sheet items of the banking sector

Banks' assets consist predominantly of loans to the real sector (44.9 percent, December 2025) and debt securities issued by the central government (22.3 percent, December 2025). Foreign assets have become increasingly important in recent years, accounting for 9.3 percent of total assets at end-2025. Credit to the private sector is equally directed to households and non-financial corporations (45.9 percent and 48.3 percent respectively of total loans, December 2025). The annual growth rate of loans to households was robust, outpacing that of corporate loans (8.3 percent versus 3.5 percent respectively, Chart 4.4). However, the Romanian banking sector has untapped potential for lending to the real sector, as also shown by the loan-to-deposit (LTD) ratio standing well below one (66.2 percent, December 2025, Chart 4.6) and below the EU average (104.8 percent, December 2025); this indicator has lower levels only in countries such as Greece, Malta, Cyprus and Lithuania. In fact, one of the central bank's concerns is to find solutions for the sustainable increase in financial intermediation.

Claims on the government sector held 27.9 percent of total bank assets at end-2025 (Chart 4.5, December 2025), consisting predominantly of government securities

(approximately 80 percent of total such claims). In 2025, government securities holdings saw a significant rise (13 percent as compared to end-2024), amounting to lei 222.4 billion. Local banks show an increased appetite for holdings of these instruments, also as a result of their positive contribution to the liquidity position and net interest income. Despite these benefits, the large holdings of government securities emphasise one of the structural vulnerabilities of the Romanian banking sector: the strong sovereign-bank nexus.

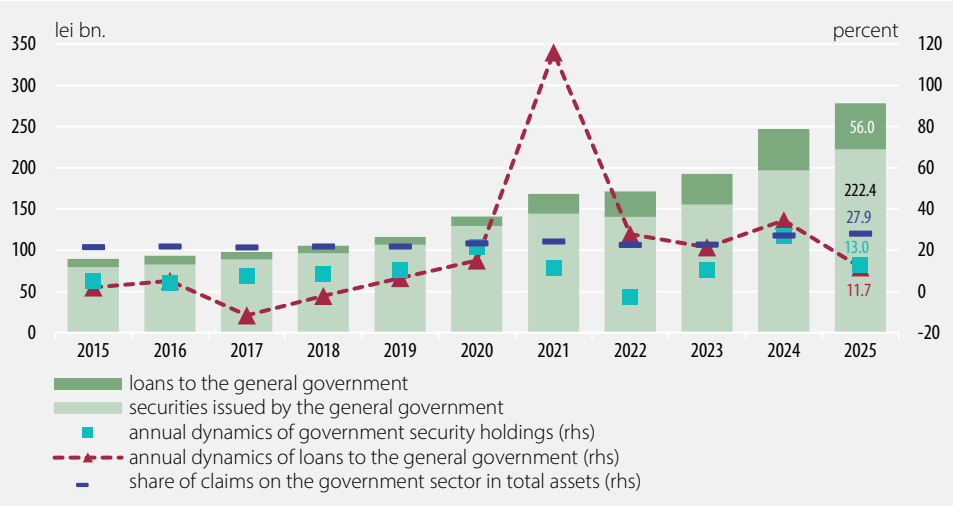


Chart 4.5
The stock of claims on the government sector

In recent years, the securitisation market in Romania has developed gradually, remaining however at a low level as compared to that in the EU, as regards the number of transactions and share in total bank assets (below 5 percent), as well as their complexity (exclusively in the area of synthetic securitisation).

The composition of balance sheet liabilities of the Romanian banking sector is traditional. More than two thirds of liabilities were deposits taken from the real sector (of which 41.2 percent were households' deposits and 23.6 percent were non-financial corporations' deposits). Households' deposits went up by 8.1 percent (Chart 4.4) in annual terms, being the main contributor to the rise in the deposit base in 2025. Although deposits from non-bank financial institutions (NBFIs) were considerably higher (16.3 percent) in 2025, their share in banks' balance sheet total remained low (3 percent, December 2025). The breakdown by maturity shows that time deposits from households and non-financial corporations made up 48.6 percent of total deposits in these segments (December 2025). In the case of large banks[211], overnight deposits held a higher share (53.6 percent, December 2025), which partly explained the better financial results from a historical perspective. Over the past year, foreign liabilities increased their share in the balance sheet total, reaching 7.7 percent at end-2025.

The liquidity of the Romanian banking sector posted adequate levels throughout 2025, the main liquidity indicators standing above the EU average. The aggregate liquidity coverage ratio (LCR) reached 257.2 percent at end-2025, the same as in 2024

211 Including banks with a market share of over 5 percent of total assets.

(Chart 4.6). At individual level, all banks steadily reported during 2025 LCR ratios significantly higher than the minimum regulatory requirement at the aggregate level and for the foreign currency component. At end-2025, three quarters of the local banks recorded LCR ratios of over 200 percent (Chart 4.6). The high liquidity of the banking sector, as reflected by the LCR, is partly explained by the continued advance in the share of exposures to the central government, the concentration of which is atypical.

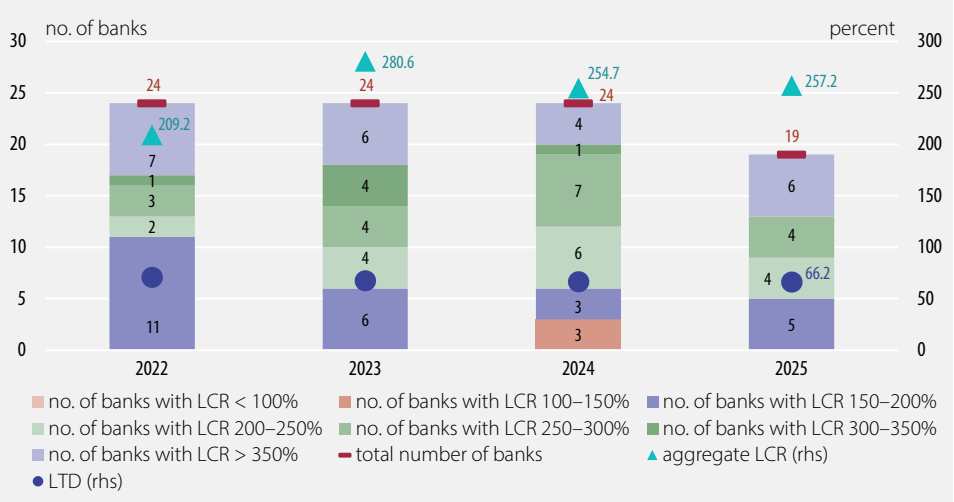


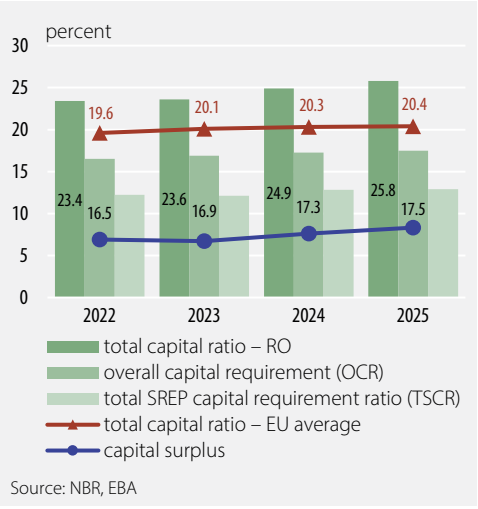
Chart 4.6
Aggregate LCR dynamics and the distribution of banks by LCR value range

The composition of the liquidity buffer shows a significant concentration in the class of central government assets, mostly in the form of government securities (81.1 percent, December 2025), along with currency and reserves (14.2 percent, December 2025).

In comparison to other European countries, the composition of the liquidity reserve is significantly different. At European level, the liquidity buffer is largely made up of cash and reserves (52 percent, June 2025), whereas the share of central government assets is considerably lower (37 percent). Moreover, at EU level, there is better diversification, with other liquid assets accounting for 11 percent, compared to 1 percent in the case of banks in Romania.

The net stable funding ratio (NSFR) stood at 195.6 percent in December 2025, declining slightly from end-2024 (197.2 percent). At individual level, no credit institutions recorded an NSFR below one.

Although the liquidity risk of the Romanian banking sector is not viewed as significant, the lingering geopolitical tensions and the macroeconomic imbalances, the accelerated digitalisation of bank services and the growing use of artificial intelligence (AI) lead to the emergence of new risks and a more complex risk profile for credit institutions. Under the circumstances, cyber incidents are no longer just specific operational dysfunctions, as they can strongly impact liquidity and financing conditions through bank runs, amid the erosion of customer confidence and disruptions in the functioning of certain systems. Considering these new challenges, the strengthening of liquidity supervisory measures and the continuous monitoring of liquidity are essential in the coming period.



Source: NBR, EBA

Chart 4.7
Developments in solvency and capital requirements

Solvency indicators were adequate, the total capital ratio standing at 25.8 percent in December 2025, well above the 20.4 percent level recorded at European level (Chart 4.7). Banks in Romania continued to have a capital reserve in excess of the overall capital requirement (OCR) of 17.5 percent (December 2025), ensuring a good capacity to absorb potential losses in the event of adverse macroeconomic scenarios materialising. The solvency ratio improved slightly from end-2024 (24.9 percent). The provisions of the legislative package resulted in a mild increase in credit risk-weighted assets (Box 7). The favourable solvency position of the local banking sector is due to the prudent dividend distribution policy (also as a result of the need to comply with the minimum requirement for own funds and eligible liabilities) and the shift in focus to low-risk assets (such as government securities, retail loans, government-guaranteed loans).

The results of the latest solvency stress test covering the 2025-2027 period confirm the resilience of the banking sector in the event of severe macroeconomic shocks materialising. This is supported by the substantial capital buffers at the beginning of the period under review and the high operational efficiency, particularly of large banks, capable of making profit even in a challenging macroeconomic context. The materialisation of the adverse scenario would entail difficulties in maintaining an adequate capital level for a low number of small-sized banks, without potential systemic implications.

In terms of profitability, the domestic banking sector further had the capacity to generate positive financial results during 2025, fostered by the continued efforts to increase operational efficiency and by the consolidation trend of the banking sector. At end-2025, banks in Romania recorded a net profit of lei 15.4 billion. However, the number of loss-making banks rose at end-2025, their market share reaching 1.1 percent (compared to only 0.3 percent at end-2024).

Profitability indicators continued to post comfortable levels. ROE saw a slight deterioration compared to 2024, going down to 17.6 percent from 18.4 percent. ROA remained broadly unchanged against the previous year (1.7 percent).

The main elements that supported the positive financial results throughout 2025 were net interest income (+3.3 percent versus end-2024) and net fee and commission income (+27.1 percent as against end-2024). Administrative expenses went up by 12 percent in annual terms, *inter alia* as a result of the rise in turnover tax from 2 percent to 4 percent for banks with a market share of over 0.2 percent. The amount of the turnover tax is estimated at lei 2.1 billion in 2025[212]. On the other hand, losses

212 The turnover tax was estimated based on the market share of banks in December 2024 and their turnover in 2025.

from impairment on financial assets not measured at fair value through profit or loss increased in 2025, on the back of the deterioration in loan portfolio quality, especially in exposures to non-financial corporations. These expenses were 54.1 percent higher compared to end-2024.

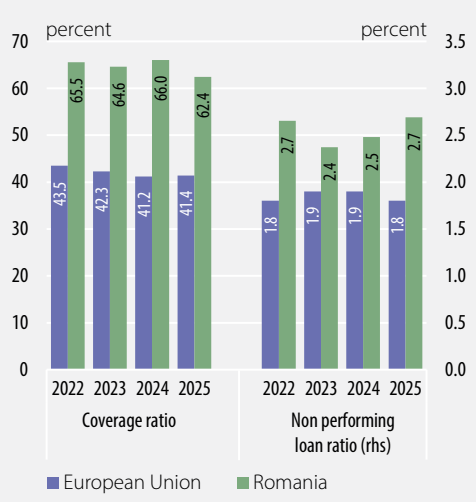


Chart 4.8
Key financial and prudential indicators of the banking sector in Romania and the EU

In 2025, the domestic banking sector witnessed a slight deterioration in asset quality, the NPL ratio standing at 2.7 percent in December 2025, from 2.5 percent at end-2024 (Chart 4.8), due especially to the worsening quality of non-financial corporations' loans (for further details, see Section 4.1). The evolution in Romania was different from that at European level, where asset quality improved mildly (NPL ratio of 1.8 percent). The NPL coverage by provisions decreased by 3.6 percentage points against end-2024 to 62.4 percent (Chart 4.8), but remained the highest among EU countries, due to the local banks' prudent stance in recognising credit risk losses.

Box 7. Implications of transposing the CRD VI/CRR III regulatory framework into national law

In 2025, the European prudential framework was substantially strengthened through the entry into force of the CRD VI/CRR III legislative package, adopted in 2024, which completes the implementation of Basel III standards at EU level. The new regulatory provisions are aimed at enhancing the resilience of credit institutions and increasing banks' shock-absorbing capacity, in a context marked by persistent macroeconomic uncertainties and higher complexity of risk profiles. The new requirements introduce significant adjustments in risk assessment and quantification strategies, with strong implications for the banking sector in Romania as well.

An important aspect of the amendments concerns the risk weights applicable to certain exposure classes under the standardised approach for credit risk, leading to an increase in their risk sensitivity. For exposures secured by immovable property, the treatment relies on factors such as the loan-to-value ratio, collateral type, borrower characteristics, as well as currency risk, leading to a more rigorous allocation of capital requirements based on the risk profile. Moreover, the amendments introduce specific treatments for exposures related to real estate development and construction, as well as for exposures to unhedged borrowers, which are subject to higher requirements. In addition, exposures to the central government which are not denominated and funded in the domestic currency of that central government are subject to sovereign rating-based capital requirements, with a transitional implementation period. Exposures to the Romanian government not denominated in lei are thus subject to non-zero capital requirements.

In parallel, the legal acts establish an output floor, a mechanism that limits the reduction of capital requirements resulting from the use of internal models, thereby increasing the comparability of capital requirements across credit institutions and lowering the variability of risk-weighted assets. The legislative package also lays down significant changes in the area of non-financial risks, by standardising the operational risk framework, reviewing market risk assessment methodologies (including the use of "expected shortfall") and explicitly integrating ESG risks in risk management processes.

Overall, these changes are an important step towards strengthening the soundness of the European banking sector, by better aligning capital requirements with the risk profile and by improving the comparability of the prudential framework, thus contributing to the transition towards a banking sector better prepared to withstand adverse economic developments in the medium and long run.

2.3. Non-bank financial sector

NBFI loans to the real sector continued to increase at a sustained pace (16 percent in 2025, 14 percent in 2024 and 2023), amounting to lei 65.4 billion at end-2025. This was due to the stronger interconnection with the banking sector, given the rise in bank loans to the NBFI sector. The largest share of NBFI loans went to non-financial corporations (76 percent), being primarily denominated in foreign currency (83 percent). The breakdown shows that NBFI loans to non-financial corporations rose by 12.5 percent in annual terms to lei 49.8 billion, while those to households added 28 percent to lei 15.6 billion (December 2025). The latter consist almost entirely of consumer credit and loans denominated in domestic currency (91 percent, December 2025).

At aggregate level, the NPL ratio of the NBFI portfolio stood at about 4.1 percent (December 2025, according to the definition of loans more than 90 days past due), deteriorating slightly from 3.9 percent at end-2024. This was mainly ascribed to households, as their capacity to service debt is lower than that of non-financial corporations (8.7 percent versus 2.7 percent, December 2025, according to the definition of loans more than 90 days past due). The main contribution came from leu-denominated consumer credit, with an NPL ratio of 8.8 percent (December 2025, according to the definition of loans more than 90 days past due), up from below 8 percent a year earlier.

The performance of NBFI loans to non-financial corporations remained relatively unchanged at aggregate level (approximately 2.7 percent, December 2025, according to the definition of loans more than 90 days past due). A large part of these loans were leases (65 percent, December 2025), with an adequate NPL ratio from a prudential perspective, i.e. 2.1 percent. By business sector, firms in agriculture recorded the highest NPL ratio (5.5 percent in December 2025, +1.6 percentage points from end-2024), accounting for roughly 17 percent of total NBFI loans to non-financial corporations. Conversely, firms in the services sector, holding the largest share in the NBFI portfolio (37 percent, December 2025) posted an NPL ratio of 2 percent. The breakdown by currency shows the higher quality of foreign currency-denominated

loans granted by NBFIs to non-financial corporations (2.4 percent versus 4.7 percent for leu-denominated loans, December 2025).

2.4. Financial markets

Domestic financial markets saw mixed developments in 2025, marked by episodes of heightened volatility stemming from both external factors, given the global trade and geopolitical tensions (see Box 6), and domestic factors, mainly on the back of the political uncertainties associated with the resumption of elections in early May, as well as with the fiscal consolidation, amid the still high twin deficits.

The episode of strong volatility that occurred in the context of the electoral events in the first part of May significantly heightened uncertainties and entailed sizeable capital outflows, with an impact on all relevant financial market segments. Specifically, interbank rates rose sharply, yields on government securities surged and the domestic currency depreciated, reflecting the worsening of investor sentiment, the temporary tightening of liquidity conditions on the interbank market and the reassessment of the risk premium for investments in domestic currency[213]. Subsequently, given the subsiding domestic political tensions and the progress in the talks on the design and implementation of corrective fiscal measures, financial market conditions tended to normalise gradually.

On the government securities market, medium- and long-term reference rates witnessed episodic swings by mid-October, before entering a downward path until end-2025. This reflected the successive revisions of investor expectations on the future monetary policy stance of the major central banks, with effects on the global risk appetite, as well as the influence of domestic factors, due to the progress made in enacting the second fiscal package and the agreement on other budget consolidation measures[214]. These developments are important from the perspective of financial stability, *inter alia* amid the significant holdings of government securities in banks' balance sheets, given that the sovereign-bank nexus is among the strongest in the EU.

Turning to the capital market, the BET index remained relatively stable January through April, then saw temporary corrections in May and subsequently embarked on a sharply upward path. At end-2025, it increased by 46.2 percent versus end-2024, posting a performance relatively similar to that of other regional markets.

Looking ahead, the risk of abrupt price corrections in domestic financial markets remains relevant, similarly to the concerns of the European supervisory authorities[215], given the persistent uncertainties surrounding the external environment, the constraints stemming from fiscal consolidation and the challenges from subdued economic growth, with potential implications for investors' risk perception.

213 Also as shown by the increase in the cost of sovereign credit risk insurance (more specifically, by the dynamics of CDS rates on sovereign bonds).

214 Relevant from this perspective were also the decisions of the major rating agencies to maintain Romania's sovereign rating within the investment-grade category, while reaffirming the associated negative outlook.

215 ECB, *Financial Stability Review*, November 2025; European Securities and Markets Authority, *Report on Trends, Risks and Vulnerabilities*, No. 1, 2026.

3. Instruments supportive of prudential supervision and financial stability

3.1. Central Credit Register (CCR)[216]

On 1 December 2025, the new regulation on the organisation and functioning of the Central Credit Register entered into force, introducing several amendments with a view to strengthening the credit information reporting and monitoring framework.

The main update refers to broadening the categories of reporting institutions, by including development banks, crowdfunding service providers, debt collection agencies and credit servicers[217].

Moreover, the regulatory framework was supplemented for non-bank financial institutions (NBFIs) with an additional set of indicators calculated in accordance with the International Financial Reporting Standards (IFRS), reported on a monthly basis[218], as well as with some quarterly indicators[219]. The regulation also lays down: (i) the possibility for reporting institutions to electronically sign the forms used in relation to borrowers, in order to submit them to the NBR, (ii) the provision of own information in the CCR database to registered legal entities and (iii) the obligation of reporting institutions to inform borrowers about the possibility of them being reported in the CCR database, under the conditions laid down in the legal act.

Developments in 2025 are indicative of further positive dynamics of lending reported to the CCR. In year-on-year comparison, the number of borrowers rose by 7.7 percent, that of loans and commitments by 6.4 percent and total amounts due by 11.8 percent. The breakdown shows that credit institutions are further prevalent, whereas NBFIs hold a relatively small share in all credit risk information, accounting for approximately 13.7 percent of total borrowers, 13.5 percent of loans and commitments, about 8.6 percent of total amounts due and 8.4 percent of total overdue amounts.

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216 The CCR conducts its activity in compliance with NBR Regulation No. 4/2025 on the organisation and functioning of the Central Credit Register operated by the National Bank of Romania. The reporting institutions to the CCR are: (a) head offices of credit institutions, Romanian legal entities, and development banks, Romanian legal entities; (b) Romanian branches of foreign credit institutions; (c) non-bank financial institutions, Romanian legal entities, and the Romanian branches of foreign legal entities, enlisted in the Special Register; (d) electronic money institutions, Romanian legal entities, and the Romanian branches of foreign electronic money institutions, in the registers and lists managed by the NBR, granting payment services-related loans; (e) payment institutions, Romanian legal entities and the Romanian branches of foreign payment institutions, in the registers and lists managed by the NBR, granting payment services-related loans; (f) crowdfunding service providers, Romanian legal entities, authorised by the Financial Supervisory Authority (FSA) and listed in the FSA Register; (g) debt collection agencies, Romanian legal entities, branches and representatives in Romania of debt collection agencies, registered with the National Authority for Consumer Protection (NACP); (h) credit servicers, Romanian legal entities, authorised by the NACP. The information about a borrower, natural entity or non-bank legal entity, are reported to the CCR when the value of loans granted and commitments assumed by the reporting institution on behalf of the borrower or of collectible receivables is of at least lei 20,000.

217 According to the regulation, crowdfunding service providers, debt collection agencies and credit servicers should comply with the reporting requirements in up to six months, the first deadline for the submission of data being set in June 2026 at the latest.

218 Impaired loans, expected credit or impairment losses, stage of impairment, loan sales and annual probability of default.

219 Risk-weighted assets (RWA), off-balance sheet conversion factor, credit risk exposure, indicators reported based on the available information and requested by the National Bank of Romania for analysis purposes.

The main indicators calculated and monitored by the CCR based on the information reported by credit institutions and NBFIs are presented in Tables 4.1-4.3 and in Chart 4.9.

Table 4.1
Main indicators used by the CCR – credit institutions

	31 December 2024	31 December 2025	percentage change Dec. 2025/Dec. 2024
Number of credit institutions	32	30	-6.3
Number of borrowers (thou.), *of which:*	1,871	1,988	6.3
Individuals	1,741	1,855	6.5
Legal entities	131	132	0.8
Share of borrowers (individuals) in total borrowers	93.1	93.3	0.2
Number of borrowers with overdue loans (thou.)	205	213	3.9
Number of loans and commitments (thou.)	3,386	3,551	4.9
Number of overdue loans (thou.)	300	307	2.3
Total amounts due (lei mill.), *of which:*	584,812	651,900	11.5
Individuals	185,989	203,088	9.2
Legal entities	398,823	448,812	12.5
Share of amounts due by individuals in total amounts due	31.8	31.2	-1.9
Overdue amounts (lei mill.)	17,542	20,223	15.3

Source: CCR

Table 4.2
Main indicators used by the CCR – non-bank financial institutions and payment institutions

	31 December 2024	31 December 2025	percentage change Dec. 2025/Dec. 2024
Number of non-bank financial institutions enlisted in the Special Register	76	80	5.3
Number of borrowers (thou.), *of which:*	248	301	21.4
Individuals	114	153	34.2
Legal entities	134	148	10.4
Share of borrowers (individuals) in total borrowers	46.0	50.8	10.4
Number of borrowers with overdue loans (thou.)	29	35	20.7
Number of loans and commitments (thou.)	469	553	17.9
Number of overdue loans (thou.)	52	60	15.4
Total amounts due (lei mill.), *of which:*	53,477	61,664	15.3
Individuals	6,052	8,456	39.7
Legal entities	47,425	53,208	12.2
Share of amounts due by individuals in total amounts due	11.3	13.7	21.2
Overdue amounts (lei mill.)	1,458	1,847	26.7

Source: CCR

	31 December 2024	31 December 2025	percentage change Dec. 2025/Dec. 2024
Number of groups of clients*	1,376,427	1,401,563	1.8
Total number of queries (mill.)	2.1	1.7	-19.0
Share of queries made by reporting institutions for potential borrowers	57.2	71.9	25.7
Number of petitioners who requested information on the data reported about themselves to the CCR	549	625	13.8

*) When setting the scope of the group, the reporting institutions take into consideration the following: a) the criteria laid down in the legislation in force to include individuals/legal entities in a group of connected clients (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012); b) the reporting institution should have exposures to at least one entity in the group.

Table 4.3
Other information on the CCR activity

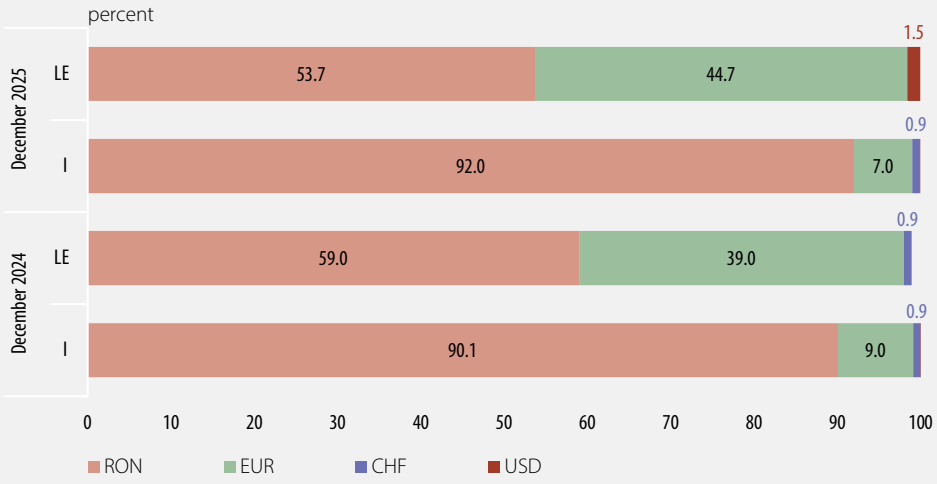


Chart 4.9
Breakdown by currency of bank loans to individuals (I) and legal entities (LE)

3.2. Payment Incidents Register (PIR)[220]

For 2025, the analysis of payment incidents indicators shows an upward trend, as reflected by increases in the numbers of payment incidents and account holders who generated payment incidents, as well as in rejected amounts. The main indicators calculated and monitored based on the information reported by credit institutions to the PIR are presented in Table 4.4 and Chart 4.10.

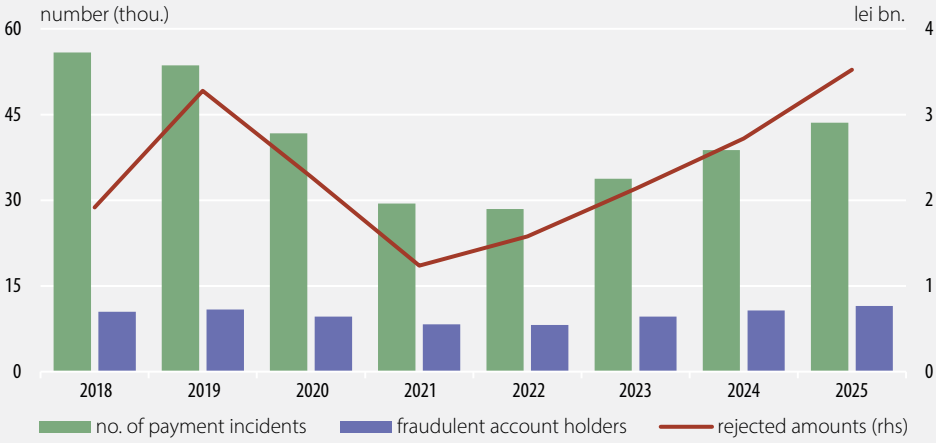
	2024	2025	annual change (%) 2025/2024
Number of account holders reported with payment incidents	10,715	11,523	7.5
Number of payment incidents	38,797	43,598	12.4
Average number of payment incidents perpetrated by one account holder	3.6	3.8	5.6
Number of account holders with suspended cheque-writing privileges	225	173	-23.1

Table 4.4
Main indicators used by the PIR

220 The Payment Incidents Register (PIR) conducts its activity in compliance with NBR Regulation No. 7/2023 on the organisation and functioning of the Payment Incidents Register operated by the National Bank of Romania, as amended via NBR Regulation No. 3/2024, and manages the information specific to payment incidents related to cheques, bills of exchange and promissory notes. Credit institutions and the Romanian branches of foreign credit institutions are the reporting institutions to the PIR.

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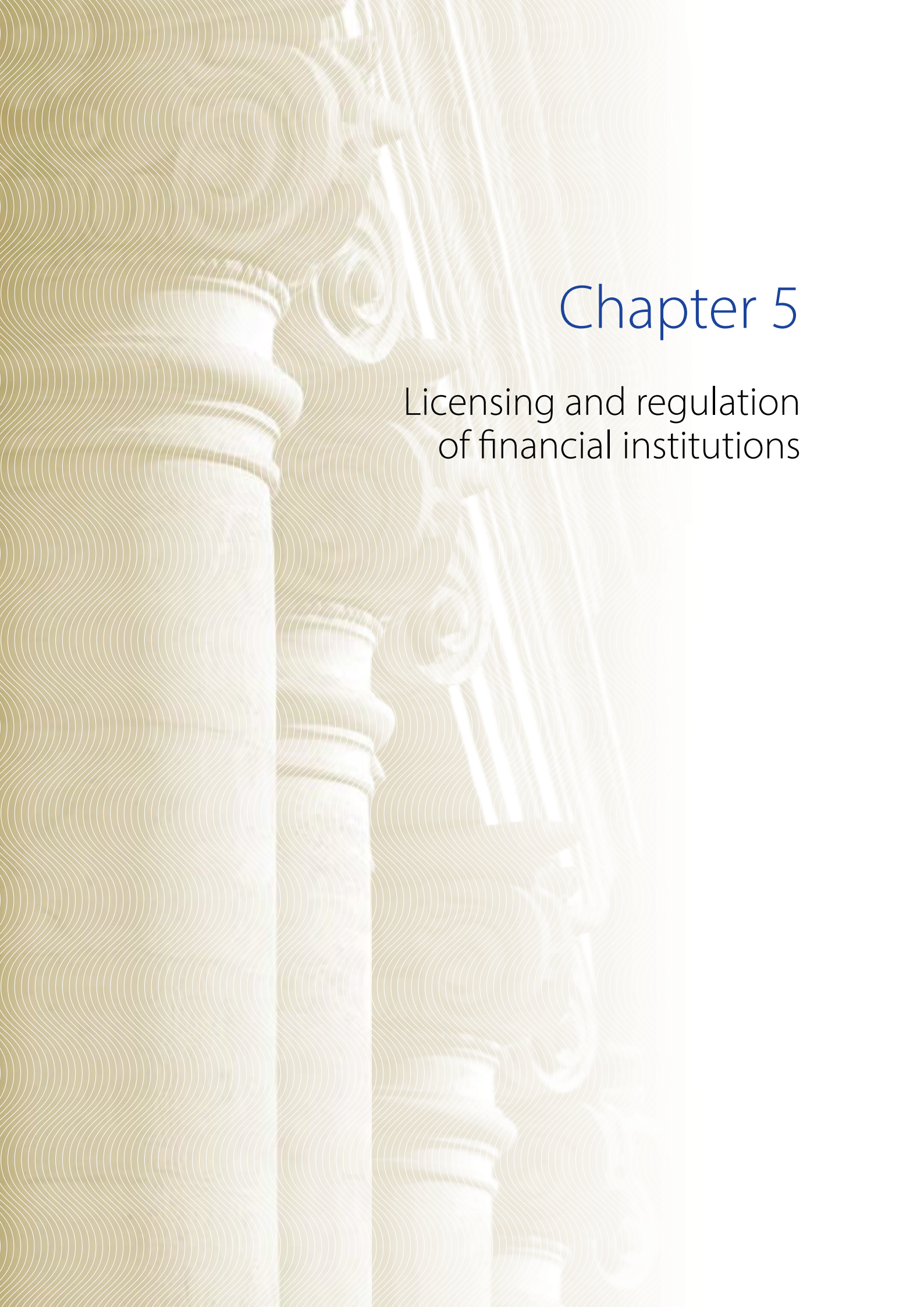
	2024	2025	annual change (%) 2025/2024
Number of individuals who caused payment incidents	75	58	-22.7
Rejected amount (lei mill.)	2,719.8	3,522.6	29.5
Average rejected amount (lei thou.)	70	81	15.7
Number of queries in the PIR database (mill.)	14.3	16.1	12.6
Number of petitioners who requested information on the data reported about themselves to the PIR	37	29	-21.6



Source: PIR

Chart 4.10
Main indicators of payment incidents (2018-2025)

The distribution of payment incidents reported to the PIR reveals that 15 credit institutions (60 percent of the reporting institutions) reported 99.4 percent of the total number of payment incidents, accounting for 97.4 percent of the total rejected amounts. The most frequent reason for refusal was the complete or partial lack of funds (55.1 percent of total reasons for rejection in 2025 versus 56.6 percent in 2024).



Chapter 5

Licensing and regulation of financial institutions

1. Licensing and notification of financial institutions

Authorisation of credit institutions

The National Bank of Romania's prerogative powers in relation to the authorisation of credit institutions are set out in Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy, as amended and supplemented by Law No. 227/2007, as subsequently amended and supplemented. In 2025, the NBR granted no authorisation to any credit institution, yet registered with the Credit Institutions Register the branch in Romania of a credit institution based in another EU Member State (Germany), namely Trade Republic Bank GmbH, Branch Romania.

As a result of the merger through absorption, the following absorbed banks were erased from the Credit Institutions Register: Alpha Bank Romania S.A., Credit Europe Bank (Romania) S.A. and OTP Bank Romania S.A., the absorbing banks being UniCredit Bank S.A., Credit Europe Bank N.V., and Banca Transilvania S.A. respectively. Also as a result of merger, the following credit cooperatives were erased: Banca Cooperatistă "Jijia" Dorohoi, absorbed by Banca Cooperatistă "Răscoala" Botoșani and Banca Cooperatistă "Zorile" Târgu Frumos, absorbed by Banca Cooperatistă "Viitorul" Iași. Due to the cessation of validity of the authorisation, prompted by the voluntary dissolution and winding-up, the savings and loan bank Aedificium Banca pentru Locuințe S.A. was erased.

Authorisation of payment institutions

By virtue of its powers in the area of authorisation and prudential supervision of payment institutions under Law No. 209/2019 on payment services and amending some legal acts, and under NBR Regulation No. 4/2019 on payment institutions and account information service providers, as subsequently amended and supplemented, in 2025, the National Bank of Romania authorised and entered the payment institution C SOLUTION S.R.L. in the Register of payment institutions and account information service providers – Section 1 – Payment institutions. Furthermore, during the same year, the NBR rejected a request for authorisation as a payment institution. On 10 March 2026, Europayment Services S.R.L. was authorised and entered into the aforementioned register as a payment institution. At the level of the National Bank of Romania, another 5 applications for authorisation as a payment institution are under examination, whereas 4 entities withdrew their applications for authorisation as a payment institution.

Authorisation of electronic money institutions

The NBR's prerogatives in the area of authorisation of electronic money institutions are set out in Law No. 210/2019 on the issuance of electronic money and

NBR Regulation No. 5/2019 on electronic money institutions. In 2025, the NBR granted no authorisation to any electronic money institution. One entity requested to withdraw the application for authorisation as an electronic money institution.

Notification of non-bank financial institutions

In 2025, the notification and registration of the newly established non-bank financial institutions carried on. In compliance with Law No. 93/2009 on non-bank financial institutions, as subsequently amended and supplemented, 4 NBFIs were entered into the General Register, 8 such institutions into the Special Register, and 103 entities into the Entry Register. In January-March 2026, 2 entities were entered into the General Register, another 2 into the Special Register, and 29 NBFIs into the Entry Register. At NBR level, 16 applications for registration with the General Register are under examination.

At the same time, 8 NBFIs were erased from the General Register, 8 NBFIs from the Special Register and 29 NBFIs from the Entry Register. 7 entities withdrew their applications for registration with the General Register. In January-March 2026, 4 NBFIs were erased from the Entry Register and one entity withdrew its application for registration with the General Register.

Moreover, in 2025, 4 applications for registration with the General Register and 54 applications for registration with the Entry Register were rejected. In January-March 2026, 5 applications for registration with the General Register and 17 applications for registration with the Entry Register were rejected.

2. Legal framework for institutions within the regulatory scope of the National Bank of Romania

2.1. Prudential regulation and bank recovery and resolution regulation

- NBR Regulation No. 2/2025 amending and supplementing NBR Regulation No. 5/2013 on prudential requirements for credit institutions and amending NBR Regulation No. 4/2023 on prudential requirements for development banks, published in *Monitorul Oficial al României*, Part I, No. 726 of 4 August 2025.

- NBR Order No. 5/2025 amending NBR Order No. 4/2014 on certain reports related to NBR Regulation No. 5/2013 on prudential requirements for credit institutions, published in *Monitorul Oficial al României*, Part I, No. 726 of 4 August 2025.

  NBR Regulation No. 2/2025 and NBR Order No. 5/2025 contain amendments mainly in the area of managing interest rate risk arising from the non-trading book (interest rate risk in banking book, "IRRBB"), which ensure the consistency of the national regulatory framework with the EU framework.

- NBR Order No. 1/2026 on the buffer for credit institutions authorised in Romania and identified by the National Bank of Romania as other systemically important institutions (O-SIIs), which specifies the actual O-SIIs and the buffer level to be applied by them as of 1 April 2026.

Regulations applicable to development banks:

- The NBR issued two regulations to supplement the secondary regulatory framework applicable to development banks, namely:

(i) NBR Regulation No. 2/2025 amending and supplementing NBR Regulation No. 5/2013 on prudential requirements for credit institutions and amending NBR Regulation No. 4/2023 on prudential requirements for development banks repealed some provisions on appointing the members of the management body of development banks in the event of a vacancy, given that these were administrative issues and not in fact prudential requirements.

(ii) NBR Regulation No. 1/2026 amending and supplementing NBR Regulation No. 4/2023 setting prudential requirements for the activities of development banks in their own name and on their own account in areas such as: own funds requirements for credit, market, operational, settlement risk and for the leverage ratio, liquidity requirements, capital buffers, internal governance, capital and liquidity adequacy internal assessment process, outsourcing, remuneration, reporting and disclosure requirements. The regulation was drafted based on the prudential framework applicable to universal credit institutions and the World Bank's recommendations. The regulation was published in *Monitorul Oficial al României*, Part I, No. 234 of 26 March 2026.

2.2. Accounting regulations

a) With regard to transposing the EU legal acts in this area, the following was undertaken:

In February 2026, the NBR issued Order No. 2/2026, published in *Monitorul Oficial al României*, Part I, No. 107 of 10 February 2026, to transpose into the accounting regulatory framework (NBR Order No. 27/2010 and NBR Order No. 6/2015) applicable to entities within the central bank's accounting regulatory scope the provisions of:

- Directive (EU) 2025/794 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements, with regard to postponing by two years the deadline for implementation of the sustainability reporting requirements, provided in Directive (EU) 2022/2464 (CSRD) transposed by NBR Order No. 1/2024;

- Article 9 of Directive (EU) 2023/2864 amending certain Directives as regards the establishment and functioning of the European single access point (ESAP), on entities subject to corporate sustainability reporting requirements being mandated to submit documents regarding financial statements to the national collection body for the purpose of making them accessible on the ESAP established under Regulation (EU) 2023/2859.

b) Regulations/recommendations issued by the National Bank of Romania

- In 2025, the NBR issued Order No. 2/2025 and Order No. 3/2025, published in *Monitorul Oficial al României*, Part I, No. 478 of 22 May 2025, with a view to updating the yearly reporting requirements applicable to credit institutions and NBFIs to meet the information needs of the Ministry of Finance (NBR Order No. 2/2020 and NBR Order No. 3/2024) so as to ensure a uniform reporting system economy-wide;
- In order to meet the obligations arising from GEO No. 15/2024 on credit servicers and credit purchasers, as well as amending and supplementing some legal acts on credit agreements for consumers, in November 2025, the NBR issued a recommendation for credit institutions, Romanian legal entities, that until the entry into effect of the regulation issued by the NBR in this area, they should report to the NBR, on a half-yearly basis, the information on credit purchasers and sold non-performing loans, starting with the 2024 financial year.

2.3. Other legal acts applicable to institutions within the scope of the NBR

In May 2025, Law No. 86/2025 amending and supplementing Law No. 129/2019 on preventing and combating money laundering and terrorist financing, as well as on amending and supplementing some legal acts was adopted, whereby the deficiencies identified by expert assessors following the fifth round of mutual evaluations coordinated by the Moneyval Secretariat within the national system for preventing and combating money laundering and terrorist financing were removed; the NBR contributed to the preparation of the draft law by submitting observations and proposals to the National Office for the Prevention and Combating of Money Laundering.

Pursuant to Article 4(1) of Law No. 209/2019 on payment services and amending some legal acts, in the period under review the NBR analysed 15 requests on certain activities that implied payment services provision being excluded from the scope of the aforementioned Law, also with respect to limited network exclusion.

Proposals on legal acts applicable to institutions within the scope of the NBR were formulated:

- As regards Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (MiCAR), during 2025 the NBR supported the Ministry of Finance in the central bank's fields of competence concerning crypto-assets by formulating text proposals and opinions on the comments made by the market and by other national authorities in the public consultation and interinstitutional endorsement of the primary regulatory framework prepared by the Ministry to enforce the EU Regulation.
- As regards the draft legal act ensuring the transposition of Directive (EU) 2023/2225 (CCD2) of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC prepared by the National Authority for Consumer Protection (ANPC), during 2025 and in early 2026 the NBR submitted to the Ministry of Economy, Digitalization, Entrepreneurship and

Tourism (MEDAT)/ANPC comments and proposals on the legal act at both technical and management levels, the main issue referred to concerning the clear indication of requirements applicable to each of the two categories of creditors (financial or non-financial) and the explicit division of competencies between the two competent authorities (ANPC/NBR).

2.4. Convergence of prudential supervision tools and practices used nationwide with the best European practices

To ensure convergence of prudential supervision tools and practices used nationwide with the best European practices, the national regulatory framework continued to incorporate the Guidelines released by the European Banking Authority (EBA) in the area of prudential banking. In this vein, the regulatory provisions in EBA Guidelines are incorporated into the secondary regulatory framework, while guideline recommendations meant to clarify and illustrate the regulatory provisions in NBR regulations are incorporated into instructions. Furthermore, as for those provisions in the Guidelines including compliance requirements for competent authorities, the National Bank of Romania, in its capacity as competent authority, disclosed its decision to apply them via releases published on its official website, thereby informing about considering the provisions of the said Guidelines during its activities in its capacity as competent authority.

Since 2025, the NBR has analysed and incorporated into its regulatory framework the following Guidelines:

- EBA Guidelines on ADC exposures to residential property under Article 126a of Regulation (EU) 575/2013 (EBA/GL/2025/03 of 27 June 2025), incorporated into NBR Instructions No. 5 of 14 November 2025 on exposures related to Acquisition, Development, and Construction (ADC) to residential property under Article 126a of Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as subsequently amended;
- Guidelines amending Guidelines EBA/GL/2019/04 on ICT and security risk management (EBA/GL/2025/02);
- Joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents under Regulation (EU) 2022/2554 (JC/GL/2024/34);
- Joint Guidelines on the system established by the European Supervisory Authorities (i.e. the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority) for the exchange of information relevant to the assessment of the fitness and propriety of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities (JC/GL/2024/88), for which NBR Press Release of 13 June 2025 was issued, according to which the Joint Guidelines are considered by the National Bank of Romania, in its capacity as competent authority, in the assessment of the fitness and propriety of shareholders, executives, Board members and, where appropriate, key function holders, made in the context of the authorisation/registration and supervision/oversight of credit institutions, payment institutions, electronic money institutions and non-bank financial institutions entered into the General/Special Register.

The National Bank of Romania, through its representatives in the EU institutions and bodies, has played an active part, by formulating positions, in the preparation of EU strategies in the central bank's fields of competence. In this context, mention should be made of the participation in the negotiations/implementation of the European legislative framework for: (i) payment services (proposal for a Directive on payment services and electronic money services in the internal market and proposal for a Regulation on payment services in the internal market (PSD3/PSR)); (ii) the crisis management and deposit insurance (CMDI) framework; (iii) the Anti-Money Laundering and Countering the Financing of Terrorism (AML) legislative package; (iv) securitisation and (v) market risk.

3. Regulatory guidelines in 2026

- Looking at the transposition into domestic law of Directive (EU) 2024/1619 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (CRD VI), the NBR will engage by: (i) providing technical support to the legislator to complete the draft legal act (primary legislation) and (ii) completing the draft legal acts (secondary legislation) with a view to ensuring the transposition of some technical provisions set forth in the European directive;

- To provide technical support to the legislator to complete the draft legal act (primary legislation) ensuring the transposition of Article 90 of Directive (EU) 2025/1 of the European Parliament and of the Council of 27 November 2024 establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 and Regulations (EU) No 1094/2010, (EU) No 648/2012, (EU) No 806/2014 and (EU) 2017/1129 (IRRD);

- To start the transposition of the changes brought about by the crisis management and deposit insurance framework (CMDI) to Directives 2014/59/EU and 2014/49/EU into the legislation managed by the NBR for the recovery and resolution of credit institutions, as well as for deposit guarantee schemes;

- To participate in preparing the draft legal act that will include the measures implementing Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828, within the limit of the NBR's fields of competence, in its capacity as sectoral market surveillance authority, as regards the high-risk AI systems placed on the market, put into service or used by the credit institutions and financial institutions regulated by the Union law in the field of financial services, in so far as the placing on the market, putting into service, or the use of the AI system is in direct connection with the provision of those financial services;

- To complete and publish the secondary legislation (draft Regulation amending Regulation No. 10/2022 on the issue of covered bonds; draft Regulation amending and supplementing NCMO Regulation No. 2/2017 on the methodology and procedures used for setting capital buffers and the scope of these instruments) ensuring the transposition of Directive (EU) 2023/2864 of the European Parliament and of the Council of 13 December 2023 amending certain Directives as regards the establishment and functioning of the European single access point (ESAP);

- To amend and supplement the regulatory framework applicable to credit institutions in areas such as authorisation, risk management and conditions for the approval of using the internal ratings-based (IRB) approach for determining the capital requirements for market risk in order to ensure the consistent implementation of the new CRR and the ensuing regulations issued at European level;

- To provide technical support to the legislator to complete the draft legal act (primary legislation) ensuring the enforcement of Regulation (EU) 2023/1114 on markets in crypto-assets and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (MiCAR) regulating markets in crypto-assets, in the central bank's fields of competence;

- To analyse the requests from the European bodies with regard to the simplification of the regulatory, supervisory and reporting framework and to formulate opinions on these requests;

- To formulate opinions for the legislator with a view to completing the draft legal act ensuring the transposition of Directive (EU) 2023/2225, as well as to ensure the transposition at the level of secondary legislation (draft Regulation amending and supplementing NBR Regulation No. 17/2012 on certain lending conditions), from the perspective of the applicability of the Directive's provisions to the financial creditors within the NBR's supervisory scope;

- In order to improve the current regulatory framework for payment services to accommodate a number of issues identified during the process of authorisation and to incorporate the EBA recommendations made under *EBA/REP/2023/01 Report on the peer review on authorisation under PSD2*, the central bank aims to adjust the secondary regulatory framework for payment institutions;

- The central bank aims to adjust the secondary regulatory framework for electronic money institutions in order to: (i) enhance the transparency of implementing the principle of proportionality in order to facilitate the market access of these entities, (ii) cover the credit risk arising from payment services-related loans granted by these entities and (iii) incorporate the EBA recommendations made under *EBA/REP/2023/01 Report on the peer review on authorisation under PSD2*, given that they also apply to electronic money institutions;

- To amend and supplement the secondary regulatory framework applicable to non-bank financial institutions (NBFI) to address some needs resulting from the practice of NBFI notification for registering in the registers managed by the central bank, as well as

from the supervision/oversight of these institutions by the central bank, with a view to: (i) strengthening the governance framework for the NBFIs in the General Register, (ii) adjusting the capital requirements for certain activities based on the needs identified in practice, (iii) avoiding the regulatory arbitrage and (iv) clarifying some specific aspects;

- To provide technical support to the legislator to prepare the draft legal acts (primary legislation) with a view to ensuring the transposition of the new anti-money laundering (AML) Directive and implementation of the AML Regulation, as well as to adjust the related secondary regulations, according to the central bank's fields of competence;

- To provide technical support to the legislator amid the parliamentary action steps to approve Government Emergency Ordinance No. 10/2025 amending and supplementing Law No. 129/2019 on preventing and combating money laundering and terrorist financing, as well as on amending and supplementing some legal acts;

- To provide technical support to the legislator amid the parliamentary action steps to pass the Law amending and supplementing some legal acts in the financial field, ensuring the partial transposition of Directive (EU) 2023/2864 of the European Parliament and of the Council of 13 December 2023 amending certain Directives as regards the establishment and functioning of the European single access point;

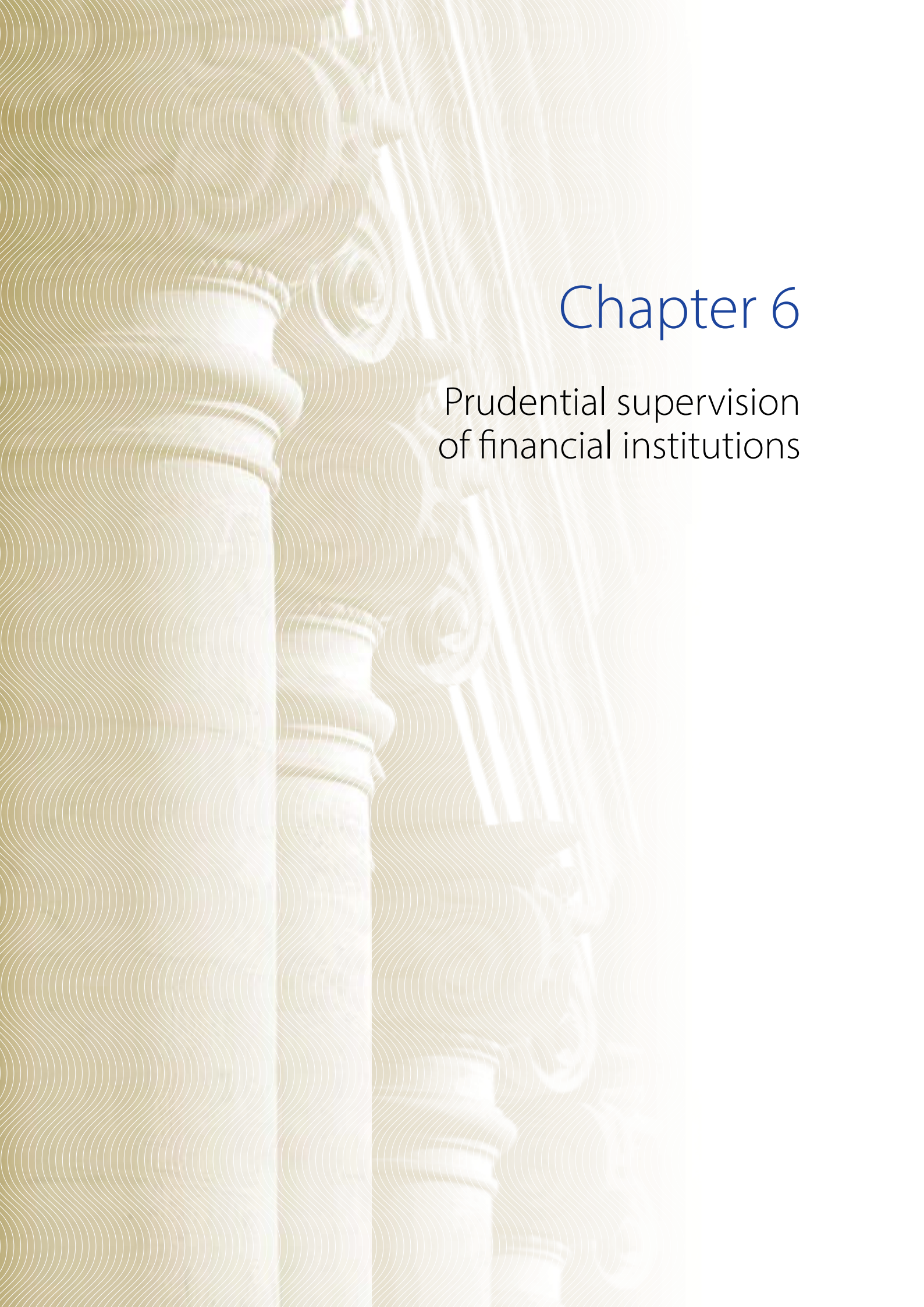
- To further the compliance with the European Banking Authority's guidelines, by issuing regulations or instructions, in the field of anti-money laundering and countering the financing of terrorism, international sanctions and the implementation of restrictive measures, authorisation of credit institutions, environmental, social and governance (ESG) risks, credit risk, independence of competent authorities in the field of prudential supervision, implementation of the limited network exclusion pursuant to the Payment Services Directive (PSD2), as well as with the guidelines issued under Regulation (EU) 2023/1114 (MiCAR), according to the NBR's fields of competence, on-balance-sheet securitisation, in line with the evolution of the European framework;

- To participate in the working groups of the EU Council, the European Commission and the European Banking Authority when discussing regulatory and licensing matters and to formulate opinions.

In the field of the accounting and financial reporting framework, the objectives are mainly as follows:

- to update the accounting regulations applicable to the entities within the NBR's regulatory scope in order to implement the amendments to the national and European accounting regulatory framework (such as Directive (EU) 2026/470 amending the sustainability reporting requirements);

- to update the regulatory framework for the individual reports of the entities within the NBR's regulatory scope, in order to ensure a uniform reporting system economy-wide, as well as consistency with the supervisory reporting framework at European level.



Chapter 6

Prudential supervision of financial institutions

1. Supervision of credit institutions

As at 31 December 2025, 19 credit institutions, Romanian legal persons, operated in Romania, their aggregate net assets totalling lei 841,064.9 million. By type of capital, these included five credit institutions with majority domestic private capital, two credit institutions with fully or majority state-owned capital, and 12 credit institutions with majority foreign capital. As far as branches of foreign credit institutions are concerned, as at 31 December 2025, 10 branches of credit institutions based in EU Member States operated on the territory of Romania, their aggregate net assets amounting to lei 116,301.5 million. At the same time, pursuant to Law No. 2027/2022 regulating some measures on the general framework applicable to the establishment and functioning of development banks in Romania, as subsequently amended and supplemented, the National Bank of Romania is the supervisory authority for development banks. Mention should be made that as of July 2025 Banca de Investiții și Dezvoltare S.A. became operational, its net assets amounting to lei 3,195.0 million at end-2025.

In addition, 337 credit institutions signalled their intention to provide banking services directly on the territory of Romania, according to the notifications received by the National Bank of Romania from competent supervisory authorities in other EU Member States by 27 May 2026.

1.1. Size and structure of the banking system

As at 31 December 2025, net assets in the balance sheet of the Romanian banking system totalled lei 957,366.4 million, up 8.6 percent year on year, the pace of growth decelerating versus the previous years (14.6 percent in 2023 and 9.8 percent in 2024).

The total number of credit institutions operating in Romania declined during 2025 from 32 to 29, the changes being driven by the following:

- January 2025 saw the cross-border merger by absorption of Credit Europe Bank (România) S.A. and Credit Europe Bank N.V, the parent credit institution. Following the merger, Credit Europe Bank N.V. continued to operate in Romania under the name Credit Europe Bank N.V. Amsterdam Bucharest Branch, rebranded as Nexent Bank N.V. Amsterdam Bucharest Branch as of 11 July 2025;
- in January 2025, Banca de Investiții și Dezvoltare S.A. was entered into the Register of Development Banks, and on 14 July 2025 it became operational;
- in February 2025, the merger by absorption of OTP Bank România S.A. by Banca Transilvania S.A. was completed, as the former's integration had started in 2024;
- In June 2025, Aedificium Banca pentru Locuințe S.A. ceased operations and initiated winding-up and voluntary liquidation;

- in August 2025, the merger by absorption of Alpha Bank România S.A. by UniCredit Bank S.A. was completed, the former becoming a member of UniCredit Banking Group as of 4 November 2024;
- in October 2025, the merger by absorption of First Bank S.A. by Banca Comercială Intesa Sanpaolo România S.A. was completed, the former bank being directly acquired by Intesa Sanpaolo S.p.A., the parent bank of Intesa Sanpaolo România S.A., in May 2024;
- in 2025, the Romanian branch of PKO Bank Polski became operational in the domestic banking market under the name of PKO Bank Polski S.A. Varşovia, Sucursala Bucureşti.

Table 6.1
Credit institutions by ownership

number of credit institutions, end of period

	2024*	2025
Credit institutions, Romanian legal entities, *of which:*	24	19
Fully or majority state-owned capital	2	2
Majority private capital, *of which:*	22	17
– majority domestic capital	6	5
– majority foreign capital	16	12
Branches of foreign credit institutions	8	10
Total credit institutions	32	29

*) Banca de Investiții și Dezvoltare excluded

Table 6.2
Market share of credit institutions

end of period

	Net assets			
	2024		2025	
	lei mill.	%	lei mill.	%
Credit institutions with domestic capital, *of which:*	331,179.4	37.6	352,402.2	36.8
– with majority state-owned capital	126,075.3	14.3	137,020.7	14.3
– with majority private capital	205,104.1	23.3	215,381.5	22.5
Credit institutions with majority foreign capital	448,857.6	50.9	488,662.7	51.1
I. Credit institutions, Romanian legal entities	780,037.0	88.5	841,064.9	87.9
II. Branches of foreign credit institutions	101,811.5	11.5	116,301.5	12.1
Total credit institutions with majority private capital, including branches of foreign credit institutions	755,773.2	85.7	820,345.7	85.7
Total credit institutions with majority foreign capital, including branches of foreign credit institutions	550,669.1	62.4	604,964.2	63.2
Total credit institutions (I+II)	881,848.5	100.0	957,366.4	100.0

Even though the market share by net assets held by credit institutions with majority private capital (including branches of foreign credit institutions) stayed flat at 85.7 percent as at 31 December 2025 compared to a year earlier, the developments in the course of 2025 led to changes in its composition. Specifically, the share of credit institutions with majority foreign capital (including branches of foreign credit institutions) in the domestic banking system increased, from 62.4 percent to 63.2 percent, chiefly amid consolidation and the emergence of two new branches in 2025, whereas that of credit institutions with majority private domestic capital decreased, from 23.3 percent to 22.5 percent in the same period. Looking at the credit institutions with majority state-owned capital, their share remained unchanged as at 31 December 2025 against end-2024, i.e. 14.3 percent.

As regards the market share by capital, the share of credit institutions with domestic capital in the aggregate capital of the banking system further followed an upward path, rising from 51.6 percent as at 31 December 2024 to 57.4 percent as at 31 December 2025 (Table 6.3), solely on account of credit institutions with majority state-owned capital (+7.1 percentage points, from 12.6 percent to 19.7 percent). The share of credit institutions with majority foreign capital (including branches of foreign credit institutions) dropped from 48.4 percent as at 31 December 2024 to 42.6 percent as at 31 December 2025, amid the decline in majority foreign capital.

Table 6.3
Credit institutions as a share in aggregate capital

end of period

	Share/endowment capital			
	2024		2025	
	lei mill.	%	lei mill.	%
Credit institutions with domestic capital, *of which:*	16,381.1	51.6	18,274.0	57.4
– with majority state-owned capital	4,014.8	12.6	6,264.8	19.7
– with majority private capital	12,366.3	39.0	12,009.2	37.7
Credit institutions with majority foreign capital	14,958.2	47.2	13,130.0	41.2
I. Credit institutions, Romanian legal entities	31,339.3	98.8	31,404.0	98.6
II. Branches of foreign credit institutions	380.5	1.2	447.5	1.4
Total credit institutions with majority private capital, including branches of foreign credit institutions	27,705.0	87.4	25,586.7	80.3
Total credit institutions with majority foreign capital, including branches of foreign credit institutions	15,338.7	48.4	13,577.5	42.6
Total credit institutions (I+II)	31,719.8	100.0	31,851.5	100.0

The territorial network of credit institutions continued to shrink in 2025, in light of changes across the banking system driven by the digitalisation trends in their activity and the completion of some acquisitions and mergers between such entities.

1.2. Performance of the banking sector

Romania's banking sector remained robust throughout 2025, maintaining its capacity to deal with potential shocks stemming from domestic macroeconomic imbalances, amid further high uncertainty, alongside the current geopolitical context. These challenges notwithstanding, the adequate levels of the main prudential indicators continued to ensure a good capacity to absorb losses associated with traditional financial risks or with potential financial shocks.

Credit institutions remained profitable throughout 2025, thanks to higher operational efficiency and further banking sector consolidation, with credit institutions that ended the year on a profit accounting for 72 percent. Solvency ratios, which increased slightly, reflected an adequate capital position, staying above both the EU average and the applicable overall capital requirements. Asset quality placed the banking sector in the EBA-defined low-risk bucket, due to the further low, yet rising ratios of non-performing loans and restructured loans, as well as given the high NPL coverage ratio.

Monitoring of own fund requirements. Capital adequacy

Throughout 2025, the solvency ratios of credit institutions – total capital ratio, Tier 1 capital ratio and Common Equity Tier 1 capital ratio – remained at adequate levels compared to the regulatory requirements. For the banking system overall, total capital ratio increased from 24.9 percent in December 2024 to 25.8 percent at end-2025 (Table 6.4). Given these developments, it should be noted that own funds posted a faster growth rate than the total risk exposure amount.

Table 6.4
Key indicators of the banking system

percent, end of period

Indicators	2024	2025
Capital adequacy		
Total capital ratio (solvency ratio)	24.9	25.8
Tier 1 capital ratio	22.2	23.5
Common Equity Tier 1 capital ratio	21.7	21.8
Leverage ratio	8.6	9.1
Asset quality		
Loans and advances to non-bank customers (gross)/Total assets (gross)	53.0	52.0
Loans and advances to bank customers (gross)/Total assets (gross)	16.5	16.9
Impaired assets of non-bank customers (net)/Total loans to non-bank customers (net)	0.9	1.2
Impaired assets of non-bank customers (net)/Total assets (net)	0.5	0.6
Impaired assets of non-bank customers (net)/Total liabilities	0.5	0.7
Non-performing loan ratio (EBA definition)[1]	2.5	2.7
Profitability		
ROA (Net income, annualised/Total assets, average)	1.7	1.7
ROE (Net income, annualised/Total equity, average)	18.4	17.6
Liquidity		
Immediate liquidity	49.4	50.6

1) Following the implementation of the new IFRS 9 standard on 1 January 2018 and pursuant to the provisions of NBR Order No. 9/2017, the "non-performing loan ratio (EBA definition)" is calculated as a ratio of the gross carrying amount of non-performing loans and advances to the total gross carrying amount of loans and advances.

Thus, while total own funds climbed by 11.8 percent, the risk exposure amount posted slower dynamics, i.e. 7.9 percent. In terms of volume, total own funds of credit institutions amounted to lei 88,478.1 million as at 31 December 2025, whereas the total risk exposure amount equalled lei 342,730.9 million on the same date.

The breakdown shows that total own funds consist mainly of high-quality capital components, namely Tier 1 capital and, implicitly, Common Equity Tier 1 capital (90.9 percent and 84.4 percent, respectively).

The significant shares of these components in total own funds ensure good resilience of Romania's banking system in the short and medium term at least.

Specifically, in December 2025, Tier 1 capital and Common Equity Tier 1 capital amounted to lei 80,408.4 million and lei 74,644.5 million respectively, i.e. 14.2 percent and 8.1 percent above the same year-earlier readings.

At end-2025, the leverage ratio of credit institutions in Romania was 9.1 percent (using a transitional definition), i.e. well above the 3 percent minimum requirement.

Monitoring of asset quality

In 2025, the key indicators measuring asset quality across the banking system, such as the non-performing loan ratio and the non-performing loan coverage ratio (2.7 percent and 62.4 percent), place Romania's banking sector in the EBA's low-risk bucket. The restructured loans ratio continued to improve, reaching 1.3 percent in December 2025, similarly to the EU average, while staying in the EBA's low-risk bucket.

The average non-performing loan (NPL) ratio of the banking system remained low, posting a slight annual increase (+0.2 percentage points), reaching 2.7 percent at end-2025, standing however above the EU average of 1.8 percent (December 2025). These dynamics were ascribable to the rise in non-performing exposures from loans and advances by 16.1 percent (from lei 13,570.5 million to lei 15,749.0 million).

The NPL coverage ratio remained at an adequate level throughout the year, ensuring a good buffer to cover potential losses. With its 62.4 percent value at end-2025, the NPL coverage ratio stood well above the EU average (41.4 percent in December 2025), and thus Romania ranked second (after Croatia) among the 30 countries reporting to the EBA.

The restructured loans ratio improved in the period under review, going down to 1.3 percent as at 31 December 2025, from 1.4 percent at end-2024. This is mainly attributable to the 6.4 percent increase in the exposure from loans and advances compared to 31 December 2024.

The share of loans classified in Stage 2 of impairment under IFRS 9 in total loans further improved, reaching 10.6 percent in December 2025 (versus 11.4 percent in December 2024). The adjustments for this category of loans totalled approximately lei 4.9 billion in December 2025. This indicator's performance points out the expectations of asset quality deterioration, its decrease being a potential positive indication in estimating future developments in the NPL ratio.

Monitoring of liquidity requirements

Throughout 2025, the liquidity of the banking sector in Romania remained adequate, maintaining its capacity to deal with potential shocks stemming from domestic macroeconomic imbalances, amid further high uncertainty, at geopolitical level included.

The liquidity of the banking system, determined based on the liquidity coverage ratio (LCR), stood well above the regulatory requirement for the aggregate indicator, i.e. 257.2 percent as at 31 December 2025 versus the minimum requirement of 100 percent, pointing to a sizeable stock of high-quality liquid assets in a 30-day stress scenario; it stood significantly above the level of the EU banking system, which came in at 163.1 percent on the same date.

In December 2025, the net stable funding ratio (NSFR) ran at 195.6 percent, further exceeding the 126.9 percent European average, which indicated a good capacity of banks in Romania to deal with possible vulnerabilities in terms of stable funding. The European regulatory requirement for the net stable funding ratio (NSFR) is of at least 100 percent.

Banks are mainly funded by deposits from the real sector (non-financial corporations and households) and, hence, given the credit institutions' preference for traditional funding sources, the funding risk for Romania's banking sector remains low. Specifically, deposits taken from non-bank clients expanded by 7.1 percent compared with end-2024 (from lei 706,675.5 million in December 2024 to lei 756,588.9 million in December 2025), while funds raised from parent banks increased by approximately 24.0 percent in the course of 2025, to lei 22,769.8 million.

Despite the liquidity risk profile being viewed as low, steady monitoring is mandatory. The present environment, dominated by external conflicts and new technologies (artificial intelligence, digitalisation), could destabilise financing conditions and liquidity flows more rapidly.

Profitability[221]

Looking at profit, in 2025, Romania's banking system reported positive developments, which indicates a strengthening of credit institutions' financial performance. The net profit of the local banking system amounted to lei 15,441.9 million at the end of the year. In terms of profitability, the ROE followed a slightly downward trend, whereas the ROA remained unchanged from end-2024.

Out of the 29 credit institutions operating in Romania, 21 posted positive financial results, with an aggregate net profit of lei 15,822.3 million, while eight credit institutions recorded losses of lei 380.4 million, pointing to an overall solid performance of the banking system, despite specific challenges.

Net profit expanded by 8.8 percent (lei 1,244.5 million) against the previous year, mainly as a result of the lei 1,747.4 million rise in operating profit, which was offset to a large extent by the 54.1 percent increase in net impairment loss, from lei 1,796.7 million at end-2024 to lei 2,767.9 million at end-2025.

In 2025, operating profit stood 9.0 percent higher than in the year before. There was a sharper increase in operating income (up 7.0 percent, or lei 2,711.4 million) as compared to the growth of operating expenses (up 5.0 percent, or lei 963.9 million).

The breakdown of operating income shows the ongoing prevalence of net interest income, albeit slightly on the wane from a year earlier, accounting for 68.5 percent of total operating income at end-2025, compared to 70.9 percent in 2024. Net fee and commission income remained another significant item in total operating income with an 18.2 percent share, approximately 3 percentage points higher than in the previous year.

[221] This section covers credit institutions, Romanian legal entities, and branches of foreign credit institutions.

	Net assets		Own funds*	
	lei mill.	%	lei mill.	%
1. Credit institutions with majority domestic capital, *of which:*	**352,402.2**	**36.81**	**32,749.7**	**37.01**
1.1. State-owned credit institutions, *of which:*	**137,020.7**	**14.31**	**11,484.0**	**12.98**
1. CEC Bank	107,619.6	11.24	8,435.3	9.53
2. Exim Banca Românească	29,401.1	3.07	3,048.7	3.45
1.2. Credit institutions with majority private capital, *of which:*	**215,381.5**	**22.50**	**21,265.7**	**24.03**
1. Banca Transilvania	210,414.0	21.98	20,437.2	23.10
2. Salt Bank	2,216.0	0.23	311.3	0.35
3. Banca Centrală Cooperatistă Creditcoop	1,886.9	0.20	379.1	0.43
4. Techventures Bank	753.6	0.08	43.5	0.05
5. Credex Bank	111.0	0.01	94.6	0.10
2. Credit institutions with majority foreign capital, *of which:*	**488,662.7**	**51.04**	**55,728.4**	**62.99**
1. Banca Comercială Română	132,220.9	13.81	16,602.9	18.77
2. UniCredit Bank	103,007.1	10.76	11,241.6	12.71
3. BRD – Groupe Société Générale	95,416.7	9.97	11,053.0	12.49
4. Raiffeisen Bank	88,603.1	9.26	8,622.9	9.75
5. Garanti Bank	20,593.7	2.15	2,477.8	2.80
6. Banca Comercială Intesa Sanpaolo	14,857.2	1.55	1,870.5	2.11
7. Libra Internet Bank	13,902.4	1.45	1,851.3	2.09
8. Vista Bank	10,467.0	1.09	1,017.2	1.15
9. Patria Bank	5,299.8	0.55	561.3	0.63
10. ProCredit Bank	3,353.8	0.35	281.5	0.32
11. BCR Banca pentru Locuințe	530.7	0.06	105.6	0.12
12. Banca Română de Credite și Investiții	410.3	0.04	42.8	0.05
I. Total credit institutions, Romanian legal entities (1+2)	**841,064.9**	**87.85**	**88,478.1**	**100.00**
II. Branches of foreign credit institutions, *of which:*	**116,301.5**	**12.15**	**...**	**...**
1. ING Bank N.V., Amsterdam	80,433.4	8.40	...	...
2. Citibank Europe plc, Dublin	18,958.5	1.98	...	...
3. Revolut Bank UAB Vilnius	6,023.7	0.63	...	...
4. TBI Bank EAD Sofia	3,757.3	0.39	...	...
5. Nexent Bank N.V. Amsterdam	3,293.6	0.34	...	...
6. BNP Paribas S.A. Paris	2,095.6	0.22	...	...
7. Banque Banorient France S.A. Paris	912.6	0.10	...	...
8. PKO Bank Polski S.A. Warsaw	609.1	0.06	...	...
9. Bank of China (CEE) Ltd	138.8	0.02	...	...
10. BNP Paribas Personal Finance S.A. Paris	78.9	0.01	...	...
Total credit institutions (I+II)	**957,366.4**	**100.00**	**...**	**...**

*) branches of foreign credit institutions do not report own funds

Table 6.5
Net assets and own funds as at 31 December 2025

Turning to profitability indicators, at end-2025, return on assets (ROA) stayed flat from end-2024, i.e. 1.7 percent, amid an increase in average assets by 9.1 percent (from lei 842,597.9 million to lei 919,607.4 million) and an 8.8 percent rise in net profit.

Return on equity (ROE) went slightly down by 0.8 percentage points from a year earlier, standing at 17.6 percent at end-2025. Behind this stood the stronger increase

in total equity by 13.8 percent on average compared to the rise in net profit, the former totalling approximately lei 87,639.7 million at end-2025.

1.3. Assessment of banking risks

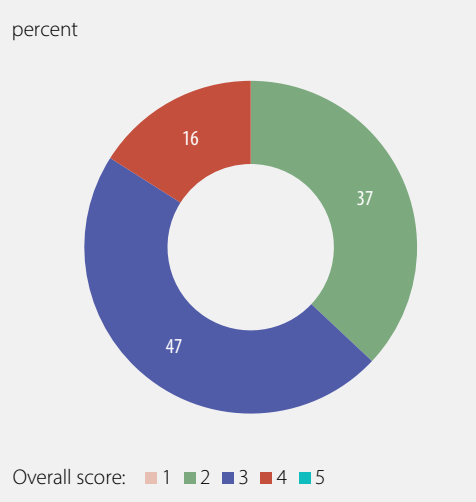


Chart 6.1
Distribution of credit institutions by overall SREP score

In the exercise of the tasks conferred on it by the regulatory framework on the supervision of credit institutions, the National Bank of Romania ensures, by conducting supervisory activities and the supervisory review and evaluation process (SREP), an ongoing assessment of the risks and viability of credit institutions and takes, when appropriate, the necessary measures to prevent and contain specific banking risks.

Following the SREP conducted in 2025, the scores were assigned as follows: 37 percent of the 19 credit institutions were assigned an overall score of 2 (medium-low risk), 47 percent an overall score of 3 (medium-high risk), 16 percent an overall score of 4 (high risk), and none received an overall score of 5 (Chart 6.1). Moreover, the average and median of total SREP capital requirements (TSCR) in the banking system were of 13.2 percent and 13.0 percent.

Looking at credit institutions from the viewpoint of SREP elements by score assigned, a score of 2 was given in most cases to liquidity adequacy, risks to liquidity and funding, capital adequacy, as well as business model (74 percent, 69 percent, 63 percent and 47 percent, respectively, of the assessed institutions). A score of 3 was mostly assigned to the assessment of risks to capital and internal governance and institution-wide controls (63 percent and 53 percent, respectively, of the assessed institutions) (Chart 6.2).

In line with the supervisory examination programme for credit institutions for 2025, throughout the year 20 on-site inspections were conducted, of which 19 at the offices of credit institutions, Romanian legal persons, and one at a branch in Romania of a credit institution having its head office in another EU Member State.

In addition to the scheduled activities, eight ad-hoc thematic reviews with specific supervisory objectives were also conducted at credit institutions (Table 6.6).

In the preparation of the supervisory examination programme the National Bank of Romania considered both the supervisory priorities identified and defined by the European Banking Authority in the European Supervisory Examination Programme (ESEP) for 2025 and the findings of the supervisory review and evaluation processes (SREP) conducted in the previous years.

The key objectives of supervisory activities for 2025 pursued during on-site inspections referred to: an assessment of credit risk; an assessment of risk to liquidity and funding; an assessment of interest rate risk for non-trading book activities.

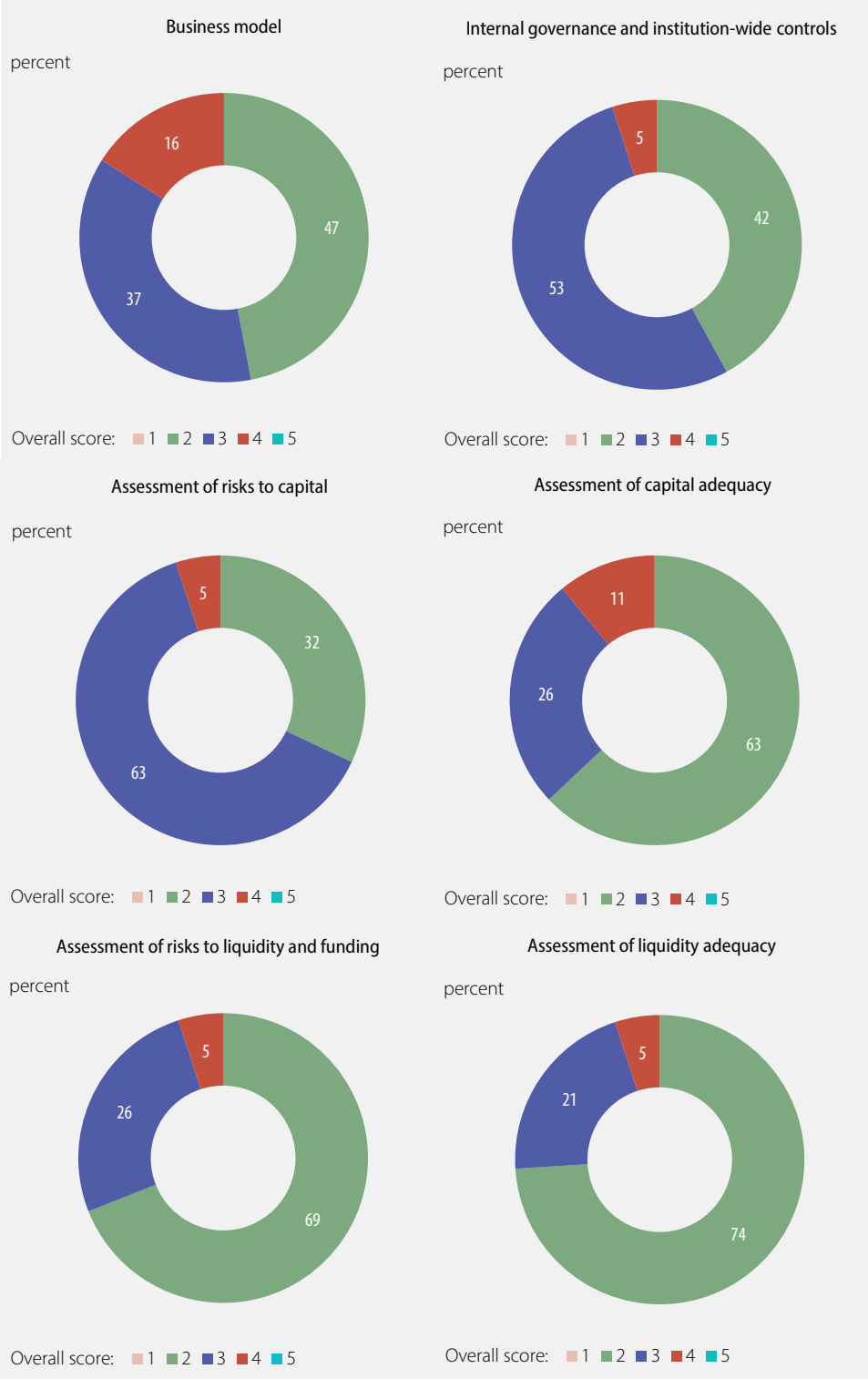


Chart 6.2
Distribution of credit institutions by the score assigned to SREP elements

Table 6.6
Topics of ad hoc thematic reviews

No.	Topics of thematic reviews	No. of reviews
1	Compliance with legal provisions on large exposures	5
2	Compliance with legal provisions on redemption of Common Equity Tier 1 instruments issued by the credit institution	1
3	Lending to individuals	1
4	Implementation of measures imposed by the NBR	1
	Total	8

The ongoing risk assessment included: (i) an assessment of the business model, (ii) an assessment of internal governance and institution-wide controls, (iii) an assessment of risks to capital, (iv) an assessment of capital adequacy, (v) an assessment of risks to liquidity and funding, and (vi) an assessment of liquidity adequacy, as well as an overall SREP assessment.

Table 6.7
Supervisory measures imposed pursuant to GEO No. 99/2006 on credit institutions, as subsequently amended and supplemented

No.	Measure	No. of cases
1	Strengthening the provisions on governance and internal capital management	26
2	Holding own funds at a level higher than minimum capital requirements	21
3	Imposing specific liquidity requirements	15
4	Reducing the risk inherent to activities, products and systems	7
5	Submitting a plan for restoring compliance with supervisory requirements	1
6	Imposing an increased reporting frequency	1
	Total	71

With a view to improving the management framework, the implemented strategies, processes and mechanisms and to ensuring adequate organisation of the activity of credit institutions, following supervisory activities, the NBR imposed supervisory measures (Table 6.7) and sanctions, i.e. written warnings and fines (Table 6.8).

Table 6.8
Sanctions imposed pursuant to GEO No. 99/2006 in 2025

Type of sanction	No. of cases	Banks	Board members	Executives	Managers
Written warning	4	3	-	-	-
Fine	2	2	-	-	-
Total	6	5	-	-	-

Information about the sanctions imposed on credit institutions in accordance with Article 229(1) of Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy, as subsequently amended and supplemented, which were not challenged under Article 275 or those for which objections were definitively rejected, as well as information regarding the type and nature of the breach and the identity of the sanctioned natural or legal person is available on the NBR website, under the Supervision section, published in accordance with the legal transparency requirements related to the supervisory authority provided in Article 234(4) of Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy, as subsequently amended and supplemented.

In 2025, in the prior approval process conducted by the National Bank of Romania, pursuant to the applicable legal framework (Article 108 of Government Emergency Ordinance No. 99/2006), 120 requests for prior approval were processed relative to credit institutions' board members, executives and key function holders, including individuals who were assigned new responsibilities (Table 6.9).

Table 6.9
Number of persons in the category of those referred to in Article 108 of GEO No. 99/2006, subject to the NBR's approval in 2025

	TOTAL, *of whom:*	Approved by the NBR	Rejected for non-compliance with the conditions stipulated by NBR Regulation No. 5/2013 or the special law*	Rejected following the NBR's assessment made pursuant to Article 109 of GEO No. 99/2006	Request for approval withdrawn by the credit institution
Executives	39	38	1	-	-
Board members	30	29	-	-	1
Key function holders	51	51	-	-	-
Total	120	118	1	-	1

*) Government Emergency Ordinance No. 75/1999 on financial audit, recast

2. Supervision of guarantee schemes

For the purpose of deposit guaranteeing, the Bank Deposit Guarantee Fund operates in Romania as the statutory deposit guarantee scheme, set up in accordance with Government Ordinance No. 39/1996 on the establishment and operation of the Bank Deposit Guarantee Fund, recast, as subsequently amended and supplemented.

At present, the activity carried out by the Fund is regulated by Law No. 311/2015 on deposit guarantee schemes and the Bank Deposit Guarantee Fund, as subsequently amended and supplemented.

At end-2025, credit institutions' deposits covered by the Bank Deposit Guarantee Fund amounted to lei 347,693.6 million, up by 3.8 percent versus the end of the previous year, pointing to the persistent upward trend over the past years.

3. Supervision of non-bank financial institutions, payment institutions and electronic money institutions

Pursuant to its mandate under the provisions of Law No. 93/2009 on non-bank financial institutions, as subsequently amended and supplemented, the National Bank of Romania conducts the prudential supervision of non-bank financial institutions listed in the Special Register, both based on the information provided via the reports submitted and by performing on-site inspections at their head offices and territorial units. Moreover, the NBR ensures the oversight of non-bank financial institutions entered in the General Register, mainly based on the information provided by these entities via the reports submitted.

Furthermore, according to the provisions of Law No. 209/2019 on payment services and amending certain legal acts, and of Law No. 210/2019 on the issuance of electronic money, the National Bank of Romania conducts the prudential supervision of authorised payment institutions, Romanian legal persons, including of the payment activity carried out through their branches and agents, as well as the prudential supervision of authorised electronic money institutions, including of the electronic money issuance and payment services provision carried out through their branches and agents.

In the course of 2025, the NBFI sector showed a tendency to stabilise (in terms of both number and key aggregate financial indicators), similarly to 2024. Moreover, payment institutions and electronic money institutions continued to follow the stabilising trend seen in the prior years.

3.1. Non-bank financial institutions

The number of NBFIs listed in the General Register remained virtually unchanged at 175 at end-2025 versus 179 at end-2024.

By type of lending activity, in line with the sections in the General Register, 161 institutions (92 percent) were recorded under "Multiple lending activities", a slightly lower share than that reported at end-2024 (92.2 percent).

The share capital of NBFIs rose by 2.03 percent against end-2024, amounting to lei 4,735.2 million as at 31 December 2025, and their aggregate net assets totalled lei 74,173.6 million, up by 14.18 percent versus end-2024, particularly owing to the increase in the number of NBFIs entered in the Special Register. Aggregate net assets of the NBFIs listed solely in the General Register decreased, following both institutions' migration to the Special Register and the erasures reported throughout the year.

Table 6.10
Breakdown of NBFIs by activity as at 31 December 2025

Activity	Special Register (1)		General Register* (2)		General Register (1+2)	
	No.	%	No.	%	No.	%
Multiple lending activities	76	92.7	85	91.4	161	92.0
Financial leases	0	0.0	5	5.3	5	2.9
Issuing guarantees and assuming commitments, including credit guarantee	2	2.4	0	0.0	2	1.1
Consumer loans	3	3.7	1	1.1	4	2.3
Micro loans	0	0.0	0	0.0	0	0.0
Factoring	0	0.0	1	1.1	1	0.6
Financing of commercial transactions	1	1.2	1	1.1	2	1.1
Housing and/or mortgage loans	0	0.0	0	0.0	0	0.0
Discounting	0	0.0	0	0.0	0	0.0
Forfaiting	0	0.0	0	0.0	0	0.0
Other financing means in the form of loans	0	0.0	0	0.0	0	0.0
Total	82	100.0	93	100.0	175	100.0

*) excluding NBFIs entered in the Special Register

Loans and advances (net carrying amount) equalled lei 66,238 million, of which receivables from financial leases accounted for lei 30,627.9 million and receivables from customer transactions came in at lei 32,775.1 million.

Impaired assets of non-bank customers (net) held 3.21 percent of the total loan portfolio of non-bank customers (net) and 2.75 percent of the asset value (net).

In 2025, the return on assets (ROA) and the return on equity (ROE) reported by non-bank financial institutions registered in the Special Register increased slightly as compared with those recorded in 2024, whereas the ROA and the ROE of NBFIs entered solely in the General Register declined significantly.

Table 6.11
Key indicators of the NBFI sector as at 31 December 2025*

lei mill.**

Indicator	Special Register	General Register***	General Register
Share/endowment capital*	4,324.0	411.2	4,735.2
Total assets (net)	72,680.3	1,493.3	74,173.6
Loans and advances (net carrying amount), *of which:*	65,142.0	1,096.0	66,238.0
– receivables from customer transactions	31,854.2	920.9	32,775.1
– receivables from operations with credit institutions	2,494.4	51.4	2,545.7
– receivables from financial leases	30,506.6	121.3	30,627.9
Impaired assets of non-bank customers (net)/Total loans to non-bank customers (net), %	3.09	10.38	3.21
Impaired assets of non-bank customers (net)/Total assets (net), %	2.65	7.25	2.75
Impaired assets of non-bank customers (net)/Total liabilities (%)	3.16	11.56	3.29
Retained earnings/Loss carried forward	4,431.0	40.5	4,471.5
Profit for the year 2025	2,153.5	23.9	2,177.4
ROA (Net income/Total assets, %)	2.96	1.6	2.94
ROE (Net income/Total equity, %)	18.51	4.29	17.86
Number of contracts	1,926,331	70,775	1,997,106
Number of customers, *of which*:	1,948,692	45,617	1,994,309
– individuals	1,712,619	41,572	1,754,191
– legal entities	236,073	4,045	240,118

*) including data reported by NBFIs that are also payment institutions

**) excluding "ROA", "ROE", "Number of contracts" and "Number of customers"

***) excluding NBFIs entered in the Special Register

The aggregate profit of the NBFIs listed in the Special Register was lei 2,153.5 million, while the NBFIs entered only in the General Register recorded a profit of lei 23.9 million, the total profit of the non-bank financial sector amounting to lei 2,177.4 million.

The table below sets out the breakdown of the share/endowment capital by country of origin for the NBFIs registered in the Special Register as at end-2025.

The share of domestic capital rose marginally compared to end-2024, from 62.7 percent to 64.87 percent.

As for the other countries holding stakes in the share/endowment capital of the NBFIs listed in the Special Register, at end-2025, Germany came in first (33.12 percent of

total foreign capital), ahead of Austria (14.52 percent), Italy (12.11 percent), Cyprus (9.51 percent) and the United Kingdom (6.64 percent). These five countries jointly accounted for 75.9 percent of foreign capital.

Table 6.12
Share/endowment capital by country of origin as at 31 December 2025

percent

Country of origin	Share/Endowment capital	
	in total capital	in total foreign capital
Romania	64.87	
Germany	11.63	33.12
Austria	5.10	14.52
United Kingdom	4.25	12.11
Italy	3.34	9.51
Cyprus	2.33	6.64
Sweden	2.29	6.52
Netherlands	1.07	3.06
Latvia	1.00	2.86
France	0.84	2.37
Luxembourg	0.84	2.36
Other	2.44	6.93

Thus, the breakdown of the share/endowment capital by country of origin shows the notable influence of the European financial industry on Romania's NBFI sector, as well as a possible sensitivity of this sector to the economic developments in the other European countries.

Prudential supervision and oversight of NBFIs

Prudential supervision and oversight of NBFIs consisted in monitoring the drafting and submission of regular reports and the changes in the institutions' standing, as well as in on-site inspections at the offices of non-bank financial institutions and off-site inspections from the head office of the National Bank of Romania by the dedicated NBR staff via e-mail and secure data transfer applications. These actions resulted in supervisory reports and sanctions enforced or measures imposed, as appropriate, in accordance with the legal provisions in force.

Consistent with the supervisory examination programme for 2025, the NBR staff carried out four inspections at the offices of non-bank financial institutions, the objectives being the following: organisation and conduct of accounting, compliance with IFRS principles, checking the drafting of reports submitted to the NBR, internal governance and institution-wide controls, significant risk management, and conduct of internal audit in NBFIs.

In addition, following the off-site monitoring/supervision of the drafting and submission of regular reports, of the changes in the institutions' standing, as well as of compliance with the prudential requirements set by regulations, four supervisory reports were prepared.

Based on the findings in the above-mentioned on-site and off-site reports, the central bank imposed fines or sanctions in the form of a written warning in four cases, as well as remedial measures to correct deficiencies in four cases.

During 2025, one NBFI was sanctioned with the suspension of its lending activity and another was subject to a sanction of erasure from the registers of non-bank financial institutions kept by the National Bank of Romania and to a ban on lending.

3.2. Payment institutions

At end-2025, 12 payment institutions and 26 agents through which they perform payment services in Romania and abroad were listed in the Payment Institutions Register. Moreover, four of the authorised payment institutions are also non-bank financial institutions, being entered in the General Register. In the course of 2025, the prudential supervision of payment institutions was conducted based on the analysis of reports and changes in the institutions' standing, submitted by payment institutions in compliance with the applicable legal provisions.

During 2025, eight requests for prior approval were processed relative to board members and executives responsible for payment services provision within payment institutions and agents through which these entities perform payment services in Romania and abroad.

3.3. Electronic money institutions

At end-2025, the Register of Electronic Money Institutions included three such institutions, one of which is also a non-bank financial institution, and an agent through which they perform payment services in Romania.

In the course of 2025, the prudential supervision of electronic money institutions was conducted based on the analysis of the reports submitted and of the changes in the institutions' standing, in compliance with the applicable legal provisions.

Furthermore, a request for prior approval was processed relative to board members and executives responsible for the issuance of electronic money.

4. Supervising the prevention of money laundering and terrorist financing and enforcing international sanctions

The National Bank of Romania oversees and controls the implementation of the legal framework governing the prevention of money laundering and terrorist financing, as well as the enforcement of international sanctions by: (i) credit institutions, Romanian legal entities, including their branches abroad and the branches of credit institutions, foreign legal entities, carrying out their activity on the territory of Romania; (ii) payment institutions, Romanian legal entities, including their activity conducted

directly in another EU Member State, and the branches of payment institutions located in other EU Member States; (iii) electronic money institutions, Romanian legal entities, including their activity conducted directly in another EU Member State, and the branches of electronic money institutions located in other EU Member States; (iv) non-bank financial institutions listed in the Special Register and non-bank financial institutions registered with the General Register, which are also licensed to operate as payment institutions or electronic money institutions. At the same time, the National Bank of Romania is the competent authority that ensures the risk-based supervision of the application of the legal framework governing the prevention of money laundering and terrorist financing for: (i) agents and distributors in Romania of payment institutions and electronic money institutions located in other EU Member States and (ii) crypto-asset service providers, which are also credit institutions or electronic money institutions.

In 2025, the National Bank of Romania continued to strengthen its operational capacity to oversee the entities that fall under its supervisory remit in terms of the money laundering and terrorist financing risks they are exposed to. To this end, in line with the strategic objectives set out in the Strategy for the supervision of credit institutions, non-bank financial institutions, payment institutions and electronic money institutions, depending on the exposure to the money laundering and terrorist financing risks for the period 2024-2028, approved by the Supervisory Committee of the National Bank of Romania, in 2023, the risk-based supervisory and assessment process was adjusted depending on the money laundering and terrorist financing risks identified across sectors, sub-sectors and individual entities, as well as on the risks highlighted by the EBA and the results of the evaluation by the Council of Europe's Moneyval Committee (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism). Thus, in 2025, 23 supervisory actions were conducted with a focus on the activity performed by the supervised institutions for preventing money laundering and terrorist financing and for enforcing international sanctions, of which 16 supervisory actions were in line with the supervision programme in the field of preventing and combating money laundering and terrorist financing, as well as the enforcement of international sanctions for credit institutions, non-bank financial institutions, payment institutions and electronic money institutions for 2025, approved by the Supervisory Committee of the National Bank of Romania, and 7 ad-hoc supervisory actions, as part of the off-site monitoring activity.
The preparation of the supervisory examination programme for 2025 took into account both the priorities identified by the European Banking Authority in the 2025 European Supervisory Examination Programme (ESEP) for Prudential Supervisors and the findings of the supervisory review and evaluation processes (SREP) conducted in previous years. Of the total supervisory actions, 18 were carried out at credit institutions and Romanian branches of foreign credit institutions, while the other 5 were conducted as follows: 1 joint action targeting 5 non-bank financial institutions, 1 action for the branch of a non-resident payment institution, 1 action for a payment institution, Romanian legal entity, and 2 actions aimed at the branch of a non-resident non-bank financial entity.

Where risks and instances of non-compliance were identified, 28 orders were issued for taking supervisory measures alongside 5 letters of recommendations, with a view to improving the AML/CFT framework. Moreover, 17 administrative sanctions were applied to supervised institutions, of which 12 warnings and 5 fines totalling lei 1,150,000.

The National Bank of Romania participated in 17 meetings of AML/CFT Supervisory Colleges established by competent authorities in the European Union, in the context of strengthening interinstitutional and international cooperation, as well as of concentrating institutional efforts on strategic developments.

The National Bank of Romania, as part of the national system for preventing and combating money laundering and terrorist financing, established under Law No. 129/2019, cooperates with the other authorities and institutions in the preparation and implementation of specific policies and activities. To this end, the National Bank of Romania carries out the assessment of the risks posed by money laundering and terrorist financing to the financial sector under its supervision and cooperates with the National Office for Prevention and Control of Money Laundering with a view to making national risk assessments. According to the same regulatory framework, the national risk assessment is updated on a regular basis, at least every four years. In this context, in 2025 the central bank started to update the national assessment of money laundering and terrorist financing risks adopted by the Interinstitutional Council (September 2022) and identify the actions needed for their mitigation. At the same time, the National Bank of Romania continued the steps taken in 2024 to bring the sectoral assessment of these risks up to date.

Turning to the enforcement of international sanctions, in the context of unprecedented changes in the international sanctions regime, especially those adopted by the European Union with regard to the Russian Federation, the National Bank of Romania contributed to strengthening the national legal framework on the enforcement of international sanctions, by carrying on the process of updating Government Emergency Ordinance No. 202/2008 on the enforcement of international sanctions, as approved and amended by Law No. 217/2009.

In supervising how entities apply international sanctions, the National Bank of Romania continued to consider:

- assessing the risks posed by the internal governance and institution-wide controls to the activities carried out by the supervised entities, by setting specific objectives in the annual supervisory programme;
- sending recommendations to the supervised institutions for adopting appropriate measures to optimise the internal risk management framework, such as strengthening the policies, procedures and control mechanisms implemented to comply with the regulations on international sanctions;
- corresponding with entities subject to supervision by the central bank in order to raise awareness of the risks of violation or circumvention of the international sanctions imposed by the UN Security Council and the European Union, as well as to ensure proper enforcement of sanctions specific to the banking and financial sector by: providing information; clarifying legal requirements; organising work meetings with the supervised institutions;
- fulfilling the obligations to exchange information and notify/report to the EU Member States and to the European Commission respectively, including by collecting and pooling the data provided by credit institutions on restricted/frozen funds, as well as on the specific reports provided for by the sectoral restrictive measures in force;

- cooperating with the competent authority in dealing with requests for derogations from the application of international sanctions, by providing the requested opinions; and
- publishing on the National Bank of Romania's website, in the Supervision section, Implementation of international sanctions sub-section, the lists of consolidated international sanctions of competent international organisations, as well as the relevant guidelines and notes.

Moreover, in 2025 central bank representatives participated in: (i) the meetings of the Interinstitutional Council for the Implementation of International Sanctions (CIISI), established in accordance with Government Emergency Ordinance No. 202/2008 and (ii) the meetings of the Commission Expert Group on Union restrictive measures (EU sanctions) and extra-territoriality.

A permanent concern was to raise supervised entities' awareness of the importance of a proper application of international sanctions, also in light of the financial impact of compliance, reputational and operational risks. Against this background, it is to be noted that the fourth edition of the PROTECTOR Conference dedicated to the banking and financial sector was held on 19 June 2025, in collaboration with the coordinator of the Interinstitutional Consultative Group, with the participation of representatives of the supervised entities, competent authorities in Romania and the Republic of Moldova, as well as of the main institutions and authorities tasked with enforcing international sanctions.

At European level, the National Bank of Romania took part in the meetings of the Standing Committee on anti-money laundering and countering terrorist financing (AMLSC) within the European Banking Authority (EBA), thus contributing to the exchange of relevant information on current and emerging risks and to the harmonisation of supervisory practices, as well as to the approval of draft opinions, guidelines, regulatory and implementing technical standards, recommendations adopted by the European Banking Authority.

In 2025 the AMLSC ceased to operate once the EBA transferred its AML/CFT mandate to the newly established institution.

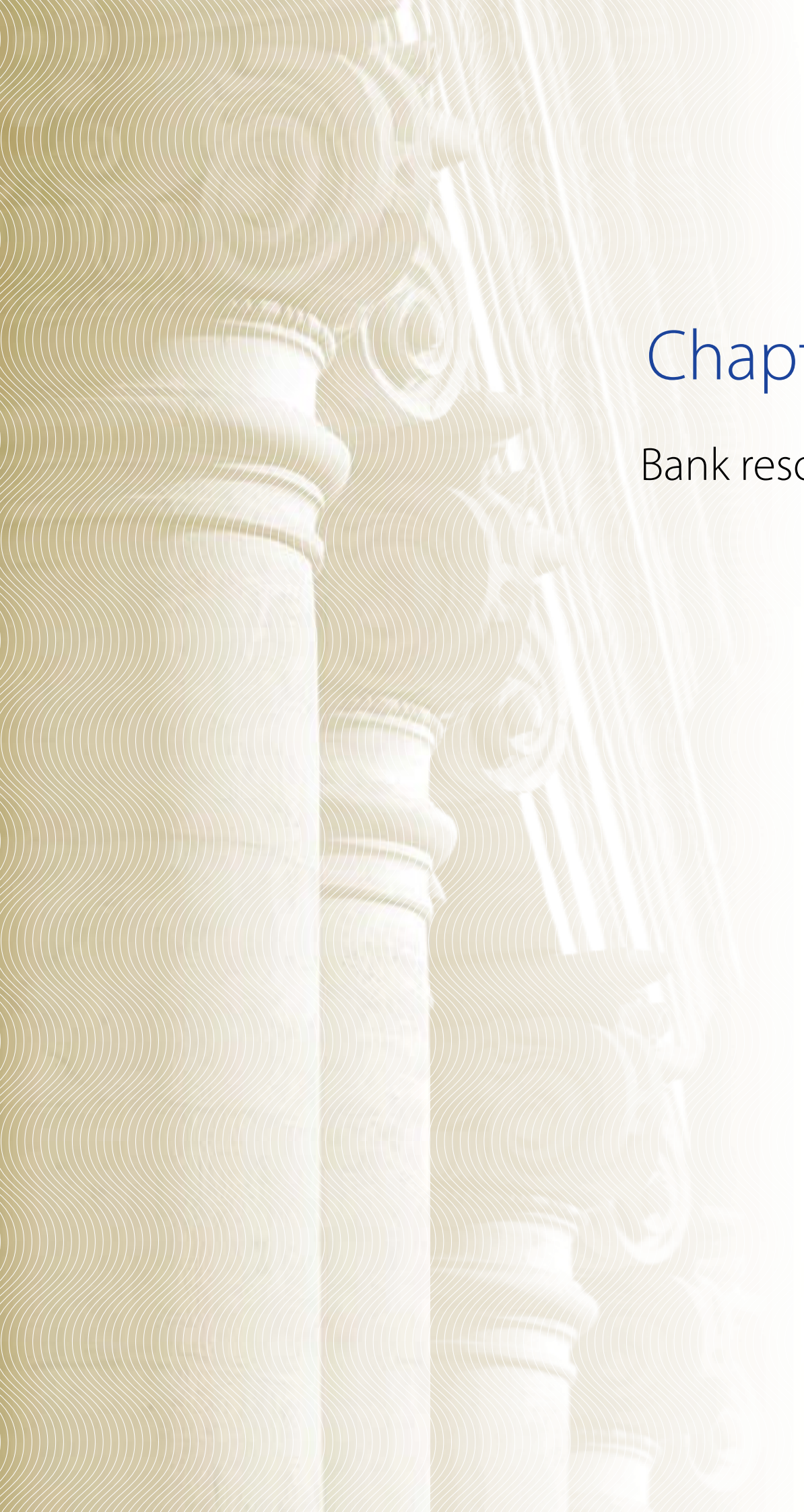
In view of the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) starting its operations, during 2025, the National Bank of Romania represented Romania on AMLA's General Board – in Supervisory composition, and, starting with the final quarter of the year, also in the new internal committees of AMLA, namely the Internal Committee on Private Sector Standards and the Internal Committee on the Functioning of the Supervisory System.

In parallel, the experts from the National Bank of Romania started to participate in the working groups and in the expert network, mainly to support a smooth transition to the new EU framework in the field of anti-money laundering by developing regulatory technical standards, implementing technical standards, guidelines on common procedures and methodologies for the supervisory review and evaluation process, as well as by defining cooperation mechanisms between competent authorities.

At end-2025, the AMLA Chair paid a visit to the National Bank of Romania, in the context of an extensive consultation process with representatives of national sectoral authorities and the private sector. This endeavour focused on the exchange of opinions on the EU's new AML/CFT framework, supervisory expectations and strengthening institutional cooperation.

Furthermore, throughout 2025, the National Bank of Romania continued to represent Romania in the meetings of the European Commission's Expert Group on Money Laundering and Terrorist Financing.

As part of international cooperation, during 2025 the National Bank of Romania participated in the two plenary meetings organised by the Council of Europe's Moneyval Committee in Strasbourg. It contributed opinions and ensured the exchange of information, in its capacity as supervisory authority, with both the Moneyval Committee and other peer authorities. In this context, special mention deserves the engagement of the National Bank of Romania in the preparation of the draft follow-up report by the Moneyval Committee following the fifth round evaluation of Romania completed in 2023.



Chapter 7

Bank resolution

1. Planning and preparing the resolution

1.1. Current activity of resolution planning

In 2025 as well, planning was the main activity in the field of bank resolution.

The resolution plans for local credit institutions were updated according to the usual calendar, while, in the case of significant subsidiaries and branches of cross-border banking groups in Romania, the contributions to group resolution plans were reviewed. At the same time, the NBR/RA further participated in the activities of the resolution colleges, in order to adopt the joint decisions on group resolution plans and the MREL requirements.

The review of the resolution strategies set in the previous planning cycle produced no substantial changes. The NBR-RA's preferred resolution tool continues to be the bail-in tool for large local banks and the subsidiaries of cross-border groups with MPE resolution strategies, and the power to write down or convert capital instruments and eligible liabilities for the subsidiaries of cross-border groups with SPE resolution strategies. Conversely, for local medium-sized resolvable credit institutions, the sale of business or the bridge bank tool remained the main options considered.

The monitoring of credit institutions' progress on resolvability sought compliance with EBA Guidelines on improving resolvability (EBA/GL/2022/01), continuously assessing the development of operating manuals, methodologies, processes, and applications/databases relevant in the context of the resolution planning process. In addition, the operational framework for testing credit institutions' capabilities was established along three main coordinates: (i) the items subject to testing; (ii) the testing method envisaged; (iii) the rollout calendar. Multiannual testing plans also reflect the results of credit institutions' self-assessments on improving resolvability. Thus, for the first year of testing, namely 2026, the NBR set institution-specific priorities, primarily taking into account the progress of capabilities, as well as system-wide priorities, overarching both the above-mentioned capabilities generic importance and pursued targets to ensure preparedness for a possible resolution action. For credit institutions, Romanian legal entities, that are part of cross-border banking groups, the following common priorities envisaged by the Single Resolution Board were agreed: (i) management information systems in the context of operational continuity in resolution and (ii) bail-in operationalisation. For credit institutions that are not part of a cross-border banking group, the specific priorities aim at governance in resolution planning, operational continuity, implementation of the resolution procedure – separability in support of resolution and access to financial market infrastructures. The testing of the capacity to submit promptly the information/data necessary for valuation in the event of a resolution action, in the format required by the NBR/RA, was set as a common priority at the level of

the Romanian banking system. The main testing methods used in this first iteration are a walkthrough and a dry-run.

1.2. Decision-making on the minimum requirement for own funds and eligible liabilities (MREL)

The NBR/RA issued new administrative actions to implement the MREL for both local credit institutions and those that are part of cross-border groups and continued the monitoring efforts for compliance with the updated MREL target on a continuous basis, including the replacement of eligible instruments disqualified on grounds of a residual maturity of up to one year.

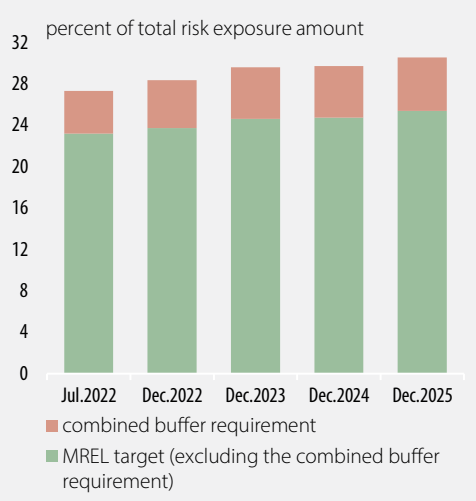


Chart 7.1
MREL target

For resolvable credit institutions, in which case the MREL also includes the recapitalisation amount, the weighted average of the MREL target level increased slightly by 0.67 percentage points, as at 31 December 2025 as compared to end-2024, to 25.4 percent of the total risk exposure amount[222], excluding the combined buffer requirement. Where the combined buffer requirement is taken into account, the change would go up as well, i.e. from 29.74 percent to 30.58 percent (Chart 7.1). The average MREL (excluding the combined buffer requirement) is 25.66 percent of the total risk exposure amount for credit institutions that are resolution entities[223] and 24.88 percent for institutions that are not resolution entities[224].

In view of the 2025 increase by 7.33 percent in the reporting base (total risk exposure amount) to lei 360.3 billion, the aggregate MREL in nominal terms rose in 2025 by lei 8.5 billion to lei 91.6 billion for resolvable credit institutions, out of which lei 47 billion is the requirement imposed by the NBR/RA, in addition to own funds requirements.

The MREL resources of resolvable credit institutions saw, at the reference date, a cumulative surplus of lei 22 billion against the MREL target (plus the combined buffer requirement), up by lei 2.4 billion versus end-2024, i.e. 12 percent. The MREL capacity went up lei 12.7 billion, mainly driven by the dynamics of the stock of eligible debt instruments[225], as well as by those of own funds, the surplus of eligible resources against

222 The weighted average of the MREL target level depending on the total exposure measure was 6.04 percent at end-2025 for resolvable institutions.

223 Banks in groups with a multiple point of entry (MPE) resolution strategy or local credit institutions subject to the resolution measures set forth in the resolution plan.

224 Banks in groups with a single point of entry (SPE) resolution strategy.

225 +19.1 percent versus end-2024.

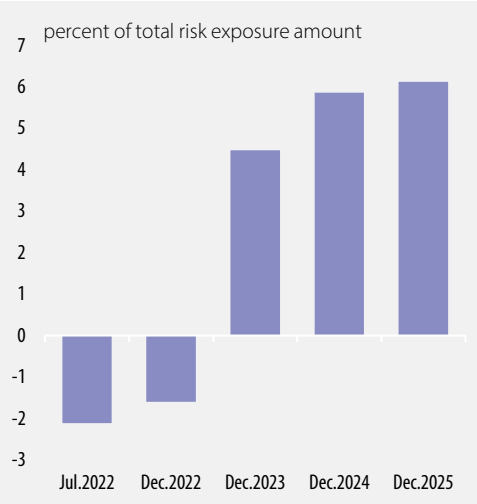


Chart 7.2
Estimated surplus against the MREL target including the combined buffer requirement

the MREL target (with the combined buffer requirement) reaching 6.12 percent of total risk exposure amount (Chart 7.2).

MREL eligible resources were further raised via issues of bonds on international capital markets, as well as domestically, by credit institutions that are resolution entities. In addition to senior non-preferred (SNP) notes, additional Tier 1 instruments, as well as preferred senior notes were also issued. At the same time, non-resolution entities (subsidiaries of cross-border banking groups with Single Point of Entry – SPE resolution strategies) continued to either take new SNP loans or to extend the maturities of outstanding SNP loans from parent banks.

2. National and international communication and cooperation

In 2025, the NBR/RA continued to cooperate with other European institutions on bank resolution topics, actively participating in the meetings of the EBA's Resolution Committee (ResCo) and the working sub-groups of this committee, as well as formulating technical opinions on the various topics within the scope of bank resolution, such as: (i) EBA's regulatory documents (regulatory technical standards, implementing technical standards, guidelines, etc.), (ii) the handbook on simulation exercises for resolution, (iii) simplifying and increasing the efficiency of the regulatory and supervisory framework, (iv) new challenges and the crisis management and resolution framework and (v) integrated reporting.

Also worth noting in terms of international cooperation was the continued participation in the EBA's European Resolution Examination Programme (EREP); specifically, the NBR/RA was involved in the third EREP[226] and, additionally, in preparing the fourth one[227]. The EREP priorities for 2025 were a natural continuation of those set out for the previous year, whose fulfilment extends over several years. However, these were updated to reflect the operational aspects more strongly. Specifically, the EREP priorities set for 2025 focused on: (i) addressing MREL shortfalls, (ii) MIS capabilities for valuation, (iii) liquidity needs in resolution, and (iv) the operationalisation of resolution tools. While progress has been noted on all aspects monitored, the conclusions of the report point to the need for further efforts. These will be subject to the next EREP: (i) the operationalisation of resolution tools (including the implementation of the bail-in tool in a cross-border context); (ii) the operationalisation of funding and liquidity strategies in resolution.

226 EBA's 2024 Supervisory Convergence Report, published in October 2025.

227 EBA's 2025 Supervisory Convergence Report, which will be published in 2026.

3. Bank Resolution Fund

At end-2025, the Bank Resolution Fund's resources increased by lei 0.46 billion from end-2024, reaching lei 3.83 billion, mainly due to the collection of contributions for 2025, which totalled lei 0.254 billion and were fully paid by credit institutions, Romanian legal entities, as well as to the income resulting from capitalising on its previously accumulated resources.

Thus, relative to the legal provision on the minimum target level of the available financial resources of the Bank Resolution Fund, i.e. at least 1 percent of the covered deposits of all credit institutions authorised on the territory of Romania (lei 347.69 billion as at 31 December 2025), the coverage ratio remained above one (1.1025 percent), exceeding the minimum requirement.

4. Regulatory framework for bank resolution

Since coming into effect ten years ago, the resolution framework has continued to evolve. In 2025, it was extended at the level of primary legislation through the transposition into national law of Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 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 Chain Directive). Specifically, since the entry into force of the legal act amending Law No. 312/2015, the resolution authority will no longer determine nor impose the MREL to credit institutions resolvable through liquidation under insolvency proceedings, except when it deems necessary to set the MREL above own funds, namely the loss absorbing capacity, taking particularly into account any potential impact on financial stability and contagion risk in the financial system, including with respect to the financing capacity of deposit guarantee schemes.

Moreover, Directive (EU) 2022/2556 as regards digital operational resilience for the financial sector (DORA Directive), was transposed[228] into national law and enforced together with the related Regulation (EU) 2022/2554[229], directly applicable.
The main provisions in the field of bank resolution aim to demonstrate the capacity of ensuring digital operational resilience and assess the reliability of contractual arrangements on the use of ICT services in terms of robustness and enforceability in the event of resolution of the institution, particularly the networks and systems supporting critical functions and core business lines of the credit institution. Thus, the additional elements will be integrated in resolution planning and resolvability assessment.

Relevant developments in the primary legislation were also recorded at the level of the bank crisis management and deposit insurance (CMDI) framework, with the

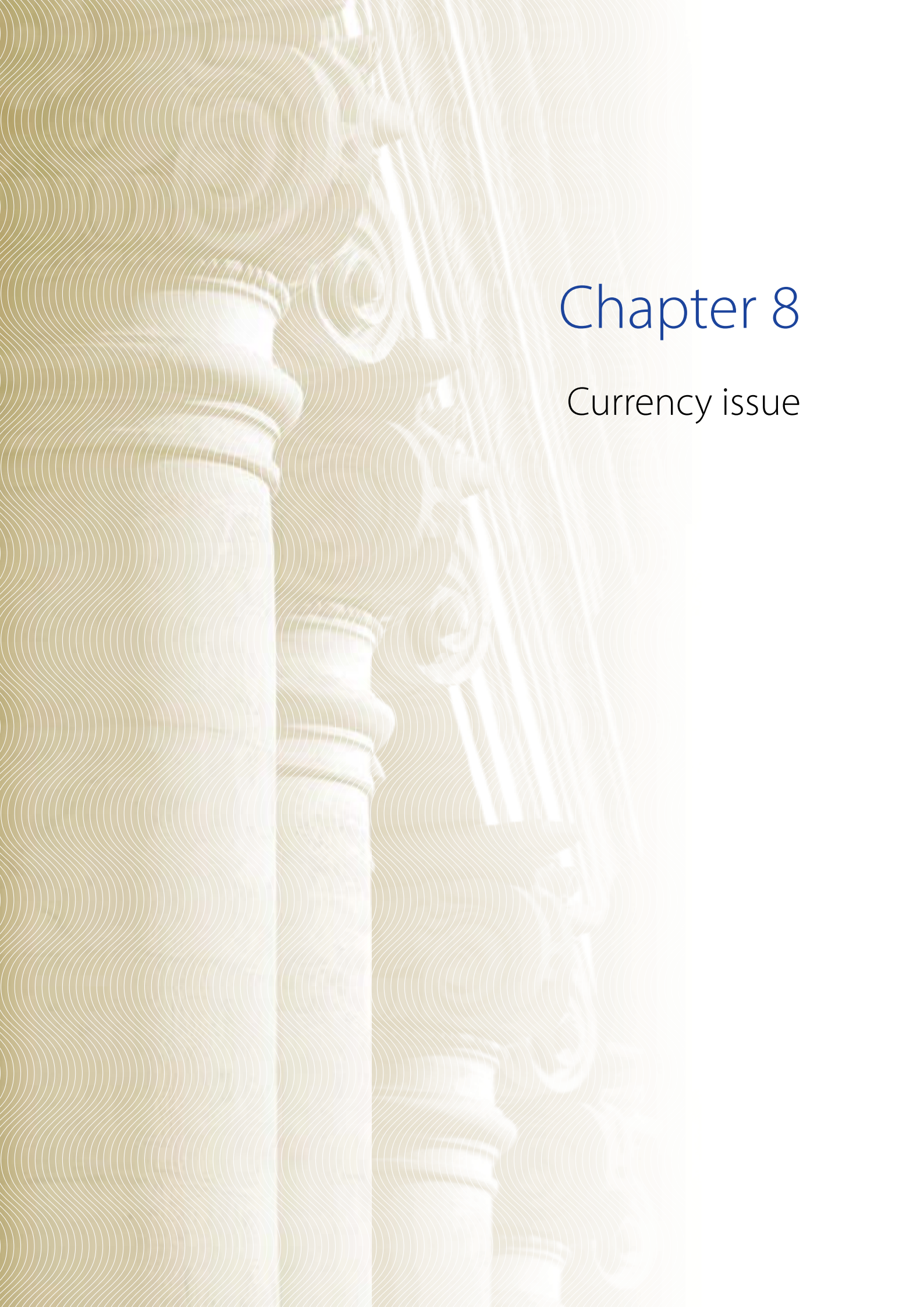
228 The law transposing the DORA Directive was adopted and published in *Monitorul Oficial al României*, Part I, No. 234 of 17 March 2025 – Law No. 16/2025 on amending and supplementing some legal acts in the financial field.

229 Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011.

completion of the political agreement between the Council and the European Parliament in mid-2025. The technical discussions among the co-legislators on transposing that agreement into proposals for amending the European legislative acts concerned, i.e. Directive 2014/49/EU on deposit guarantee schemes (DGSD), Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD), and Regulation (EU) No 806/2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (SRMR), resulted in a provisional compromise solution at the beginning of November 2025, the European Parliament publishing draft acts amending and supplementing the related primary legislation. The CMDI package was published in the Official Journal of the European Union on 20 April 2026.

Specifically, the conditions for the resolution of failing small- and medium-sized banks were revised. The new provisions regarding the public interest assessment (PIA) lay the groundwork for several credit institutions to obtain a positive PIA (and, implicitly, to be resolvable), without changing, however, the default option, namely liquidation.

Moreover, steps are taken to ensure the Europe-wide harmonisation of the framework for using, under certain conditions, deposit guarantee scheme (DGS) funds to bridge the funding gap if a bank's internal resources (own funds and bail-inable liabilities) fall short of the 8 percent of total liabilities and own funds (TLOF) threshold, in order to unlock access to the Single Resolution Fund, avoiding a possible recourse to uncovered depositors bail-in. The potential DGS contribution to the resolution of failing banks reflects the common final objectives of deposit guarantee and resolution, namely depositor protection and financial stability. The use of DGS funds in resolution procedures, complementing those necessary for reaching the 8 percent TLOF threshold, is conditional on a number of strict criteria to ensure that MREL remains the main line of defence, moral hazard is minimised, and the principle on which losses are borne by shareholders and creditors is not diluted. The exceptional and limited access to DGS funds is only allowed for banks that are resolvable through a market exit strategy, passing the "least cost test" for the deposit guarantee scheme. The methodology of the test has been simplified by placing a cap ensuring that any use of DGS funds cannot exceed the amount of covered deposits held by the bank in question. The text agreed by the co-legislators, based on the political agreement reached on 25 June 2025, retains the current preference for covered deposits in the hierarchy of claims (DGS included) and a second tier for the uncovered deposits of households and small- and medium-sized enterprises (SMEs), but also of public authorities which will have protection following the DGSD amendment. The uncovered deposits of large companies, the excluded deposits of financial institutions and central public authorities are in the third tier of the hierarchy. This revised insolvency order of preference also aims to maintain depositors' confidence in the banking system and mitigate the risk of bank runs.



Chapter 8

Currency issue

In 2025, the NBR supplied the necessary currency in terms of quantity, value and denomination composition to ensure smooth money circulation, and took appropriate measures to raise the quality of Romanian banknotes and coins in circulation.

1. Developments in currency in circulation outside banks

In 2025, the value of currency outside banks expanded by 9.5 percent (up to lei 143,931.9[230] million), the pace of increase being 4.7 percentage points slower than that recorded in 2024.

In 2025, the currency in circulation outside banks largely preserved its seasonal patterns, high monthly growth rates being reported in April (2.5 percent), under the impact of Easter, and in August (1.5 percent), as a result of paid holidays. Over the remaining months, its value recorded more modest increases, even during the winter holidays when the demand for currency was lower (0.7 percent in November and 0.6 percent in December compared to 1.6 percent in November 2024 and 2.7 percent in December 2024).

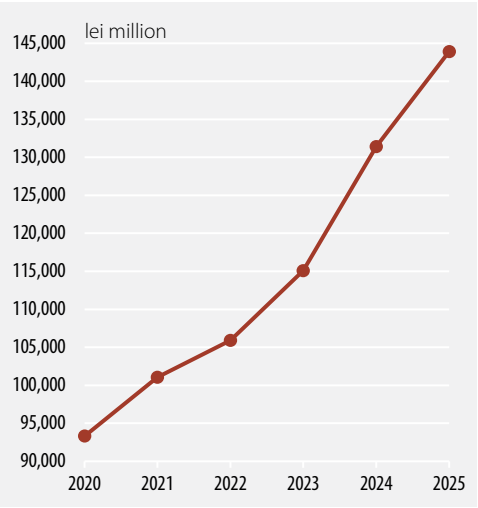


Chart 8.1
Developments in the value of currency in circulation outside banks during 2020-2025

Currency outside banks reached a record high of lei 147,503 million for the year under review (+9.6 percent versus the 2024 peak) on 19 December 2025.

At end-2025, the number of banknotes outside banks was 2,007 million, and the number of coins amounted to 6,104 million. The value of these banknotes posted a 9.5 percent increase year on year, whereas the value of coins stood 5.8 percent higher.

The lei 100 banknote was the most frequently used, its share in the total number of banknotes outside banks standing at 25.2 percent, followed by the leu 1 banknote (25.1 percent) and the lei 200 banknote (16.0 percent). The lei 500 banknote held the lowest share (1.2 percent). Given the date when the new note with face value of lei 20 was put into circulation (in 2021), its share at end-2025 remained low, i.e. only 2.8 percent (Chart 8.2).

230 Lei 139,802.1 million, excluding the cash in automated teller machines and automated exchange teller machines.

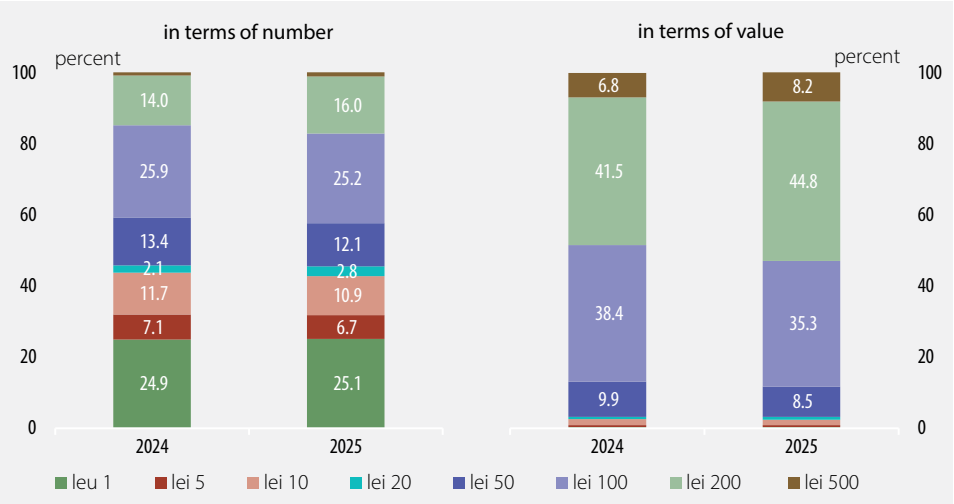


Chart 8.2
Denomination composition of banknotes in circulation in 2024 and 2025

As for coins, the bani 10 and bani 5 denominations accounted for the largest shares, i.e. 42.7 percent and 25.6 percent, respectively.

In terms of value, the bani 50 and bani 10 coins covered 89.2 percent of the total value, the largest share being held by the bani 50 coin, i.e. 57.2 percent (Chart 8.3).

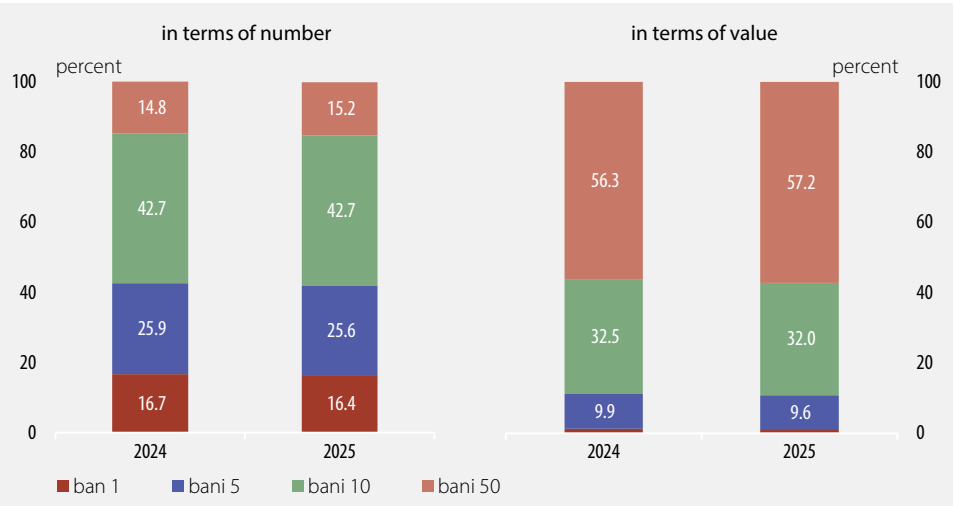


Chart 8.3
Denomination composition of coins in circulation in 2024 and 2025

At end-2025, the number of notes and coins outside banks per capita amounted to 105 and 321, respectively.

2. NBR's cash payments and collections in its relation with credit institutions/the State Treasury

Payments

In 2025, the total value of currency used for NBR's payments to credit institutions/the State Treasury stood at lei 29,732.8 million, down 7.3 percent compared to 2024.

The number of banknotes put into circulation via payments was 331.9 million, down 31.9 percent year on year, and their value decreased by 7.4 percent to lei 29,685.9 million.

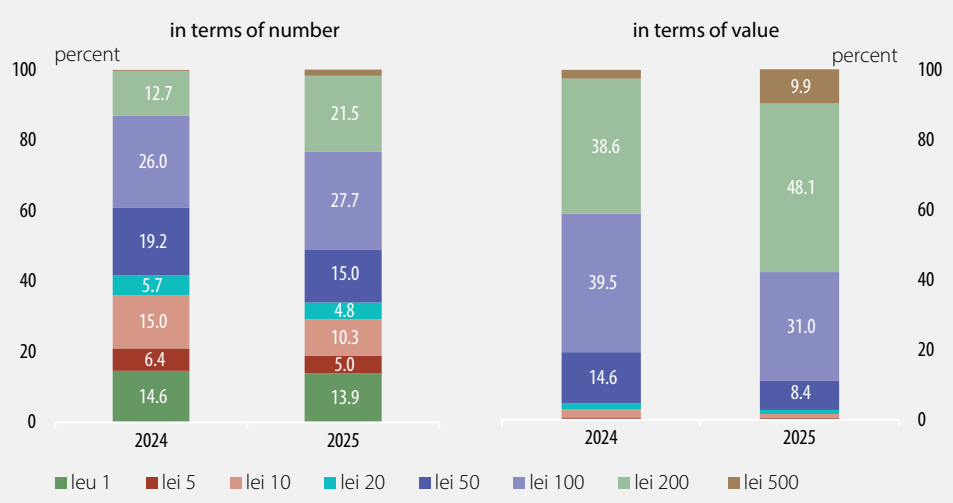


Chart 8.4
Denomination composition of banknotes used for payments in 2024 and 2025

In terms of quantity and also value, the lei 200 and lei 500 banknotes increased their shares in total banknotes put into circulation via payments (Chart 8.4).

In 2025, 243.4 million coins were withdrawn by credit institutions/the State Treasury from the central bank, up 10.9 percent from the year before.

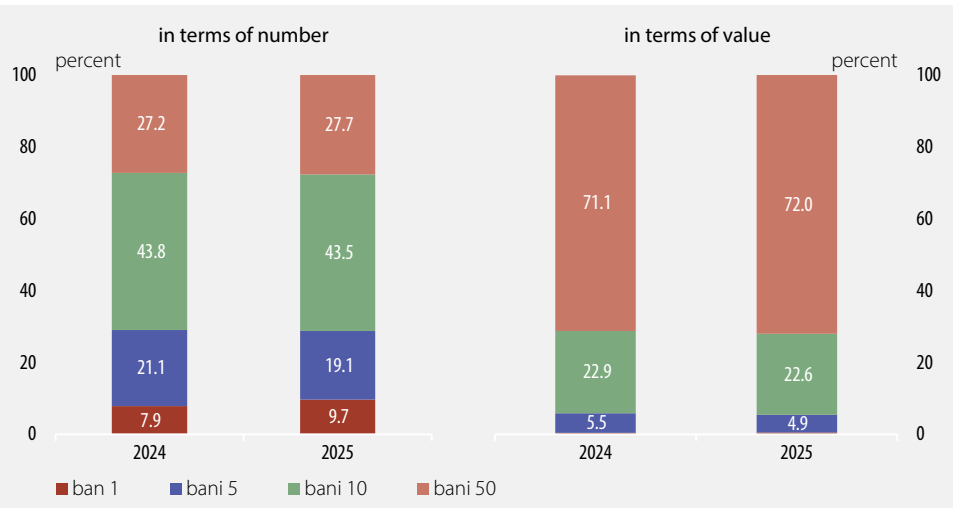


Chart 8.5
Denomination composition of coins used for payments in 2024 and 2025

In terms of value, the composition of denominations used for payments to credit institutions/the State Treasury changed compared to 2024, more strongly in the case of the bani 50 coin, its share increasing by 0.8 percentage points up to 72.0 percent (Chart 8.5).

Collections

In 2025, the NBR's cash collections amounted to lei 15,980.9 million, up 8.7 percent against 2024. The deposits of credit institutions/the State Treasury returned to the NBR 267.0 million banknotes, i.e. 3.8 percent less than in the previous year.

The largest share in the total number of notes collected from credit institutions/the State Treasury was held by the lei 100 denomination (31.3 percent), ahead of the lei 50 note with a 21.9 percent share (Chart 8.6).

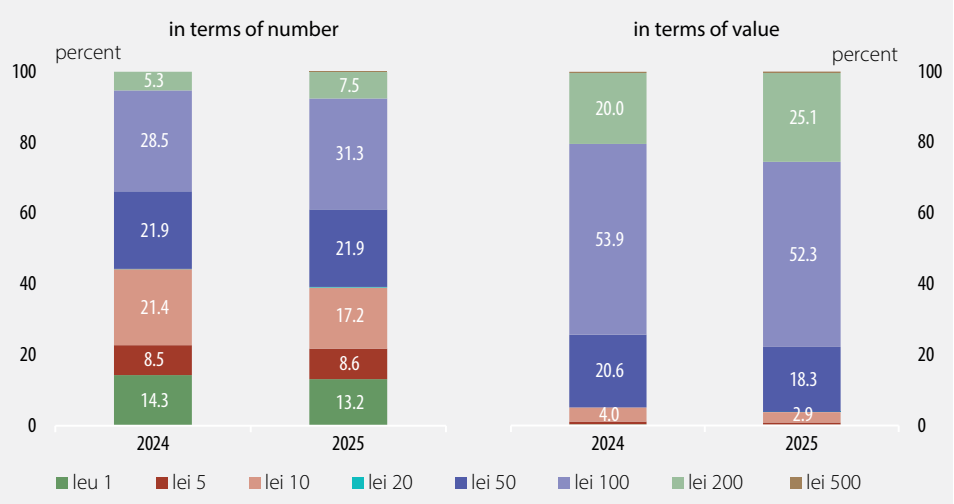


Chart 8.6
Denomination composition of banknotes collected in 2024 and 2025

In 2025, 0.4 million coins were returned to the central bank, up 32.8 percent from the year before. The bani 50 coin took the highest share of the total number of coins collected (48.7 percent), the bani 10 coin ranking second (33.0 percent).

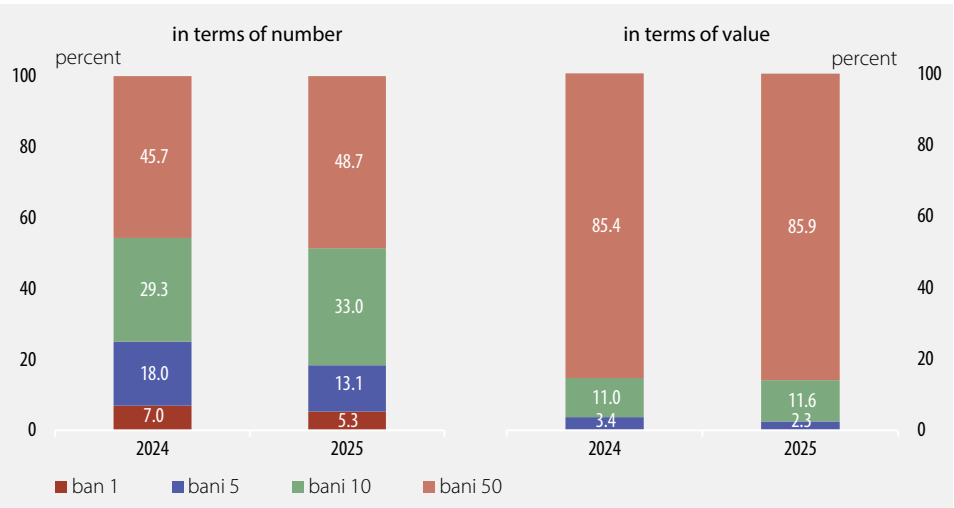


Chart 8.7
Denomination composition of coins collected in 2024 and 2025

In 2025, the value of coins deposited by credit institutions/the State Treasury with the NBR's regional branches amounted to lei 0.1 million (up 40.7 percent from 2024), the bani 10 and bani 50 coins jointly accounting for 97.5 percent (Chart 8.7).

3. Currency processing and withdrawal from circulation of unfit currency

Throughout 2025, 463.9 million banknotes were processed in the processing centres of the National Bank of Romania (i.e. 16.7 million banknotes more than in the previous year), out of which 89 million were sorted as unfit for currency circulation.

This corresponded to an average unfit banknote rate of approximately 19.2 percent, i.e. 2.1 percentage points lower than that recorded in 2024.

Moreover, some 1.5 million coins were processed in 2025 (6.9 thousand coins more than in the year before), with 203.5 thousand coins being sorted as unfit for currency circulation.

4. Numismatic issues

In 2025, the National Bank of Romania launched 20 numismatic issues, including 23 coins, out of which 5 were of gold, 10 of silver and 8 of copper-plated tombac. The mintage differed depending on the metal the coins were made of, namely 1,200 gold coins, 2,150 silver coins and 4,700 copper-plated tombac coins were issued.

In addition, the National Bank of Romania put into circulation, for numismatic purposes, a special sheet consisting of four banknotes with face value of lei 20, the print number being 30,000 copies.

The central bank also issued and put into circulation, for numismatic purposes, a mint set to mark 145 years since the establishment of the National Bank of Romania and 20 years since the redenomination of the domestic currency.

Table 8.1
The 2025 numismatic issues

Numismatic issue	Metal and face value
145 years since the birth of Camil Ressu	a silver coin with face value of lei 10
375 years since the birth of Saint Hierarch Antim Ivireanul	a gold coin with face value of lei 100
175 years since the birth of Ioan Andreescu	a silver coin with face value of lei 10
90 years since the establishment of the Academy of Medical Sciences of Romania	a coppered tombac coin with face value of leu 1
The 745th anniversary of the first documentary attestation of the town of Sighișoara	a gold coin with face value of lei 100 a coppered tombac coin with face value of leu 1
2025 – "The Cardinal Iuliu Hossu Year"	a coppered tombac coin with face value of leu 1
200 years since the birth of Elena Cuza	a gold coin with face value of lei 100
130 years since the birth of Alexandru Rosetti	a silver coin with face value of lei 10
Mihail Oromolu – 150 years since his birth	a silver coin with face value of lei 10
125 years since the birth of Henriette Yvonne Stahl	a silver coin with face value of lei 10
100 years since the birth of Toma Caragiu	a silver coin with face value of lei 10
Centennial of the Romanian Patriarchate	a gold coin with face value of lei 500 a silver coin with face value of lei 10 a coppered tombac coin with face value of leu 1
145 years since the birth of Constantin Tănase	a silver coin with face value of lei 10

– continued –

Numismatic issue	Metal and face value
Lucian Blaga – 130 years since his birth	a coppered tombac coin with face value of leu 1
Centennial of the Romanian Chess Federation	a coppered tombac coin with face value of leu 1
George Emil Palade University of Medicine, Pharmacy, Science and Technology of Târgu Mureș – 80 years since its establishment	a coppered tombac coin with face value of leu 1
The Centennial of Marin Constantin, the founder of the Madrigal Choir	a coppered tombac coin with face value of leu 1
145 years since the birth of Mihail Sadoveanu	a silver coin with face value of lei 10
175 years since the birth of Grigore Tocilescu	a silver coin with face value of lei 10
History of Gold – The votive plates from Germisara	a gold coin with face value of lei 10
145 years since the establishment of the National Bank of Romania and 20 years since the redenomination of the domestic currency	The mint set comprises the Romanian coins in circulation of ban 1, bani 5, bani 10, bani 50 and a silver medal.

5. Detected leu counterfeits

In 2025, counterfeit Romanian banknotes checked by the National Bank of Romania totalled 1,356, down 33.79 percent from the previous year.

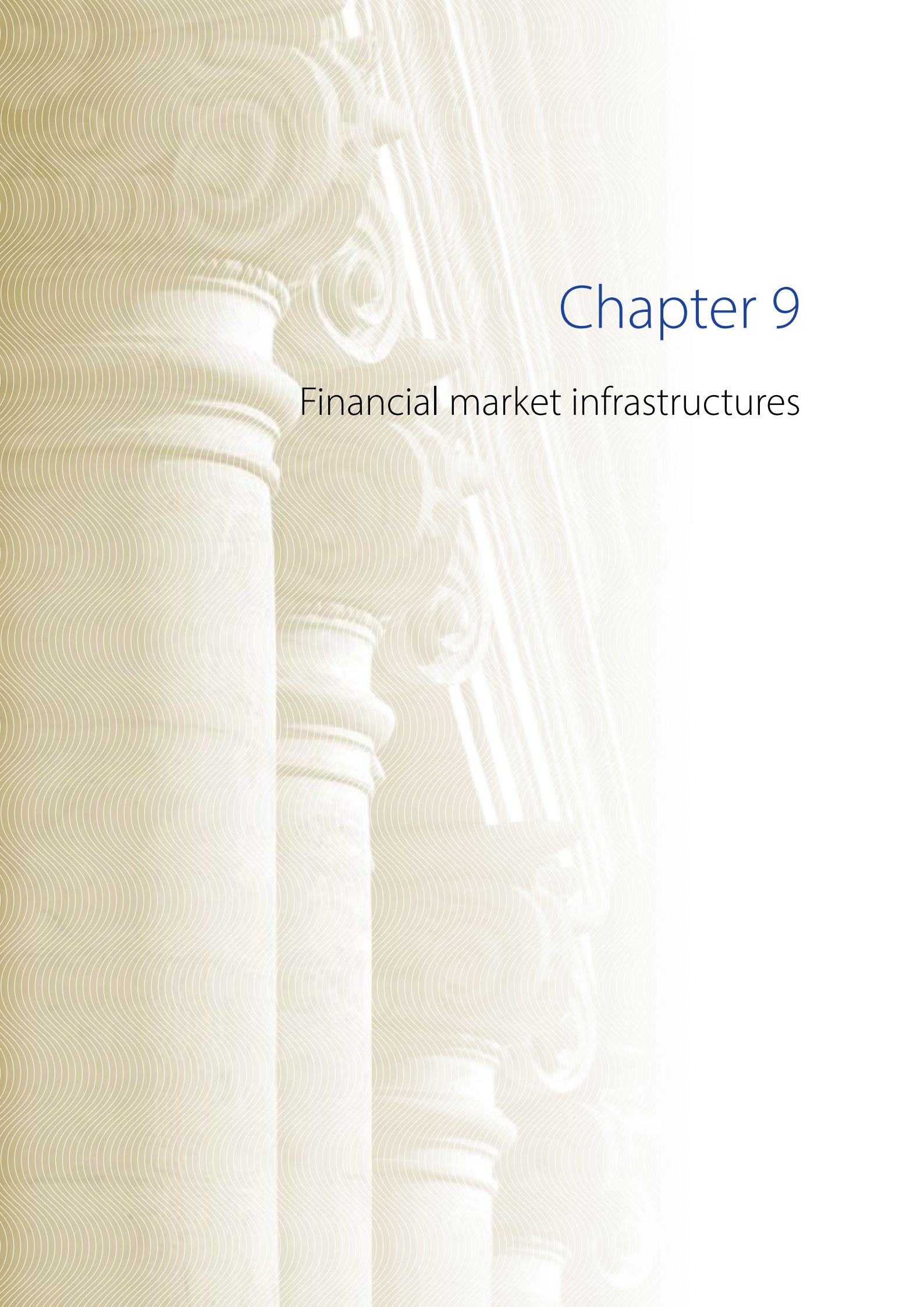
Out of the total number of counterfeit banknotes, 709 were seized during specific police operations before entering circulation, whereas 647 were found in circulation.

The lei 100 denomination recorded the highest number of counterfeits, i.e. 1,163 banknotes (out of which 708 seized by the police), ahead of the lei 10 banknote (173 counterfeits) and the lei 200 banknote (11 counterfeits).

Table 8.2
Counterfeits by denomination

Denomination	Number of counterfeits
leu 1	0
lei 5	0
lei 10	173
lei 20	0
lei 50	5
lei 100	1,163
lei 200	11
lei 500	4

Some 0.63 counterfeits were found per 1 million authentic banknotes in circulation versus 0.97 counterfeits in 2024.



Chapter 9

Financial market infrastructures

According to its statutory tasks, the National Bank of Romania promotes the smooth functioning of payment systems with a view to ensuring financial stability and maintaining public confidence in the national currency. The main tool whereby this objective is achieved, beside the regulation, authorisation and oversight of the payment systems, consists in the facilities that the National Bank of Romania provides for ensuring efficient and robust payment and settlement systems.

To this end, the National Bank of Romania operates a series of financial market infrastructures, namely ReGIS, SaFIR and TARGET-România, through which it provides funds and/or securities settlement services at national level.

1. ReGIS

General aspects

ReGIS is the national real-time gross settlement system[231] (RTGS) for payments in lei owned and operated by the National Bank of Romania, which settles central bank's monetary policy operations, interbank operations, payments on customers' account, (regardless of their value), as well as payments related to other national financial market infrastructures. The system provides the real-time processing and settlement of payment instructions, on an individual basis, with the settlement being made in central bank money, with immediate finality.

The ReGIS system uses the international standard ISO 20022 for financial messaging between financial institutions and provides advanced facilities for liquidity management that allow the optimisation of participants' financial resources, as well as a pricing scheme, in line with European practices. The system also offers functionalities for the transmission and reception of payment messages, including in contingency situations, ensuring the continuity of settlement of transactions.

In 2025, ReGIS further contributed to the smooth operation of money market and forex market, as well as to the successful implementation of the National Bank of Romania's monetary policy, considering that central bank's monetary policy operations are processed solely through this system.

Participation in the system

At end-2025, the system counted 37 participants (29 credit institutions, the National Bank of Romania, the Ministry of Finance and 6 ancillary systems – SENT, SENT-PI,

[231] The system provides the real-time processing and settlement of payment instructions, on an individual basis, with the settlement being made in central bank money, with immediate finality.

SaFIR, RoClear, VISA Europe and MasterCard Europe), with all participants benefiting from an optimised infrastructure capable of meeting the requirements of the national financial market.

Payments in ReGIS

The volume of payments settled in ReGIS went up by 2.00 percent in 2025 against the previous year, but their total value fell by 23.14 percent, while the average value per transaction declined by approximately 21.59 percent (Table 9.1).

Table 9.1
Payments traffic in ReGIS

	Volume (no. of transactions; thou.)		Value (lei bn.)		Average value per transaction (lei mill.)
	Total	Daily average	Total	Daily average	
2024	12,455	49.23	31,428	124.22	2.52
2025	12,704	51.23	24,156	97.40	1.90
Change (±%)	+2.00	+4.06	-23.14	-21.59	-24.65

The maximum volume of payments daily settled through ReGIS was recorded in January 2025 (93,091 transactions/day), while the maximum value of payments daily settled in this system was posted in December 2025 (lei 146 billion/day).

The composition of payments processed in ReGIS in 2025 (Table 9.2) shows that payments made by participants on customers' account (SWIFT pacs.008 messages) prevailed (91.30 percent of the volume of payments settled), their total value remaining, however, relatively low (only 16.36 percent of the total value of payments settled). By contrast, the volume of payments made by participants on their own behalf and account (pacs.009/pacs.009 cov SWIFT messages) was relatively subdued (7.60 percent of the volume of payments settled), but their value was higher (33.66 percent of the value of payments settled via the system).

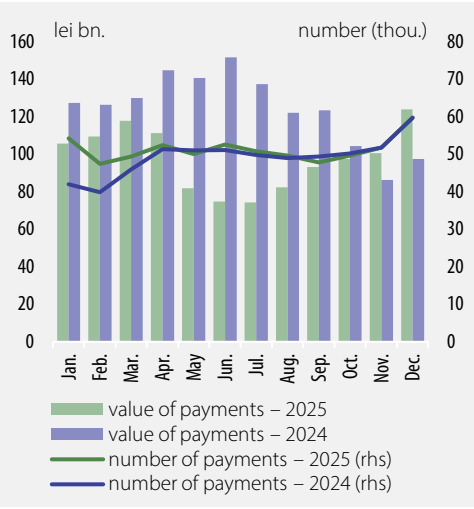


Chart 9.1
Payments in ReGIS, irrespective of their value, in 2025 compared to 2024 (daily average)

At the same time, payment transactions involving direct debit/credit of participants' settlement accounts (direct transfer) posted a low volume (0.68 percent of the volume of transactions settled via the system), while reporting a notably high value (49.96 percent of the value of transactions settled via the system).

Table 9.2
Composition of payments in ReGIS in 2025

percent

Payments	pacs.008	pacs.009/pacs.009 cov	Direct transfer	other
Total volume	91.30	7.60	0.42	0.68
Total value	16.36	33.66	0.01	49.96

Market concentration remained comparable to that in the previous year in terms of both the volume and value of payments settled through ReGIS (the top five credit institutions accounting for 69.41 percent and 67.39 percent, respectively, of the market).

In 2025, the average availability of ReGIS, i.e. the extent to which participants could use the system without any incidents during the operating days, was 100 percent.

During 2025, the participants maintained an adequate and efficient liquidity management, with the value of the repo intraday liquidity provided by the National Bank of Romania accounting for 1.61 percent of the total value of transactions settled in the system.

2. SaFIR

General aspects

SaFIR is a securities settlement system (SSS) owned and operated by the National Bank of Romania, in its capacity as central securities depository (CSD). The system is a depository for government securities issued in the interbank market, the certificates of deposit issued by the National Bank of Romania and other fixed-income financial instruments set forth by the NBR executives.

Participation in the system

At end-2025, SaFIR counted 30 participants, out of which: 25 credit institutions, the National Bank of Romania, the Ministry of Finance and 3 securities depository and settlement systems – the Central Depository, Clearstream Banking and Euroclear Bank.

Face value of government security issues deposited with SaFIR

At end-2025, the overall face value of outstanding issues of leu-denominated government securities came in at lei 423.39 billion, up 11.51 percent versus end-2024, while the overall face value of the issues of euro-denominated government securities amounted to EUR 3.60 billion, up 28.06 percent versus end-2024.

Transactions in SaFIR

SaFIR processes transactions performed by participants in relation to the issuer (settlement of the primary market's results, interest and/or coupon payments, partial/optional/total redemption) and transactions carried out by participants in the secondary market (sale/purchase transactions, financial collateral arrangements, repo transactions, portfolio transfers).

Chart 9.2 shows the volume and value of sale/purchase transactions (including reverse transactions), while Table 9.3 provides a comparative picture of them in 2025 versus 2024.

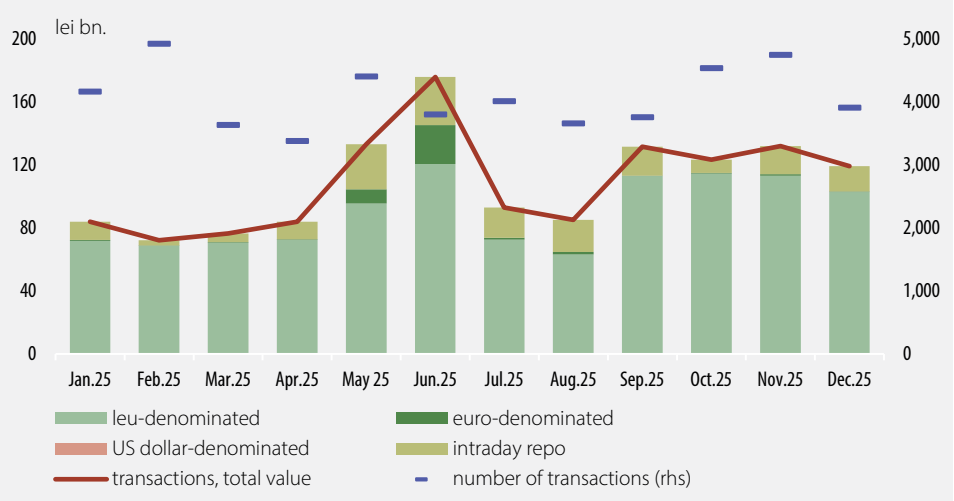


Chart 9.2
Volume and value of transactions in government securities settled in SaFIR in 2025 (delivery-versus payment), the value of intraday repo transactions

Table 9.3
Operations in government securities settled in SaFIR

	Volume (no. of transactions)		Value of transactions (EUR bn.)	
	Total	Daily average	Total	Daily average
2024	42,324	168	140	0.6
2025	49,323	199	260	1.0

During 2025, the National Bank of Romania maintained an adequate and efficient liquidity management across participants, ensuring on a permanent basis the liquidity they needed to settle payments and securities transactions through intraday repo transactions. In 2025, the total value of the intraday repo liquidity provided by the National Bank of Romania accounted for 14 percent of the total value of transactions settled in the system. Based on participants' daily individual needs to ensure liquidity flows and on the liquidity deficit in the banking system, the value and volume of intraday repo transactions fluctuated, with the highest levels being reported in May and June 2025.

3. TARGET-Romania

General aspects

TARGET services are settlement services provided by the Eurosystem (the European Central Bank and the central banks of EU Member States that adopted the euro) in order to allow the free movement of money, securities and collateral inside Europe. TARGET services include T2 (RTGS services), T2S (securities settlement services) and TIPS (TARGET Instant Payment Settlement services).

TARGET is legally structured as a multiplicity of payment systems composed of all TARGET national components. In its capacity as central bank connected to TARGET, the National Bank of Romania operates TARGET-România, i.e. the national component, and thus provides TARGET services on the territory of Romania.

Participation in the system

The participation in TARGET-România is governed by the system rules set forth by National Bank of Romania Order No. 3/2022 on TARGET-România system rules, as subsequently amended and supplemented, which transposes into domestic law the relevant provisions of Guideline (EU) 2022/912 of the European Central Bank of 24 February 2022 on a new-generation Trans-European Automated Real-time Gross Settlement Express Transfer system (TARGET) and repealing Guideline 2013/47/EU (ECB/2012/27) (ECB/2022/8), as subsequently amended and supplemented.

At end-2025, 15 credit institutions participated in TARGET-România alongside 2 ancillary systems (SENT, run by TRANSFOND, and SaFIR, operated by the NBR), the Central Depository and the National Bank of Romania that used TARGET services in their capacity as:

- Dedicated Cash Account (DCA) holders for T2 securities (16);
- DCA holders for T2S services (7);
- DCA holders for TIPS services (3).

Transactions in TARGET-România

The volume of payments settled via T2 (real-time gross settlement services) decreased by 7.1 percent in 2025 versus 2024, while the value of settled payments went up by 6.1 percent (Table 9.4).

Table 9.4
Traffic of payments settled via the real-time gross settlement service (T2)

	Volume (no. of transactions)		Value of transactions (EUR mill.)	
	Total	Daily average	Total	Daily average
2024	163,210	643	253,373	998
2025	151,584	594	268,810	1,054
Change (±%)	-7.1	-7.5	6.1	5.7

The monthly volume of payments settled via T2 in 2025 fluctuated, the monthly average coming in at 12,632 payments. In 2025, the volume of settled payments reached a high of 14,751 in October and posted a low of 11,867 in April (Chart 9.3).

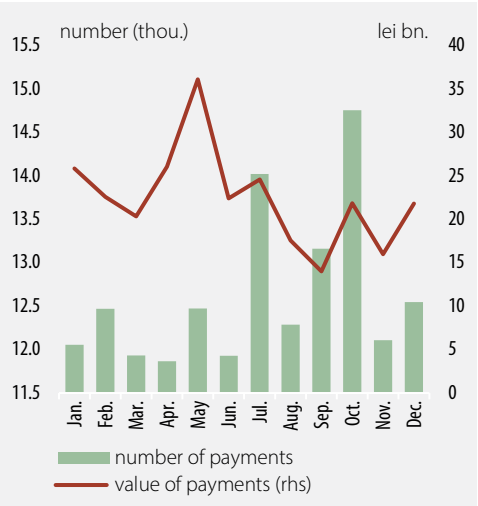


Chart 9.3
Payments settled via the real-time gross settlement service (T2)

Moreover, the monthly value of settled payments fluctuated in the course of 2025, recording a EUR 13,989.15 million low in September and a EUR 36,064.87 million high in May (Chart 9.3).

The composition by category of payments settled through T2 in 2025 shows the prevalence of cross-border payments over national payments (accounting for 74.80 percent of the

total volume of payments settled through this service and for 84.78 percent of their value). Yet this behaviour is normal, considering that this system settles euro-denominated payments only, with most domestic payments being denominated in lei.

As for TIPS (TARGET Instant Payment Settlement) services, the average monthly volume of transactions in 2025 amounted to 83,932, the highest volume of payments being recorded in December, i.e. 102,919 and the lowest in January, i.e. 56,179 (Chart 9.4).

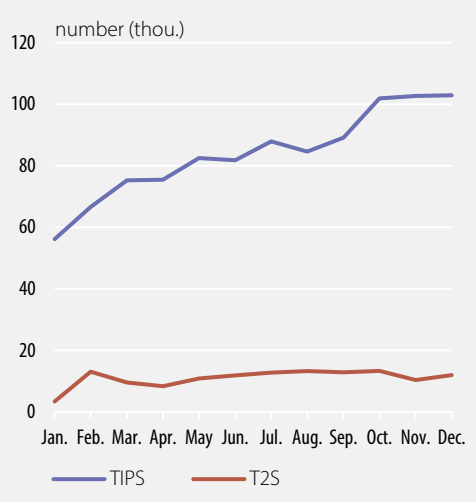


Chart 9.4
Traffic settled via TIPS and T2S services

Looking at T2S services (securities settlement services), the volume of transactions fluctuated in 2025, hitting a low of 3,436 payments in January and a high of 13,373 payments in October; the average monthly volume of payments settled in 2025 came in at 11,032 transactions (Chart 9.4).

In 2025, participants pursued an adequate and efficient liquidity management and no gridlock situations occurred due to the lack of funds in the participants' settlement accounts.

4. Oversight of financial market infrastructures and payments

Authorisation of payment systems and securities settlement systems

The National Bank of Romania performs its legal tasks concerning the regulation, authorisation, supervision and oversight of the payment systems and securities settlement systems in Romania, as well as of their operators, with a view to promoting the safe and efficient functioning of the systems and preventing the systemic risk from materialising.

In 2025, the system rules governing SENT (run and operated by Transfond S.A.) were amended and supplemented by: (i) adding, as eligible institutions for indirect participation in the SENT system, the foreign legal entities outside the European Economic Area (EEA), which have, however, joined the EPC SEPA Credit Transfer (SCT) scheme and do not provide services directly on the territory of Romania, and by (ii) including the AltSENT component as an alternative solution for processing credit transfer instructions within the SENT system serving as a back-up solution solely where the Multiple Payments Component (MPC RON) and Instant Payments Component (IPC RON) within SENT are not available.

Furthermore, the NBR, in its capacity as relevant licensing and supervisory authority, endorsed a series of amendments to the system rules governing the securities settlement system RoClear operated by the Central Depository, which envisaged

mainly the adoption of additional measures for a better transaction settlement risk management, as well as the updating and supplementing for a better understanding and alignment of the provisions of the Central Depository Code with the latest legislative changes.

In 2025, the National Bank of Romania prepared and submitted to the National Bank of Belgium its opinion on the annual assessment of Euroclear Bank's compliance with the requirements of Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories (CSDR). The NBR was designated by the European Securities and Markets Authority (ESMA) as the relevant authority in the supervision of Euroclear Bank, in its capacity as operator of the Euroclear settlement system, following compliance with eligibility criteria laid down in Commission Delegated Regulation (EU) No 392/2017 supplementing CSDR, based on the volume of settlements in the domestic currency (RON) in 2024. The analysis of the documents sent by the National Bank of Belgium did not reveal the existence of potential major risks that could affect the proper functioning of the settlement system operated by Euroclear Bank.

In collaboration with the Financial Supervisory Authority (FSA) and the European Securities and Markets Authority (ESMA), the NBR was part of the College established for licensing the entity aiming to become a national central counterparty i.e. CCP.RO Bucharest S.A., in line with the requirements of Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) and of Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA). The activity of the College licensing CCP.RO Bucharest S.A. resulted in eight meetings between the authorities involved in 2023-2025, organised both physically and online. In addition, the NBR was also involved in bilateral technical discussions with the representatives of CCP.RO Bucharest S.A. in order to ensure compliance with the above-mentioned requirements. During 2025, NBR representatives participated, together with FSA representatives, in the operational and continuity tests conducted by CCP.RO.

On 31 December 2025, CCP.RO officially submitted a second application for authorisation, based on Articles 14 and 17(1) of EMIR. The NBR, in its capacity as competent authority participating in the CCP College, in accordance with Article 18 of EMIR, fully analyses the documents in the authorisation file and issues an opinion on whether the CCP complies with the requirements of EMIR and DORA, within the time limits laid down in Article 17 of EMIR.

Measures adopted by the central bank for containing the risks to the functioning of payment and settlement systems and for boosting their efficiency

According to its statutory tasks, the NBR monitored on a continuous basis the functioning of payment systems and securities settlement systems. This central bank-specific activity envisages meeting the following objectives: safeguarding financial stability, providing an adequate channel for monetary policy transmission, ensuring the systems' efficiency and effectiveness, system operators complying with the legal framework, as well as maintaining public confidence in payment systems, payment instruments and the domestic currency.

During 2025, payment and settlement systems operated normally and safely. Operational incidents were minor. No major incidents were reported for the administrators of financial market infrastructures under the central bank's oversight or for credit institutions designated as critical participants.

Conducting TIBER-RO tests

In accordance with NBR Regulation No. 6/2022 on the framework for conducting TIBER-RO cyber resilience tests, the NBR coordinates the TIBER-RO tests throughout their execution. In line with this regulation, the administrators of financial market infrastructures under the central bank's oversight, as well as the credit institutions designated as critical participants in these infrastructures are bound to run, on a regular basis, external cyber resilience tests (threat intelligence-based tests), which are cyber-attack simulations by advanced and persistent entities, including organised crime groups or state actors. These tests are based on the information obtained by a team specialised in the analysis of cyber threats and vulnerabilities specific to the tested entity and take approximately 9-12 months. During 2025, the NBR coordinated nine TIBER-RO tests organised by financial entities under its remit; out of these, seven were finalised, whereas two are under way.

The protection of national critical infrastructures in the banking and financial sector within the scope of the NBR

The National Bank of Romania, in its capacity as public authority responsible for the protection of national critical infrastructures (NCIs) in the banking and financial sector, the banks and payment systems sub-sectors, carried out the annual process for identifying the NCIs in its area of responsibility, in accordance with the provisions of Art. 9(1) of Government Emergency Order No. 98/2010 on the identification, designation and protection of critical infrastructures. Furthermore, the central bank also verifies on an ongoing basis compliance of owners/operators/managers of NCIs with their obligations laid down by law.

Pursuant to Article 7(2)(h) of Government Emergency Ordinance No. 98/2010, the NBR established measures to improve the NCI-specific activity in its area of responsibility by issuing Order No. 4/2025 on the equivalence of credit institutions' security plans in their capacity as owners of national critical infrastructures. The Order sets out the criteria based on which NCI owners in the banks sub-sector, which is within the scope of the NBR's regulation, authorisation and supervision, assess the equivalence of the documents drawn up in line with Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA).

Given the NBR's role as sectoral competent authority (SCA) for critical entities in the banking sector, based on Article 9(13) in conjunction with point 3 of the Annex – Sectors, sub-sectors and categories of entities of Law No. 294/2024 on the resilience of critical entities, as well as amending some legal acts, the central bank is involved in the preliminary consultation and approval of subsequent legal acts. To this end, in 2025, the NBR analysed and endorsed Government Decision No. 1115/2025 approving the rules, procedures and measures referred to in Article 1(3) of Law No 294/2024.

Supervision of the conduct of credit institutions in Romania concerning investment activities and services and reporting of transactions in financial instruments of money and foreign exchange markets

Considering the NBR's responsibilities for overseeing the conduct of credit institutions providing investment activities and services in money market and foreign exchange market instruments, in accordance with Law No. 126/2018 on markets in financial instruments and subsequent legal acts, during 2025 three on-site inspection missions were carried out at the premises of credit institutions of which a control mission had been launched in November 2024. The inspections covered a wide range of activities aimed at verifying the compliance of the procedural framework of credit institutions with the legal requirements, as well as at assessing the correctness and completeness of the reporting of transactions in financial instruments. Assessments were also made of the harmonisation of credit institutions' procedures with the relevant guidelines issued by ESMA and implemented by NBR Order No. 354/2023 on the conduct of credit institutions providing investment services and activities on the money and foreign exchange markets, in accordance with Art. 2 para. (2) and para. (3) of Law No. 126/2018. During the inspections, no major deficiencies were identified regarding the compliance of credit institutions with the provisions of this law and the regulations issued for its application.

Following the inspections carried out during 2025, the NBR sent to the Romanian Association of Banks, for the purpose of dissemination to credit institutions, a letter detailing best practices related to the performance of investment services and activities by credit institutions.

Looking at transactions in financial instruments, the NBR operates an IT system that takes over, validates and analyses each transaction of credit institutions reported to the NBR in accordance with Regulation (EU) No 600/2014 on markets in financial instruments (MIFIR), Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) and Regulation (EU) No 2365/2015 on transparency of securities financing transactions and of reuse (SFTR). In this context, as part of the on-site inspections, credit institutions' transactions were analysed and the reporting discrepancies were specifically brought to their attention, with remedial measures being formulated during the inspections.

At the same time, a new software development project was launched in 2025 that facilitates the analysis of transaction report data, by standardising data sources and building visualisations and alerts to ensure rapid analysis of large volumes of granular transaction data, monitor the functioning of the money and foreign exchange markets, identify potential market abuses and swiftly apply the necessary legal measures.

Participation in the regulatory process at EU level

During 2025, the National Bank of Romania contributed to strengthening the European regulatory framework dedicated to the security of payments and payment instruments by participating in the working groups at the level of the Council of the EU, in particular those envisaging the finalisation of the EU legislative package for the third Payment

Services Directive (PSD3) and the Payment Services Regulation, aiming also to establish additional security requirements for payment services providers, with a view to providing payment services.

Participation in the regulatory process at national level

Over the course of 2025, relative to the implementation or transposition of certain European legal acts, the NBR participated in the drafting, preliminary inter-institutional consultation and approval of complex legal acts of particular importance for the financial market, such as:

(1) Emergency Ordinance No. 14/2026 on setting measures for the enforcement of Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA);

(2) Emergency Ordinance No. 5/2026 amending and supplementing certain legal acts in the field of credit institutions, capital adequacy and payment services, which ensured the setting up of the measures necessary for the application of the provisions of Regulation (EU) 2024/886 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro (IPR);

(3) Draft Emergency Ordinance on setting up measures for the implementation of Regulation (EU) 2023/1114 on markets in crypto-assets and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (MiCA), as well as amending and supplementing certain legal acts;

(4) the draft legal act amending Law No. 126/2018 on markets in financial instruments, which ensures the transposition into national law of Article 12 of Directive (EU) 2023/2864 amending certain Directives as regards the establishment and functioning of the European single access point.

Security, oversight and innovation in the field of payments in the case of Payment Services Providers (PSPs)

As of 17 January 2025, a new regulatory framework has been in place for the reporting of major operational and security incidents affecting payment services, following the application of the provisions of Regulation (EU) 2022/2554 on digital operational resilience of the financial sector, as well as its subsequent legal acts. Thus, financial entities – including credit institutions, payment institutions, account information service providers and e-money institutions – are bound to classify major ICT-related incidents, as well as major operational or security payment-related incidents, in accordance with the requirements set forth by Commission Delegated Regulation (EU) 2024/1772, a legal act supplementing the provisions of Regulation (EU) 2022/2554, detailing the criteria for classifying incidents and cyber threats, materiality thresholds and major incident reporting requirements.

In addition, financial entities have the possibility to submit, on a voluntary basis, notifications to the competent authority informing of identified significant cyber threats, thereby contributing to a better exchange of information and enhanced

cybersecurity across the financial system. The reporting of major incidents and significant cyber threats is carried out in accordance with Commission Delegated Regulation (EU) 2025/301, which supplements Regulation (EU) 2022/2554 by establishing the content and determining the time limits for the initial notification, intermediate reports and the final report on major ICT-related incidents, as well as specifying the requirements for the voluntary nature of the notification of significant cyber threats.

In 2025, 13 payment services providers (PSPs) reported 2 major security incidents and 26 major operational incidents to the central bank, out of which 5 were reclassified as non-major, based on an ongoing assessment by affected entities or at the request of the central bank. Of these, 8 were driven by external factors, which highlights the importance of adequate monitoring of ICT third-party service providers.

All these major incidents have been reported to the European Banking Authority (EBA) and the European Central Bank (ECB).

The reported major operational incidents were caused by: (i) system failures, such as software compatibility or configuration issues, physical degradation, poor application performance, and identity and access management deficiencies, (ii) human errors, and (iii) process failures, including insufficient or inadequate ICT operation and ICT security, and deficient monitoring and control.

The National Bank of Romania was notified of about 30 major incidents in other Member States, which affected customers in Romania of financial entities authorised in other Member States, without, however, posing financial stability risks. The exchange of information at European Union level fosters competent authorities' prompt reaction to safeguard financial interests of payment services users and preserve the stability of the financial system.

The National Bank of Romania monitors, on a continuous basis, the innovative solutions developed in the field of payment services and instruments by means of the FinTech Innovation Hub contact point. Six applications were sent through FinTech Innovation Hub in 2025, out of a total of 75 applications submitted so far via this platform.

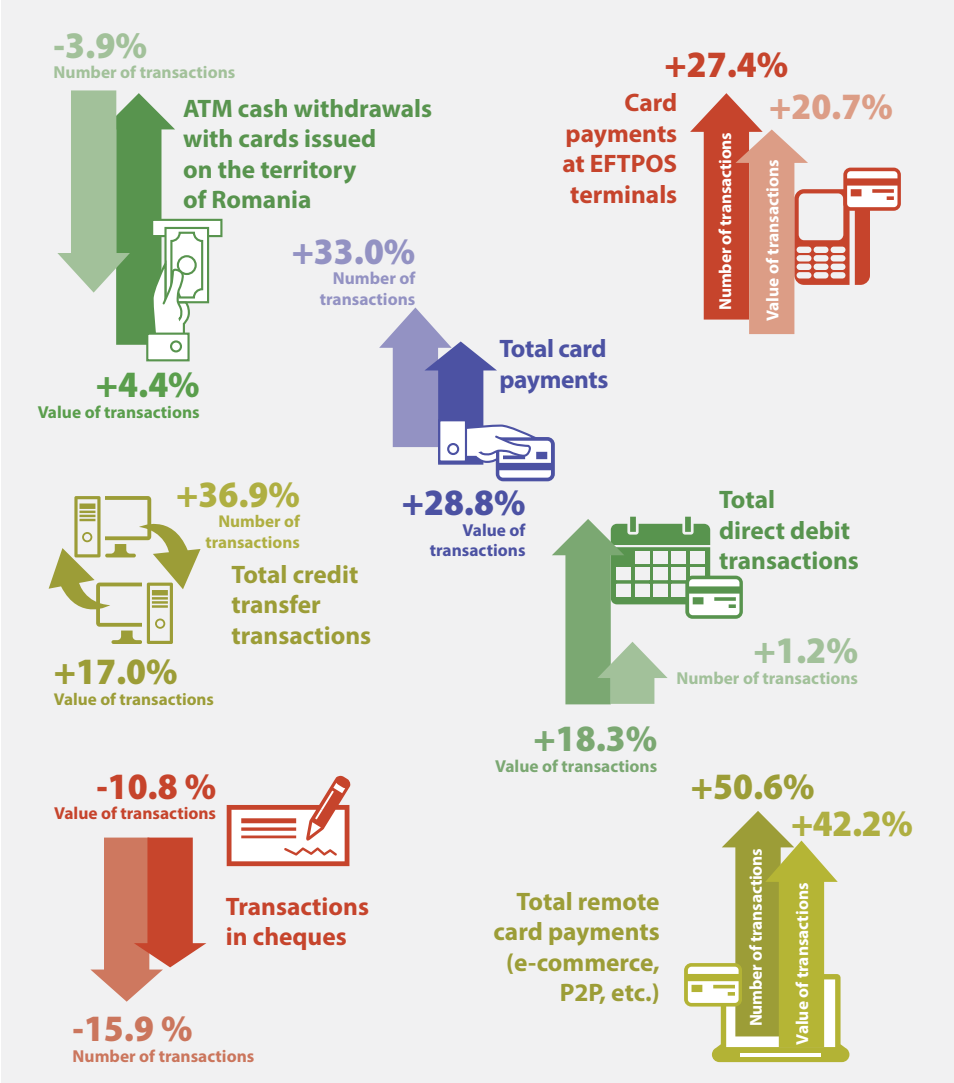
In 2025, the NBR submitted two complex reports on quarterly and half-yearly statistical data on payments, payment systems and fraud, meeting its specific legal obligations in relation to the EBA and the ECB.

In the course of 2025, as compared to 2024, the NBR received approximately 35 percent more notifications of a potential non-compliance with the legal provisions specific to security measures for payment services, of which 2 percent were received from payment services providers, and handled the requests from other government institutions and other central banks outside the European Union.

The NBR continued to have a good cooperation with the Romanian Association of Banks in order to maintain a high level of security in the field of retail payments and keep a low rate of payment fraud, perform off-site inspections to assess the security

measures implemented at the level of payment services providers in Romania and initiate national projects that aim to bring payment services providers in Romania together to develop a framework for facilitating the exchange of information and best practices in order to limit fraudulent payment transactions.

Developments in the payments market



Infographic
Statistical information on the main payment market developments in 2025[232]

232 The fluctuations refer to the annual rates of increase/decrease recorded in 2025 compared to the data reported in 2024.

Chapter 10

Management of international reserves

Romania's international reserves play a key role in reducing foreign exchange market volatility, helping to ensure the conditions for the central bank to achieve, through its specific policies, the objectives of price stability and financial stability. International reserves consist of liquid assets that can be traded on international markets; thus, their adequate volume increases confidence in the authorities' capacity to manage crises and, given the quality of economic policies, contributes to improving the costs of the country's external loans.

Emerging economies with access to capital markets, like Romania, usually make recourse to foreign currency reserves – part of international reserves – for precautionary purposes, in order to tackle the risks stemming from a possible deterioration of the current account deficit. In countries with a managed float exchange rate regime, a factor playing a major role in setting the optimal level of foreign currency reserves is the volatility of the domestic currency, especially in times of turmoil on domestic and international financial markets.

As part of its international reserve management activity, the NBR seeks to ensure an adequate level of reserves, so that several objectives are cumulatively fulfilled. Liquidity and safety come first, ahead of profit-making, and the NBR has a low risk propensity when carrying out reserve management activities. Thus, the value of international reserves is maximised while complying with prudent risk limits, so that they are always available when needed.

The latest global trends envisage an active part played by central banks in promoting sustainable investment. As for the management of international reserves, this role can be played by adding investment sustainability as an objective, next to the other three classic ones mentioned above. This approach is all the more appropriate, as not taking into account the considerations about sustainability would mean disregarding a factor that enhances the long-term value of investment.

1. Developments in Romania's international reserves in 2025

At end-2025, Romania's international reserves amounted to EUR 77,017 million (Chart 10.1) – of which foreign currency reserves made up 84.1 percent and monetary gold accounted for 15.9 percent –, up EUR 6,526 million versus end-2024. The gold stock remained unchanged at 103.6 tonnes, out of which 61.2 tonnes stored with the Bank of England. In terms of value, Romania's gold reserves went up EUR 3,861 million from end-2024 (to EUR 12,217 million), as a result of the rise in the gold price on international markets.

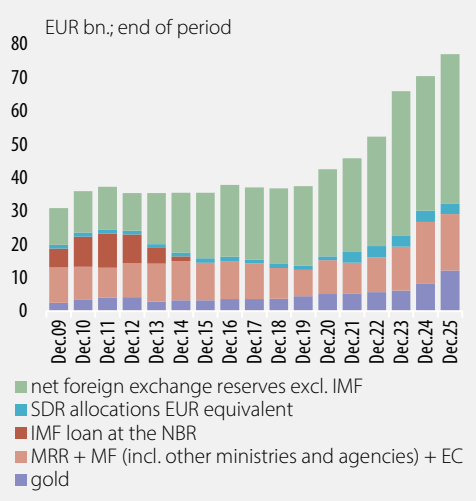


Chart 10.1
Romania's international reserves

The year 2025 saw gold prices reach new historical highs, peaking at a record USD 4,533 per ounce on 26 December. These developments were underpinned by robust institutional demand, amid heightened geopolitical risks and persistent global macroeconomic uncertainties. The escalation of regional tensions, the fragmentation of trade relations and the concerns regarding the stability of the international financial system reinforced investors' preference for safe assets, with gold benefiting directly from this shift of capital flows. Against this background, the precious metal reaffirmed its status as a strategic safe-haven asset among private investors and, more importantly, within the international reserve management policies pursued by central banks.

Market analyses suggest that official reserve accumulation has provided a structural support for gold prices, thereby limiting the extent of price corrections even during periods marked by the US dollar appreciation and the rise of US government bond yields. Furthermore, concerns about potential financial sanctions, the risks of fragmentation of the international monetary system and the volatility of capital flows have prompted a reassessment of the composition of official reserve assets, favouring assets that are free from counterparty or jurisdiction risks.

The successive record highs reached in 2025 cannot be accounted for solely by speculative activity, as they also point to a strategic reallocation of sovereign reserve assets in response to an increasingly challenging geopolitical environment.
The strengthening of official demand contributed to the annual average price of gold standing significantly above its 2024 level and thus being a signal of medium- to long-term stability. Within this framework, gold is no longer perceived merely as a conditional safe-haven asset, but rather as an essential component of the international financial architecture, comparable, in terms of strategic role, to reserve currencies or sovereign government securities.

In the period under review, foreign currency reserves expanded by EUR 2,665 million, coming in at EUR 64,800 million at 31 December 2025. The key factors that led to a change in reserves were the following: cash proceeds from the Ministry of Finance's bond issues on domestic and external markets, inflows of EU funds, inflows into the European Commission's account, repayments on foreign loans and guarantees, interest payments and capital repayments on the foreign currency-denominated public debt, and changes in credit institutions' required reserves.

The movements in the currencies of the reserves managed by the NBR had an overall negative effect in 2025 on the market value of international reserves expressed in euro equivalent. The average yield on foreign currency-denominated assets invested

in 2025 declined compared to 2024, given the downward trend in returns on global financial markets throughout the year, as expectations of potentially lower policy rates of central banks were increasingly priced in. Nevertheless, the differential between the returns on investments in foreign currency assets and the interest rates on the central bank's foreign liabilities remained positive, and even slightly rose by around 5 basis points as a result of the slightly faster decrease in the interest rates on the central bank's foreign liabilities. The investment policy pursued by the NBR in accordance with the foreign reserve management strategy for 2025 continued to be prudent.

2. Management of international reserves in a highly uncertain economic and financial environment

2.1. External economic and financial developments

Contrary to the broad *ex ante* consensus prevailing among economists and investors, 2025 began with an unexpected shift in the economic environment across most advanced economies, reflected in: (i) greater uncertainty surrounding the outlook for key economic indicators and global economic activity; (ii) a wider distribution of probabilities regarding the prospective monetary policy stances in the world's major economies; and (iii) further deglobalisation processes alongside heightened geopolitical risks.

The international financial climate has been challenging for the management of financial assets, being shaped by a multitude of highly co-dependent factors, namely: (i) economic factors, including changes in the trade policies of major global players, a worsened outlook for economic growth worldwide, larger confidence intervals for inflation projections, and weaker fiscal positions for the main advanced economies with the resulting increase in associated risk premia; (ii) geopolitical and geostrategic factors, notably the escalation and expansion of regional and interstate conflicts (e.g. Ukraine and the Middle East), as well as the redrawing of economic security boundaries in the United States, Europe and China; and, last but not least, (iii) political and social factors.

Thus, in 2025 the disinflation process continued across most advanced economies. After peaking at elevated levels in 2022 and 2023, inflation remained on a downward path, yet stood in most cases in the upper proximity of central banks' inflation targets. This normalisation enabled monetary policymakers to place greater emphasis on risks stemming from economic slowdown, which became progressively more apparent during 2025.

The monetary policy easing cycle initiated by central banks in 2024 continued, in most cases, throughout 2025. Nevertheless, the pace and magnitude of these adjustments varied considerably across economies, reflecting country-specific conditions and their respective positions in the business cycle.

This recalibration of monetary policy was primarily aimed at achieving a soft landing, thereby avoiding a severe recession while preserving labour market resilience.

Over the course of 2025, market participants remained, as usual, closely focused on the Federal Reserve's policy decisions. Contrary to broad market expectations, the Fed lowered the reference rate by 25 basis points at each of its September, October and December 2025 meetings, bringing its target range to 3.50-3.75 percent. This decision mirrored a very cautious approach based on the need to ensure that inflation expectations stayed firmly anchored around the inflation target and to avoid a premature easing of monetary conditions.

Accordingly, although economic conditions remained relatively favourable and global economy achieved a soft landing, a number of risks emerged and, in some cases, materialised, thereby tilting the balance of risks to economic growth to the downside.

A major source of risk to global economic activity stemmed from the tariff policies pursued by the US administration. An aggressive tariff policy targeting imported goods, coupled with stricter sanctions on certain countries, was likely to generate significant inflationary pressures. At the same time, the prospect of retaliatory measures by trading partners heightened the risk of disruptions to global supply chains, with adverse implications for international trade and, consequently, global economic growth. Although these risks materialised only to a limited extent during the year, the possibility of their intensification further complicated the policy decisions of central banks, which were required to balance inflationary risks against the risk of an economic slowdown.

The economic measures envisaged or implemented by the US administration in terms of tax cuts and tariff and non-tariff restrictions repeatedly led to a reassessment of the economic and financial environment and to a widespread worsening in confidence across all institutional sectors, adversely affecting consumer and investor sentiment.

Against this background, international financial markets experienced episodes of pronounced risk aversion, resulting in non-linear changes in the risk-return profiles of all major asset classes.

Fixed-income markets reacted accordingly. Yields on securities eligible for Romania's international reserve management activity broadly exhibited two distinct patterns.

For most issuers, particularly those in Europe, yields dropped markedly at the short end of the maturity spectrum, while proportionally increasing along the medium- and long-term segments of the yield curve.

For US issuers, the term structure was characterised by more pronounced declines at the short end, with the magnitude of the decrease gradually diminishing towards longer maturities. This pattern is typical of economies in which central banks are at a less advanced stage of the monetary policy easing cycle, and market participants begin to revise downwards, in advance, their expectations regarding the future path of policy interest rates.

In 2025, the US dollar depreciated against most reserve currencies in international foreign exchange markets, amid an increase in the risk premium required by investors to hold USD-denominated financial assets. The sharp depreciation of the US dollar, widely regarded as the steepest in decades, reflected a combination of economic and political factors, foremost among which was the prospect of monetary policy easing by the Federal Reserve in response to slowing economic growth and a weakening labour market. These expectations of lower policy interest rates reduced the yield advantage of US financial assets, thereby dampening international demand for the US dollar. Beyond this monetary driver, domestic political uncertainty and the widening fiscal deficit further undermined investor confidence, heightening concerns over the sustainability of the United States' fiscal position. At the same time, the improved economic outlook for the euro area, together with the acceleration of global de-dollarisation trends, whereby countries and investors increasingly sought alternatives such as the euro and gold, reinforced these developments, turning what initially appeared to be a currency correction into a major shift in financial market trends.

2.2. The manner to achieve strategic goals

In 2025, the focus was placed on the key strategic parameters for international reserve management set by the NBR Board at end-2024 for 2025. They were further aimed at a framework based on the diversification of the NBR's balance sheet risks and on investment safety and liquidity, which would allow for the highest possible investment performance throughout the strategy implementation period via a prudent and effective reserve management.

The key strategic parameters monitored by the NBR while managing international reserves in 2025 were:

- the composition of the foreign currency reserve: euro – 40 to 75 percent of total; US dollar – 10 to 35 percent of total; other currencies – at most 35 percent of total;
- an average duration of up to 1 year and 7 months for the foreign currency reserve as a whole;
- an investment tranche aimed at improving the returns on international reserve management;
- categories of eligible issuers: (i) the US government; (ii) government agencies or agencies sponsored by the US government; (iii) the governments of EU Member States; (iv) government agencies or agencies sponsored by the governments of EU Member States; (v) the Government of Japan; (vi) the Government of China; (vii) other governments rated at least A-; (viii) supranational institutions; (ix) private entities, issuers of covered bonds;
- the maximum exposure to private entities that are issuers of covered bonds: 10 percent of international reserves;
- the maximum exposure to private entities other than issuers of covered bonds: 10 percent of international reserves.

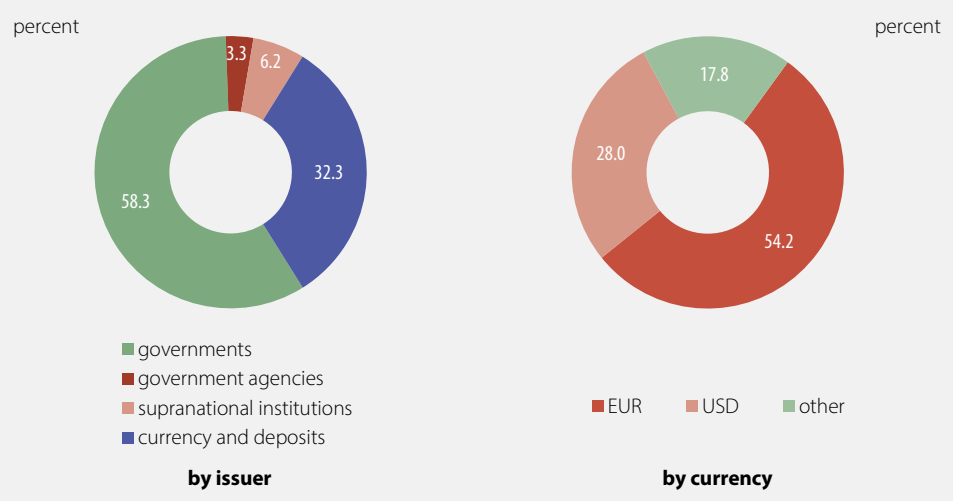


Chart 10.2
Composition of Romania's foreign exchange reserves at end-2025

In 2025, the NBR continued to invest in sustainable bonds issued by the already approved issuers, which have the same credit risk as the conventional bonds issued by them.

The Foreign Reserve Management Committee and the NBR Board deemed it appropriate to leave unchanged the benchmark portfolios used in the prior year. Foreign currency reserves were further managed in a dynamic and flexible manner, with a focus on identifying and capitalising on new opportunities in the global financial markets, yet without prejudice to the NBR's investment safety and liquidity objectives. In order to earn additional income, the NBR made adjustments to the currency composition of reserves, as well as portfolio shifts by class of fixed-income issuer. Moreover, the NBR continued to favour a relatively dynamic management of portfolio duration and yield curve exposures. Additional risks were taken in a cautious and effective manner, in accordance with the objectives and risk parameters defined by the annual strategy for international reserve management as well as by other relevant provisions and considerations.

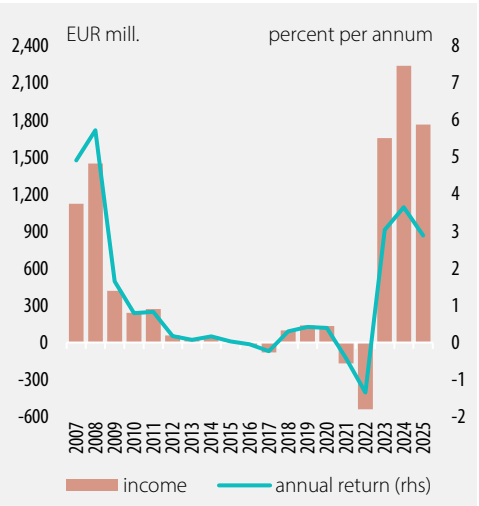


Chart 10.3
Returns on portfolio management

Similarly to the currency composition of the NBR's foreign liabilities, of Romania's public and publicly guaranteed debt service and of the country's international trade, the euro further held the largest share of foreign exchange reserves (54.2 percent) at end-2025 as well, ahead of the US dollar (28 percent; Chart 10.2), both on a rise versus the previous year.

The lower returns on investments made as part of the international reserve management in 2025 compared to 2024, which could not be fully offset by the positive effect of capital gains from fixed-income securities, led to a drop in investment income

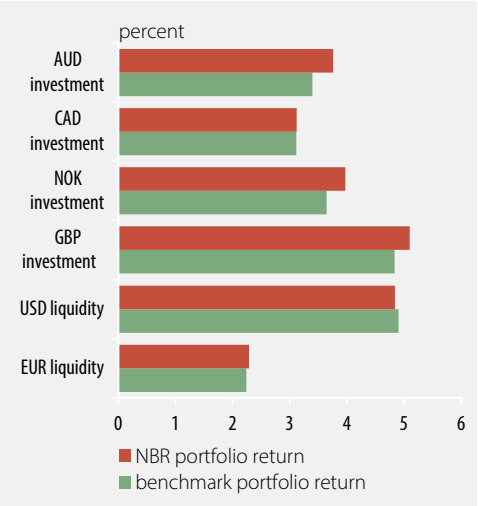


Chart 10.4
Comparative returns – NBR vs benchmark portfolio in 2025

and in the annual return on portfolio management from 3.65 percent in 2024 to 2.89 percent in 2025 (Chart 10.3).

The annual returns on the NBR's EUR- and USD-denominated liquidity portfolios stood at 2.28 percent and 4.84 percent, respectively. Investment portfolios – denominated in pound sterling, Norwegian krone, Canadian and Australian dollars – posted annual returns of 5.10 percent, 3.96 percent, 3.12 percent and 3.75 percent, respectively (Chart 10.4), whereas the Japanese yen-, the Chinese renminbi- and the New Zealand dollar-denominated holdings recorded average returns of 0.42 percent, 1.67 percent and 2.99 percent, respectively.

Chapter 11

Romania's balance of payments and international investment position

1. Current account and capital account

Current account

In 2025, the balance-of-payments current account deficit stood at EUR 29,884 million (Table 11.1), accounting for 7.9 percent of GDP against 8.2 percent of GDP a year earlier.

Table 11.1
Current account

EUR million

	2024	2025
Goods, net	-33,003	-32,530
Exports (FOB)	86,235	90,651
Imports (FOB)	119,238	123,181
Services, net	11,717	12,576
Primary income, net	-8,313	-10,033
Secondary income, net	710	103
Current account balance	-28,889	-29,884

The developments in the current account deficit were positively influenced by a narrowing of the deficit on trade in goods and an increase in the services surplus, while a negative impact came from the larger deficit on primary income, along with a lower surplus on secondary income.

The deficit on trade in goods shed 1.4 percent against 2024, to EUR 32,530 million, with its share in GDP going down from 9.3 percent to 8.6 percent. More than half of the trade in goods deficit (50.9 percent) owed to the first two groups of goods posting shortfalls in descending order, i.e. chemical and plastic products (EUR -11,265 million) and base metals (EUR -5,277 million). The increase in the deficit on base metals, together with the decrease of approximately EUR 1 billion in the deficit on mineral products, also led to a change in the ranking of the groups, as in 2025 base metals climbed to the second place in terms of the deficit size, a position held in 2024 by mineral products. The geographical breakdown shows that 80.5 percent of the goods deficit stemmed from intra-EU trade (EUR -26,178 million).

Exports rose by 5.1 percent to EUR 90,651 million, after two years of relative stagnation, amid the increase in foreign demand from Romania's main trading partner countries, whose economies proved resilient to the main global challenges in the realm of trade, political uncertainties and geopolitical tensions. However, the share of exports of goods in GDP narrowed to 23.8 percent from 24.4 percent in the previous year. The breakdown of exports by group of goods shows rises in the shares of two merchandise groups in total exports (with agri-food items recording the larger one, i.e. 1.3 percentage points, up to 13.7 percent), whereas the other six groups reported declines in their

shares (the most sizeable being from 47.3 percent to 46.5 percent for machinery, apparatus, equipment and transport means).

Imports of goods amounted to EUR 123,181 million, up 3.3 percent, or EUR 3,943 million, from the year before, despite the flat domestic consumption, with the rise being attributed to the high import content of exports. Nevertheless, the share of imports of goods in GDP fell by 1.3 percentage points to 32.4 percent. The breakdown of imports by group of goods shows slight rises versus the previous year in the share of machinery and electrical equipment (up 0.5 percentage points to 25.5 percent of total imports), chemicals (up 0.6 percentage points to 10.9 percent) and base metals (up 0.2 percentage points to 9.9 percent).

The coverage of imports by exports climbed from 72.3 percent in 2024 to 73.6 percent, yet the openness of the Romanian economy[233] shrank by 1.8 percentage points to 56.3 percent.

The trade in services surplus amounted to EUR 12,576 million, up 7.3 percent year on year due to the increases in exports of transport services, *inter alia* amid Romania's joining the Schengen Area, as well as in exports of computer and information services. The services surplus as a share in GDP remained unchanged at 3.3 percent against the previous year.

The deficit on primary income deepened, touching EUR 10,033 million, compared to EUR 8,313 million in 2024, mainly as a result of the larger interest payments on bonds issued by the general government and higher reinvested earnings in direct investment enterprises in Romania. The primary income deficit-to-GDP ratio ran at 2.6 percent, rising 0.2 percentage points versus the year-earlier level.

The secondary income surplus equalled EUR 103 million, down from EUR 710 million in the previous year, amid the increase in transfers made by foreign workers in Romania to their countries of origin and a slight pick-up in contributions to the EU budget.

Current account deficit financing was covered up to approximately a half by direct investment, capital transfers and other net inflows to the capital account (compared to a third in 2024), with issues of government securities and other debt instruments topping up the rest.

Capital account

In 2025, the positive capital account balance stood at EUR 7,203 million, up 38.3 percent against the year-earlier reading, due to the inflows of EU funds in the form of capital transfers, particularly from the Cohesion Fund (CF), the European Regional Development Fund (ERDF), the European Agricultural Fund for Rural Development (EAFRD) and the Recovery and Resilience Facility (NRRP). The capital account surplus also grew as a share in GDP, to 1.9 percent from 1.5 percent in 2024.

[233] Openness of the economy was calculated as follows: (exports of goods + imports of goods)/GDP*100.

2. Financial account

In 2025, the negative financial account balance added 13.1 percent versus 2024 to EUR 22,479 million, reflecting net inflows for the tenth year in a row. The year-on-year performance was marked by a rise in direct, portfolio and other investment, but also by higher growth in reserve assets (Table 11.2).

Table 11.2
Financial account

EUR million

	2024	2025
Financial account	-19,879	-22,479
Net acquisition of assets	6,290	8,841
Net incurrence of liabilities	26,169	31,320
Direct investment	-4,741	-7,547
Net acquisition of assets	1,844	830
Net incurrence of liabilities	6,585	8,377
Portfolio investment	-12,389	-13,492
Net acquisition of assets	1,337	1,874
Net incurrence of liabilities	13,726	15,366
Financial derivatives	63	58
Net acquisition of assets	63	58
Other investment	-3,602	-6,218
Net acquisition of assets	2,256	1,359
Net incurrence of liabilities	5,858	7,577
Reserve assets	790	4 720
Net acquisition of assets	790	4 720

Direct investment reported net inflows in amount of EUR 7,547 million, up 59.2 percent from the previous year. Investment by non-residents in Romania ran at EUR 8,148 million, with equity[234] totalling EUR 6,191 million, the remainder being the net value of debt instruments[235] (EUR 1,957 million). Nearly half of direct investment by non-residents in Romania[236] in 2025 came from the Netherlands, Austria and Germany.

In 2025, portfolio investment recorded net inflows of EUR 13,492 million (up 8.9 percent versus 2024), under the influence of a higher volume of Romanian government securities acquired by non-residents.

Other investment displayed net inflows worth EUR 6,218 million, compared to EUR 3,602 million in 2024, on account of an upswing in long-term loans taken by the general government and in non-residents' deposits in Romania, alongside a fall in deposits held abroad by resident credit institutions.

234 Including reinvestment of earnings.

235 It includes loans and trade credit, as well as other debt instruments between the non-resident investor and the resident direct investment enterprise.

236 In terms of the share in net inflows of direct investment by non-residents in Romania (by immediate investor) in 2025 (preliminary data).

3. Romania's international investment position

The international investment position saw its net debit balance worsen over the year before, reaching EUR 169.6 billion at end-2025 compared to EUR 146 billion previously.

Composition of foreign assets and liabilities

Compared to 2024, the balance on foreign assets continued to rise in 2025, standing at EUR 161.7 billion, up 7 percent. The composition of foreign assets by main financial instrument was relatively stable, without any significant shifts in terms of ranking. Specifically, reserve assets further prevailed (47.6 percent, or EUR 77 billion), ahead of other investment (27.7 percent, or EUR 44.7 billion), direct investment (15.1 percent, or EUR 24.4 billion) and portfolio investment (9.5 percent, or EUR 15.4 billion).

The balance on foreign liabilities increased in 2025 as well, coming in at EUR 331.3 billion, up approximately 11.5 percent against the end of the previous year. The composition of external liabilities remained broadly similar to that of the previous year, with no significant changes in the distribution of the main components.

Foreign direct investment continued to hold the majority share, accounting for 45.7 percent of total (EUR 151.4 billion). Moreover, portfolio investment grew markedly, from EUR 82.3 billion at end-2024 to EUR 99.4 billion (30 percent of total) at end-2025, while other investment totalled EUR 80.2 billion, equivalent to 24.2 percent of total external liabilities.

Gross external debt

Developments in gross external debt point to an increase to EUR 228.5 billion in 2025, up 12.3 percent compared to 2024.

In terms of maturity, it is noted that the rise in total external debt was mainly supported by the long-term component, which moved sharply higher, while short-term debt posted a relatively stable performance.

Therefore, at end-2025 long-term external debt expanded by 15.3 percent year-on-year, amounting to EUR 180.3 billion. Behind this surge stood chiefly the net capital flows (+EUR 23.2 billion), alongside the favourable influence of securities prices (+EUR 3.6 billion) and other adjustments (+EUR 0.1 billion). Conversely, exchange rate changes dampened this movement, diminishing it by about EUR 3 billion.

In 2025, long-term external debt service amounted to EUR 24.8 billion, down 8.2 percent against 2024. This decline was ascribable to the contraction in principal repayments, which fell to EUR 19.1 billion (from EUR 21.8 billion), whereas payments of interest and commissions rose to EUR 5.8 billion (against EUR 5.2 billion in 2024).

Long-term external debt by institutional sector shows that, at end-2025, the general government sector further held the largest share (69.1 percent, or EUR 124.7 billion). Coming in next were other sectors with 23.8 percent of total (EUR 42.9 billion),

while credit institutions held a significantly smaller share of 5.3 percent (EUR 9.6 billion). The central bank's share was further contained, standing at around 1.8 percent of total long-term external debt (EUR 3.2 billion), chiefly on account of special drawing rights allocations.

The analysis of long-term external debt by creditor shows that its significant increase of 15.3 percent (to EUR 180.3 billion at end-2025 from EUR 156.4 billion at end-2024) was driven mainly by a rise in portfolio investment and loans from the private sector. Specifically, portfolio investment moved ahead 21.2 percent (EUR 96.5 billion at end-2025 versus EUR 79.6 billion at end-2024). Moreover, loans from private banks and other financial institutions rose by 28.1 percent (EUR 19.8 billion from EUR 15.4 billion), while those from other private creditors went up 6.3 percent (EUR 24.5 billion versus EUR 23.1 billion). The external debt to multilateral creditors recorded a moderate increase of 3.3 percent (EUR 39.5 billion at end-2025 compared with EUR 38.3 billion at end-2024), amid net transactions with international financial institutions such as the International Bank for Reconstruction and Development, the European Investment Bank and the European Union). The share of private financing sources was significant in 2025 as well, with international private capital markets being tapped in February, March, July and October via government securities issues adding up to EUR 11.4 billion and USD 5 billion. The value of coupons posted different percentages depending on the date of issue, ranging from 5.25 percent to 6.75 percent for EUR-denominated bonds and between 5.875 percent and 7.5 percent for USD-denominated securities. Government securities launched on international capital markets during 2025 had maturities ranging from 5 years to 20 years.

The analysis of long-term external debt by original maturity as at 31 December 2025 highlights that debt maturing over 5 years further held a majority share, i.e. 81.0 percent (EUR 146.1 billion), down from 83.0 percent (EUR 129.8 billion) in 2024, with public and private debt accounting for 60.7 percent and 20.3 percent respectively. At the same time, debt with a maturity of between 1 and 5 years climbed to 19.0 percent (EUR 34.2 billion), amid the increase in public debt, while private debt saw its share narrow slightly.

The breakdown of long-term external debt by currency reveals a substantial concentration for the euro (72.3 percent), whilst the other currencies held sizeably lower shares: the leu (13.1 percent), the US dollar (12 percent), the SDR (1.8 percent), and other currencies (0.8 percent).

Table 11.3
Key external indebtedness indicators

percent

	2024	2025
Gross external debt/GDP	57.5	60.1
Net external debt/GDP	20.9	24.9
Long-term gross external debt/GDP	44.2	47.4
Long-term gross external debt/exports of goods and services	124.2	133.7
Long-term gross external debt service ratio	21.5	18.4

External indebtedness indicators point to a worsening of Romania's external position in 2025 compared to 2024. Specifically, the ratio of gross external debt to GDP went up to 60.1 percent, from 57.5 percent and the share of net external debt in GDP rose

to 24.9 percent against 20.9 percent. Furthermore, Romania's long-term gross external debt as a share in GDP advanced to 47.4 percent from 44.2 percent, mirroring a higher level of long-term indebtedness. The long-term gross external debt as a share in exports of goods and services grew significantly, to 133.7 percent versus 124.2 percent. On the other hand, the long-term gross external debt service ratio fell to 18.4 percent from 21.5 percent, pointing to some pressure taken off debt payments (Table 11.3).

At end-2025, short-term external debt ran at EUR 48.1 billion, up 2.1 percent from the end of the previous year. Its dynamics were chiefly underpinned by net capital inflows in amount of EUR 2.2 billion. Conversely, exchange rate changes and other changes acted towards capping growth, reducing the debt stock by approximately EUR 1.2 billion.

Short-term external debt service amounted to EUR 65.5 billion at the end of 2025, with the corresponding debt service ratio reaching 48.6 percent, down 11.1 percentage points from the end of 2024. The contraction occurred mainly amid significantly lower capital outflows to direct investors, related to debt instruments with a maturity of up to 1 year, i.e. down from EUR 37.4 billion in 2024 to EUR 28.5 billion in 2025.

Furthermore, short-term loans from non-residents declined from EUR 8.5 billion to EUR 6.2 billion, fuelling the same trend. On the other hand, repayments of non-residents' short-term deposits and of trade credit granted by them expanded by EUR 0.6 billion each against the end of 2024.

Net external debt

At end-2025, net external debt rose markedly over a year earlier to EUR 94.5 billion from EUR 73.8 billion, due largely to the upswing in the net external debt of the general government sector. At the same time, the net external debt related to direct investment and that of other sectors increased year on year, thus contributing to the worsening of the net external debtor position (Table 11.4).

At end-2025, the general government sector reported a higher external debtor position, with net external debt rising to EUR 109.4 billion, compared to EUR 89.8 billion in 2024, amid the surge in external liabilities, mostly portfolio investment and loans (EUR 14.3 billion and EUR 4.6 billion respectively).

Deposit-taking corporations except the central bank further posted a net external creditor position, albeit mildly on the wane, reaching EUR -3.5 billion (versus EUR -4.4 billion) on the back of an increase in external assets from EUR 17.3 billion to EUR 18.5 billion and in external liabilities from EUR 12.9 billion to EUR 15.0 billion.

Other sectors recorded a deterioration of the net external position, displaying a larger debtor position in amount of EUR 16.3 billion, as against EUR 13.4 billion in 2024, owing to a pick-up in the stock of foreign loans to EUR 16.5 billion from EUR 14.9 billion.

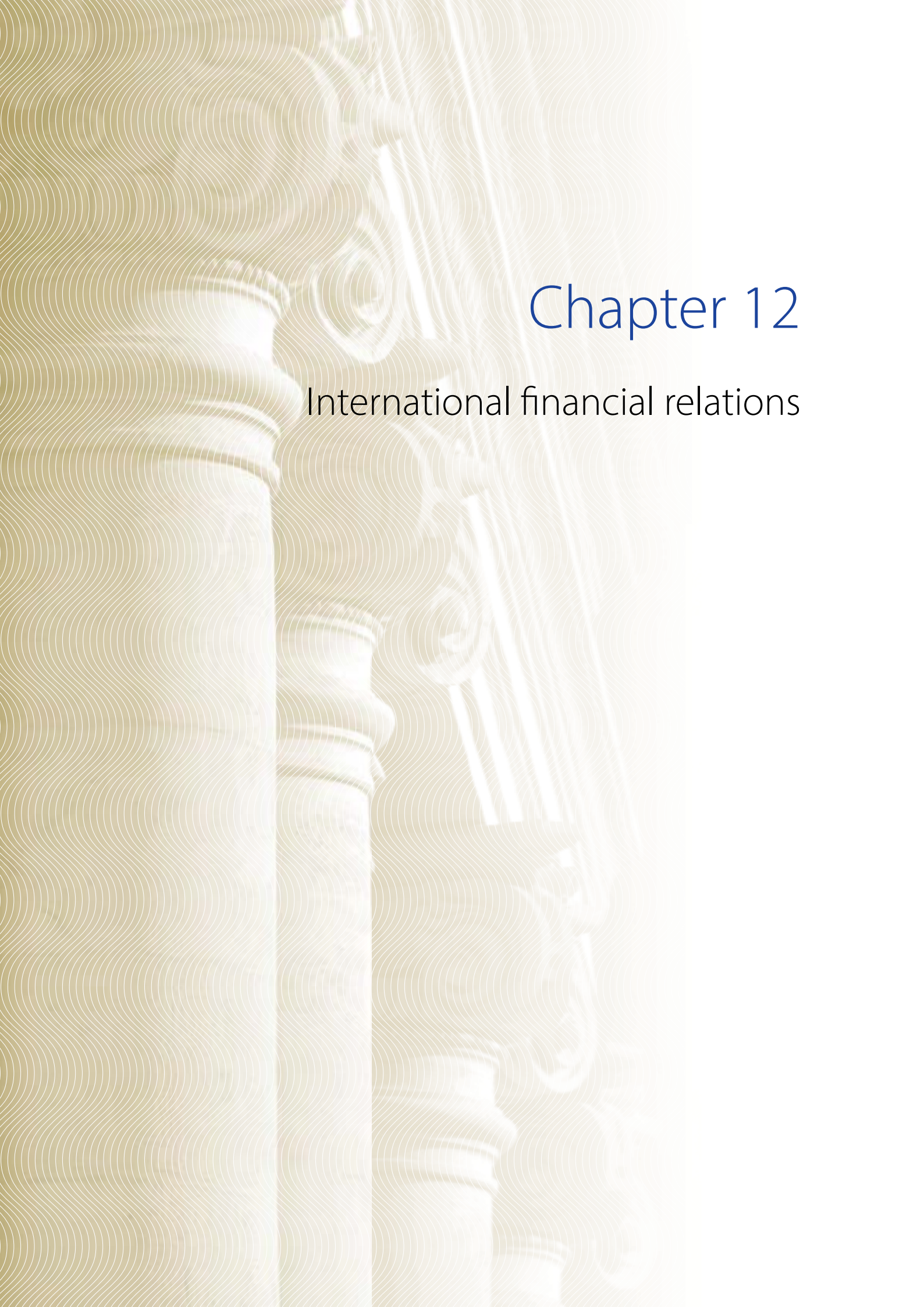
Conversely, the central bank strengthened its net creditor position, up from EUR -58.0 billion to EUR -61.8 billion, amid the increase in external assets, mainly portfolio investment (debt instruments, from EUR 39.6 billion to EUR 43.9 billion), as well as a further high level of foreign deposits.

EUR million

	2024			2025		
	Gross external debt	External assets in the form of debt instruments	Net external debt	Gross external debt	External assets in the form of debt instruments	Net external debt
	(1)	(2)	(3) = (1)-(2)	(1)	(2)	(3) = (1)-(2)
General government	106,977	17,224	89,754	125,623	16,272	109,351
Cash and deposits	183	30	153	528	23	505
Debt instruments under portfolio investment	73,623	638	72,985	87,915	763	87,152
Loans	17,625	1,926	15,699	22,259	1,694	20,565
Trade credits and advances	477	5,004	-4,527	130	5,168	-5,038
Other foreign liabilities/assets	15,069	9,626	5,443	14,791	8,624	6,167
Central bank	4,533	62,506	-57,973	3,174	64,957	-61,784
Special drawing rights	3,411	3,433	-22	3,172	3,193	-21
Cash and deposits	1,122	19,470	-18,348	2	17,864	-17,862
Debt instruments under portfolio investment		39,603	-39,603		43,900	-43,900
Loans	0		0	0		0
Other foreign liabilities/assets	0	0	0	0	0	0
Deposit-taking corporations except the central bank	12,902	17,294	-4,392	14,966	18,458	-3,492
Cash and deposits	7,282	11,376	-4,094	8,432	11,430	-2,997
Debt instruments under portfolio investment	5,534	5,075	459	6,457	5,424	1,032
Loans	0	782	-782	0	1,530	-1,530
Other foreign liabilities/assets	86	61	25	78	74	3
Other sectors	29,599	16,190	13,409	33,178	16,890	16,287
Cash and deposits		4,280	-4,280		3,909	-3,909
Debt instruments under portfolio investment	830	1,695	-865	2,379	1,841	539
Loans	14,987	67	14,920	16,529	70	16,458
Insurance, pension and standardised guarantee schemes	241	868	-627	328	989	-661
Trade credits and advances	13,455	9,250	4,204	13,861	10,049	3,812
Other foreign liabilities/assets	86	30	56	80	31	49
Debt instruments under direct investment	49,499	16,530	32,968	51,523	17,384	34,138
Total	203,510	129,744	73,766	228,463	133,962	94,501

Table 11.4
Romania's external debt

Debt instruments under direct investment also posted an increase in the net debtor position, from EUR 33.0 billion to EUR 34.1 billion, given the rise in external liabilities, up from EUR 49.5 billion to EUR 51.5 billion, amid a moderate upturn in external assets, from EUR 16.5 billion to EUR 17.4 billion.



Chapter 12

International financial relations

According to its Statute, the NBR may participate, under the mandate assigned by the Parliament, in international financial, banking, and monetary or payment organisations/ institutions and may become a member thereof.

Hence, the NBR has, over time, paid special attention to international financial relations in its capacity as a member institution or as a representative of Romania, and also as a depositary of the Romanian state's holdings in international financial institutions. The benefits of collaborating with these organisations include accessing financial resources, receiving technical assistance and exchanging experience on central banks' best practices, as well as actively participating in debates concerning the global financial and monetary system, via representatives in the management of these fora, and in the various meetings organised by them.

Moreover, the NBR has strengthened cooperative relations with central banks in other countries, including non-members of the European System of Central Banks, both bilaterally and multilaterally, through working meetings between the NBR representatives and their counterparts, or participations in regional meetings.

1. International Monetary Fund

Romania has been a member of the International Monetary Fund (IMF) since 1972, its quota subscription (subscribed and paid-up capital) currently amounting to SDR 1,811.4 million, i.e. 0.38 percent of the IMF's share capital. In 2025, Romania received SDR 0.551 million from the IMF as net interest.

2. World Bank Group

Romania is a member of all institutions that are part of the World Bank Group, namely the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA) – which together make up the World Bank, the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID).

International Bank for Reconstruction and Development

Romania joined the International Bank for Reconstruction and Development (IBRD) in 1972, holding 9,067 shares, or 0.31 percent of the bank's capital, and a voting power accounting for 0.31 percent of total.

The Country Partnership Framework for Romania (CPF) for fiscal years 2025-2029, endorsed by the World Bank Group's Board of Executive Directors on 18 September 2024, prioritises three high-level outcomes: (i) improving human capital outcomes, (ii) creating better job opportunities in a more competitive economy through unlocking private capital, and (iii) increasing resilience and speeding up the green transition. The specific objectives include to: (i) improve transition to tertiary education for the poor and vulnerable, (ii) improve access to modern healthcare, (iii) connect the poor and vulnerable to jobs, (iv) strengthen capacity to build transport infrastructure, (v) enhance capacity to attract private investment at regional and local level, (vi) accelerate capital market development and access to finance, and (vii) improve preparedness to natural disasters and climate change.

International Development Association

Romania joined the International Development Association (IDA) on 12 April 2014, its current voting power accounting for 0.30 percent of total.

Financial institutions affiliated to the World Bank

Romania joined the International Finance Corporation (IFC) in 1990, and it currently holds a 0.23 percent voting power within the organisation. The activity of this organisation is complementary to that of the IBRD and IDA, focusing exclusively on the private sector. Moreover, Romania has been a member of the Multilateral Investment Guarantee Agency (MIGA) since 1992, and it currently holds a voting power of 0.55 percent.

3. Bank for International Settlements

The NBR has been a member of the Bank for International Settlements (BIS) since the latter's establishment in 1930 and holds 8,564 shares in the BIS capital, on which it receives dividends. In 2025, for the financial year ending 31 March 2025, the NBR received dividends amounting to EUR 3.799 million (equivalent to SDR 3.254 million).

Financial Stability Board's Regional Consultative Group for Europe

The Financial Stability Board (FSB) is an international body that monitors and makes recommendations about the global financial system. The BIS ensures the funding of the FSB by voluntary contributions from Members and hosts its Secretariat. In 2011, for the purpose of expanding the scope of FSB activity beyond the G20 countries and reflecting the global nature of the financial system, six Regional Consultative Groups (RCGs) were set up within the FSB. Romania, through representatives of the NBR and the Ministry of Finance, has been a member of FSB RCG Europe since 25 June 2018.

4. European Bank for Reconstruction and Development

Romania is a founding member of the European Bank for Reconstruction and Development (EBRD), and it currently holds 16,343 shares worth EUR 163.43 million, a contribution that accounts for 0.49 percent of the bank's total subscribed capital.

The EBRD invests in the countries of operations based on a country strategy. The Romania Country Strategy 2025-2030 focuses on supporting Romania's transition to a sustainable economy by integrating renewable energy sources and leveraging funding under the Recovery and Resilience Facility (RRF) for the green transition and digitalisation. The Strategy pursues three priorities, namely to: (i) accelerate Romania's green economy transition; (ii) strengthen private sector competitiveness through innovation, access to finance and good governance; and (iii) enhance economic resilience.

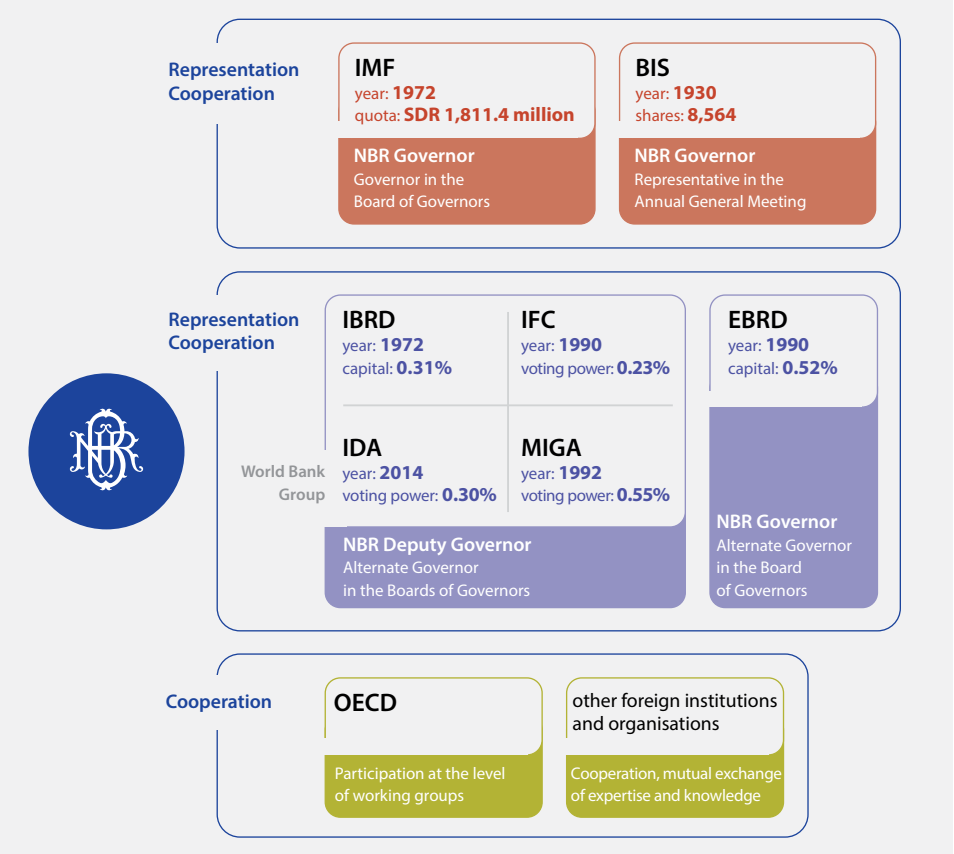
By 31 March 2026, the EBRD provided Romania with financial assistance totalling roughly EUR 12.566 billion by way of 591 projects, 87 percent of which were channelled to the private sector.

5. Organisation for Economic Cooperation and Development

Efforts to support Romania's accession to the Organisation for Economic Co-operation and Development (OECD) continued throughout 2025. The NBR was involved in the accession process, within its statutory scope, mainly via: (i) contributing to the content of the reply letters from the Romanian authorities to the recommendations made by the OECD Committee on Financial Markets and the OECD Investment Committee; in this context, the Committee on Financial Markets adopted its formal opinion on Romania's accession to the OECD on 24 February 2026, while the Investment Committee adopted its formal opinion on 2 April 2026; (ii) providing observations and comments on the OECD Investment Committee's draft assessment report on Romania, specifically on the sections falling within the central bank's fields of competence; and (iii) participating in working meetings with OECD experts as part of the assessment missions related to the 2026 edition of the *Economic Survey* of Romania, and providing observations and additional input on the sections of the report falling within the central bank's fields of competence. The *Economic Survey* is a comprehensive analysis of Romania's economic developments, addressing key economic challenges and providing public policy recommendations. It formed the basis for Romania's assessment by the OECD Economic and Development Review Committee, which adopted its formal opinion on Romania's accession to the OECD on 16 March 2026.

In parallel, the NBR continued to take part in the activities of OECD working structures relevant to central banking, namely the Committee on Financial Markets and its two working parties on sustainable finance and on financial consumer protection, education and inclusion, respectively; the Advisory Task Force on the OECD Codes of Liberalisation under the Investment Committee; and the four subsidiary bodies of the Committee on Statistics and Statistical Policy, by attending their meetings and other specific events.

Moreover, the NBR has been a member of the OECD International Network on Financial Education since 2018 and has participated in the meetings of some of its working structures.



Infographic
NBR representation in international organisations

At the same time, the NBR participates as a permanent guest in the works of the National Committee for Romania's Accession to the OECD, chaired by the Prime Minister of Romania, which coordinates the overall policy of the accession process.

6. Participation of the National Bank of Romania in foreign institutions and organisations

The National Bank of Romania aims to promote international cooperation with entities that carry out activities generally in the field of economic and financial research and specifically in the banking field, in order to ensure a mutual exchange of expertise and knowledge.

In 2025, the National Bank of Romania continued its collaboration with various foreign bodies, international think tanks in the field of economic research, and relevant international institutions in the field of scientific research. Furthermore, it helped disseminate domestically the findings of global scientific studies, along with the knowledge gained from international events and meetings on economic, financial and

monetary issues. Through cooperation with these entities, central bank representatives participated in these events, facilitating the exchange of specialised information.

In 2025, the National Bank of Romania[237] further contributed to the activity of the working groups within the Network for Greening the Financial System[238] (NGFS), in its capacity as a full member of this international organisation, and the NGFS disseminated research results in the area of greening the international financial system[239]. The year 2025 marked the 20th anniversary of the entry into force of the Kyoto Protocol[240] and the 10th anniversary of the adoption of the Paris Agreement[241], both under the auspices of the United Nations (UN). At the UN Climate Change Conference (UNFCCC COP30)[242], held under the Brazilian Presidency, the NGFS reaffirmed its commitment to supporting a well-managed transition to a low-carbon economy. The joint statement highlighted the economic costs of climate inaction and underscored the mounting macroeconomic and financial risks of delayed climate action[243].

In 2023, the National Bank of Romania entered into a cooperation protocol with Babeș-Bolyai University (UBB) in Cluj-Napoca and the ERMAS Association, thereby joining efforts to organise the Annual Scientific Conference of Romanian Academic Economists from Abroad (ERMAS) on an annual basis. The 11th edition of the ERMAS conference was held in Iași from 30 July to 1 August 2025 and was organised by the National Bank of Romania and Babeș-Bolyai University, in collaboration with Alexandru Ioan Cuza University of Iași. In this context, related events sought to boost the international promotion of Romania's economic and financial research. The conference[244] featured a roundtable and seven parallel sessions that brought together presentations and expert discussions in thematic panels[245].

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237 The National Bank of Romania became an institutional member of the NGFS on 16 September 2020 (https://www.bnr.ro/1231-reteaua-bancilor-centrale-si-autoritatilor-de-supraveghere-financiara-pentru-ecologizarea-sistemului-financiar).

238 The NGFS is an international body of central banks and financial system supervisory authorities willing, on a voluntary basis, to exchange experiences, share best practices, and contribute to the development of environmental and climate risk management in the financial sector during the transition to a sustainable economy. The NGFS working structures are available on the organisation's website. The Secretariat has been provided by Banque de France since the organisation was established on 12 December 2017 at the One Planet Summit held in Paris under the Presidency of the French Republic (https://www.ngfs.net/en/about-us).

239 The NGFS publications presenting the results of economic research are available on the organisation's website and can be accessed for consultation (https://www.ngfs.net/en/publications-and-statistics/ngfs-publications).

240 https://unfccc.int/process-and-meetings/the-kyoto-protocol.

241 https://unfccc.int/process-and-meetings/the-paris-agreement.

242 COP30 was held in Belém, Brazil, from 10 to 21 November 2025 (https://unfccc.int/cop30).

243 The NGFS joint statement was published on 5 November 2025 (https://www.ngfs.net/en/publications-and-statistics/publications/ngfs-declaration-economic-cost-climate-inaction).

244 The full programme is available on the conference website (https://www.ermas.ro/2025/28%20iulie_ERMAS%202025%20Program%20EN%20Structure%20Detailed_Draft_final%20version.pdf).

245 For further details on the 2025 ERMAS Conference, see the NBR's website (https://www.bnr.ro/24706-2025-08-04-editia-a-xi-a-ermas-forum-international-de-cercetare-economica-la-iasi).

Chapter 13

The convergence of the Romanian economy and developments in the European Union's economic governance

1. The convergence of the Romanian economy

The adoption of the euro is pivotal to the integration of Romania's economy with that of Europe, reflecting a sustained process of convergence and reforms with lasting effects that strengthen competitiveness, ultimately implying the transfer of monetary policy responsibility to the European Central Bank.

Table 13.1 and Chart 13.1 show the progress made in meeting the convergence criteria stipulated in the Maastricht Treaty (based on which nominal convergence progress is assessed) in 2025 as a whole.

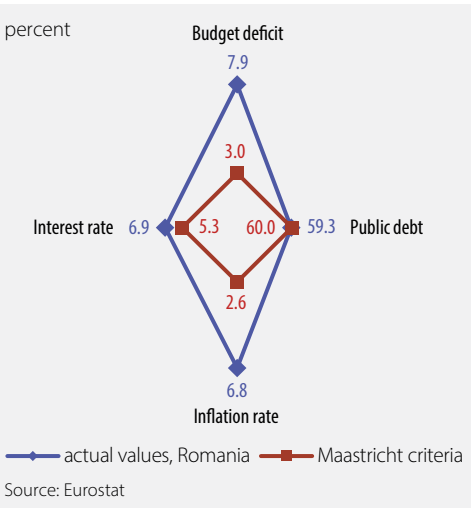
	Maastricht criteria	Romania 2025
Inflation rate (HICP) (percent, annual average)	≤1.5 pp above the average of the three best-performing EU Member States[1]	6.8 (2.6: reference value)
General government deficit* (percent of GDP)	below 3 percent	7.9
Government debt* (percent of GDP)	below 60 percent	59.3
Exchange rate vs the euro (2-year maximum percentage change)	±15 percent	+0.1/-2.9[2]
Long-term interest rates (percent p.a., annual average)	≤2 pp above the average of the three best-performing EU Member States[1] in terms of price stability	6.9 (5.3: reference value)

*) ESA 2010

1) The reference value for end-2025 was calculated by taking into account Cyprus, France and Italy.
2) Maximum percentage changes in the exchange rate versus the euro during January 2024 – December 2025. Calculations are based on daily data series, by reference to the average for December 2023.

Source: Eurostat, ECB, NBR calculations

Table 13.1
Maastricht criteria (nominal convergence indicators)



Source: Eurostat

Chart 13.1
Differences from the reference values for selected nominal convergence indicators, 2025

The year 2025 was marked by the continuation of the macroeconomic adjustment process, in a context characterised by persistent domestic and external vulnerabilities and the implementation of a broad package of fiscal consolidation measures. Economic developments reflected both the efforts to correct the general government deficit and the constraints associated with the high twin deficits, with effects on financing costs, the risk premium and public debt dynamics. At the same time, the annual inflation

rate re-accelerated in the latter part of the year amid some administrative measures, especially the liberalisation of electricity prices and the hike in the VAT rate. These developments caused inflation to remain high, despite a more moderate domestic demand environment.

In this context, in Romania, the average annual inflation rate, calculated based on the Harmonised Index of Consumer Prices (HICP), rose to 6.8 percent in December 2025 from 5.8 percent in December 2024, remaining above the reference value of the Maastricht criterion on price stability. At the same time, the gap against this benchmark increased versus the previous year, from 3.3 percentage points to 4.2 percentage points.

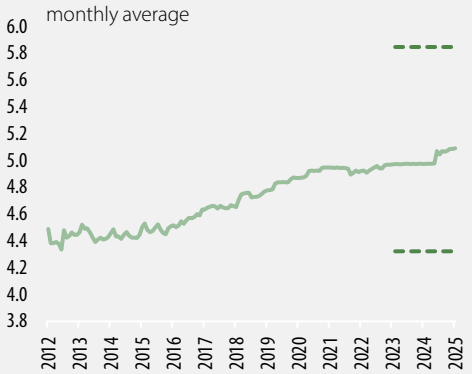
The general government deficit-to-GDP ratio declined from 9.3 percent in 2024 to 7.9 percent in 2025 amid higher budget revenues and the implementation of fiscal consolidation measures. Correcting the deficit by more than 1 percentage point of GDP (in ESA terms) was supported by the adoption of two fiscal consolidation packages, based mainly on revenue growth – also by broadening the tax base for social security contributions – and on higher excise duties and VAT.

In parallel, the general government debt-to-GDP ratio continued to increase, reaching 59.3 percent in 2025 from 54.8 percent in 2024, nearing the 60 percent reference threshold set by the criteria stipulated in the Maastricht Treaty. These upward dynamics mainly reflect the still high budget deficit and the related financing needs. However, under the National Medium-Term Fiscal-Structural Plan 2025-2031, the authorities committed to a gradual fiscal adjustment path, aimed at reducing the budget deficit to 2.5 percent of GDP in 2031. This paves the way for a sustainable correction of public debt, which is set to enter a downward path after 2029. The implementation of fiscal consolidation measures, alongside the improvement in investors sentiment of fiscal sustainability, is likely to help diminish the risk premium and financing costs, while supporting a more favourable profile of public debt over the medium and long term.

In 2025, the long-term interest rate continued to exceed the reference value, reflecting the persistence of macroeconomic imbalances and the high risk premium, in the context of fiscal and external vulnerabilities. Credit rating agencies maintained the sovereign investment grade for the Romanian economy, albeit with a negative outlook, reflecting the wide budget deficit and the significant external imbalance (current account deficit of 7.9 percent of GDP in 2025). At the same time, the decrease in political uncertainty and the adoption of fiscal consolidation measures contributed to a relative improvement in investor sentiment, also reflected in lower yields on government securities in the second half of 2025.

Over the past ten years, the exchange rate of the leu against the euro saw a relatively stable evolution (Chart 13.2), posting significantly lower fluctuations than the fluctuation margin allowed by the ±15 percent standard band, even in the context of political uncertainty and persistent twin deficits.

The sustainable compliance with nominal convergence criteria depends on a high structural alignment, assessable based on indicators such as GDP per capita, the sectoral structure of the economy, external openness and the intensity of trade with the EU.



Note: The dotted lines stand for the limits of the ±15 percent band versus the average for December 2023.

Source: Eurostat, NBR calculations

Chart 13.2
EUR/RON exchange rate

The upward trajectory of the GDP per capita indicator posted a slowdown in 2025, with the latter standing at a level similar to that of the previous year, *inter alia* amid the fiscal adjustment measures aimed at reducing the budget deficit. Thus, Romania's GDP per capita remained at 73.8 percent of the euro area average.

Over the last decade, GDP composition gradually converged towards that of the euro area, in particular through a quasi-steady increase in the share of services[246], which came to account for 49.5 percent of GDP in 2025, i.e. close to the level in the monetary union. Moreover, the share of industry receded to 16.7 percent, falling slightly below that of the euro bloc for the first time. Conversely, albeit on a downward trend over the long term, the share of agriculture stood at 3 percent of GDP in 2025, i.e. double that of the euro area.

After peaking at 93.9 percent in 2022 and then sliding to 83.4 percent and 77.2 percent in 2023 and 2024, respectively, openness of the economy continued to decline, reaching 76.2 percent in 2025. Looking at the trade integration with the European Union, the share of trade with EU Member States fell marginally to 72.6 percent in 2025 from 72.8 percent in the previous year.

Given the complexity of the real convergence process, the analysis framework can be extended so as to cover additional aspects such as the sustainability of the external position or the development of the banking and financial system and its integration with the European one. The analysis is complemented by the Macroeconomic Imbalance Procedure Scoreboard that monitors the developments of a broad set of indicators, including in the labour market area, against a set of indicative thresholds.

The current account deficit narrowed marginally in 2025 to 7.9 percent of GDP, following a notable rise in the previous year. Thus, the average for the past three years exceeded by 3.5 percentage points the 4 percent-of-GDP indicative threshold for external sustainability set by the European Commission[247]. Deficit coverage by non-debt-creating flows, albeit on the rise from 31.4 percent in 2024 to 42.8 percent in 2025, is nevertheless low from a historical perspective.

Integration of the banking sector with that of the euro area is high, mainly due to the prevalence of the capital originating in EU Member States in the shareholding of credit institutions operating in Romania. However, both indirect financial intermediation – the share of private sector credit in GDP excluding NBFIs – and direct financial

246 Excl. public administration and defence; compulsory social security; education; health and social care.

247 For further details, see the European Commission's website, the section on "Macroeconomic Imbalance Procedure Scoreboard".

intermediation – stock market capitalisation-to-GDP ratio – stood well below that in the euro area throughout the post-EU accession period.

2. Developments in the European Union's economic governance

Geopolitical uncertainty, the US Administration's protectionist trade measures, the transition to artificial intelligence, an ageing population or climate change (Box 8) call for European economies to rebuild on new foundations. With increasing and diversifying challenges to the EU macroeconomic climate, it becomes all the more necessary to step up the monitoring of imbalances in Member States in order to facilitate their early correction. An overview of the latest developments is given by the *Alert Mechanism Report* (AMR) published in November 2025. The *Report* uses 2024 data for the scoreboard indicators, while also incorporating actual developments for 2025 (in part) and forecasts for 2026-2027.

Box 8. The impact of regional temperature changes on economic growth

Introduction

Rising average temperatures can have multiple adverse effects on ecosystems, society and economic activity, *inter alia* by escalating extreme weather events, affecting agricultural production and increasing risks to infrastructure and human health. Human activities, which are the main cause of greenhouse gas emissions, unequivocally contribute to global warming (IPCC, 2023). Over the last decade, this phenomenon has sparked great concern owing to record temperatures every year[248], which have intensified the presence of extreme phenomena (e.g. droughts, wildfires, floods).

Theoretically, the inverse relationship between temperature and economic activity occurs through various channels. Rising temperature primarily affects agricultural production, by increasing water stress[249] and favouring the spread of plant pests, with negative effects on incomes, especially in economies where agriculture has a considerable weight. At the same time, the factors of production are also affected: on the one hand, according to Muntanelli *et al.*, 2025, labour productivity decreases as a result of exposure to high temperatures which affect physical work capacity and may aggravate pre-existing conditions, and on the other hand, capital productivity can be diminished, especially in technology-intensive sectors, where machinery operation is sensitive to weather conditions.

[248] The World Meteorological Organization confirms 2024 as the warmest year on record at about 1.55°C above pre-industrial level. The past ten years 2015-2024 are the warmest on record.

[249] Physiological condition of plants caused by a deficit or excess of water in the root zone, which disrupts the normal processes of the plant, affecting growth and productivity.

At the same time, high temperatures and extreme events can deteriorate the health of the population – also by enhancing the incidence of insect-borne or cardiovascular diseases – and affect human capital, by discouraging school attendance, increasing school drop-out (Greßer *et al.*, 2021) and depressing learning performance (Park *et al.*, 2020). Last but not least, indirect domino effects may occur, such as increased social and political instability or higher migration, amid pressures on resources and the degradation of agricultural land. By contrast, in certain regions, especially those with cold climates, the rise in temperature can have favourable effects, facilitating economic activities, such as the expansion of agricultural crops or the provision of certain services. Overall, however, the diversity of these mechanisms makes the assessment and modelling of the impact of temperature on economic activity to be complex and highly uncertain.

This box aims to analyse the effect of changes in local temperatures on the growth rate of real GDP per capita[250] in the short/medium run. The analysis uses NUTS level 2 data for European countries, with an annual frequency between 2000 and 2023. The panel model approach allows to capture both cross-country and within country heterogeneity.

In the literature, the study by Greßer *et al.* (2021) addresses, from a regional perspective, the link between temperature levels and different measures of economic development, such as the level or dynamics of GDP per capita, but without identifying systematic evidence of a negative relationship between them. Meierrieks and Stadelmann (2024) use in turn a regional panel data approach, without identifying uniform effects of the temperature increase on GDP per capita in all regions. Conversely, the results indicate a negative long-term impact for regions located in less developed economies with weaker political institutions and legislative frameworks.

The transmission of temperature changes on economic growth is usually analysed based on the impact exerted on factors of production, in particular labour and total factor productivity (TFP). In the case of TFP, the mechanism reflects the reallocation of resources from R&D to climate adaptation measures and the uptake of green technologies. Casey *et al.* (2022) highlights that temperature changes mainly affect the level of TFP, thus temporarily influencing the GDP-per-capita growth rate. The study by Kumar and Maiti (2024), in turn, identifies a significant negative impact of the temperature rise on TFP in the long term.

Methodology

The specification underlying the estimates is the beta convergence equation (Sala-i-Martin, 1996), which assumes that less developed regions tend to have higher GDP-per-capita growth rates than more developed ones. Against this background,

[250] Expressed in purchasing power parity (PPP/PPS).

the variable explained refers to the dynamics of real GDP per capita (PPP/PPS), while the main explanatory variable refers to the level of GDP per capita of the previous year (initial). This relationship is extended by including fixed and variable control effects, making a distinct mention of the variable of interest – temperature change.

$$\Delta loggdp_{r,t} = \mu_r + \beta * loggdp_{r,t-1} + \delta * \Delta temp_{r,t} + X_{r,t} + \theta_t * \tau_c + \varepsilon_{r,t}$$

$\Delta loggdp_{r,t}$ is the dynamics of real GDP per capita in region r, year t; μ_r are fixed regional effects; $gdp_{r,t-1}$ is the level of real GDP per capita of the previous year; $\Delta temp_{r,t}$ represents the temperature change from the previous period. $X_{r,t}$ is a vector of control variables that includes the employment rate, the NEET indicator[251] (the share of young people neither in employment nor in education and training), the number of inhabitants per doctor, as well as other climate variables such as annual rainfall (total, or, for May, depending on the specification). A binary variable is also included which classifies regions depending on the importance of agriculture, based on the share of agricultural production in GDP (above or below the sample median). They are designed to isolate the effect of other factors, possibly related to temperature, which could influence the evolution of GDP per capita. It is expressed as $\theta_t * \tau_c$, an interaction term between the fixed effects of time (θ_t) and the country effects (τ_c).

Alternatively, variants of the model are estimated in levels, not just in differences. At the same time, in some specifications, the variable expressing the temperature is replaced by a binary variable indicating whether the number of very hot days in a year (average day-night temperatures above 25 °C) exceeds 30, i.e. about a month. This binary variable is also combined with another binary variable that ranks the regions according to their level of income per inhabitant, taking the value 1 for the regions in the first two deciles (the least developed) and 0 for the other deciles. Various interactions between explanatory variables are used to measure heterogeneous effects.

This analysis framework allows to capture the impact of temperature changes on the economy only in the short/medium term, at regional level. It is not suitable for analysing the long-term effects of global warming, nor for assessing the impact of extreme temperatures (Andersson *et al.*, 2026; Usman *et al.*, 2025), which may imply non-linear relationships. For instance, Burke *et al.* (2015) and Henseler and Schumacher (2019) point to a U-shaped relationship between GDP per capita and temperature, which is difficult to capture within a linear model.

251 *Youth neither in employment, nor education and training*, 15-29 year olds.

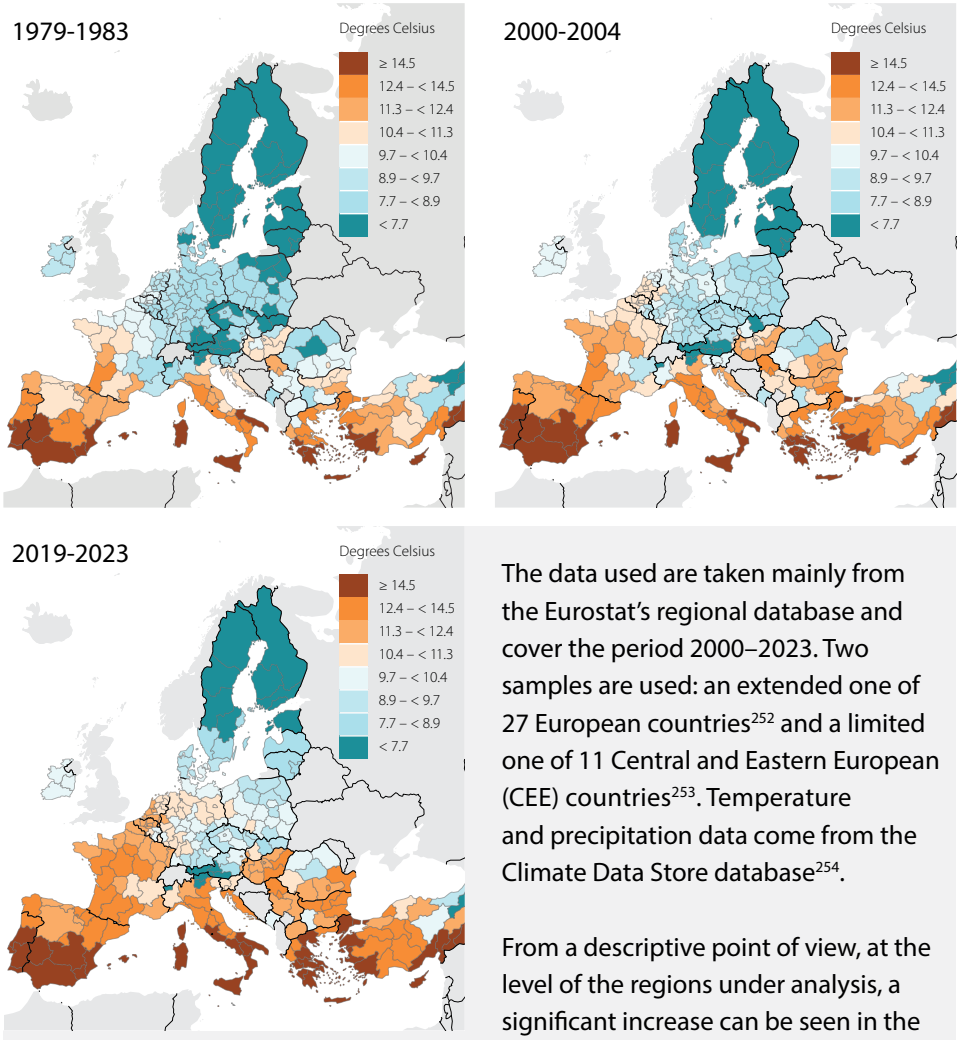


Figure A
Average regional temperature over time

The data used are taken mainly from the Eurostat's regional database and cover the period 2000–2023. Two samples are used: an extended one of 27 European countries[252] and a limited one of 11 Central and Eastern European (CEE) countries[253]. Temperature and precipitation data come from the Climate Data Store database[254].

From a descriptive point of view, at the level of the regions under analysis, a significant increase can be seen in the average temperature, i.e. by around 1.8 °C between 1979–1983 and 2019–2023, including in the Romanian regions, and by 0.9 °C between 2000–2004 and 2019–2023, corresponding to the period analysed in regressions[255]. The evolution of the average regional temperature over time is shown in Figure A.

Results

For the extended sample, estimates show that a 1°C increase in the temperature dynamics compared to the previous year reflects a reduction in the annual growth rate of GDP per capita by about 0.4 percentage points[256]. Higher temperature is

252 Made up of EU countries (Austria, Belgium, Bulgaria, Cyprus, Czechia, Denmark, Estonia, Greece, Spain, Finland, France, Croatia, Hungary, Italy, Lithuania, Luxembourg, Latvia, Malta, Poland, Portugal, Romania, Sweden, Slovenia, Slovakia), but also some non-EU countries: Türkiye, Serbia, Montenegro for which regional data on GDP per capita and temperature were available.

253 Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

254 https://cds.climate.copernicus.eu/.

255 Between 2000-2004 and 2019-2023, Romania saw an average temperature rise of 1.1°C.

256 Although the estimates refer to the contemporaneous effect of temperature on economic activity in annual terms, the use of the beta convergence framework allows some effects to be passed through over time, by using the previous year's GDP per capita in the specifications.

also associated with weaker economic growth: a 1°C higher average temperature is indicative of a roughly 0.6 percentage point reduction in the dynamics of GDP per capita.

While the change in the number of extremely hot days has a limited effect on the dynamics of GDP per capita (-0.02 percentage points for each additional day), the prolonged periods of heat – of over a month – are associated with a more visible slowdown in economic growth of around 0.5 percentage points. The impact is significantly more pronounced for less developed regions (the first two deciles of GDP per capita), where the estimated decrease reaches around 2.2 percentage points.

For the limited sample[257], no significant relationship was identified between temperature and the dynamics of GDP per capita, nor between temperature and GDP per capita. However, a negative, albeit small, effect is exerted in this case too by the higher number of very hot days (approximately -0.05 percentage points), the same as in the case of the extended sample. Where high temperatures last for at least a month, the negative impact is yet again more pronounced in less developed regions exhibiting an approximately 2.3 percentage point lower growth rate of GDP per capita. On the other hand, in the regions where agriculture holds a smaller share, the estimated effect is positive, i.e. around 3 percentage points.

See Table A for an overview of the results previously presented[258], based on all specifications.

Table A
Overview of statistically significant results

Climate change indicators	Marginal effect on the dynamics of GDP per capita in the extended sample	Marginal effect on the dynamics of GDP per capita in CEE countries
Δ(temperature change) +1°C	-0.4 pp	-
Δ(temperature) +1°C	-0.6 pp	-
Δ(extremely hot days) +1 day	-0.02 pp	-0.05 pp
over 30 extremely hot days in a year	-0.5 pp -2.2 pp in less developed regions	-2.3 pp in less developed regions +3 pp in regions with a low share of agriculture

Notes: The results are based on several distinct regressions with different combinations of climate variables. Thus, the synthesis of numerical results does not stand for a unitary framework and no (apparent) compensation between effects can be inferred.

Conclusions

The increase in the average temperature, under the influence of greenhouse gas emissions, puts significant pressure on the economy, apart from the impact it has on society and the environment. These effects pass through several channels, affecting the availability and productivity of labour and capital, but also total factor productivity, while influencing both supply and demand.

257 Comprising countries that, during the period under review, underwent a significant process of convergence, posting an average growth rate of GDP per capita (PPS) of approximately 5 percent in the period 2000-2023 region-wide. However, there is high heterogeneity between regions in terms of real convergence.

258 Only statistically significant results are shown. For instance, no systematic effect of precipitations was detected on economic activity. Consequently, it was not included in the table.

Considering the large number of mechanisms through which these effects can, directly and indirectly, become manifest – the analysis was performed based on several reduced-form models rather than a single structural one. Although a structural model provides a unitary framework and makes it possible to highlight the interactions between effects, the reduced-form approach is more flexible and easier to estimate econometrically, especially amid a limited number of historical observations for the relevant variables.

Estimates generally point to a negative relationship between the evolution of temperature and that of GDP per capita. The strongest effects emerge during prolonged extreme heat waves, defined as periods when the number of days with average temperatures (day-night) above 25 °C exceeds a month per year. In these cases, the negative impact on economic growth is significant, especially in less developed regions, both across Europe and in Central and Eastern Europe.

It is noteworthy to underline that the estimates are based on regional variations in temperature, which, according to the literature, have a different impact on economic activity than that generated by global temperature changes. Theoretically, extreme phenomena are more closely related to global temperature changes. Empirical studies such as *Bilal and Känzig* (2024) show that the impact of regional variations is typically smaller or even insignificant, while global changes can have much broader economic effects[259].

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259 For example, Bilal and Känzig (2024) estimate that a 1°C increase in global temperature may be associated in the long run with an approximately 20 percent lower real GDP.

Meierrieks, D. and Stadelmann, D. (2024). "Is temperature adversely related to economic development? Evidence on the short-run and the long-run links from sub-national data", *Energy Economics*, Vol. 136, 107758

Muntanelli, B. R., Sekiya, F. S., Ogata, A. J. N. and Silva-Junior, J. S. (2025). "Impacts of climate change on labor productivity: a narrative review", *Revista Brasileira de Medicina do Trabalho*, Vol. 23(4), e20251524

Park, R. J., Goodman, J., Hurwitz, M. and Smith, J. (2020). "Heat and learning", *American Economic Journal: Economic Policy*, 12(2), pp. 306-339

Sala-i-Martin, X. X. (1996). "The classical approach to convergence analysis", *The Economic Journal*, 106(437), pp. 1019-1036

Usman, S., Fernández, G. G. T. and Parker, M. (2025). "Going NUTS: The regional impact of extreme climate events over the medium term", *European Economic Review*, Vol. 178, 105081

Despite the stabilisation of EU-wide inflation and unemployment starting with 2024, economic growth has remained subdued, reflecting European countries' difficulties to adapt to global challenges. The persistent trade surplus reported by the European Union points to an entrenched savings-investment imbalance. In the context of further high financing costs and given the uncertainty surrounding the business environment, the entrepreneurs have reduced their propensity to invest, redirecting their funds towards stable means of saving. The entrepreneurs' risk aversion continues to undermine the capacity of EU countries to finance the ICT sector or national defence projects, deemed essential in the current economic and geopolitical context.

In light of recent developments in European economies, the AMR published in November 2025 recommends conducting in-depth analyses for seven Member States: Greece, Italy, Romania, Slovakia, Sweden, the Netherlands, Hungary. The main problems encountered by most of these countries refer to the high public debt, lower external sustainability or slow productivity growth. The report also reveals the need to monitor certain developments in Bulgaria, Croatia, Estonia and Latvia, with risks being, in most cases, associated with rising real estate prices or cost competitiveness erosion.

According to the data available prior to the publication of the AMR, Romania exceeded the indicative thresholds in the scoreboard for three indicators: net international investment position (NIIP), current account balance and nominal unit labour cost index. The NIIP stood at -41.3 percent of GDP in 2024, similarly to the previous year. The likelihood of the indicator falling again within the threshold in the scoreboard remains low in the period ahead, amid a slowdown in nominal growth, alongside further substantial external financing needs. However, the NIIP composition is dominated by non-defaultable instruments, notably foreign direct investment. The current account deficit widened from 6.7 percent in 2023 to 8.2 percent in 2024, yet its value is expected to improve amid a marked slowdown in private consumption – heavily reliant on imports – following the adoption of sizeable fiscal consolidation measures.

The developments recorded over the past years by unit labour costs (ULC) and the real effective exchange rate (REER)[260] bring to the fore a number of export competitiveness

[260] The scoreboard monitors the HICP-based REER.

issues for Romania. In 2024, ULC saw the most notable annual growth in the European Union (18 percent), following successive increases in nominal wages, accompanied by a decline in labour productivity. However, 2025 brought an improvement in ULC dynamics, the indicator showing a significant deceleration compared to previous years. The REER continued to strengthen in 2024 and the first half of 2025, albeit at a substantially slower pace, i.e. below 3 percent per annum.

Along with maintaining macroeconomic stability, the European governance framework also aims to support a competitive and resilient financial sector. Thus, during 2025, further steps were taken to finalise the Banking Union project; to this end, an approach was made to assess the necessary actions.

In the first half of June 2025, the EU Council decided to add a number of amendments to the Capital Requirements Regulation (CRR) in order to preserve liquidity in financial markets and ensure a level playing field for EU banks vis-à-vis their international peers. More specifically, the EU decided to use the transitional levels of some parameters used for the calculation of the net stable funding ratio (NSFR)[261] on an ongoing basis. Under the permanent regime, these parameters continue to be lower than the values set based on the Basel international standards, which is in line with the practices in non-EU jurisdictions; this should keep EU banks' liquidity levels high without affecting their stability. The measure is part of the broader scope of the prudential regulation policy, adopted by European banks after the 2007-2008 economic crisis and aimed at identifying and correcting at an early stage imbalances that may arise in the EU's financial markets.

To the same end, the EU Council and the European Parliament reached an agreement in the summer of 2025 on strengthening the crisis management and bank deposit insurance framework. The reform facilitates failing banks' access to safety nets such as national resolution funds or the Single Resolution Fund (SRF) within the Banking Union. The new legislative framework brings amendments especially to resolution and insolvency proceedings. Thus, in the former case, the regulations set more criteria based on which resolution takes precedence over the winding-up of non-viable financial institutions. This measure increases the likelihood for banks to obtain positive public interest assessments, which favours their management through resolution. The agreement also stipulates that, when analysing the impact on real economy, the resolution authority must take into account both national and regional levels, reflecting the potential footprint of small and medium-sized banks. As regards insolvency proceedings, the legislation introduces a harmonised least cost test whereby competent authorities determine whether the use of national deposit guarantee schemes (DGSs) is more efficient than winding-up through insolvency proceedings. This test ensures that the resources used to cover losses cannot exceed the amount of covered deposits held by the respective bank, thus helping protect depositors and maintain confidence in the financial system. However, the eligibility conditions for accessing resolution funds

[261] An indicator used in assessments from a prudential perspective and in stability-related assessments which helps banks to ensure that their long-term assets are financed with stable long-term liabilities (funding sources), thus preventing mismatches between asset and liability maturities.

as a tool of last resort remain restrictive and banks have the obligation to ensure in advance the internal loss absorption through the internal minimum requirement for own funds and eligible liabilities (MREL).

In 2025, the National Bank of Romania worked further with the other supervisory authorities through supervisory colleges, which ensure optimum dissemination of information and make joint decisions on capital and liquidity adequacy and on supervised credit institutions' recovery plans. Furthermore, the central bank participated in the meetings of resolution colleges – governed by the Single Resolution Board or by group-level resolution authorities in other Member States where the consolidating supervisor is also located – set up with a view to making common decisions on group-level resolution plans. The Bank Resolution Department also continued to take active part, through the representation mechanisms within the groups and sub-groups set up under the coordination of the European authorities (ResCo, SGRPP, SGRE, SGOFEL, etc.), in identifying and managing policy and implementation priorities in the field of resolution, while also, separately participating in the large-scale EU project designed to find appropriate ways to simplify and improve the regulatory, supervisory and resolution framework in order to enhance competitiveness.

In the context of the new European AML/CFT supervisory architecture established once with the creation of the European Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA), especially when looking at its pivotal role in ensuring the convergence of supervisory practices of national competent authorities at European level, the year 2025 saw the completion of the transfer of the relevant tasks, powers and activities, carried out by the European Banking Authority, to the new authority (AMLA), after a preparatory process conducted throughout the year.

The cooperation mechanism in the context of AMLA refers to the collaboration between national competent authorities, the European supervisory authorities and the Authority for Anti-Money Laundering and Countering the Financing of Terrorism in order to ensure a uniform and effective implementation of the European AML/CFT framework. This mechanism helps exchange information, coordinate supervisory activities, participate in joint assessments and develop convergent practices across the EU.

In this respect, the NBR participated in the activities coordinated by AMLA, contributing to strengthening the AML/CFT supervisory framework, exchanging relevant information and ensuring the effective supervision of the entities under its remit.

At the same time, the National Bank of Romania cooperates with peer institutions abroad through official communications, participation in AML supervisory colleges and other regulatory and supervisory fora, as well as via bilateral meetings or informal communications on good practices.

As from 17 January 2025, Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (DORA) has become applicable across the EU.

In line with the Digital Operational Resilience Act's provisions, financial entities are required to ensure a unified approach to ICT risk management, taking into account the size and overall risk profile as well as the nature, magnitude and complexity of the services, activities and operations carried out. In this context, in order to retain full control over ICT risk, financial entities need to have comprehensive capabilities to enable a strong and effective ICT risk management, as well as specific mechanisms and policies for handling all ICT-related incidents and for reporting major ICT-related incidents. Likewise, financial entities should have in place policies to test ICT systems, controls and processes, as well as to manage third-party ICT risks.

When implementing DORA, the main challenge faced by credit institutions was the difficulty of negotiating and updating the contracts signed with ICT third-party service providers so that the contractual clauses should be in line with all the requirements imposed by DORA.

Chapter 14

Public communication of the National Bank of Romania

1. Public relations

The National Bank of Romania's communication activity was aimed at correctly and promptly informing the public of the decisions adopted pursuant to its mandate under Law No. 312/2004 on the NBR Statute. The NBR proactively and constantly shares, in a transparent and explicit manner, information on monetary policy decisions, inflation developments and outlook, data on banking system stability, economic indicators and economic developments in general. It also carries out actions to promote the history of the NBR and the Romanian monetary system, as well as financial education activities for specific audiences.

The NBR representatives ensure ongoing explanations regarding the institution's decisions, the information being supplemented by constant analyses on the domestic and external economic environment, so that the general public has access to the rationales behind monetary policy decisions. The National Bank of Romania published eight press releases on its monetary policy decisions for 2025, also providing information on the domestic and international economic environment underlying the decisions of the Board members. The press releases were accompanied by the eight minutes of the NBR Board meetings.

The quarterly *Inflation Reports* were presented to the public during four press conferences, in which the NBR Governor participated. The information and explanations on inflation developments and outlook were accompanied by those on developments in interest rates and exchange rates, warnings about the risks of a widening budget deficit and the impact of the envisaged fiscal measures.

The large number of articles and TV broadcasts generated by the press conferences organised at the NBR's head office reflects the interest from the media and, implicitly, the public in the topics launched by the National Bank of Romania. For example, the press conference on 20 May 2025 dedicated to the *Inflation Report* produced 232 articles in printed and online media, and on TV.

Moreover, in order to provide transparent, prompt, and accessible information, 20 NBR officials and experts published, on the *OpiniiBNR.ro* blog or in the media, economic analyses and opinion articles that generated, in 2025, more than 1,000 media appearances and improved understanding of topical issues for society.

The most disseminated articles in the media were authored by Leonardo Badea, First Deputy Governor of the National Bank of Romania (*On the equilibrium exchange rate and optimal decisions on the exchange rate in an economy such as Romania's* – 17 disseminations and *Romania's economic convergence in the European context: theoretical considerations and empirical evidence* – 16 disseminations), Cosmin Marinescu, Deputy Governor

(*Inflation peaks and monetary policy options* – 26 disseminations and *Budget consolidation – between urgency and gradual adjustment* – 22 disseminations), Cristian Popa, Board member (*EUR 28.5 million – money we needed like the air we breathe* – 18 disseminations and *Romania has a persistent and more severe labour shortage than the EU average* – 17 disseminations).

In keeping with its mandate and with the principles of transparency and institutional accountability, the NBR proactively publishes information resulting from statistical data and reports that the central bank produces in compliance with the legal framework in force. Specifically, the NBR provided on a monthly basis, via three press releases each, data on Romania's international reserves (the foreign currency reserve and the gold reserve), the balance of payments and external debt, and monetary indicators.

Financial education activities were also disseminated via press releases or events widely attended by journalists. For example, such events were the Financial Education Forum (11 April 2025) and the launch of the Economic@BNR project (28 April 2025) – an economic research, debate, and education platform – initiated as a tool for analysis, assessment, and support for substantiating economic policy decisions.

In the context of financial education, in 2025, the National Bank of Romania was also concerned with protecting the public against online financial fraud. Through press releases, the NBR warned about fraud attempts using the institution's name (*Warning about the sharing of a false document attributed to the National Bank of Romania* – 5 November 2025, *Press release on the online disinformation campaign regarding the NBR* – 23 June 2025, *Warning about fraud attempts on behalf of the National Bank of Romania* – 10 April 2025).

In addition, the NBR hosted or organised events in which the media and experts in various fields participated, with a view to informing the public on topics of interest to the society and the economic environment, as set out in Table 14.1.

Furthermore, the NBR provided answers to 99 requests for information and clarification received from journalists, up from 89 in the previous year.

In terms of media exposure, in 2025, the NBR's activity was presented in 9,650 articles. Most of them (95.6 percent) used a balanced tone, whereas 3.8 percent (369) used a negative tone, and 0.6 percent (55) used a positive tone.

In 2025 as well, most articles referring to the NBR were broadcast on TV. The NBR's messages were presented in 4,702 TV airings (news, programmes, talk shows) and in 3,214 online articles.

Central bank officials were featured in 1,456 TV appearances (interviews, statements, videos from press conferences, etc.), regularly providing the public with information and explanations on developments in inflation, interest rates and exchange rates, as well as warnings on the budget deficit and the envisaged fiscal measures.

Monetary policy remained the most hotly debated media topic in 2025 as well, with 3,039 articles assessed (98.1 percent with a balanced tone, 1.6 percent with a negative

tone, and 0.2 percent with a positive tone). Roughly 56.7 percent of articles referred to developments in and outlook for inflation, as well as its determinants. Other 38.5 percent of the news focused on monetary policy decisions (including criticisms and comments), their impact, and key rate projections.

Economic developments were the second most debated topic by journalists in 2025, with 2,070 articles assessed. Much of the articles (29 percent) put the spotlight on economic indicators (balance of payments and external debt, FDI, government deficit, etc.).

The third topic of interest in 2025 was the evolution of the exchange rate, which generated 1,614 articles (93.9 percent with a balanced tone, 4.2 percent with a negative tone, and 1.9 percent with a positive tone). Most news reports (48 percent) addressed the volatility of the exchange rate.

The National Bank of Romania's online communication activity was aimed at the consistent development of digital instruments so as to ease access to official information, to raise institutional transparency and to strengthen the NBR's role as a credible source in a digital context marked by the multiplication of channels and the frequent emergence of unauthorised information. To this end, the content was adapted to the specifics of each channel and editorial priorities focused on both promptly informing the public and increasing the level of understanding of economic, financial, and institutional topics.

In 2025, the NBR's online communication focused on strengthening its digital infrastructure by migrating the NBR's website to a new platform, which helped improve performance, security, and content management. This transition was completed in July 2025 by fully migrating the content, alongside optimisations of the layout and navigation, also by applying mobile-first and UX principles.

In the same vein, the website also expanded its themed projects, such as introducing a section dedicated to the "NBR's Treasure sent to Moscow", with documented information on the historical context, the evacuation stages and subsequent institutional efforts to recover it, as well as updating and redesigning the "Sustainability and green economy" section in order to present information more clearly and coherently. Furthermore, the statistics available online was expanded, by supplementing the interactive database with new indicators and datasets on personal remittances and international trade in services, prepared by the Statistics Department. The principle of information accessibility remained an ongoing concern, by publishing content compatible with mobile devices and assistive technologies and by providing documents in open formats, which allow printing and copying, consistent with the applicable legal regulations.

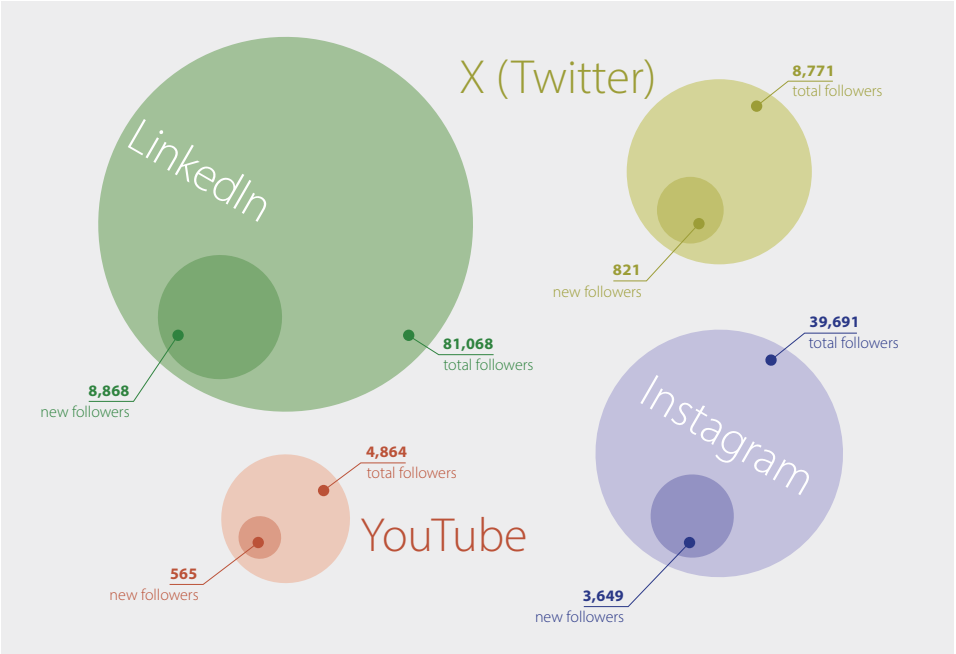
The new version of the website improved newsletter subscription, in line with the institution's role to inform the public, by allowing the option for e-mail notifications by content category.

In February 2025, the BNR Direct mobile application was launched for iOS and Android, showing the most accessed flows of information published by the central bank, i.e. exchange rates and interest rates, with both statistical data and charts. The app also provides access to press information (press releases, publications, speeches) and contact details useful to the public.



Infographic
#BNR 145 anniversary campaign in figures

Social media communication was strongly influenced by the year-round #BNR145 anniversary campaign, which focused on promoting the central bank's history, role, and tasks as well as on turning to account the institution's heritage, using a visual and thematic narrative also aimed towards financial education and enhancing dialogue with the public, especially with younger audiences. The campaign was supplemented by thematic benchmarks of institutional significance, such as the 20th anniversary of the introduction of inflation targeting, the 20th anniversary of the redenomination of the leu, and the 20th anniversary of the launch of the electronic payment system. In parallel, campaigns were run to raise public awareness about preventing fraud attempts on the NBR's behalf and about the risks associated with using deepfake technologies, via messages and informative articles published on the institution's social media channels.



Infographic
NBR's social media presence

Social media communication was ensured via the NBR's official accounts on Instagram, LinkedIn, X, and YouTube; moreover, as of July 2025, an official Bluesky account was created to diversify the channels and to test the communication potential of an emerging platform. At end-2025, the Instagram account had 39,691 followers (+10.81 percent annual increase, i.e. +3,649 followers), the LinkedIn page reached 81,068 followers (+12.3 percent, i.e. +8,868), the @bnr_ro X account recorded 8,711 followers (+10.41 percent, i.e. +821), while the YouTube channel reached 4,864 subscribers (+13.14 percent, i.e. +565).

2. NBR publications

The NBR continues to provide a wide range of information to financial and banking experts and the general public alike via its portfolio of publications available in several formats, i.e. print, pdf, and HTML. Starting with the February 2023 *Inflation Report*, the HTML format of NBR publications was launched, and the portfolio of publications in this format was gradually extended to include the *Annual Report*, *Romania's Balance of Payments and International Investment Position*, and the *Financial Stability Report*. This new format aims to enhance accessibility to the information in the NBR's *Reports*, as well as to increase flexibility and the number of options available to readers.

The NBR's portfolio of publications includes a series of *Reports* issued at different time intervals: (i) the *Annual Report*, providing a detailed presentation of the domestic macroeconomic developments and the international context, as well as of the activities carried out by the central bank in the period under review, (ii) the *Inflation Report*, a quarterly detailing the analysis framework and, implicitly, the rationales behind the monetary policy decisions, (iii) annual publications focusing on the external sector, namely *Romania's Balance of Payments and International Investment Position* and *Foreign Direct Investment in Romania*, (iv) *Financial Accounts*, detailing the financial developments in the institutional sectors of the economy, (v) the *Financial Stability Report*, reflecting the domestic challenges to financial stability, as well as the developments at EU level in prudential regulations; and (vi) the *Monthly Bulletin*, featuring a synthesis of the main economic and monetary policy developments in the reviewed period and a detailed statistical section. Adding to these are regular *Surveys* analysing the systemic risks, possible consequences on the financial system and banks' capacity to manage them if they materialise or on the relationship between the real sector and the banking sector.

The *Climate Risk Dashboard for the Banking Sector in Romania* completes the series, aiming to capture the main developments in the field of climate change and green finance, based on indicators classified in five categories, as follows: (i) real economy, (ii) physical risk, (iii) transition risk, (iv) green finance and (v) government policies.

In 2025, the NBR launched Economic@BNR, a research and analysis platform on economic topics relevant for Romania, also from the perspective of the nationwide objectives to expand economic and financial education. The first study carried out under the project, entitled "European Romania – Developments, Progress, Challenges" and published on 28 April 2025, highlights the performance of more than 100 specific indicators representative of national development priorities over the past two decades.

The comprehensive analysis of domestic developments, including regional and EU-wide comparative assessments, reflects Romania's progress and benefits as an EU Member State, while highlighting the challenges that the country's economy must deal with in the coming years.

During 2025 and the first part of 2026, five papers in Romanian and seven papers in English reflecting the results of the NBR's research activity were published in the *Caiete de studii/Occasional Paper Series*.

In 2025, seven books were launched in the new series of the "National Bank of Romania Library" collection, namely: "Logica libertății. Reflecții și replici" by Michael Polanyi, "Unicul jucător. Băncile centrale, instabilitatea și evitarea următoarei crize" by Mohamed A. El-Erian, "Economia Băncilor Centrale" by Livio Stracca, "Sistemul bănesc al leului și precursorii lui" by Costin C. Kirițescu, "Eseu asupra comerțului în general" by Richard Cantillon, "Competiție și antreprenoriat" by Israel M. Kirzner, and "Economia timpului și a ignoranței" by Gerald O'Driscoll.

3. Public information activity

External communication focusing on direct public information is centred on adequately managing the provision of public interest information upon request and the settlement of petitions to the NBR, and is carried out by observing the limitations established by the related primary legislation, i.e. Law No. 544/2001 on free access to public interest information, as subsequently amended and supplemented and Government Ordinance No. 27/2002 on the regulation of petition settlement activity, as approved, and amended and supplemented by Law No. 233/2002.

From this perspective, in order to fulfil the priority objective of the communication and public relations activity – to inform the general public in an accurate and prompt manner –, the available tools and resources were used to: (i) handle the written petitions and requests to access public interest information (1,724 requests, 191 of which were based on the provisions of Law No. 544/2001), (ii) handle telephone calls (513 requests), and (iii) provide information demanded verbally at the Information-Documentation Point (323 requests).

Looking at quantity, the total number of written requests remained similar to the previous year, yet there was a slight increase in the number of requests lodged in virtue of Law No. 544/2001. The total number of verbal requests followed a downtrend; specifically, the number of telephone calls declined by approximately 17 percent, while the number of visitors to the Information-Documentation Point dropped by 21 percent.

The implementation within the institution of the transparency principles established by the incident legal framework is assessed via the *Report on the access to public interest information and the handling of petitions in 2025*. The *Report* is drawn up each year in consideration of the provisions of the applicable legal framework and is published on the NBR's website, in the dedicated section (https://www.bnr.ro/12227-rapoarte-privind-informarea-publica). It contains an in-depth analysis of the direct public information

activity carried out in 2025, highlighting the categories of applicants, the way of submitting petitions and the volume of works, the manner in which the requests for public interest information were treated and handled, as well as the most relevant topics for petitioners and applicants for public interest information.

4. The NBR Archives and Library

In 2025 as well, the NBR Archives further preserved, processed and turned to account the central bank's historical archive, besides the activities aimed at taking over and archiving documents created and received by the institution's units.

The reading parlour of the NBR Archives was open to the public throughout the year, except in August and December. Nine researchers registered for consulting the historical archives and were provided expert assistance in order to prepare research papers on: (i) the activity of the Romanian Commission to implement the Armistice Agreement (1944–1947), (ii) the monograph of Mihail Gr. Romașcanu, (iii) King Carol II and King Michael I in the NBR documents, (iv) the career advancement of NBR employee Petre Donescu, (v) notes and coins put into circulation following the monetary reforms of 1947 and 1952, (vi) substantiating the rehabilitation works on the "Zodiac" Block in 36-40 Calea Dorobanților, district 1, Bucharest, (vii) Constantin Băicoianu and the State Mint, (viii) the 23 August 1944 watershed moment (grounds, actors, development, and consequences), (ix) the establishment and activity of the NBR's Cahul agency and (x) Victor Slăvescu's activity as Minister of Finance.

The researchers consulted, in physical and electronic format, 371 archival units, while copies of documents from 232 archival units were prepared for issue.

The turning to account of the documents in the NBR Archives consisted in: (i) preparing articles for the page dedicated to the *NBR Treasure sent to Moscow* on the NBR's website, with six sections (Promotion activities, Exhibition, History, Treasure inventory, Partial returns, Documents supporting the return), (ii) organising the 33rd edition of the annual "Cristian Popișteanu" Banking History and Civilisation Symposium: "The NBR's senior officials – Constantin I. Băicoianu" (27 May 2025), together with the unveiling ceremony of the commemorative plaque at the school in Tâncăbești, in memory of its founder, (iii) participating in radio broadcasts on the topics: *1933 – A financial recovery plan*, *The Marmorosch Blank Bank – a history*, *Napoléons, "Ardealul nostru" gold coins and Cedid Mahmudiye or gold coins in hard times*, (iv) providing support to the Communications Department to upload posts to the NBR's Instagram account dedicated to events and outstanding figures in the institution's history, (v) preparing, presenting, and publishing in specialised magazines a number of articles dedicated to the NBR's Treasure sent to Moscow in World War I; top employees of the National Bank of Romania; the collapse of the Marmorosch Blank Bank; the painting "Rodica" by Nicolae Grigorescu in the NBR's heritage; the annual session of the "European Association of Banking and Financial History – EABH", (vi) solving petitions regarding the release of information/archive documents related to petitioners' rights and (vii) further collecting data for creating the database of statistical and historical data based on the NBR's balance sheets in the 1880-1947 period under the "South Eastern European Monetary History Network (SEEMHN)".

Date	Event
17 February 19 May 12 August 14 November	Press conferences presenting the *Inflation Report*
3 March 27 March 18 September 27 November	Bucharest Economic Analysis and Research Seminar
10-12 March	Event entitled *The Treasure of the National Bank of Romania sent to Moscow – A claim older than a century*, Argeș agency
12 March 18 June 26 September 1 October	Conference showcasing the project aimed at enhancing the financial education of Romanian entrepreneurs – *Antreprenoriat de TOP*, University of Craiova (12 March), Constanța regional branch (18 June), Prahova agency (26 September), Buzău agency (1 October)
21 March	*Best Commemorative Banknote 2024* prize awarded by the International Bank Note Society (IBNS) for the collector banknote marking 185 years since the birth of King Carol I
28 March	Legal Colloquia of the National Bank of Romania (30th edition), in partnership with the Faculty of Law within the West University of Timișoara and the Business Law Centre of Timișoara
2 April	Annual NBR-BUES conference, fourth edition: "Strategic anchors for developing the banking sector in the new global context"
2 April	Presentation on the topic "Unconventional monetary policy under review: intentions, results and alternatives", given by the Governor of the Oesterreichische Nationalbank
29 April	Anniversary event celebrating 145 years since the establishment of the NBR, opening of the exhibition "History of a profession – from money changer to bank clerk"
26 May	Conference entitled "The Bank Resolution Framework. Current Issues and Prospects", sixth edition
27 May	The annual "Cristian Popișteanu" Banking History and Civilisation Symposium, 33rd edition: "The NBR's senior officials – Constantin I. Băicoianu"
4 June	International conference of the Association of Financial and Banking Analysts in Romania (AAFBR) – "Fiscal policies in the context of high budget deficit"
29 July – 2 August	Annual Scientific Conference of Romanian Academic Economists from Abroad – ERMAS 2025
17 September	Capital Market Forum – "30 years since the reopening of the Bucharest Stock Exchange"
1-4 October	Annual Seminar on Financial Stability – "Navigating Financial Stability in an Era of Technological Disruption and Geopolitical Tensions"
21 October	Annual Payments Forum – fourth edition
23 October	"Strategica" International Conference, 13th edition – *Strategy in Challenging Times: Foresight and Decisions in Business and Economics*
27 October	Opening of the exhibition "Banknote Portraits. Lucian Blaga – 130 years since his birth", at the Cluj regional branch
5 November	Discussion on books in the "NBR Library" collection – "Logica libertății. Reflecții și replici" by Michael Polanyi, "Unicul jucător. Băncile centrale, instabilitatea și evitarea următoarei crize" by Mohamed A. El-Erian, "Economia Băncilor Centrale" by Livio Stracca, "Sistemul bănesc al leului și precursorii lui" – vol. I, II and III by Costin C. Kirițescu, under the aegis of the celebration of 145 years since the NBR's establishment
10 December	Event under the Economic@BNR project at the Brașov agency

Table 14.1
Events focusing on monetary, banking and financial matters, organised by the National Bank of Romania in 2025

In 2025, the endowment and organisation of the NBR Archives' storage rooms, alongside the developments in this line of activity and the provided services, were the subject of the presentations delivered by the specialised staff during the visits organised for archivist students.

The activity of the NBR Library focused on informing and ensuring documentation for the institution's experts and visitors alike. Some 12 external users requested access to the reading parlour of the NBR Library for documentation in order to prepare papers on: (i) the history of the Bucharest Stock Exchange until 1948; (ii) the activity of the Romanian Commission to implement the Armistice Agreement (1944–1947); (iii) Constantin Băicoianu, NBR director; (iv) fiscal policy, euro and Romania: future prospects; (v) the central bank's museum, architecture and symbolism, institutional memory; (vi) the establishment and activity of the NBR's Cahul agency, etc.

The NBR Library's book stock was enriched with 310 volumes of Romanian and foreign academic literature on economic, financial and banking matters. At the end of the year, the library's collection totalled 24,217 bibliographic units.

The management of collections implied, aside from taking stock of the new entries, making references in the online catalogue, thus cataloguing and indexing 1,473 new resources, so that 57,554 bibliographic units were recorded at end-2025.

Due to the ongoing updating of the online catalogue, external users enjoyed easy access to the library's resources, which translated into 3,806 queries.

Chapter 15

Financial education and the NBR Museum

In 2025, all the public activities of the Museum and Financial Education Department were carried out under the aegis of BNR145.

Turning to facts and figures, the activity of the Museum and Financial Education Department during 2025 translated into the following figures:

>63,000 cultural items managed by the NBR Museum, of which **12,105 new entries**

16,687 coins checked for classification in the national cultural heritage

10 temporary exhibitions (**4** at the NBR's head office, **5** at its territorial units, and **1** at the headquarters of institutional partners)

18,335 visitors at the head office and **900 guided tours** in Romanian and English

11,257 visitors at the headquarters of institutional partners

113,919 unique views on Instagram and LinkedIn **targeting the NBR Museum's activity**

135,000 participants and about **5,170 presentations** on **economic and financial education**

>27,800 pupils from **230 educational establishments** participated in the **Global Money Week** international project

850 teachers trained in **29 financial education workshops** organised in Bucharest and in the NBR's territorial units

>700 pupils from 36 counties entered the **"Eugeniu Carada" national banking and financial education competition**

129,900 unique views on Instagram and LinkedIn **targeting the NBR's financial education activity**

1. The NBR Museum

Temporary exhibitions

a) *History of a profession: from money changer to bank clerk*

To mark 145 years since the establishment of the National Bank of Romania, the temporary exhibition *History of a profession: from money changer to bank clerk* was organised from April to December 2025.

Thus, visitors could discover the methods whereby money had been kept, used or changed since the 16th century, together with the instruments used by money changers in their daily activities. At the same time, the exhibition showcased the transition towards the then-new profession of bank clerk beginning with mid-19th century, as well as its evolution throughout the 20th century.

A special section was dedicated to the NBR employees, the institution's most important asset ever since its establishment. Visitors had the opportunity to view their first known portraits, drawn in 1885-1887, and office equipment, documents and photographs, etc. dating back to the interwar period.

b) The new exhibition section: *Romania's treasure sent to Moscow – A claim older than a century*

In order to support institutional efforts to disseminate to the broadest possible audience information on [the issue of] the NBR Treasure sent to Moscow during World War I, at the request of the NBR's executive management, a new exhibition section on the topic was organised in the museum.

c) The lei 100 collector banknote to mark *185 years since the birth of King Carol I*

In December 2024, the NBR put into circulation the lei 100 collector banknote to mark *185 years since the birth of King Carol I*.

The banknote was a real hit among collectors at national and international level, being awarded the *Best Commemorative Banknote 2024* by the International Bank Note Society (IBNS). The related exhibition was open at the NBR's head office between 21 March and 30 April 2025.

d) *Treasure of the National Bank of Romania sent to Moscow (1916-2024)*

Starting from the NBR's sustained efforts over the last decades to promote among the public the issue of the gold stock sent to Moscow during World War I, the NBR Museum created an outdoor exhibition on the topic. This novel exhibition designed using a glass display case was put up in Piața Sfatului in Brașov from 3 February to 3 April 2025.

e) *Banknote Portraits. Lucian Blaga – 130 years since his birth*

On the occasion of putting into circulation, for numismatic purposes, the collector coin to mark 130 years since the birth of Lucian Blaga, the first coin to feature colour

elements in Romania's monetary history was on display at a temporary exhibition dedicated to the poet, at the Cluj regional branch, on 27 October 2025. The exhibition in partnership with the Lucian Blaga Central University Library in Cluj-Napoca and with the support of the NBR Printing Works is open until August 2026. The public was thus given the chance to view manuscripts and photographs that belonged to Blaga, several volumes of poetry, plays and philosophical works, as well as coin dies, printing plates, banknotes, essays, colour compositions, etc. for banknotes with a face value of lei 5,000 (1998 issue) and lei 200 (2006 issue), which feature his portraits.

f) ***The Power of the Leu. The History of Money in Romania***

The exhibition was open to the public from 12 June to 30 September 2025 at the Oradea Fortress, a section of the Țara Crișurilor Museum. It took visitors on a journey into the monetary history of Romania, from the first coins minted in the 14th century in Wallachia and Moldavia (the ducats of Vladislav Vlaicu and the groschen of Petru Mușat) to the polymer-based notes issued by the National Bank of Romania. The history of the national currency was depicted through more than 500 exhibits marking momentous events: the setting-up of the national monetary system in 1867, the issue of mortgage notes in 1877, the establishment of the National Bank of Romania and its banknote issues since 1880 up to the present day, the landmarks in Romania's history and the influence they had on monetary history (World War I, World War II, the dawn of the communist era, the democratic regime established in 1990).

Public relations activities

a) Guided tours

Organising guided tours was one of the NBR Museum's main activities during 2025 as well. Specifically, 900 guided tours (642 in Romanian and 258 in English) were conducted for 18,335 visitors: 7,664 Romanian adults, 6,744 Romanian minors, 3,733 foreign adults and 194 foreign minors. This has been the largest number of visitors at the head office on record so far.

b) Open Doors Days

With a view to furthering the efforts aimed at enhancing the transparency of the NBR's activity and opening up the institution to the general public so as to increase the level of understanding of the central bank's functions and tasks, as well as the knowledge about the institution's cultural heritage, the fifth edition of the Open Doors Days was organised from 29 to 30 May 2025, both at the head office and in the territorial network of branches and agencies.

As in previous years, the event was a hit with the public, recording, in this case as well, the largest number of participants so far: 2,235 visitors at the head office and 6,057 visitors in the territorial network.

c) Detachments of foreign military personnel participating in Romania's National Day parade

At the request of the Ministry of National Defence, for the fourth year in a row, the NBR Museum organised guided tours for foreign military personnel that were part of the detachments participating in Romania's National Day parade.

Thus, on 28 November 2025, the NBR Museum was visited by 280 troops from Belgium, France, Luxembourg, the Republic of Moldova, North Macedonia, Portugal, Poland, and Spain.

2. Financial education

In 2025, the NBR Board approved the National Bank of Romania's second Financial Education Strategy (2025-2030). This is a formal document containing the milestones for organising and implementing the NBR's financial education activities over a five-year period.

The NBR's educational programmes and projects

a) "Let's Talk about Money and Banks"

The programme continued over the entire schoolyear in its already established format and using the same coordinates. Its content focused mainly on organising debates and presentations for pupils in schools and high schools in urban and rural areas on relevant economic and financial issues, which were held by lecturers from the specialised departments and from NBR branches and agencies.

Under this programme, several projects are carried out annually:

- In February-April 2025, the NBR organised, in partnership with the Bank Deposit Guarantee Fund (BDGF) and with the support of the Ministry of Education and Research, the third edition of the "Eugeniu Carada" National Banking and Financial Education Competition intended for eleventh grade pupils. More than 700 pupils from 36 counties entered the 2025 competition.

  The award ceremony was held on 11 April 2025, during the third edition of the Financial Education Forum, organised under the High Patronage of Romania's acting president, on "Financial Education Day", as established by law.

- **Global Money Week**

  From 17 to 23 March 2025, the National Bank of Romania organised the Global Money Week in partnership with the Ministry of Education and Research and the Organisation for Economic Co-operation and Development.

NBR representatives from Bucharest and the territorial network ran several activities on economic, financial, and banking issues aimed at young people, with the participation of approximately 27,800 pupils, students, and teachers from 230 non-tertiary and tertiary educational institutions.

- **Joblandia**

The National Bank of Romania was present, in 2025 as well, on the online platform Joblandia. This aims to facilitate high schoolers' access to information or documentation visits to the companies listed on the platform so as to offer them a hands-on perspective on organisations and the labour market, in order to educate, inform and support them in choosing a career in the economic or financial and banking field.

The project was implemented throughout the schoolyear, at the NBR's head office and its branches and agencies (at the request of educational units across the country).

b) "NBR – StudentHub" Programme

In 2025, lecturers in the financial education service and from the NBR's branches and agencies delivered presentations (both in person and online) to economics and non-economics students throughout the entire university year in several universities in Bucharest and across the country.

Part of the same student programme is also the "School of Modern Finance" – a project dedicated to undergraduate and graduate students in the Republic of Moldova.

The event took place between 26 July and 3 August 2025 and from 6 to 14 September 2025. It provided a special academic and practical experience: lectures held by NBR representatives and university teachers from Romania, talks with representatives from the financial and banking sector, and applied analysis sessions.

c) NBR – EconomicHub

Under this programme, an event was organised on 5 October at the headquarters of the University of Oradea, which was attended by more than 100 people representing the local business environment, the banking sector, and students of the Faculty of Economic Sciences.

Projects carried out by the NBR in partnership with other institutions

a) Financial education urban camp

Returning for its seventh edition, the project carried out in cooperation with the Financial Supervisory Authority, the Romanian Association of Banks, the Ministry of Finance and the Ministry of Education and Research featured two sessions in Bucharest in 2025.

Under the same programme, for the fourth consecutive year, an event dedicated to disadvantaged children was organised from 24 to 29 August 2025.

b) Antreprenoriat de Top (Top Entrepreneurship)

During 2025, four debates were organised under this project aimed at improving the financial education of entrepreneurs in Romania. These were held at the headquarters of the University of Craiova, the Constanța Regional Branch, the Prahova Agency and the Buzău Agency of the National Bank of Romania.

c) Partnership between the NBR and C.N. Poșta Română S.A.

The partnership between the National Bank of Romania and Compania Națională Poșta Română S.A. continued in 2025 as well. To this end, 11 financial education seminars were organised across the NBR's territorial network, namely at the Iași and Dolj Regional Branches, as well as the Argeș, Bacău, Brăila, Buzău, Gorj, Mureș and Suceava Agencies.

d) Economic and financial education for teachers

In the course of 2025, 150 teachers from all over the country participated in this programme that was reaccredited by the Ministry of Education and Research in December. The project is organised by the National Bank of Romania, together with the Romanian Banking Association and the Ministry of Education and Research, with the help of the Romanian Banking Institute, and is aimed at those who teach courses on economic and financial education to eighth graders.

e) Financial education workshops for teachers

The "Financial Education Workshops for Teachers" project continued with the same target audience – teachers from schools and high schools – and with the same partners: the National Bank of Romania, the Ministry of Education and Research, the Romanian Banking Association, the Romanian Banking Institute, and the Bank Deposit Guarantee Fund. Specifically, 29 workshops on economic and financial education were organised for teachers in pre-university education from 21 cities, including Bucharest, gathering approximately 850 participants.

Participation in international working groups and projects

As for the NBR's activity in international cooperation, the most noteworthy aspects in 2025 are the following:

a) Contribution to studies, materials or reports prepared by the OECD. *Consumer Risk Monitor 2026, Protecting Consumers from Financial Scams and Frauds, Empowering and Protecting Consumers to Advance Financial Well-being, Report on the Implementation of the OECD Recommendation on Financial Literacy*.

b) Involvement in the OECD's pilot test initiative for the set of questions suggested for the OECD/INFE International Survey of Adult Financial Literacy, Inclusion & Well-being in 2025/2026.

c) Contribution, by providing information, at the ECB's invitation, to a joint section on the ECB's website highlighting the financial education initiatives in Member States of the Eurosystem.

Media promotion of financial education projects and activities

Publicising and promoting the museum and financial education projects and activities continued via social networks, namely LinkedIn and Instagram, and the NBR's website or through the direct media relations in the case of the NBR's head office and the local press for projects with nationwide coverage, in cooperation with the Communication and Public Relations Department.

Chapter 16

Statistics and economic research

1. Statistical activity

The main statistical activities carried out within the National Bank of Romania include the collection, production and dissemination of a wide range of statistical data, such as national financial accounts, monetary and financial statistics, external sector statistics, securities statistics and statistics on credit risk and payment incidents. These data are essential for substantiating macroeconomic policy decisions and in the analysis and research activities performed within the institution.

The year 2025 marked the successful conclusion by the Organisation for Economic Cooperation and Development (OECD) of the assessment of Romania's official statistics. The National Bank of Romania played an important part, together with the National Institute of Statistics, in obtaining the positive opinion of this organisation, especially by contributing to the implementation of statistical research on household finance and consumption[262], the strengthening of the quality management system of statistical data and related metadata, as well as the identification of new statistical data sources. Against this background, the voluntary transmission of statistical data in the area of national financial accounts to the OECD has started.

In May 2025, the National Bank of Romania hosted a study visit of a delegation of the National Bank of Moldova, with the objective of supporting the institutional capacity building of the peer structure within the National Bank of Moldova via the exchange of good practices and expertise in the area of central bank financial statistics. Discussions covered mainly the compilation of national financial accounts, the data sources used, the methodology for estimating transactions and ensuring consistency between quarterly and annual data series. Issues related to securities statistics, data dissemination to the general public, the European Central Bank and Eurostat, as well as technical issues related to the transmission of data to various international bodies were also addressed.

In September 2025, a webinar was organised to provide technical assistance to the National Bank of Ukraine, during which representatives of the Statistics Department, in cooperation with the Accounting Department, presented the methodological framework and processes for compiling monetary balance sheet statistics and average interest rate statistics. The activity aimed to support the strengthening of the institutional capacity of the National Bank of Ukraine via the transfer of expertise and the dissemination of good practices in the area of monetary statistics.

[262] Provisions of Guideline (EU) 2025/333 of the European Central Bank of 31 January 2025 on statistical information to be reported on household wealth, income and consumption (ECB/2025/3), available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32025O0333&home =ecb.

The main activities carried out in the course of 2025 in the area of national financial accounts concerned: (i) the regular reporting of data series according to the ECB's medium-term strategy for quarterly financial accounts as well as of the annual financial accounts to Eurostat on an extended data series structure that fully covers also the voluntary data requirement[263] and (ii) the benchmark revision of the quarterly and annual national financial accounts for the period 1995–2024, the statistical data series created with the new version of the app for compiling financial accounts.

During 2025, the additional reporting requirements for self-managed investment companies and investment management companies handling resident investment funds other than money market funds were implemented in the context of updating the legislative framework at EU level by the European Central Bank and the transposition of these requirements into NBR Regulation No. 4/2021 on the reporting of statistical data and information to the NBR, as amended and supplemented by NBR Regulation No. 3/2025. The new requirements have become applicable starting with the reference period December 2025 and implied the development of the IT system used to compile investment fund statistics.

In the area of external sector statistics, work focused on four main topics: (i) the harmonised updating of the methodological framework underlying external sector statistics and national accounts statistics by participating in the consultations initiated by the international institutions coordinating this process (IMF, ECB and Eurostat), (ii) cooperation on the successful completion of the accession process of Romanian statistics to the OECD Committee on Statistics and Statistical Policy (CSSP), as well as participating, with observer status, in the meetings of the Working Party on International Trade in Goods and Services Statistics (WPTGS) and the Working Group on International Investment Statistics (WGIIS), (iii) analysis of new data sources and preparation of methodological aspects for reviewing the exports and imports of goods included in the balance of payments and (iv) dissemination, in the interactive database, of new datasets on personal remittances, broken down by main partner country, and of datasets on international trade in services, broken down by the units corresponding to the types of enterprises and the manner in which data are provided[264].

Moreover, in 2025, the Statistics Department, in its capacity as a business operator, ensured the smooth functioning of the following IT systems (with the technical support provided by the Digital Solutions Department and the Digital Platforms and Cybersecurity Department):

- SIRBNR, the IT system for reporting to the National Bank of Romania, whereby credit institutions submit 31 statistical, financial and prudential reports;
- RAPDIR, the direct reporting system, whereby entities from all institutional sectors submit 16 statistical and prudential reports;

263 According to the Transmission Programme for tables 6, 7 and 27 under Annex B of Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (ESA 2010), amended and supplemented by Regulation (EU) 2023/734 of the European Parliament and of the Council of 15 March 2023.

264 According to Regulation (EU) 2019/2152 on European business statistics, repealing 10 legal acts in the field of business statistics.

- the Data Warehouse – Business Intelligence (DW-BI) system, the NBR's sole data repository that integrates aggregated data and information from internal and external sources, thus providing the NBR users with an adequate analytical and reporting tool;
- Central Credit Register (CCR), whereby information on credit risk and card frauds is managed;
- and Payment Incidents Register (PIR), whereby information on payment incidents related to cheques, bills of exchange, promissory notes is managed.

The activities of the CCR and PIR are set out in Chapter 4, Section 3 – Instruments supportive of prudential supervision and financial stability.

In 2025, the same as in previous years, the National Bank of Romania conducted four direct surveys among resident companies; the samples, representative for the local economy, included in each case more than 6,000 entities, mostly non-financial corporations. Three of the surveys, with quarterly frequency, were aimed at obtaining information necessary to compile Romania's balance of payments and international investment position, whereas the fourth, with half-yearly frequency, gathered information necessary for financial stability purposes.

The four direct surveys conducted by the NBR are as follows:

- survey on foreign direct investment;
- survey on international trade in services;
- survey on financial information in relation to non-residents other than that on foreign direct investment; and
- survey on the access to finance of non-financial corporations in Romania.

Furthermore, the NBR started preparations for conducting, in the course of 2026, the Household Finance and Consumption Survey (HFCS), alongside the national central banks of the EU Member States, a research initiative coordinated by the European Central Bank.

2. Economic research

Economic research activity within the National Bank of Romania focused, in 2025 as well, similarly to previous years, on applied topics, its main purpose being to substantiate the decision-making process.

2.1. Macroeconomic modelling

Shortly after the first issue of Economic@BNR[265] was launched, the project continued in 2025 with a new study focused on financial sustainability. Against this background,

[265] An economic research, debate and education platform launched by the NBR in April 2025. For further details, see https://www.bnr.ro/en/24327-2025-04-28-nbr-launches-the-economic-bnr-project.

a wide range of indicators came under scrutiny, from those related to the fiscal deficit, the composition of budget revenues and expenditures, to those concerning financial discipline or social system imbalances.

Since the start of Next Generation EU, the main component of which is the Recovery and Resilience Facility, the state of implementation of the National Recovery and Resilience Plan (NRRP) has been steadily monitored. Throughout all of 2025, closer attention was paid to the new configuration of the Plan, following its revision by the authorities. In addition, less than one year before programme completion – 31 August 2026, a benchmark for the fulfilment of the NRRP targets and milestones –, updated empirical evidence confirms the favourable contribution the NRRP made to economic growth, especially during 2026, given that the take-up of funds is more concentrated towards the end of the programme. Further details are available in NBR Occasional Paper No. 41/2025 entitled "European funds and public investment in Romania: implications of the wind-up of the National Recovery and Resilience Plan (NRRP) for economic growth".

The same paper also deals with the possibility that the shock generated by the NRRP completion may be mitigated by the implementation of the SAFE programme, which is aimed at boosting production capacity and bridging current gaps in EU Member States' military capabilities. Further evidence on the potential impact of SAFE, *inter alia* from the perspective of the projects included in the National Investment Plan for the Defence Industry, is provided in Box 2 of this *Annual Report*.

Within the current economic context, analysts are forced to use large datasets to distinguish the effects of various phenomena. The aim is to quickly extract relevant signals about the state of the economy and provide policymakers with the strongest possible basis for decisions. In this vein, the hybrid approach of the quantile factor model (QFM), which provides a flexible framework allowing factors to vary in line with the different percentiles of the conditional distribution, has been tailored to the specificities of Romania's economy. The results capture improvements in forecast accuracy compared to the classic auto-regressive model, in particular for the GDP as well as consumption and exports sub-components for different alternative model specifications. As for the inflation rate, the development at aggregate level of the analysis and forecasting framework with non-standard techniques, including those patterned on machine learning, was an opportunity to improve the accuracy of estimates, also at the disaggregated level of its components. In particular, a relatively novel technique in the literature is the HRNN (hierarchical recurrent neural networks) model, which allows the leveraging of detailed information from the CPI structure to improve forecasts to more disaggregated levels. In the case of Romania, the findings showed a high performance of these models, especially for a two-year testing horizon, whereas for the model trained with data including the pandemic period the forecast accuracy was lower than for the reference model.

A general review of the short-term forecasting framework for the GDP and its components, which is a recurrent activity in central banks, was carried out in 2025. The first step was the comparative analysis of the forecasting performance in recent years of the econometric models in use, with multiple perspectives being considered,

such as the number of forecasting quarters, the performance criteria under review, the aggregation type of individual forecasts, etc. Subsequently, the existing set of high-frequency indicators employed in the forecast was updated after recalculating historical correlations (with GDP and its components, after incorporating the new observations) and examining how they evolved as of late. This analysis revealed a reduction, in recent years, in the previously informative associations of several key indicators, including at sectoral level. Ultimately, this endeavour also aimed to enhance the overall short-term forecasting framework by integrating and simplifying internal working procedures.

The issue of climate change calls for increasingly close attention, as the global average temperature continues to rise, in terms of both physical and transitional risks. At EU level, the European Union Emissions Trading System (ETS) is the main tool for curbing greenhouse gas emissions. In view of the European legislative initiatives on the system's expansion to cover road transport and heating of buildings – known as ETS2[266] –, the potential associated economic effects were investigated in 2025, also taking into account the planned implementation horizon of these changes, i.e. 2028. An overview of the findings was subsequently presented in the publication entitled *România – Zona Euro Monitor* No. 20/2025. Additionally, the year 2025 saw the analysis of the relationship between the level and dynamics of the regional temperature, along with other climate variables, on the one hand, and economic growth per capita, on the other hand, for an extended sample of European countries, Romania included. Even though, according to the literature, regional temperatures have a significantly lower impact on economic activity than global temperatures, the results pinpoint a number of effects of relevant magnitudes. For further details, see Box 8.

Given the persistence of multiple external shocks, with the potential to pass through to Romania's economy via the exchange rate channel, the research endeavour launched in 2024 to quantify the impact of the leu depreciation on non-financial corporations' performance was extended. The extension covered: (i) a better contextualisation of the event underlying the econometric analysis, i.e. the depreciation of the leu versus the euro in 2008 and 2009, (ii) the narrowing of the initial set of variables measuring firms' performance to those benefiting from a relatively high explanatory capacity in the used methodology, and (iii) the extension of robustness checks for baseline regressions. The endeavour benefited from the exposure to foreign experts, in the context of the presentation of the paper at the ERMAS 2025 international conference and the bilateral discussions with economists from other central banks. The study was published in the NBR *Occasional Paper Series* No. 43.

Another line of research was geared towards developing analytical tools for the prospective assessment of risks to price movements and economic growth, amid growing uncertainties generated by the multiple domestic and external shocks. Against this background, the steps initiated a year earlier to expand and develop the Macro-at-Risk toolkit[267] carried on. Moreover, a distinct goal was to build a

266 Although the ETS2 go-live was originally due for 2027, the European Parliament endorsed a proposal by the EU Environment Council to delay the scheme's implementation until 2028.

267 For example, the model developed to monitor the risks arising from the interaction between price growth and wage growth (see Box 3 in the November 2024 *Inflation Report*).

probabilistic index of inflationary pressures that captures the average probability that core inflation falls within certain ranges over the next 12 months. From a methodological perspective, the approach combines logistics and Probit models with the Macro-at-Risk analysis framework. The results suggest that the indicator has the capacity to capture changes in inflationary pressures well and provides a useful tool for assessing and communicating the risks relevant to monetary policy.

Complementing this line of analysis, the research activity was also aimed at quantifying the persistent impact of labour market developments on the inflation rate. The intended objective was to investigate the evolution over time of the pass-through coefficient of labour cost growth to core inflation, on the one hand, and to quantitatively assess the second-round effects associated with post-pandemic inflationary shocks passing through the wage adjustment channel, on the other hand. The results showed both an upward trend in the pass-through coefficient over the past decade[268] and a substantial contribution from second-round effects to the annual dynamics of the adjusted CORE2 index in the first part of 2024. Subsequently, the estimated contribution declined gradually to significantly lower levels at present.

Mounting protectionism worldwide, amid the Trump Administration's trade policies, required assessing the transmission channels relative to Romania's economy and the related potential effects. The analysis indicated that the main vulnerabilities stem rather from the indirect exposure of Romania's economy via integration into European production chains than from direct trade ties with the United States. At the same time, the growing trend of friend-shoring may affect exports and investments in Romania, but may also create opportunities to bring new production capacities closer to the European market, especially amid nearshoring and supply chain diversification.

The expiry of the electricity price cap scheme for household consumers – on 30 June 2025 – and the subsequent liberalisation of the electricity market led to significant and instant price rises, with four-quarter effects on the annual CPI inflation rate. Against this backdrop, data scrapping[269] techniques were used to extract additional information from large datasets for more precise modelling of the component's price trajectory. Apart from obtaining new time series, the mechanism of electricity price formation on the main trading markets managed by OPCOM was also documented[270].

Given the ongoing need to improve inflation projections, an alternative methodology for the medium-term forecast of fuel price growth was developed in the course of 2025. It takes into account the empirical peculiarities of the time series for the prices of the main fuel categories, specifically those of motor fuels – chiefly driven by movements in global oil prices – and of other fuels (firewood in particular), which

268 During this period, large and frequent pay rises were recorded as a result of successive government policies (average gross wage earnings increased in nominal terms by approximately 250 percent from 2015 to 2025), the phenomenon captured in econometric estimates being substantiated by these repeated adjustments.

269 Data scrapping, or web scrapping, is a technique for automatically collecting relevant data from websites using certain programming languages such as Python, Matlab, etc.

270 Romania's electricity and natural gas market operator.

exhibit a pronounced seasonal behaviour. The methodology serves to make robustness checks of the results obtained with the Model for Analysis and Medium-Term Forecasting (MAMTF), the main inflation forecasting tool used by the NBR experts.

2.2. Financial stability

In 2025, the main research topics approached in the field of financial stability were as follows:

(a) "Macroprudential policy effects on the access to finance, default and inequality: evidence from Romania"[271] – the paper examines the impact of macroprudential measures adopted in Romania, particularly the LTV limits, using both empirical methods (logistic and Heckman models) and a Dynamic Stochastic General Equilibrium (DSGE) model. The results show that removing LTV limits in 2007 encouraged riskier foreign-currency lending and increased inequality in the access to mortgage loans, while the reintroduction of LTV limits in 2011 supported lending in domestic currency and improved access to the mortgage market for medium-income borrowers. The structural analysis highlights that, under adverse scenarios, tighter collateral requirements reduce default rates, but imply a trade-off between lowering consumption inequality and increasing wealth inequality. The main contribution of the study consists in its integrated approach and the use of microdata, as well as in expanding the theoretical framework to assess the policy effects on lending, credit risk and inequalities.

(b) The development of a probability of default estimation model for firms, as well as of a framework for the calibration of borrower-based measures in the case of exposures to the commercial real estate market, such as DSTI limits or collateral requirements. The probability of default model is built on relevant financial indicators, as well as borrower and loan characteristics, in order to assess the default risk at company level. The calibration of borrower-based measures aims to identify optimal thresholds to keep the balance between access to finance and financial stability. Based on this approach, the paper provides an integrated analytical framework to assess and adjust macroprudential policies implemented in the corporate sector.

(c) In accordance with Recommendation ESRB 9/2022 on identifying and monitoring vulnerabilities in the commercial real estate (CRE) sector in the European Economic Area, including the risks related to CRE prices, an experimental index of CRE prices was developed. The index was created with a view to supporting risk monitoring and the methodology was developed based on the best international practices.

(d) "A Natural Language Processing toolbox for the National Bank of Romania"[272] – the paper advocates the expansion beyond traditional numerical data by enhancing central bank analyses with textual information. To this end, the authors propose a set of Natural Language Processing (NLP) tools specifically tailored for the NBR, aimed at increasing the efficiency of economists in processing relevant textual sources such

271 *Occasional Papers* No. 42/2026.

272 Published in *Occasional Paper* No. 38, also included in the volume comprising the papers presented during the workshop on "Data science in central banking" and published in *IFC Bulletin* 67, BIS, March 2026.

as financial news and press releases, as well as at aligning the NBR with the best practices in central banking innovation. The first part of the analysis examines the use of NLP in processing monetary policy statements of the NBR and other central banks, by using an advanced sentiment analysis model calibrated based on financial texts. The second part of the paper explores the NBR's Romanian financial news archive, in which case a specialised financial dictionary was developed to build a sentiment index, complemented by topic modelling techniques to identify and track the evolution of major topics in financial news.

2.3. Economic papers and analyses

The reshaping of US trade policy through tariff hikes was one of the most significant issues throughout 2025. Against this background, the box entitled "The impact of the new US customs tariffs on Romania's international trade relations" in the May 2025 *Inflation Report* gauged the effects of these measures on domestic economic activity. The analysis framework highlighted the relevant elements in terms of the impact of the tariff hike on Romanian GDP: the ease with which US production can substitute a decrease in imports, Romania's trade exposure to the US market – both direct and indirect (the latter being approximated based on the exposure of Romania's main trading partner, i.e. the euro area) – and the domestic value added content of our country's exports. Estimates showed that such measures would exert a rather moderate effect on activity in Romania, of between 0.2 and 0.3 percent of GDP, mainly on the indirect channel and with heterogeneous effects across sectors (automotive and basic metals being the hardest hit).

Domestically, one of the most important decisions of 2025 in economic terms was to raise VAT rates as of 1 August. The box entitled "The price-setting behaviour for goods amid the change in VAT rates", included in the November 2025 *Inflation Report*, employs a database with daily frequency to assess how this shock fed through to food and non-food prices. Looking at food, prices reflected mostly mechanical increases, given that the beginning of August saw an upsurge in the frequency of price rises and more than three fourths of the resets had values in line with the direct impact of the VAT rate change. Conversely, in the case of non-food items, the pass-through was more gradual, possibly on account of the intention to cumulate this influence with those from other sources and to pass them on in September-October, when traditionally these prices record the highest seasonal changes.

2025 saw further research into skilled labour shortage, which has effects on both GDP and price growth. Thus, the box entitled "Structural features of labour shortage in Romania" in the August 2025 *Inflation Report* contains a detailed assessment of the scale of the labour shortage, covering a wide range of blue collar and white collar activities. Moreover, the box explores the structural features of this phenomenon, focusing on the education system, the ageing trend, as well as migrant flows.

The issue of the inflationary impact of labour shortage assessed via a multisectoral dynamic general equilibrium model was initially addressed, albeit more briefly, during 2024 (a box included in the November 2024 *Inflation Report*), and in 2025 an in-depth *Occasional Paper* was prepared. The paper was published in February 2026.

2.4. Guidelines and objectives of the research activity in 2026

During 2026, the lines of research are aimed at: (i) investigating the macroeconomic forecasting capacity of AI-based models; (ii) assessing the robustness and stability of the relationship between inflation and economic activity indicators through a thick modelling approach to the Phillips curve; (iii) assessing in a more nuanced manner the fiscal impulse by integrating both the role of EU funds and the profile resulting from intra-annual budget executions in ESA terms; (iv) examining the features of non-financial corporations using AI-related resources; and (v) analysing the growth of potential GDP and production factors at micro level.

As for inflation, it is envisaged to assess the impact of climate change on food prices, to identify the main drivers of the wholesale electricity price, which is one of the highest in Europe, as well as to establish the structural features of price-setting in Romania.

Chapter 17

Legal activity of the National Bank of Romania

The main objective of the NBR's legal function is to ensure that the provisions of primary and secondary legislation are correctly interpreted and applied at institutional level, so that the exercise of all the central bank's statutory powers is legally substantiated and entails minimal risks.

In the course of 2025, as well as in January-February 2026, the Legal Department responded to the requests made by the NBR Board, the executive management and the other NBR organisational structures, while abiding by the high standards of quality and timeliness, by:

- approving or preparing opinions on draft legal acts regarding financial and banking matters, initiated by ministries or other authorities, or under debate in the Parliament of Romania, as well as on draft legal acts related to the secondary legislation;
- providing legal assistance in all the NBR's areas of activity, including through the proactive identification of legal risks;
- representing the NBR's interests in relation to courts of law, prosecution authorities, insolvency practitioners, court enforcement officers and notaries public.

During the period under review, the Legal Department examined, with a view to approving or formulating opinions:

- draft legal acts submitted for review to the NBR, which were adopted and published in *Monitorul Oficial al României*, Part I, in areas such as: the recovery and resolution of credit institutions and investment firms, the corporate governance of public enterprises, financial discipline and the use of cash, private pensions, preventing and combating money laundering and terrorist financing, international sanctions, the resilience of critical entities and the designation of national critical infrastructures;
- draft laws and legislative proposals, at different stages of the legislative procedure in the Parliament of Romania, concerning, *inter alia*, restrictions on payments to gambling operators, relations with credit institutions, the rules governing guarantees, international sanctions, alternative dispute resolution, international reserves, official statistics, strengthening financial discipline relative to cash collections and payments, markets in financial instruments or the fiscal framework.

Separately, legal analysis was carried out, and contributions were made to the drafting of proposed provisions for draft legal acts concerning:

(i) the implementation of EU regulations in the areas of digital operational resilience for the financial sector, artificial intelligence, credit transfers and direct debits in euro, and markets in crypto-assets;

(ii) the transposition into national law of the provisions of EU directives on access to the activity of credit institutions and the prudential supervision of credit institutions and

investment firms, the establishment and functioning of the European single access point, and corporate sustainability reporting.

As regards secondary legislation, the activity focused on regulations issued by the NBR and draft legal acts submitted for consultation in areas such as prudential requirements, public debt management, statistical and accounting reporting, the operation of financial market infrastructures, the organisation and functioning of the Central Credit Register, the foreign exchange regime and contributions to guarantee schemes.

Moreover, the NBR participated in discussions on legislative initiatives at EU level with an impact on its area of competence and in formulating proposals, in particular those concerning draft legislation in the following areas: the establishment of the digital euro, anti-money laundering and countering the financing of terrorism, the European deposit insurance framework, and crisis management in the banking sector.

As part of the NBR's activity in the legal field within the European System of Central Banks, the NBR's legal experts participated, *inter alia*, in the meetings of the Legal Committee, cooperated with the representatives of the ECB's Directorate General Legal Services and its peers in the national central banks of EU Member States, and examined the relevant documents sent by the ECB via written procedure.

During the period under review, the Legal Department received numerous requests for legal opinions/legal assistance relative to the central bank's fields of competence, issuing, among others, 103 opinions on internal regulations, 115 opinions on draft and legislative proposals of the Parliament and/or the Government of Romania, 136 opinions on NBR regulations related to the secondary legislation, 453 opinions on various requests submitted by individuals or legal entities, 431 opinions on public procurement contracts, 72 opinions on other civil contracts, 17 opinions on requests related to personal data managed by the central bank, 412 papers for the steering committees, 295 notices of garnishments, 341 opinions on internal decisions of the territorial units, and 2,610 opinions on the central bank's current activity.

The opinions concerned:

- the drafting and concluding of contracts with NBR's international and national counterparties;
- public supply, public service and public works contracts and addenda thereto, concluded both under Romanian public procurement legislation and as a result of EPCO framework agreements;
- the activity of the NBR in its capacity as a prudential supervisory authority, the competent authority in authorising financial institutions, other than credit institutions or in its capacity as a resolution authority;
- various requests from individuals/legal entities, public institutions, namely the Ministry of Internal Affairs and the Public Ministry, requests related to the personal data managed by the central bank, with an aim also to provide clarifications on the interpretation and application of the provisions of secondary legislation and regulations within the NBR's scope;

- the application and interpretation of legislation governing employment relations, public procurement, public and private property, companies, copyright and related rights, taxation, inventory management, as well as other relevant areas for the smooth running of the NBR's current activities;
- the completion of legal procedures concerning foreclosure, examining and responding to the documentation related to foreclosure requests through garnishment of bank accounts of credit institutions/wages of NBR employees by court enforcement officers in accordance with the relevant legal regulations.

During the period under review, the Legal Department handled 155 cases pending before competent courts across the country. With a view to settling these disputes in a favourable manner, it prepared 173 papers to substantiate the NBR's procedural position, in order to defend and enforce the central bank's rights.

Furthermore, the Legal Department formulated 157 replies to requests from courts, from other institutions with administrative and judicial functions, from prosecution authorities, as well as from other bodies located both in Bucharest and across the country, concerning the communication of information or documents in cases in which the NBR was not a party to the proceedings.

Another component of NBR's legal activity is also the settlement of appeals lodged against acts issued by the NBR for the imposition of sanctions and the ordering of measures. In 2025, the Legal Department represented the central bank's interests before the High Court of Cassation and Justice, which dismissed the appeal lodged against a decision of the Board ordering the delisting of a non-bank financial institution.

Chapter 18

The institutional framework and the organisation of the National Bank of Romania

The National Bank of Romania is the central bank of Romania and an independent public institution. Its activity is governed by Law No. 312/2004 on the Statute of the National Bank of Romania (hereinafter referred to as the "NBR Statute").

The primary objective of the National Bank of Romania is to ensure and maintain price stability. The main tasks of the National Bank of Romania are:

- to design and implement the monetary policy and the exchange rate policy;
- to conduct the authorisation, regulation and prudential supervision of credit institutions, and to promote and oversee the smooth functioning of the payment systems with a view to ensuring financial stability;
- to issue banknotes and coins as legal tender to be used on the territory of Romania;
- to set the exchange rate regime and to oversee its observance;
- to manage the international reserves of Romania.

1. Decision-making bodies and corporate governance

The National Bank of Romania is run by the Board of Directors, which is made up of nine members appointed by Parliament – based on a proposal of the standing committees of the two Chambers –, with the nomination of the executive management of the NBR. The Board members are appointed for a five-year mandate which may subsequently be renewed. According to the law, members of the Board may not be members of Parliament or of a political party, and they may not be Court officials or public servants. The National Bank of Romania Board is made up by:
(i) a Chairman who is also the Governor of the National Bank of Romania;
(ii) a Vice Chairman who is also the First Deputy Governor; (iii) seven members, two of them deputy governors and the other five not on the payroll of the NBR.

The National Bank of Romania Board is the decision-making body of the institution in accordance to the law and with respect to: (i) setting the monetary and exchange rate policies and supervising their accomplishment; (ii) the authorisation, regulation and prudential supervision or, as applicable, oversight of credit institutions, payment institutions and non-bank financial institutions, as well as oversight of the payment systems and securities settlement systems in Romania, their operators included; (iii) the bank's internal organisation. Moreover, the Board establishes the main courses of action concerning the operational management and assigns the tasks to the NBR staff.

Members of the National Bank of Romania Board

appointed by the Parliament of Romania via Decision No. 27 of 1 October 2024



Mugur Constantin Isărescu
Governor,
Chairman of the Board



Leonardo Badea
First Deputy Governor,
Vice Chairman of the Board



Florin Georgescu
Deputy Governor,
Member of the Board



Cosmin Marinescu
Deputy Governor,
Member of the Board



Aura-Gabriela Socol
Member of the Board



Roberta-Alma Anastase
Member of the Board



Alexandru Nazare
Member of the Board



Csaba Bálint
Member of the Board



Cristian Popa
Member of the Board

On behalf of the Board, the Governor shall submit to Parliament the *Annual Report* of the National Bank of Romania by 30 June of the following year. The document presents the NBR activities, the annual financial statements and the audit report, discussed without being put to the vote, during the joint session of the two Chambers of Parliament.

In order to ensure the effectiveness of the decision-making process, the following three operational bodies are responsible for the performance of the main tasks of a central bank: the Monetary Policy Committee, the Supervisory Committee, and the Foreign Reserve Management Committee. To these add specialised committees with their own rules of procedure, which define in detail their composition and specific tasks and responsibilities.

The Monetary Policy Committee (MPC) is a standing advisory and decision-making body. It is made up of 13 members and is chaired by the NBR Governor. The committee's tasks focus on the central bank's primary objective and relate mainly to the specifics of the monetary policy strategy and operational framework, defining and implementing monetary policy, as well as the associated economic research. In particular, the MPC discusses and defines the content, structure and configuration of monetary policy analysis reports/papers, of the macroeconomic projections over various time horizons, as well as of proposals on the monetary policy stance, which are subsequently submitted to the NBR Board for review and approval. Moreover, the MPC supports the monetary policy decision-making process by discussing, approving and making available to the NBR Board, on a regular basis, certain analyses/research papers prepared by the specialised departments on research areas/topics relevant to monetary policy conduct. At the same time, the MPC members discuss, analyse and propose to the NBR Board, whenever needed, revisions to certain features of the monetary policy strategy and of its toolkit, with a view to calibrating them in order to achieve the central bank's primary objective and bringing them into line with the ECB's standards in the field. According to the annual calendar of quarterly forecasting rounds approved by the NBR Board, the year 2025 saw 16 MPC meetings, with nine other meetings being held January through May 2026.

The Supervisory Committee is a standing advisory and decision-making body composed of nine members and chaired by the NBR Governor.

Its tasks mainly relate to the assessment of the functioning of entities supervised or monitored by the NBR, based on studies, information notes, reports and analyses drawn up and regularly submitted by the specialised departments, with regard to the following: developments in financial performance, asset quality, management of operating risks and their inclusion in the required levels of prudential indicators; developments in terms of financial stability, identifying, monitoring and assessing systemic risks and those related to systemically-important credit institutions; the need to amend the provisions of the regulations applicable to entities supervised or monitored by the NBR, according to the specific legislation and the relevant international practice; evolution of individual and sectoral exposure to the risks of money laundering and terrorist financing, including compliance with international sanctions regimes.

In 2025, the Supervisory Committee passed decisions in 21 meetings, while five other meetings were held January through April 2026, the analysed materials relating primarily to: (i) the notification of the intention to acquire qualifying holdings in the share capital of credit institutions; (ii) applications submitted by credit institutions, Romanian legal entities, pursuant to prudential regulations, for approval of changes in their standing as concerns the Board members and/or executives, expansion of their scope of business, the financial auditor, operations on preferential terms set forth in the employee incentive and benefit plans, exemption from the assignment of risk weights to subsidiaries, mergers, etc.; (iii) requests from credit institutions regarding the use/change of internal ratings-based approach/the return to the standardised approach for the calculation of risk-related capital requirements; (iv) proposals to ascertain the legal termination of the validity of some credit institutions' authorisations, following the completion of merger by absorption processes, as well as proposals to erase certain non-bank financial institutions and, implicitly, to impose a ban on lending; (v) the prudential supervision programme also in the field of preventing and combating money laundering and terrorist financing, as well as the enforcement of international sanctions for credit institutions, non-bank financial institutions, payment institutions and electronic money institutions; (vi) draft regulatory acts to be issued by the central bank or other authorities concerning the activity of credit institutions, non-bank financial institutions, payment institutions and electronic money institutions; (vii) the implementation of the EBA Guidelines in the national legal framework and/or in supervisory practices, from the perspective of the central bank's powers; (viii) legislative and regulatory proposals/proposals for the allocation of powers for transposing/implementing EU regulations in the field of institutions under the regulatory scope of the NBR; (ix) proposals for positions in the negotiations regarding draft laws at EU level, in relation to European structures, according to the specific fields of competence; (x) proposals concerning applications for authorisation as payment institutions; (xi) the monitoring of developments in terms of financial stability, identification of systemically-important credit institutions, monitoring and assessment of systemic risks, analyses regarding the recalibration of macroprudential instruments – capital buffers, the reciprocation of macroprudential policy measures and specific analyses such as monitoring the lending terms and conditions, regular stress tests of the banking sector's solvency and liquidity or the developments and perspectives related to the digitalisation of credit institution; (xii) disclosures regarding the activity of the Central Credit Register and of the Payment Incidents Register; (xiii) other matters in connection to the functioning of banks, payment institutions and electronic money institutions.

The Foreign Reserve Management Committee (FRMC) is a standing body whose tasks consist in achieving, via tactical decisions, the strategic objectives set by the NBR Board in the area of foreign reserve management. The Committee is made up of 11 members and is headed by the NBR Governor. In line with the tasks defined by the NBR Board, it constantly analyses the current and prospective global developments in the economic and financial environment and formulates proposals for the international reserve management strategy, examines compliance of portfolios with strategic and tactical guidelines and assesses their monthly performance, makes recommendations on implementing new financial instruments and draws up the list comprising eligible entities for transactions, securities issuers and assets eligible for investment.

The FRMC convenes and takes decisions whenever required by financial market developments, when summoned by the chairman or the vice chairman, acting as a substitute for the former.

The high uncertainty surrounding trade policies at global level, especially regarding the geopolitical environment, has heightened the risk of a potential misalignment between inflation developments and economic growth, which would hamper the reaction function of some central banks in advanced economies. These developments, should they materialise, would lead to a notable increase in risk aversion and, implicitly, in the volatility of prices for the main financial asset classes, which would in turn exert a major impact on Romania's international reserve management activity. Under these circumstances, the NBR further pursued a prudent management of international reserves with a focus on investment safety and liquidity objectives.

The Committee for Preparing the Changeover to the Euro set up at the NBR is an advisory body analysing the preparatory activity ahead of euro adoption. It is a formal discussion forum providing support to central bank decisions on the path to joining the Economic and Monetary Union.

The Payments Committee, established in 2022, is an advisory body that supports the NBR Board in achieving its tasks with regard to promoting and monitoring the smooth functioning of payment systems and instruments in Romania, as well as of those related to the authorisation and supervision of payment services and instruments. The objectives of this committee include: to identify the necessary measures to consolidate the retail payments market and develop an integrated payments market, to propose measures to support the development of the payments market, including to enhance the security of payments and preserve users' confidence in payment instruments and services, or to identify the barriers limiting the increase in financial inclusion from the perspective of payment services, the instruments used and the related costs. Depending on the topics discussed, representatives of payment service providers in Romania, including of FinTech companies and the business environment, of central government authorities, as well as of other entities with relevant payment duties may be invited to the committee's meetings.

The Financial Market Infrastructure Management Committee (FMIMC) set up in 2017 is a standing advisory body for the NBR Board that plays a part in the decision-making process, within the limits imposed by the Board. The FMIMC is in charge of the general management of financial market infrastructures operated by the central bank (generically referred to as IPF-BNR). The FMIMC is made up of five members and is chaired by a senior executive member, acting as a collective governing body (college). It is tasked with submitting proposals to the NBR Board regarding strategically important issues related to the IPF-BNR development and functioning. Moreover, it carries out the tasks set by the Board, *inter alia* those concerning the development and implementation of new infrastructures, and also the operation of the IPF-BNR information security management system.

The Committee for Strategy, Planning and Coordination of Initiatives and Projects. The need to better align the IT&C strategy with the NBR's strategic vision, to

make the best use of the resources required to implement projects and programmes with a digital component, as well as to establish an appropriate framework for the organisation and functioning of the activity of initiative assessment and programmes and projects coordination, prompted the set-up of the Committee for Strategy, Planning and Coordination of Initiatives and Projects. Its secretariat is provided by the Digital Solutions Department. This committee ensures the governance of both the IT&C and cybersecurity functions, as well as of the portfolio of programmes and projects that have a digital component within the NBR.

The Risk Committee is a standing advisory body subordinated to the NBR Board, with the aim of supporting the latter in overseeing the risk management process within the central bank.

The Committee has 12 members, with the NBR Governor acting as chairman and the First Deputy Governor as vice chairman.

The main tasks of the Risk Committee comprise: (i) analysing and approving the regulation framework for the risk management process within the NBR and monitoring its observance and enforcement; (ii) analysing and approving the on-topic materials addressed to the Board; (iii) overseeing the updated, overall risk landscape and endorsing the risk exposure limits and the suggested plans for their treatment; (iv) formulating recommendations with a view to improving the performance of the NBR's organisational structures with regard to the management of risks associated with their activities.

Throughout 2025, the Risk Committee analysed and endorsed, according to its specific tasks, the documents pertaining to risk management that were addressed to the Board. Moreover, the committee reviewed and endorsed the proposals for amending the internal regulatory framework applicable to this area, thereby contributing to a structured, coherent and consistent approach to the risk management process, by establishing objectives, principles and courses of action for managing the risks associated with the activities carried out by the central bank.

The Audit Committee is a standing and advisory body, independent from the NBR's executive management, and its purpose is to support the NBR Board in fulfilling its responsibilities regarding the oversight of governance, risk management and internal control processes within the institution. At the same time, the Audit Committee oversees internal and external audit activities, thereby contributing to their greater efficiency and effectiveness.

The Audit Committee consists of the five non-executive Board members. In 2025, the Audit Committee's composition changed, and it currently comprises four members following the suspension from office of one member of the Board of Directors.

According to the internal regulation in force, this committee convenes at least once every three months and whenever necessary. Throughout 2025, the Audit Committee convened in four meetings corresponding to the four quarters, and in addition three consultations took place addressing urgent matters, during which documents related to its competence were analysed or endorsed, as appropriate.

External control layers

The NBR Statute provides for two external control layers, namely: (i) the financial auditor, which is appointed to audit the annual financial statements of the NBR, and (ii) the Court of Accounts, which conducts the subsequent audit of commercial operations carried out by the central bank, which are reflected in the income and expenditure budget and in the annual financial statements.

Internal control layers

In order to ensure a proper governance and an effective internal control system, the National Bank of Romania makes use of the model of the three lines of defence:

- The first line of defence is made up of the management and staff of each organisational structure, who are to identify and manage the risks associated with their own activities, and to implement internal control measures, in compliance with the applicable regulations.
- The second line of defence consists of the organisational structures with expertise complementary to that of the first line, providing specialist support to the organisational structures in first line, and it includes at least the following functions: operational and financial risk management; compliance; legality and regularity control; IT&C security; personal data protection; business continuity.
- The third line of defence consists in the internal audit which provides independent and objective assurance and advisory services, with the aim of adding value and improving NBR's operations. Internal audit supports the bank in meeting its objectives, by systematically and methodically assessing the processes of risk management, internal control and governance and by making recommendations for increasing their efficacy.

In line with the global standards for internal audit, as well as with the international best practices in the field of corporate governance, the Internal Audit Department has a dual reporting line, intended to ensure its independence and objectivity in fulfilling its tasks. Thus, it is administratively subordinated to the NBR Governor and functionally subordinated to the Audit Committee.

In 2025, 28 audit engagements were completed, resulting in recommendations for improving and strengthening governance, risk management and internal control. The formulated conclusions and recommendations were communicated to the management of the audited departments, to the executive management and the Audit Committee.

Moreover, the Internal Audit Department continued to provide assistance to the team that carries out the external audit of the NBR's financial statements, by expediting the exchange of information and documents with the departments involved in the audited process.

In the period under review, the ongoing professional development of the staff was a constant feature, with the purpose of obtaining and preserving the national and international certifications in the field.

In its activity, the Internal Audit Department applies the International Professional Practices Framework, issued by the Institute of Internal Auditors (IIA), the working methodology provided in the NBR's Internal Auditing Handbook and the ESCB's Internal Auditors Committee (IAC) Manual, as well as the best practices in the field, including those related to IT&C audit, cybersecurity and cyber resilience.

The compliance function

In the course of 2025, the Compliance Section focused on updating the internal regulatory framework in accordance with the applicable legislative developments, and on implementing the compliance policy for processes related to integrity in exercising the function and prevention of conflicts of interest. In terms of current tasks, its main activities were:

- the further review and update of the internal regulatory framework in the area of ethics and integrity, including the Code of Ethics and Conduct and the procedures governing declarations of assets and interests, in line with legislative amendments and the decisions of the Constitutional Court;
- the management of activities related to the assessment and issuance of compliance opinions regarding potential conflicts of interest in recruitment, promotion and internal mobility processes, as well as the issuance of compliance opinions upon request from staff members;
- the implementation and management of the whistleblowing framework by managing the reports received, conducting the related assessments and submitting annual reports to the National Integrity Agency (ANI);
- the development and implementation of the Action Plan on Equal Opportunities and Treatment between Women and Men, and conducting the related assessments and submitting annual reports to the National Agency for Equal Opportunities between Women and Men (ANES).

At the same time, as a new development in this area, based on legal obligations introduced via the legal acts adopted in 2025 (including the legislative package adopted as part of the OECD accession process) both in the field of central banking and within the scope of application of public institutions, conducive to compliance responsibilities, a number of activities were carried out, such as:

- analysing and formulating positions and compliance opinions in the context of transposing the provisions of Directive (EU) 2024/1619 (CRD VI), with a particular focus on the requirements concerning the independence of competent authorities, including post-employment cooling-off restrictions;
- actively participating, at the invitation of the Ministry of Justice, in the Working Party on Public Integrity and Anti-Corruption, with a view to identifying a legislative solution for implementing the OECD recommendation on pre- and post-employment restrictions, as well as analysing and formulating positions and compliance opinions in the context of transposing the provisions of Law No. 189/2025 amending and supplementing certain legal acts in the field of integrity concerning pre- and post-employment restrictions applicable to public institutions and authorities (*pantouflage*).

With regard to promoting an ethical culture within the National Bank of Romania, the activities carried out by the Compliance Section focused on informing and training staff on specific topics, as well as providing advice to employees and organisational structures through expert opinions.

Throughout 2025, the Compliance Section's activity was carried out in accordance with the independence principle of the compliance function, with no instances of interference, pressure or other forms of undue influence on the activities or staff of the Section.

The Compliance Section maintained, in a consistent and effective manner, the cooperation with the ECB's Governance and Compliance Office, which fulfils the compliance function within this institution. This cooperation materialised through both direct bilateral contacts and active participation in conferences and working sessions organised on topics relevant to the compliance area.

The governance of the *régies autonomes* subordinated to the National Bank of Romania

The National Bank of Romania is empowered to represent the interests of the state in the boards of directors of the two *régies autonomes*, the State Mint and the NBR Printing Works, which operate based on economic management and financial autonomy in subordination to the central bank, in accordance with the provisions of Government Decision No. 231/1991 on the establishment of the *régies autonomes* the State Mint and the NBR Printing Works.

These are public enterprises that carry out activities of national interest and contribute to the NBR's task of issuing banknotes and coins as legal tender on the territory of Romania, in order to meet the cash requirements in accordance with the real needs for currency in circulation.

In 2025, the governance of the *régies autonomes* subordinated to the NBR was carried out in accordance with the applicable legal provisions in force, in compliance with the principles of transparency, accountability and efficiency.

2. The relationship of the NBR with the Parliament of Romania and other state institutions

As regards institutional communication, the National Bank of Romania maintains an ongoing dialogue with the Parliament of Romania. The cooperation consists mainly of:

(i) formulating opinions on draft legal acts at the direct request of parliamentary committees, or indirectly, at the request of some initiators (the Ministry of Finance, the National Authority for Consumer Protection, other public authorities) or of the Presidential Administration. Pursuant to Article 3 of Law No. 312/2004 on the NBR Statute, central public authorities ask for the central bank's opinion on any draft legal act concerning the fields related to the NBR's tasks;

(ii) formulating opinions, preparing supporting documents or participating in the discussions/meetings of the standing committees of the two Chambers of Parliament on topics such as monetary policy, financial stability, bank resolution, European affairs, payment systems;

(iii) preparing and submitting supporting documents during the parliamentary procedure to exert control in relation to the compliance of EU legislative proposals with the principles of subsidiarity and proportionality;

(iv) delivering opinions and participating in the meetings of the standing committees of the two Chambers of Parliament during the parliamentary procedure to review the draft documents prepared by EU institutions;

(v) submitting to the presidents of the two Chambers of Parliament and to the economic committees not only the *Annual Report* (a statutory duty), but also the *Inflation Report* and the *Financial Stability Report* – two of the central bank's key communication tools explaining its actions meant to ensure price stability and financial stability;

(vi) drawing up materials for the preparation of events organised by Parliament or in which its representatives take part;

(vii) preparing replies to specific interpellations that members of Parliament submitted to the central bank.

During the period under review, NBR representatives participated in discussions on draft legal acts on the agendas of the Committee on Legal Matters, Discipline and Immunities, the Committee on Budget, Finance and Banks within the Chamber of Deputies, the Committee on Economic Affairs, Industries, Services, Tourism and Entrepreneurship, the Committee on Budget, Finance, Banking and Capital Market, as well as the Committee on Communications, Information Technology and Artificial Intelligence within the Senate.

In its relation with the Parliament of Romania, the National Bank prepared and presented to the relevant parliamentary committees its opinions on matters such as: (i) the draft Law on sovereign asset tokenisation and the establishment of the National Agency for Sovereign Digital Assets (ANADS); (ii) the legislative proposal on the rights of banking products users and on the regulation of relations with credit institutions; (iii) the draft Law approving Government Ordinance No. 17/2023 amending and supplementing Law No. 207/2022 regulating some measures on the general framework applicable to the establishment and functioning of development banks in Romania; (iv) the draft Law amending and supplementing Law No. 312/2015 on the recovery and resolution of credit institutions and investment firms, as well as amending and supplementing some legal acts in the financial field; (v) the draft Law amending and supplementing some legal acts in the financial field (DORA); (vi) the proposals of the National Bank of Romania supplementing the draft Law amending and supplementing some legal acts in the financial field (registered for legislative consideration by the Senate); (vii) the legislative proposal on limiting payments to gambling operators; (viii) the legislative proposal supplementing Government Ordinance No. 38/2015 on alternative dispute resolution between consumers and businesses.

As for the cooperation with the Ministry of Justice, the Ministry of Finance, the Ministry of Labour, Family, Youth and Social Solidarity, the Ministry of Economy, Digitalisation, Entrepreneurship and Tourism, the Ministry of Foreign Affairs, the National Authority for Consumer Protection and the General Secretariat of the Government, responses were provided to requests related to: (i) strengthening financial discipline with a view to reducing the use of cash in the economy; (ii) transposing Directive (EU) 2024/1260 of the European Parliament and of the Council on asset recovery and confiscation; (iii) the Government's legislative programme for 2026 and the list of Government's legislative priorities for the first parliamentary session of 2026; (iv) the draft Law supplementing Government Ordinance No. 9/2004 on certain financial collateral arrangements; (v) the draft Government Decision amending and supplementing Government Decision No. 1204/2022 on the establishment, organisation and functioning of Banca de Investiții și Dezvoltare S.A.; (vi) the draft Law on the payment of private pensions; (vii) the legislative proposal on regulating the funding of the escrow account and the retention of escrowed funds until completion of the contract; (viii) the draft Law amending and supplementing Government Emergency Ordinance No. 32/2012 on the undertakings for collective investment in transferable securities and investment management companies, as well as amending and supplementing Law No. 297/2004 on the capital market and Law No. 74/2015 on alternative investment fund managers; (ix) the draft Law amending and supplementing some legal acts in the financial field; (x) the legislative proposal supplementing Government Ordinance No. 38/2015 on the alternative dispute resolution between consumers and businesses; (xi) the draft Government Emergency Ordinance on credit agreements for consumers, as well as amending and supplementing some legal acts in the financial field, which provide for the transposition of Directive (EU) 2023/2225.

During 2025, answers were given to questions raised by MPs concerning the operations of entities under the remit of the National Bank of Romania.

At the request of other state institutions, such as the National Authority for Management and Regulation in Communications (ANCOM) and the National Office for Prevention and Control of Money Laundering (ONPCSB), responses were provided on matters such as: (i) the memorandum establishing the competent authorities responsible for applying the Artificial Intelligence Regulation, hereinafter referred to as the AI Regulation, and participation in the national working group tasked with preparing the draft Law setting out the measures for implementing the AI Regulation; (ii) the AMLD transposition workshop.

In addition, the NBR was represented in the EU Litigation Working Group where, under the coordination of the Government Agent for the Court of Justice of the European Union, issues related to litigation and pre-litigation procedures pertaining to financial and banking legislation were discussed.

3. Human resources activities

Developments in the NBR's organisation chart

From an organisational perspective, the National Bank of Romania implemented a series of structural adjustments throughout 2025, aimed at responding to developments in the financial, technological and regulatory environment and reflecting the institution's strategic orientation towards a more efficient organisational structure, as follows:

- **Supervision Department**

– establishment of the Information and Communications Technology Risk Supervision Division following the implementation of the responsibilities assigned to the central bank under the EU regulatory framework on digital operational resilience for the financial sector (DORA), markets in crypto-assets (MiCA) and artificial intelligence (AI Act);

– name change of the Legal Advice on Supervisory Acts and Bank Governance Division to Bank Governance and Supervisory Acts Division, following the transfer to the Legal Department of the legal clearance task regarding briefing papers.

- **Legal Department**

– taking over the legal clearance task regarding briefing papers, as well as endorsing the measures and sanctions imposed as a result of prudential supervision activities, which used to be carried out by the Legal Advice on Supervisory Acts and Bank Governance Division within the Supervision Department;

– dissolution of the Legal Advice and Assistance Office and staff transfer to the Litigation and Legal Assistance Division.

- The **Strategic Projects Section**, established by incorporating five offices – the Euro Office, the Financial Economy – Real Economy Office, the Role, Developments and Prospects of Central Banks Office, the Cryptocurrency and Digital Currency Office, and the Sustainability and Green Economy Office – together with their respective staff within the NBR's Chancellery.

- **Security Department**

– dissolution of the Security Systems Division following the transfer of activities relating to the administration of security infrastructure and the maintenance of security systems, together with the relevant staff, to the Digital Platforms and Cybersecurity Department, and the transfer of activities relating to the supervision and monitoring of the NBR premises and cash-in-transit operations, as well as the coordination of security control rooms, to the Internal Protection Division.

- **Digital Platforms and Cybersecurity Department**

– establishment of the Physical Security System Management Division which took over tasks from the Security Department.

Update of specific internal regulations

In the course of 2025, the National Bank of Romania completed the process of updating its internal regulations governing human resources management processes (recruitment, promotion, internal mobility and professional training), through amendments aimed at:

- aligning selection processes with national legislation requirements regarding equal opportunities and equal treatment, and preventing any form of discrimination;
- enhancing the transparency and impartiality of recruitment processes;
- updating the regulations to reflect the latest changes in the central bank's organisational structure;
- aligning with the best practices within the European System of Central Banks (ESCB) in the area of professional development, as they were identified through a study conducted by the Human Resources Department in 2024;
- adopting a strategic approach to professional development, focused on building future-oriented skills relevant to the activities of a central bank;
- reviewing the temporary internal mobility process as a professional development tool.

Statistical data on the NBR staff

The year 2025 saw a staff turnover rate of 3.76 percent, the National Bank of Romania reporting 2,130 employees as at end-December 2025, compared to 2,125 employees at end-2024.

From 1 January to 31 December 2025, the NBR organised 104 external recruitment processes for 141 vacancies, with 77 successful candidates out of the total of 1,334 who applied.

In the same period, the National Bank of Romania organised 43 internal recruitment processes to fill 52 vacancies, for which 66 candidates applied and 38 were successful.

Throughout 2025, 47 employees were promoted to higher non-managerial positions and another 17 advanced to managerial ranks.

Vacancies in the NBR as at 31 December 2025 are as outlined below:

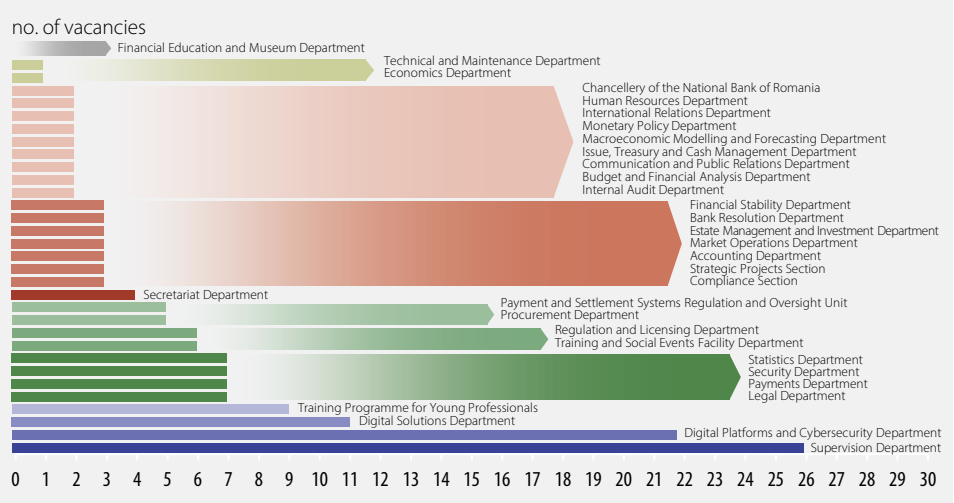


Chart 18.1
Vacancies in the NBR's head office as at 31 December 2025

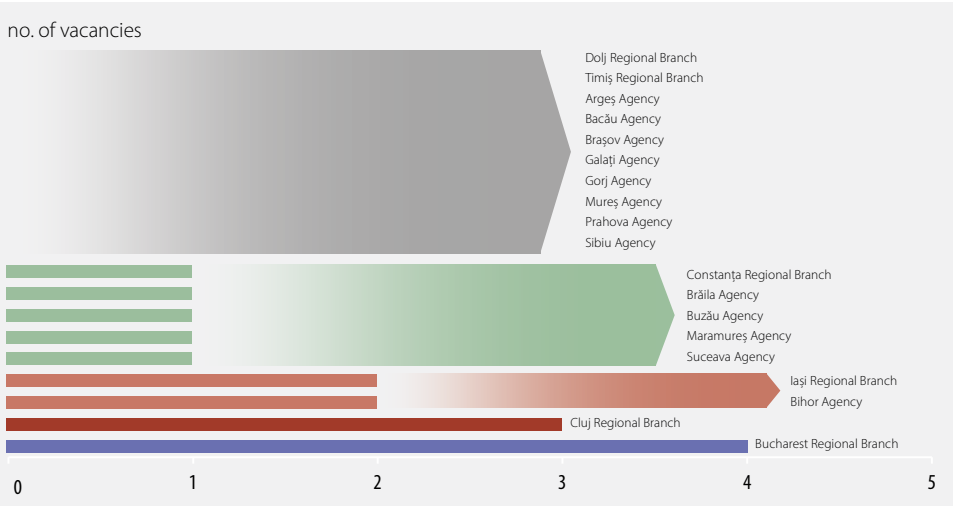


Chart 18.2
Vacancies in the NBR's territorial units as at 31 December 2025

Professional training of the NBR staff

Throughout 2025, 419 members of the NBR staff cumulated a total of 1,032 attendances at professional training programmes, held by external (Romanian and foreign) lecturers, i.e. courses to develop technical skills, which focused on topics such as: artificial intelligence and data science, the banking and financial sector, supervision and AML, risk management, ESG, climate risk and green finance, and also cybersecurity, audit and crisis management.

The NBR further cooperated with the European Central Bank and organised two international seminars: "Audit Report Writing and Communication" and "Introduction to ES/ESCB Operational Risk Management". It should be mentioned that since 2009 the National Bank of Romania has hosted a total of 52 professional training events organised in cooperation with the ECB.

Moreover, the partnership with DataCamp that was initiated in 2024 continued, enabling around 100 employees to access the platform with the aim of acquiring data processing skills. Between January and December 2025, 242 courses were completed, with the most frequently attended ones being *Understanding ChatGPT*, *Understanding Artificial Intelligence*, *Introduction to Data* and *Understanding Prompt Engineering*.

This reflects a clear trend towards strengthening knowledge in the fields of data analysis, artificial intelligence and related tools, thereby contributing to the development of the bank staff's digital skills.

Out of the total number of employees who attended professional development programmes, 12 percent were for courses aimed at developing managerial and soft skills. Thus, programmes like "Leading the Team and Organisation to Performance", "SLII Experience 2", "The Leader's Odyssey", "Emotional Resilience", "Interpersonal Collaboration and Assertive Communication", "Growth mindset", "The Inner Game and Organisational Performance", along with three team-building sessions, cumulated a total of 231 participants.

As for training and other forms of professional development held by in-house lecturers, 638 NBR employees participated in such programmes that covered a wide range of topics as follows:

- methodological and practical issues regarding direct statistical research via RAPDIR;
- ethics, discrimination and harassment-related matters that may give rise to implications in the discharge of management responsibilities, from an operational, compliance and legal risk perspective;
- implementation of operational risk management;
- updates on accounting, fiscal legislation and their impact on IT apps;
- business continuity plan, emergency situations and occupational safety and health;
- personal data protection and protection of national classified information, professional secrecy and INFOSEC (information security);
- provisions of NBR Regulation No. 4/2013 on checking the quality of Romanian banknotes for recirculation purposes.

4. Information technology

During 2025, the hardware infrastructure of the NBR's data centres was further extended and tailored to meet increasing requirements in terms of data processing, storage, transfer and cybersecurity, as follows:

- implementation was initiated for a hybrid XDR (extended detection and response) solution, which will enhance the NBR's security posture by providing automated detection, protection and response to security incidents;

- a new hardware platform for processing and communications was acquired for the financial market infrastructures operated by the NBR (the ReGIS, SaFIR and TARGET-România systems), and its implementation is forthcoming. In this context, the implementation of a tertiary solution to ensure business continuity in the event of a major incident affecting the payment system will also be initiated;
- the environmental control system was replaced and the design of the power supply solution for the data centre at the NBR's head office was completed;
- the interconnection of the NBR's three data centres (primary – Lipscani, business continuity – Dr. Staicovici, secondary – Târgu Jiu) was completed by using high-capacity lines (10 Gbps), thus enabling the secure transfer of large volumes of data.

The monitoring of security alerts collected by all firewalls within the NBR's IT system was increased. Building on the existing enhanced system for protection against cyberattacks, the following additional protection measures were implemented:

- development of the solution providing protection for the NBR systems connected to the internet against DDoS (Distributed Denial of Service) attacks, a hybrid solution that enabled the filtering of volumetric attacks exceeding 50Gbps;
- procurement and implementation of cloud-based SaaS (Software as a Service) threat intelligence services providing access to notifications of new vulnerabilities or attacks, malware analyses, indicators of compromise and reports of cyberattacks that occurred internationally;
- renewal of subscriptions and licenses for the equipment used for telemetry data flow analysis and e-mail services protection;
- enhancement of the NBR's web traffic security infrastructure by adding new capabilities aimed at improving the IT system security posture;
- launch of pilot projects meant to introduce AI-based functionalities into the protection system against cyber threats;
- extension of the security architecture for internally developed applications through the implementation of multi-factor authentication.

Further steps have also been taken to improve the governance framework for cyber and IT security, as follows:

- performing a red teaming test in 2025, in accordance with the TIBER-RO framework for conducting cyber resilience testing, with a view to achieving a high level of digital operational resilience. The test resulted in a remediation plan addressing the vulnerabilities identified, with measures to be implemented throughout 2026;
- providing an efficient framework for IT security risk management by conducting risk analyses for all initiated projects, as well as for major changes to the NBR's IT infrastructure;
- coming into line with the best IT security standards;
- conducting joint exercises simulating phishing attacks in cooperation with the European System of Central Banks, and publishing information materials for users on the intranet in October – Cybersecurity Awareness Month;
- ensuring a high level of cybersecurity risk awareness.

In 2025, in addition to the day-to-day IT operations, particular emphasis was placed on two important areas: updating the NBR's IT&C Strategy for 2026–2031 and defining the governance framework for projects with a digital component, with a view to strengthening the strategic and operational framework for the development of digitalisation projects and ensuring a coordinated and efficient approach to aligning resource allocation with the needs and objectives of the NBR's organisational units. Specifically, the period under review saw:

- the completion and approval of the NBR's IT&C Strategy for 2025–2031, which updated the strategic objectives of the IT&C function, aligning them with the NBR's institutional priorities, and set out the development directions for IT applications and infrastructure;
- the analysis of the portfolio of projects with a digital component, with a view to ensuring consistency with the NBR's strategic objectives and available resources;
- the development of the governance framework for projects with a digital component, including the establishment of mechanisms for assessing, endorsing and approving change initiatives involving the use of IT resources, both human and material.

During the reporting period, a diverse portfolio of projects was managed, including the launch of strategic initiatives aimed at supporting digital transformation, optimising internal workflows and developing new organisational capabilities. In this respect, the following activities were carried out:

- adapting the applications in use to legislative changes;
- assessing and testing emerging technologies of relevance to the NBR's activities, including solutions based on artificial intelligence and machine learning;
- implementing new reporting requirements imposed by domestic and international entities;
- improving the operational efficiency and performance of the NBR's IT systems;
- updating the technology for the solutions and applications in use;
- updating and expanding IT systems in operation to accommodate new requirements and support data collection, validation, processing and dissemination processes.

Furthermore, user training and support activities continued, with a focus on:

- software testing;
- using a centralised source code management system;
- facilitating access to data by implementing a governance framework for the use of data analytics tools.

Organisation Chart of the National Bank of Romania as at 31 December 2025

BOARD OF

Governor

- The Monetary Policy Committee
- The Supervisory Committee
- The Foreign Reserve Management Committee

First Deputy Governor **Leonardo Badea**

SUPERVISION DEPARTMENT

- Inspection Division
- Bank Supervision Division 1
- Bank Supervision Division 2
- Assessment and Supervisory Policy Division
- Non-bank Financial Institutions and Payment Institutions Supervision Division
- Prevention of Money Laundering and Terrorist Financing & Intl. Sanctions Enforcement Supervision Division
- Bank Governance and Supervisory Acts Division
- Information and Communications Technology Risk Supervision Division

LEGAL DEPARTMENT

- Banking and Financial Law & International Legal Cooperation Division
  - Banking Law and Financial Markets Office
  - Monetary Law, International Cooperation and Internal Governance Office
- Litigation and Legal Assistance Division

INTERNATIONAL RELATIONS DEPARTMENT

- European Banking System Division
- International Financial System Division
- International Financial Conditions Analysis Division

PAYMENTS DEPARTMENT

- ReGIS Division
- SaFIR Division
- Financial Messaging Infrastructure Division
- TARGET Division
- Business Continuity Division

SECRETARIAT DEPARTMENT

- Documents Registration, Dispatching and Check-in Desk Division
- Archives, Library and Publications Dissemination Division
- Events Organisation Division
  - Business Travel Office
- Protocol Division
- Electronic Documents Office

BUDGET AND FINANCIAL ANALYSIS DEPARTMENT

- Budget and Financial Analysis Division
- Preventive Financial Control Division
- Risk Monitoring Division

TECHNICAL AND MAINTENANCE DEPARTMENT

- Buildings Maintenance Division
- Equipment and Installations Maintenance Division
- Administrative Maintenance and Utilities Division

Deputy Governor **Florin Georgescu**

FINANCIAL STABILITY DEPARTMENT

- Macroprudential Policies Division
- Systemic Risk Monitoring Division
- Quantitative Assessment Division

REGULATION AND LICENSING DEPARTMENT

- Financial Activities and Non-bank Financial Institutions Regulation Division
- Foreign Exchange and Accounting Regulation Division
- Licensing Division
- Prudential Banking Regulation Division 1
- Prudential Banking Regulation Division 2

ISSUE, TREASURY AND CASH MANAGEMENT DEPARTMENT

- Issue Division
- Cash Management Division
- Central Vault Division
- Cash Processing Coordination Division

ACCOUNTING DEPARTMENT

- Operational Accounting and Internal Accounting Rules Division
- Internal Administration Accounting-Financial Issues Division
- Internal Administration Accounting-Fixed Assets Division

BANK RESOLUTION DEPARTMENT

- Resolution Strategies and Policies Coordination Division
- Resolution Decisions Preparation and Implementation Division
- Monitoring of the Implementation of Measures for Resolvability Enhancement Division
- Resolution Planning and Decisions Implementation Division

PAYMENT AND SETTLEMENT SYSTEMS REGULATION AND OVERSIGHT UNIT

- Financial Market Infrastructures Oversight Division
- Payments and Payment Instruments Oversight Division

ESTATE MANAGEMENT AND INVESTMENT DEPARTMENT

- Investment Division
- Movable Assets Division
- Immovable Assets and Management Division

Note:
Colour patterns show the departments' coordination.
*) The Internal Audit Department reports functionally to the Audit Committee and administratively to the Governor of the National Bank of Romania.

DIRECTORS

Mugur Isărescu

The Audit Committee

INTERNAL AUDIT DEPARTMENT*

- General Audit Division 1
- General Audit Division 2

CHANCELLERY

- NBR Board Secretariat Executive Management Offices Division
- Governor's Control Office
- Information Management and Protection Division
- Administration of Special Computer Systems and Personal Data Protection Division

MARKET OPERATIONS DEPARTMENT

- Monetary Policy Operations Division – STP Office
- State Treasury Operations Division
- Foreign Reserves Management Division
- Back Office Division
- Foreign Reserves Risk Management Division

HUMAN RESOURCES DEPARTMENT

- Organisation and Planning Division – Payroll Office
- Human Resources Management Division
- Training and Career Development Division

SECURITY DEPARTMENT

- Crisis Management & Business Continuity Division
- Internal Protection Division
- Special Transport Division
- Transport and Maintenance Division
- Territorial Network Coordination Division

DIGITAL PLATFORMS AND CYBERSECURITY DEPARTMENT

- Strategy and Architecture for IT Infrastructure and Security Division
- Operating Systems and Data Storage Division
- Data Networking Division
- IT Security Operations Division
- IT Security Testing Division
- Financial Market Infrastructure Management Division
- User Support Division
- Asset Management and Support Division
- Physical Security System Management Division – Emergency Intervention Office

COMMUNICATION AND PUBLIC RELATIONS DEPARTMENT

- Media Relations Division
- Intranet and Internal Communication Division
- Online Communication Division
- Multimedia Support Division
- Public Relations and Documentation Division

TRAINING AND SOCIAL EVENTS FACILITY DEPARTMENT

- Training Support Division
- Social Events Division
- Auxiliary Activities Division
- Cafeteria Division
- Training and Social Events Units

Deputy Governor **Cosmin Marinescu**

MONETARY POLICY DEPARTMENT

- Monetary Policy Analysis and Strategy Division
- Liquidity Management Division

ECONOMICS DEPARTMENT

- Economic Analysis and Short-Term Forecasting Division
- Publications Division
- Translation and Editing Division

MACROECONOMIC MODELLING AND FORECASTING DEPARTMENT

- Macroeconomic Forecasting Models Division
- Macroeconomic Assessment Models Division

STATISTICS DEPARTMENT

- Monetary and Financial Statistics Division
- Balance of Payments Division
- Direct Statistical Reporting Division
- Statistical Data Processing Division
- SIRBNR Data Management Division
- Credit Risk Statistics Division

DIGITAL SOLUTIONS DEPARTMENT

- Systems of Applications and Databases Division
- Systems Analysis and Integration Division
- Software Development Division
- Software Testing Division
- Programme and Project Portfolio Management Division

FINANCIAL EDUCATION AND MUSEUM DEPARTMENT

- National Bank of Romania Museum
- Financial Education Division

PROCUREMENT DEPARTMENT

- Standardisation, Planning and Monitoring Division
- Procurement Contracts Award Division – EPCO Related Procurements Office
- Purchase Order Division
- Methodology and Contracting Division

COMPLIANCE SECTION

STRATEGIC PROJECTS SECTION

REGIONAL BRANCHES AND AGENCIES

Chapter 19

Financial statements of the National Bank of Romania as at 31 December 2025

1. Overview

Pursuant to Law No. 312/2004 on the Statute of the National Bank of Romania, starting with the financial year 2005, the NBR has been applying the International Accounting Standards used by the national central banks, which are acknowledged by the European Central Bank and for which it issued its own rules based on EU regulations[273].

By the actions taken, the National Bank of Romania implements the appropriate monetary policy to achieve its primary objective and fulfils the other tasks provided by law, without focusing on business-related objectives such as profit maximisation. Nonetheless, in its activity, the NBR has shown a steady concern for the efficient use of the available resources, also by capping its administrative and staff costs. Thus, in 2025 the administrative and staff costs stood about 10 percent lower than the budgeted figure, their share in total expenses remaining unchanged from the previous year, i.e. at 8 percent. In addition, in 2025 the *operating result* of the National Bank of Romania (net of unrealised losses arising from the revaluation of some foreign currency holdings) was markedly positive, i.e. operating profit worth lei 6,857,301 thousand, 21 percent or lei 1,210,347 thousand higher than the 2024 operating profit (lei 5,646,954 thousand).

The financial result as at 31 December 2025 was a profit amounting to lei 2,346,448 thousand, 39 percent or lei 1,496,292 thousand lower than that in the prior year (lei 3,842,740 thousand), primarily as a result of:

- *significant operating profit* worth lei 6,857,301 thousand, up 21 percent or lei 1,210,347 thousand from the previous year's figure (lei 5,646,954 thousand);
- unrealised losses arising from the revaluation of net foreign currency assets amounting to lei 4,298,133 thousand, 178 percent or lei 2,749,527 thousand higher than similar losses reported as at 31 December 2024 (lei 1,548,606 thousand);
- unrealised losses arising from the mark-to-market of foreign currency-denominated securities amounting to lei 212,720 thousand, 18 percent or lei 47,054 thousand lower than similar losses reported as at 31 December 2024 (lei 259,774 thousand);
- net income from buildings and land revaluation as at 31 December 2024 amounting to lei 4,166 thousand (2025: 0).

[273] Guideline ECB/2024/31.

2. Recognition of monetary policy operations and the impact on the financial result

In January-April 2025, the NBR mopped up excess liquidity in the banking system via the *deposit facility*, whereas in May-June 2025 it supplied liquidity to credit institutions via *repos*, in a context in which banks' net liquidity position turned temporarily negative. Once with the re-emergence and the subsequent widening of the liquidity surplus on the money market, the latter was mopped up by the central bank via the *deposit facility*. Thus, in 2025 the NBR incurred *interest expenses* associated with monetary policy operations (for the *deposit facility* and *leu-denominated required reserves*), while also earning *interest income from repos*. In addition, *coupon income* was recorded on leu-denominated government securities purchased by the NBR – mostly in 2020 – with a view to consolidating structural liquidity in the banking system to contribute to the smooth financing of the real economy and the public sector. The aforementioned income was lower than the above-mentioned interest expenses, resulting in a 2025 net *loss* from monetary policy operations of lei 1,219,866 thousand, 52 percent or lei 1,313,921 thousand lower than the loss reported as at 31 December 2024 (lei 2,533,787 thousand). This outcome reflects the cost of pursuing the primary objective of the central bank set by law, i.e. to ensure and maintain price stability.

3. Balance sheet structure as at 31 December 2025

The summary balance sheet as at 31 December 2025 (Table 19.1) shows the following:

- foreign assets accounted for 97.9 percent of total assets;
- monetary policy assets (securities held for monetary policy purposes) made up 0.4 percent of total assets;
- currency in circulation accounted for 37.5 percent of total liabilities;
- deposits the NBR took from credit institutions as minimum required reserves (in lei and euro) held 17.8 percent of total liabilities;
- holdings in the deposit facility used by credit institutions took 5.2 percent of total liabilities;
- deposits of the State Treasury with the NBR (in lei and foreign currency) made up 16.6 percent of total liabilities;
- foreign liabilities represented 6.5 percent of total liabilities.

The NBR recorded a positive operating result (*operating profit* worth lei 6,857,301 thousand) while pursuing the primary objective of the central bank set by law, i.e. to ensure and maintain price stability, and the balance sheet structure as at 31 December 2025 (Table 19.1).

ASSETS	Average annual return – % –	LIABILITIES	Average annual interest rate – % –
Foreign assets 97.9%	3.7	Currency in circulation 37.5%	-
		Minimum required reserves 17.8% (13.5% in lei and 4.3% in euro)	lei: 0.80 EUR: 0.17
		Deposits of credit institutions/ deposit facility 5.2%	5.50
Monetary policy assets 0.4%	6.2	Deposits of the State Treasury 16.6% (0.002% in lei and 16.6% in foreign currency: 13.1% in euro, 3.2% in US dollars and 0.3% in other foreign currency)	lei: 0.81 EUR: 2.24 USD: 4.14
		Foreign liabilities 6.5%	1.77
		Capital, reserves a.s.o.16.2%	-
Other assets 1.7%	-	Other liabilities 0.2%	-

Table 19.1
NBR balance sheet structure as at 31 December 2025

In 2025, asset management resulted in an annual return of 3.7 percent for foreign assets and of 6.2 percent for monetary policy assets. Looking at liabilities (sources of assets), the corresponding average annual interest rates (paid by the NBR) were – mostly – lower than the annual return on assets. Thus, the NBR made an *operating profit*.

Consequently, the positive financial result reported by the National Bank of Romania was mainly determined by the net income from the management of foreign currency assets and liabilities; in 2025, the net income from the management of foreign currency assets and liabilities totalled lei 9,018,820 thousand, up 1 percent or lei 89,852 thousand from that recorded in 2024, which amounted to lei 8,928,968 thousand.

4. Recognition of foreign currency asset/liability management operations

At end-2025, foreign assets expressed in lei increased by lei 40,230,748 thousand or 11.1 percent in nominal terms and by lei 5,065,004 thousand or 1.3 percent in real terms from 31 December 2024.



Chart 19.1
Foreign assets of the NBR at year-end, 2021–2025

An adequate level of international reserves is one of the most important factors supporting a country's external creditworthiness; as far as the National Bank of Romania is concerned, foreign assets accounted for 97.9 percent of total balance sheet assets as at 31 December 2025.

According to the external auditor's report, the financial statements give a true and fair view of the bank's financial position as at 31 December 2025, as well as of its financial performance for the said financial year.

In 2025, the management of foreign currency assets and liabilities generated income equalling lei 11,620,493 thousand and expenses totalling lei 2,601,673 thousand, which entailed net income amounting to lei 9,018,820 thousand (Table 19.2), up 1 percent or lei 89,852 thousand from that recorded in 2024, which was tantamount to lei 8,928,968 thousand. The positive result owed to the high-quality management of foreign assets (accounting for the largest share of the central bank's total assets).

Table 19.2
Result of transactions conducted in 2025

lei thousand

	Income	Expenses	Profit/Loss
Foreign currency securities	6,856,564	126,917	6,729,647
Other foreign currency holdings and operations	4,763,929	2,474,284	2,289,645
Precious metals	0	472	-472
Total	11,620,493	2,601,673	9,018,820

5. Effects of changes in the exchange rates and in the market prices of international reserve assets

Given the objective need to preserve relatively high foreign exchange reserves and a diversified currency composition of reserves with a view to securing external creditworthiness, the exchange rate movements in international markets generate differences arising from the revaluation of foreign currency positions.

At the end of the financial year, the effects of changes in the exchange rate of the leu versus the euro and of the currencies making up the NBR's foreign currency reserves versus the euro are measured based on the difference between the revaluation rate[274] and the average cost of the foreign currency positions held by the central bank.

Moreover, the effects of changes in the market prices of international reserve assets are measured based on the difference between the market price of assets (monetary gold and foreign currency-denominated securities) and their average cost or net average cost.

As at 31 December 2025, the following developments as compared with 31 December 2024 were observed:

- significant unrealised gains totalling lei 60,886,803 thousand – up 40 percent from those recorded as at 31 December 2024 – arising from the revaluation of gold holdings and of some foreign currency holdings were recorded in the special revaluation account (Table 19.3), thus consolidating the NBR's equity;
- unrealised losses amounting to lei 4,510,853 thousand – up 149 percent from those recorded as at 31 December 2024 – arising from the mark-to-market of some foreign currency-denominated securities and the revaluation of some foreign currency holdings were recorded in the income statement as expenses.

[274] The revaluation rate is the exchange rate calculated and published by the National Bank of Romania on the last business day of the month. It is used for the revaluation of foreign currency positions.

Table 19.3
Revaluation differences
as at 31 December 2025

lei thousand

	Unrealised gains (recognised in the special revaluation account under liabilities)	Unrealised losses (recognised in the profit and loss account)
Foreign currency securities	511,088	212,720
Other foreign currency holdings	1,647,994	4,298,133
Gold and other precious metals	58,727,721	-
Total	60,886,803	4,510,853

6. The NBR's budgeted income statement for 2025

The budgeted income statement defines the annual financial framework that ensures the adequate funding sources for the central bank's activity in order to fulfil its primary objective and legal tasks, in accordance with the provisions of Law No. 312/2004 on the Statute of the National Bank of Romania and in compliance with the principle of financial independence applicable to central banks that are ESCB members.

The National Bank of Romania is fully funded from own income generated as a result of the operations specific to central banks. Ensuring budget balance and capping the bank's administrative and staff costs are among its steady concerns for the good financial management of resources.

Drawing up the 2025 budgeted income statement took into account a prudent approach in sizing income and expenses. They were planned to ensure that the budget balance was maintained, even amid significant uncertainty surrounding the dynamics of macroeconomic variables underlying the budget plan, the global economic, financial and geopolitical environment and the investment climate.

The financial result recorded as at 31 December 2025 was a profit totalling lei 2,346,448 thousand, lei 308,174 thousand higher than the budgeted figure of lei 2,038,274 thousand, indicating a budget execution rate of 115.1 percent. Behind this positive development stood the decline in total expenses as compared with the projected level, at a faster pace than that in income (Table 19.4).

The total income earned in 2025 amounted to lei 12,002,894 thousand, which shows a budget execution rate of 98.9 percent compared to the planned level for the period under review. This was ascribable to the dynamics of income categories with a material impact on budget execution, namely interest income, whose execution rate stood at 98.5 percent, and income from foreign currency operations, in whose case the execution rate was 97.8 percent, mainly following the preference to invest in securities operations as part of international reserve management, to the detriment of deposits with other central banks, given the more advantageous yields on securities, which influenced the realised interest income level. At the same time, income from foreign currency operations was impacted by the lower difference between the revaluation rate and the average cost of some foreign currency positions as compared with the level estimated in the budget plan.

Table 19.4
Budgeted income statement for 2025

Indicators	2025		Execution rate
	Budgeted	Actual	
	lei thousand	lei thousand	%
	(1)	(2)	(3)=(2)/(1)
Total income,	**12,139,455**	**12,002,894**	**98.9**
of which:			
Interest income	9,761,875	9,614,538	98.5
Fees and commissions income	242,686	243,214	100.2
Income from foreign currency operations	1,838,785	1,798,281	97.8
Income from securities operations	257,049	294,586	114.6
Income from provisions	-	6,882	-
Other income from specific operations	10,148	14,495	142.8
Other income	28,911	30,898	106.9
Total expenses,	**(10,101,181)**	**(9,656,446)**	**95.6**
of which:			
Interest expenses	(3,648,884)	(3,881,151)	106.4
Fees and commissions expenses	(8,070)	(9,748)	120.8
Expenses from foreign currency operations	(105,301)	(34,074)	32.4
Expenses from securities operations	(11,853)	(395)	3.3
Expenses from operations with precious metals	(712)	(472)	66.3
Expenses (unrealised losses) from revaluation differences	(5,000,000)	(4,510,853)	90.2
Currency issue expenses	(378,075)	(372,413)	98.5
Expenses from provisions	-	(10)	-
Other expenses from specific operations	(16,991)	(9,519)	56.0
Staff costs	(604,216)	(604,054)	100.0
Administrative expenses	(158,517)	(94,169)	59.4
Unrealised losses arising from the revaluation of buildings and land	(47,133)	(72,195)	153.2
Other operating expenses	(121,429)	(67,393)	55.5
Profit for the year	2,038,274	2,346,448	115.1

The other income categories posted increases that partly offset this adverse effect, but their contribution to total income is less substantial.

In 2025, total expenses amounted to lei 9,656,446 thousand, accounting for 95.6 percent of the planned expenses, mainly on the back of lower-than-expected unrealised losses arising from the revaluation of foreign currency assets and liabilities as at 31 December 2025. These amounted to lei 4,510,853 thousand, making up 90.2 percent of the planned losses, chiefly on account of the unrealised losses arising from the mark-to-market of foreign currency-denominated securities.

Moreover, expenses from foreign currency operations, administrative expenses and other operating expenses were lower than planned, reflecting, as far as the last two categories are concerned, the steady concern for the good financial management of own resources, as well as the result of the prioritisation of core operating expenses of the institution.

Certain expenditure categories posted higher levels than those planned, a stronger impact being exerted by the increase in interest expenses, amid a higher-than-projected actual amount in the State Treasury's EUR-denominated current account and a higher-than-estimated actual amount of foreign currency-denominated required reserves.

For details on the contents of income and expenses categories for 2025, see the notes to the income statement in the financial statements section.

7. Conclusions

The **financial position of the National Bank of Romania** as at 31 December 2025 strengthened considerably, its equity (Table 19.5) being markedly positive (lei 66,391,789 thousand), up 37 percent or lei 17,874,903 thousand from 31 December 2024 (lei 48,516,886 thousand). This includes the following items:

- *statutory capital*, fully provided by the state, amounting to lei 30,000 thousand;
- *own reserves created by the bank's activity*, totalling lei 5,287,267 thousand (up 11 percent from 31 December 2024), reflecting an efficient management of the resources available to the bank; these include: reserves built up by yearly distributions, over time, of the bank's profit (under *statutory reserves* and *own sources for investment financing*), reserves from the revaluation of the bank's fixed assets, and other reserves;
- *special revaluation account*, recording a substantial amount of lei 60,886,803 thousand (up 40 percent from 31 December 2024), consisting mainly of the significant unrealised gains arising from the revaluation of gold holdings and of some foreign currency holdings;
- *profit for the year*, totalling lei 2,346,448 thousand;
- *profit distribution at 31 December* for the annual distributions set by law (paying to the state budget an amount of lei 1,877,149 thousand representing its *share of 80 percent of the bank's net income* and increasing the *statutory reserves* by an amount of lei 281,580 thousand).

Table 19.5
Equity

	31 December 2025 (lei thousand)	31 December 2024 (lei thousand)	Percentage change (%)
Capital	30,000	30,000	-
Reserves	5,287,267	4,768,413	11
Special revaluation account	60,886,803	43,411,046	40
Profit for the year	2,346,448	3,842,740	-39
Profit distribution	-2,158,729	-3,535,313	-39
Total	66,391,789	48,516,886	37

In addition, the **operating financial result** for 2025 (net of unrealised losses arising from the revaluation of some foreign currency holdings) was substantial, consisting in a profit of lei 6,857,301 thousand, 21 percent higher than that posted in 2024 (Table 19.6). Under the circumstances, in 2025 worth noting were the significant profit

from foreign currency asset/liability management operations (lei 9,018,820 thousand) and the 52 percent or lei 1,313,921 thousand decline in the loss arising from monetary policy operations (representing the cost of pursuing the primary objective of the central bank set by law, i.e. to ensure and maintain price stability) versus 2024. After the recording of unrealised losses arising from the revaluation of some foreign currency holdings as at 31 December 2025, the final financial result at end-2025 was a profit amounting to lei 2,346,448 thousand, 39 percent or lei 1,496,292 thousand lower than that in the prior year (lei 3,842,740 thousand).

Table 19.6
Operating result

Activity	Operating result (lei thousand)		Annual change
	2025	2024	%
Monetary policy	-1,219,866	-2,533,787	-52
Management of foreign currency assets and liabilities	9,018,820	8,928,968	1
Currency issue and payment settlement	-141,611	-7,960	1,679
Other operations	-800,042	-740,267	8
Total operating result	6,857,301	5,646,954	21

Profit distribution for the financial year 2025. Pursuant to Law No. 312/2004 on the Statute of the National Bank of Romania, the largest part of the profit, i.e. lei 1,877,149 thousand, representing a share of 80 percent of the bank's net income, was transferred to the state budget. In addition, an amount of lei 281,580 thousand was allocated to increase the statutory reserves (accounting for 60 percent of the profit that remained after deducting the share owed to the state, i.e. 80 percent of the bank's net income). The remaining profit, amounting to lei 187,719 thousand, is to be distributed in 2026 in line with the legal provisions.

Financial statements of the National Bank of Romania as at 31 December 2025

(audited by KPMG)

TRANSLATOR'S EXPLANATORY NOTE: The above translation of the Financial Statements is provided as a free translation from Romanian which is the official and binding version

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Independent Auditors' Report

(free translation[1])

To the Board of Directors of the National Bank of Romania

25 Lipscani street, district 3, Bucharest
Unique Registration Code: 361684

Opinion

1. We have audited the financial statements of the National Bank of Romania ("the Bank"), which comprise the balance sheet as at 31 December 2025, the income statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.
2. The financial statements as at and for the year ended 31 December 2025 are identified as follows:

• Capital and reserves:	Lei thousands 66,391,789
• Profit for the year:	Lei thousands 2,346,448

3. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance for the year then ended in accordance with the Norm for organizing and conducting the accounting of the National Bank of Romania no. 1/2007 ("Norm no. 1/2007") with subsequent amendments.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Law and we have fulfilled our other ethical

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

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responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Norm 1/2007 with subsequent amendments and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

7. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements,

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including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For and on behalf of KPMG Audit S.R.L.:

Refer to the original signed Romanian version

FURTUNA CEZAR-GABRIEL	**KPMG Audit SRL**
registered in the electronic public register of financial auditors and audit firms under no AF1526	registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 22 May 2026

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BALANCE SHEET AS AT 31 DECEMBER 2025

lei thousand

	Note	31 December 2025	31 December 2024
Cash and other cash equivalents		**41,420**	**41,870**
Precious metals and stones,		**762,102**	**478,070**
out of which:			
Non-monetary gold		598,923	399,683
Other precious metals and stones		163,179	78,387
Foreign assets,		**403,138,323**	**362,907,575**
out of which:			
Current account in SDR with the IMF	4	16,280,434	17,075,856
Monetary gold	5	62,246,369	41,532,654
Demand deposits placed	6	28,918,133	46,816,597
Term deposits placed	7	58,579,039	38,679,044
Placements in foreign currencies	8	2,905,990	3,048,458
Securities in foreign currencies	9	219,702,189	192,976,358
Loans in foreign currencies	10	2,766,965	9,458,542
Participating interests in international financial institutions:	11	10,935,482	11,477,242
out of which quota at the IMF		10,770,539	11,308,598
Other foreign assets TARGET	24	803,722	1,842,824
Securities held for monetary policy purposes,		**1,514,880**	**3,039,743**
out of which:			
Securities in RON	12	1,514,880	3,039,743
Securities in foreign currencies		-	-
Loans to credit institutions,	13	**529**	**-**
out of which:			
Loans granted to domestic credit institutions		529	-
Loans under litigation		21,787	21,787
Provisions for credit risk – principal		(21,787)	(21,787)
Other assets,		**4,842,488**	**2,475,894**
out of which:			
Tangible and intangible fixed assets	14	1,454,310	1,399,712
Inventories		5,023	4,987
Participating interests	15	3,121	3,099
Settlement account with the State Budget	16	3,261,969	955,061
Accruals and prepaid expenses		75,892	79,265
Revaluation differences for off-balance sheet items		-	616
Other assets,		112,424	110,287
out of which:			
Goods of numismatic, philatelic, historical, cultural, artistic importance		41,686,	32,225,
Provisions for doubtful assets	17	(70,251)	(77,133)
Accrued interest receivables		**1,441,798**	**1,306,557**
Accrued interest receivables	18	1,447,866	1,312,625
Provisions for credit risk – interest	19	(6,068)	(6,068)
Total assets		**411,741,540**	**370,249,709**

Notes from page 285 to 318 are an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2025

lei thousand

	Note	31 December 2025	31 December 2024
Currency in circulation	20	**154,429,755**	**140,679,099**
Foreign liabilities,		**26,983,465**	**33,885,986**
out of which:			
To international financial institutions	21	10,771,212	11,309,338
Demand deposits taken	22	33,772	5,589,945
Counterpart of special drawing rights allocated by the IMF	23	16,178,481	16,986,703
Due to credit institutions and other financial institutions,	24	**95,341,709**	**82,530,707**
out of which:			
Current accounts of the credit institutions (including minimum reserves in RON)		55,711,339	43,692,928
Amounts withheld under special arrangements		2,340	2,340
Deposits of the credit institutions		21,246,500	15,416,325
Deposits of the financial institutions		4	6
Foreign currency minimum reserves		17,575,774	21,575,817
Accounts of bankrupt credit institutions		2,030	467
Other liabilities Target		803,722	1,842,824
Current account of the State Treasury	25	**68,400,513**	**64,414,322**
Other liabilities,		**77,984**	**77,516**
out of which:			
Sundry creditors		50,885	56,504
Salaries and other personnel related liabilities		114	93
Settlement account with the State Budget		20,589	17,933
Accruals and income collected in advance		738	252
Revaluation differences for off-balance sheet items		2,725	-
Other liabilities		2,933	2,734
Accrued interest payables	26	**116,325**	**145,193**
Capital and reserves,		**66,391,789**	**48,516,886**
out of which:			
Capital		30,000	30,000
Reserves	28	5,287,267	4,768,413
Special revaluation account	29	60,886,803	43,411,046
Profit for the year		2,346,448	3,842,740
Profit distribution for the year	41	(2,158,729)	(3,535,313)
Total liabilities and equity		**411,741,540**	**370,249,709**

The financial statements were approved by the Board of Directors on 21 May 2026 and were signed on its behalf by:

Governor
Mr. Mugur Isărescu

Notes from page 285 to 318 are an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED AT 31 DECEMBER 2025

lei thousand

	Note	31 December 2025	31 December 2024
Interest income	30	9,614,538	11,539,076
Interest expense	31	(3,881,151)	(6,235,605)
Net result from interest		**5,733,387**	**5,303,471**
Fees and commissions income	32	243,214	254,395
Fees and commissions expense	33	(9,748)	(9,801)
Net result from fees and commissions		**233,466**	**244,594**
Net realized gains arising from foreign currencies operations	34	1,764,207	895,816
Realized gains arising from securities operations	35	294,191	180,891
Losses/realized gains arising from precious metals operations	36	(472)	574
Unrealized losses from revaluation differences	37	(4,510,853)	(1,808,380)
Net result of financial operations		**(2,452,927)**	**(731,099)**
Currency issue expenses	38	(372,413)	(240,354)
Income/expenses from provisions		6,872	(4,416)
Other expenses from specific operations		(9,519)	(8,314)
Other income from specific operations		14,495	10,543
Net result of specific operations		**(360,565)**	**(242,541)**
Other income		30,898	25,531
Staff costs		(604,054)	(553,669)
Administrative expenses		(94,169)	(87,909)
Depreciation of the fixed assets		(72,195)	(55,697)
Net income from buildings and land revaluation		-	4,166
Other operating expenses		(67,393)	(64,107)
Net profit for the year		**2,346,448**	**3,842,740**
Quota for the state budget		1,877,149	3,074,171

The financial statements were approved by the Board of Directors on 21 May 2026 and were signed on its behalf by:

Governor
Mr. Mugur Isărescu

Notes from page 285 to 318 are an integral part of these financial statements.

Notes to the financial statements for the year ended at 31 December 2025

1. General information

The National Bank of Romania (the "Bank" or "NBR") was set up in 1880 as the Central Bank of Romania. The current registered headquarters are located in 25 Lipscani Street, Bucharest, Romania. The Bank is managed by nine members of the Board of Directors. In accordance with the Decision of the Romanian Parliament no. 24/2024, the executive management of the Bank is exercised by the Governor (Mr. Mugur Isărescu), the First Deputy Governor (Mr. Leonardo Badea) and two Deputy Governors (Mr. Florin Georgescu and Mr. Cosmin Marinescu). The other 5 members of the Board of Directors are: Mrs. Aura-Gabriela Socol, Mrs. Roberta-Alma Anastase, Mr. Alexandru Nazare, Mr. Cristian Popa and Mr. Csaba Bálint. In accordance with the Decision of the Romanian Parliament no. 25/2025, Mr. Alexandru Nazare was suspended from his position as a member of the Board of Directors of NBR until the end of his mandate as Minister of Finance. The Parliament appoints the members of the Board of Directors for a period of five years, the last appointment being made in October 2024. The Bank's capital is fully owned by the Romanian State. The actual number of employees as at 31 December 2025 is of 2,130 (31 December 2024: 2,125 employees).

The Bank's 2025 operations were governed by the "Law on the Statute of the National Bank of Romania" (Law no. 312/2004), effective since 31 July 2004, except for a number of provisions related to statutory financial reporting that became effective commencing on January 1, 2005. The purpose of the Law no. 312/2004 is to ensure the compliance of the NBR statute with the European Union legislation and, particularly, with the provisions of the European Community Treaty regarding the independence of the Central Bank.

In accordance with the legislation in force, the primary objective of the Bank is to ensure and maintain price stability. Furthermore, the Bank has the exclusive right to issue banknotes and coins and the responsibility to regulate and supervise the Romanian banking system.

2. Significant methods and accounting policies

a) Statement of compliance

The financial statements of the NBR are prepared in accordance with the Norm for organizing and conducting the accounting of the National Bank of Romania no. 1/2007, as subsequently amended and supplemented (no. 1/2008, no. 3/2008, no. 1/2010, no. 2/2010, no. 4/2011, no. 1/2014, no. 1/2017, no. 1/2019 and no. 2/2021) and include the balance sheet, the income statement and the explanatory notes. The NBR Norm no. 1/2007 as subsequently amended and supplemented lays down the basic accounting principles and rules, the structure and the content of the annual

financial statements having as a general purpose the compliance with the provisions of the accounting standards applicable to central banks and recognized by the European Central Bank (i.e.: Guideline ECB/31/2024), except for the formats which are mandatory only in case of reporting data to the ECB for Eurosystem financial reporting purposes.

b) Basis of preparation

The financial statements are prepared on a going concern basis and are presented in Romanian lei (RON), rounded to the nearest thousand. They are prepared under the historical cost convention, except for the gold and foreign currency securities booked at market value, respectively buildings and land booked at fair value. Income and expenses are recognized in the accounting period in which they are earned or incurred, according to the accrual principle.

c) The transfer of the Bank's net revenues to the State Budget

The Bank is exempt from paying income tax, but in accordance with the Law no. 312/2004, it distributes on a monthly basis to the State Budget its share of 80% of the fiscal profit (the accounting profit remained after excluding the expenses related to the sundry debtors provisions – see Note 17 b) and deducting the loss related to previous financial years that remained uncovered from other sources).

The final adjustments related to the financial statements are performed until the deadline for submitting the annual financial statements, according to the law, based on a special rectifying statement.

d) Accounting principles

Substance over form: transactions are accounted for and presented in accordance with their substance and economic reality and not merely with their legal form.

Prudence: the valuation of assets and liabilities, as well as the revenues and expenses recognition, are carried out prudently. However, prudence does not allow for a deliberate understatement of assets and income or overstatement of liabilities and expenses.

Going concern principle: The NBR as the central bank of Romania will function for the foreseeable future.

C*omparability*: the criteria for evaluation of the balance sheet items and for results recognition must be consistently applied to ensure the comparability of data in the financial statements.

Subsequent events to the balance sheet date: assets and liabilities are adjusted for events that occur between the annual balance sheet date and the date on which the financial statements are approved by the Board of Directors, if these events affect the condition of assets or liabilities existing at the balance sheet date. No adjustment is made, but

disclosure is required, for those events occurring after the balance sheet date that do not affect the condition of assets and liabilities at the balance sheet date, but which are of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluations and decisions.

Materiality: deviations from the accounting rules, including those affecting the income statement, are allowed only if they can reasonably be judged to be immaterial for the overall context and for the presentation of the Bank's financial statements.

The accrual principle: income and expenses are recognized in the accounting period in which they are earned or incurred and not in the period in which they are collected or paid.

Faithful representation: to be credible, the information must accurately present the transactions and other events that it aims to present.

Neutrality: the information contained in the financial statements must be neutral, i.e. free from influence and without the aim of achieving a predetermined result or objective.

Financial year cut-off: all revenues and expenses of the corresponding financial exercise will be booked, without considering the date of the amounts' receipt or payment.

Intangibility of the opening balance sheet: the opening balance sheet of a financial year must correspond to the closing balance sheet of the previous year, except for the corrections imposed by the legislation in force.

Principle of non-compensation: the values of the assets cannot be compensated with the values of the liabilities, nor the income with the expenses, except for the compensations allowed by the legislation in force.

Deviations from accounting principles: deviations from these general principles will be allowed only in exceptional cases. The explanatory notes will present the deviations, their reasons and an evaluation of the effect of the deviations on the Bank's debts, the financial position and the financial result.

e) Estimates

In preparing the financial statements in accordance with the provisions of the Norm no. 1/2007, as subsequently amended and supplemented, the management is required to make estimates and assumptions that affect the reported amounts for assets, liabilities, revenues and expenses for the reporting period. Actual results could differ from these estimates. The estimates are periodically revised and, if necessary, adjustments are recorded in the income statement of the period when they occur. Although these individual estimates carry a degree of uncertainty, their cumulative effect on the financial statements is deemed immaterial.

f) Recognition of assets and liabilities

Financial and other assets/liabilities are recognized in the balance sheet only when:

- it is probable that future economic benefits associated with the asset/ liability will flow in or out of the Bank's patrimony;
- all the risks and benefits associated with the asset/liability have been effectively transferred to / from the Bank; and
- assets and liabilities values can be reliably measured.

Financial assets and liabilities are initially recognized at acquisition value.

g) Foreign currency position

The currency position represents the net balance in a certain currency, determined as the difference between total receivables (balance sheet assets and off-balance sheet accounts similar to assets) and total payables (balance sheet liabilities and off balance sheet accounts similar to liabilities) denominated in the respective currency, with some exceptions. Monetary gold is considered as a foreign currency, representing the gold position. The SDR currency is considered as a distinct currency; transactions that affect the SDR net position are either denominated in SDR or transactions that follow the structure of the SDR basket.

Items that are not included in the foreign currency position are: cash in foreign currencies, foreign currencies in transit, sundry creditors, sundry debtors, transactions under clarification and prepayments.

h) Average cost method

The average cost method applies to the following:

- the foreign currency position, including SDR;
- the monetary gold position;
- the foreign currency securities portfolio – for each ISIN/CUSIP (security series);
- the securities held for monetary policy purposes.

The long/short foreign currency position represents the net balance in a certain currency, determined as the difference between total receivables (balance sheet assets and off-balance sheet accounts similar to assets) and total payables (balance sheet liabilities and off balance sheet accounts similar to liabilities) denominated in the respective currency – when total receivables are above/ bellow total payables.

The average cost of the foreign currency holdings is calculated daily as an indirect foreign exchange quotation (RON/one foreign currency unit). For the long foreign currency position, net purchases of currencies made during the day, considered at the average cost of the purchases made during the day, are added to the previous day's closing balance, in order to determine the new average cost of the position.

In case of net sales, the average cost of the foreign currency position remains unchanged. The same principles apply to the gold holdings. In case of a short position, the reverse treatment to the above-mentioned approach is applied. Thus, the average cost of the short position is affected by net outflows, while net inflows reduce the position at the existing average cost and generate realized gains or losses.

The average cost of the foreign currency securities holdings is determined for each ISIN/CUSIP (security series) by dividing the transaction value of the entire holding to the nominal value of the holding. For each security series, all purchases made during the day are added to the previous day's holding to determine a new weighted average cost.

The net average cost of the foreign currency securities is determined for each security series by dividing the holding at average cost - adjusted with the cumulated premium or discount amortization - to the corresponding nominal value of the holding. Premiums or discounts resulting from the securities purchases are amortized over the remaining life of the securities using the internal rate of return method.

The gains or losses resulting from transactions in foreign currencies or monetary gold and from transactions with foreign currencies securities are determined based on the average cost of the respective holding (Note 2i and Note 2j).

In accordance with the revaluation procedure (Note 2p), at the end of the financial year, the revaluation rate and the revaluation price of the securities become the new average cost of the foreign currency holding and the new net average cost of the foreign currency securities, while the unrealized losses for the respective foreign currency position or holding of ISIN/CUSIP are recorded as expenses as at 31 December.

i) Foreign currency transactions

The operations denominated in foreign currencies are converted into RON at the official exchange rate valid on the trade date. The monetary assets and liabilities denominated in foreign currencies at the balance sheet date are converted into RON at the exchange rate valid at that date.

The deposits denominated in foreign currency (sight and term) – in accounts held with international institutions, central banks, foreign banks, etc. – are booked at their nominal value. Interest receivable is recorded according to the accruals principle.

Forward and spot foreign currencies purchases and sales performed as part of foreign currency/RON swaps are recognized in off-balance-sheet accounts from the trade date until the settlement date at the spot rate of the transactions and recognized in balance-sheet accounts on settlement date. The difference between spot and forward rates is treated as payable or receivable interest. The foreign currency position is affected by the accrued interest payables or receivables denominated in foreign currency.

In accordance with the average cost method for long foreign currency position, any sale of foreign currency (outflow from the foreign currency position) generates realized gain/loss calculated as follows:

- if the daily acquisitions exceed the daily sales, then the gain/loss arising from the daily sales is computed as the total sales multiplied by the difference between the average price of the daily sales and the average cost of the daily acquisitions;
- if the daily sales exceed the daily acquisitions, then the gain/loss arising from the daily sales is computed as the sum of the following:
  - the gain/loss arising from the sales covered by the daily acquisitions, computed as the total daily acquisitions multiplied by the difference between the average price of the daily sales and the average cost of the daily acquisitions;
  - the gain/loss arising from the sales covered by the previous day's foreign currency holdings, computed as the daily net sales multiplied by the difference between the average price of the daily sales and the average cost of the respective foreign currency position on the preceding day.

j) Foreign currency securities

Premiums/discounts arising from the securities acquisitions are amortized over the remaining life of the securities using the internal rate of return method.

The amortization of the discount/premium is booked daily based on the accruals principle and is disclosed as part of the interest income/expense. The accrued interest receivables for securities in foreign currencies are calculated and recorded on a daily basis, based on the accruals principle, being converted into RON at the Bank's exchange rate of the day.

The gain/loss arising on sale of securities is determined as the nominal value of the securities sold multiplied with the difference between the sale price and the average cost of the respective security. The components of the aforementioned gain/loss are the following:

- the market price effect, representing the nominal value of the securities sold multiplied with the difference between the sale price and the net average cost of the respective security – booked in the profit and loss account on the settlement date – the line "Net realized gains/ losses arising from securities operations";
- the interest rate effect, representing the nominal value of the securities sold multiplied with the difference between the net average cost and the average cost of the respective security – booked in the profit and loss account through the daily amortization of the related premiums/discounts on foreign currency securities – the line "Interest expense/income".

The gain/loss from the mark-to-market revaluation is determined as the difference between the market price and the net average cost.

The Bank performs securities lending under a program conducted by an European bank. The Bank records the income from commissions and books in the off-balance sheet accounts the securities lent and the securities received as collateral. The transactions are recorded on the balance sheet, at least at the end of the reporting period, if the collateral is provided in the form of cash, placed on an NBR's account, and if this cash is still not invested.

k) Securities held for monetary policy purposes

Securities held for monetary policy purposes in local and foreign currency are booked using the average cost method (see Note 2h). As at the end of month, these can be booked at market value based on the monetary policy considerations. Securities booked at cost are subject to an impairment test as at the end of the year. All premiums and discounts are amortized. The receivables related to securities (coupons) are calculated and booked daily according to the accruals principle.

l) Loans to domestic credit institutions and other entities

Loans are disclosed in the balance sheet at the value of the outstanding principal, adjusted with the provision for credit risk, in order to reflect the recoverable amount. Likewise, this balance sheet item includes the loans granted to credit institutions based on securities transfers accompanied by a repurchase arrangement.

m) Participating interests

In accordance with the Norm no. 1/2007 as subsequently amended and supplemented, the participating interests, including those reflecting a significant influence, are booked at acquisition cost.

n) Tangible and intangible fixed assets

The tangible and intangible fixed assets are presented in the financial statements at cost or fair value, less any accumulated amortization.

At least once in 3 years, the fixed assets in the categories Constructions and Land are revaluated. The resulting favorable differences are booked as Reserves if no previous decrease was recognized as an expense; favorable differences are booked as income to compensate the previous expense representing a decrease of the asset value. The resulting unfavorable differences are compensated with the previous favorable revaluation differences for each asset; the remaining unfavorable differences are booked as expenses. For the financial years when NBR does not revalue the constructions and land, NBR may carry out impairment tests.

All maintenance and current repair operations (which do not upgrade the initial characteristics of fixed assets), the periodical and occasional revisions, the service operations are recognized in the income statement, irrespective of their value; their value is not included in the value of the fixed assets. Other repair costs are booked in the income statement if their individual value is less than the threshold laid down

in the NBR's Norm no. 1/2014; if the individual value of these operations is equal to or higher than the aforementioned threshold and the operations improve the technical parameters of the fixed assets, or if the operations are mandatory for securing a normal functioning of the assets, the costs increase the value of the fixed assets.

Any expense related to the replacement at various times of components/parts are booked in the income statement if their individual value is less than the threshold laid down in the NBR's Norm no. 1/2014; if their individual value is higher than the aforementioned threshold, the costs increase the value of the fixed assets.

Expenses related to construction of property are capitalized and amortized once the assets are put in use.

The amortization is calculated on a straight-line basis over the duration of economic use of each class of tangible assets. The amortization is accounted for as a write – down of the value of the assets. Land is not depreciated. The duration for each category is as follows:

Buildings and other constructions	5-80 years
Equipment	3-25 years
Motor vehicles	5 years
Computer equipment (hardware and software)	3-5 years

o) Currency in circulation

The Bank elaborates the program for banknotes and coins issuance, it provides the related printing, distribution and administration services for the currency reserve, in order to meet the cash requirements in accordance with the real needs for currency in circulation.

The currency in circulation is booked at the nominal value of the banknotes and coins which are actually put into circulation.

The costs of printing banknotes and minting coins are booked as expenses on the accounting period when they occur, not when they are paid.

p) Revaluation

The revaluation of currency positions is performed on a monthly basis and booked in the special revaluation account, as the difference between the revaluation exchange rate (the official rate calculated and published on the last working day of the month) and the average cost of the foreign currency position. The assets (participation with the IMF) and liabilities (allocations and deposit from the IMF) denominated in SDR are also revalued on 30 April and 31 December, based on the exchange rates communicated by the International Monetary Fund.

The mark-to-market is performed on a monthly basis both for the holdings of monetary gold and for the foreign currency securities, with the exceptions listed below; the revaluation differences are recorded in balance-sheet adjustments accounts. The revaluation of gold is performed based on the price in RON per defined weight unit of gold, derived from the RON/USD exchange rate and the fixing quotation on the London Bullion Market. The revaluation of securities is performed by comparing the market price at the end of the month with the net average cost of the respective security holding. Short-term securities commercial paper types are booked at cost plus accumulated discount (these instruments are not traded on a secondary market). The securities held for monetary policy purposes are booked at cost or market value based on the monetary policy considerations.

Offsetting unrealized losses for securities, currencies or gold against unrealized gains in other securities, currencies or gold is not allowed.

At the end of the financial year, the unrealized losses resulting from the revaluation of assets and liabilities are charged to the income statement without the possibility of subsequent cancellation against new unrealized gains obtained in future financial periods. Subsequently, the average cost of the foreign currency position and the net average cost of the foreign currency securities, for which revaluation unfavorable differences were recognized as expenses, becomes equal with the revaluation rate and the market price of the securities, respectively. At the end of the financial year, the unrealized gains resulting from the revaluation of foreign currency assets and liabilities are booked in the special revaluation account.

q) Pension obligations and employee benefits

The Bank makes payments to the Romanian State funds for its Romanian employees for pension, healthcare and unemployment benefits. During 2025, as well as during the previous years, all the employees of the Bank were included in the State pension system. Also, starting with the year 2007, according to the legal framework, all eligible employees of the Bank have been included in the private pension system.

In compliance with the collective labor agreement currently in force, on the retirement of its employees, the Bank pays benefits based on the salary as at the date of retirement and on the number of years of working with NBR. The collective labor agreement is subject to the annual approval of the Board of Directors. The Bank recognizes the retirement benefits on the date when the employee's individual employment contract expires.

r) Income and expense recognition

Income and expenses are recognized in accordance with the accruals principle. The losses or gains arising from the sale of foreign currencies, gold or securities holdings are accounted for in the income statement. These realized gains/losses are determined as the difference between the sale price and the average cost of the respective asset.

The unrealized revaluation gains are not recognized as income, but they are booked in the special revaluation account.

There is no netting of unrealized losses for securities, currencies or gold against unrealized gains in other securities, currencies or gold. At the end of the year, the unrealized losses for other assets are charged to the income statement if they exceed the revaluation gains previously recorded in the corresponding revaluation account.

s) Capital and statutory reserves

The capital is fully owned by the Romanian State and it is not divided into shares. As at 31 December 2025 and 31 December 2024 the Bank's capital amounted to RON 30,000 thousand.

The statutory reserves have been set up on 1 January 2005 in accordance with the Law no. 312/2004, incorporating the remaining balance of the reserve fund.

As at both 31 December 2025 and 2024, the statutory reserves were increased by distributing 60% of the annual profit that remained after paying to the State its share of 80% of the Bank's net revenues.

t) Profit distribution

The 2025 remaining profit (after distribution to the State Budget of its share of 80% of the Bank's net revenues) is distributed in accordance with the Law no. 312/2004 regarding the Statute of the National Bank of Romania (see Note 41).

3. Risk management policies

The main risks associated with the activities of the Bank are financial and operational risks, arising from the responsibility of the Bank to ensure and maintain price stability. The main types of risks to which the Bank is exposed are credit risk, liquidity risk, market risk and operational risk. Market risk includes interest rate risk, currency risk and price risk.

a) Credit risk

The Bank is exposed to credit risk as a result of its trading, lending and investment activities.

The credit risk associated with trading and investing activities is managed through the Bank's managing international reserves procedures. The risk is mitigated by selecting counterparties meeting the eligibility criteria, by monitoring their activities and ratings, as well as by using the exposure limits method.

The eligible issuers approved by the Board of Directors as part of the foreign reserves administration strategy for 2025 are: (i) the USA government; (ii) governmental

agencies or agencies sponsored by the USA government; (iii) governments of the European Union member states; (iv) governmental agencies or agencies sponsored by the European Union member states governments; (v) the Japanese government; (vi) the Chinese government; (vii) other governments that benefit from the minimum rating A-; (viii) supranational institutions; (ix) private entities issuing assets-collateralized bonds. As at 31 December 2025, the international reserves portfolio has an A+ minimum rating (S&P), different from the A minimum rating (S&P) as at 31 December 2024.

The structure of the foreign assets and related interest accruals by geographical areas of the counterparties is presented in the following table:

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	31 December 2025	31 December 2024
Euro zone	225,339,682	177,357,254
USA	80,318,946	97,428,987
Others	98,921,493	89,369,716
Total	404,580,121	364,155,957

As part of its monetary and exchange rate policies, the Bank is entitled to grant loans to domestic credit institutions. The Bank's credit risk arising from granting short-term loans in RON to domestic credit institutions, including the lending facility, is managed based on specific instruments. The amount of credit exposure in this regard is represented by the carrying amounts of the loans on the balance sheet. Short-term loans in RON, repo operations, lending facility and other credits extended to banks are normally secured with eligible assets (by example: treasury securities issued by the Romanian Government). However, the Bank may, in special circumstances, grant unsecured loans to banks and other credit institutions to prevent systemic crises. The Bank also monitors the depreciation indicators for securities held for monetary policy purposes in RON in order to manage the related credit risk. As at 31 December 2025 and 31 December 2024, no depreciation was determined for RON securities held for monetary policy purposes.

The Bank books credit risk provisions for the impairment of such loans, in accordance with its own accounting norms, drawn up under the approval of the Board of Directors and the advisory approval of the Ministry of Public Finance. Adjustments for the impairment of loans are charged to the income statement as specific expenses and are offset against the carrying value of the loans and accrued interest receivables. Loans are written off and charged to the income statement as they become unrecoverable and all the legal procedures have been carried out for their recovery.

The financial assets are reviewed to determine whether there is any indication of impairment. If any such indication occurs, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

The adjustments for the impairment of the assets are fully/partially reversed if there has been a change in the estimates previously used to determine the recoverable amount of the respective assets. A provision for impairment is fully/partially reversed

only to the extent that the asset's carrying amount does not exceed the net carrying amount that would have been determined if no impairment provision had been recognized in previous years.

b) Liquidity risk

The Bank is the last resort lender to credit institutions in Romania. The main objective of its daily operations is to ensure adequate liquidity on the domestic market. The Bank also manages the foreign currency reserves, through planning and diversification, in order to ensure that foreign exchange obligations are timely met.

The breakdown of the Bank's liabilities (RON thousand) by maturities as at 31 December 2025 is the following:

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	Maturity				Total
	Up to one month, inclusively	Over one month to three months inclusively	Over three months	No maturity	
Currency in circulation	-	-	-	154,429,755	154,429,755
Due to international financial institutions	-	-	-	10,771,212	10,771,212
Demand deposits taken	33,772	-	-	-	33,772
Counterpart of special drawing rights allocated by the IMF	-	-	-	16,178,481	16,178,481
Current accounts of the credit institutions (including RON minimum reserves)	55,711,339	-	-	-	55,711,339
Amounts withheld under special arrangements	2,340	-	-	-	2,340
Deposits of the credit institutions	21,246,500	-	-	-	21,246,500
Deposits of financial institutions	4	-	-	-	4
Foreign currency minimum reserves	17,575,774	-	-	-	17,575,774
Accounts of bankrupt credit institutions	2,030	-	-	-	2,030
Other liabilities of credit institutions – Target	803,722	-	-	-	803,722
Current account of the State Treasury	68,400,513	-	-	-	68,400,513
Other liabilities and interest payables	194,309	-	-	-	194,309
Total*	163,970,303	-	-	181,379,448	345,349,751

*) It does not include the Bank's capital, funds and reserves

As at 31 December 2024:

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	Maturity				Total
	Up to one month, inclusively	Over one month to three months inclusively	Over three months	No maturity	
Currency in circulation	-	-	-	140,679,099	140,679,099
Due to international financial institutions	-	-	-	11,309,338	11,309,338
Demand deposits taken	5,589,945	-	-	-	5,589,945
Counterpart of special drawing rights allocated by the IMF	-	-	-	16,986,703	16,986,703
Current accounts of the credit institutions (including RON minimum reserves)	43,692,928	-	-	-	43,692,928
Amounts withheld under special arrangements	2,340	-	-	-	2,340
Deposits of the credit institutions	15,416,325	-	-	-	15,416,325
Deposits of financial institutions	6	-	-	-	6
Foreign currency minimum reserves	21,575,817	-	-	-	21,575,817
Accounts of bankrupt credit institutions	467	-	-	-	467
Other liabilities of credit institutions – Target	1,842,824	-	-	-	1,842,824
Current account of the State Treasury	64,414,322	-	-	-	64,414,322
Other liabilities and interest payables	222,709	-	-	-	222,709
Total*	152,757,683	-	-	168,975,140	321,732,823

*) It does not include the Bank's capital, funds and reserves

c) Market risk – generated by changes in the value of assets and liabilities held, as presented below:

(i) Interest rate risk

The Bank faces interest rate risk, mainly due to exposure to unfavorable market interest rate fluctuations, which affects the market value of interest-bearing assets/ liabilities. Thus, as at 31 December 2025, NBR recorded expenses with unfavorable differences from market value revaluation of foreign currency securities in amount of RON 212,720 thousand (31 December 2024: RON 259,774 thousand).

As part of Romania's international reserve management, the interest rate risk is managed both by establishing the average target durations of the portfolios and the deviation limits from them, as well as by diversifying the exposures by maturities and issuers.

For identifying the optimum strategic risk parameters, the following items are taken into consideration: the role of the international reserves, the NBR's objectives and risk tolerance, the NBR's assets and liabilities profile, interest rate perspectives and other relevant considerations. As part of the strategy of Romania's international reserves,

approved by the Board of Directors of the Bank for 2025, respectively for 2024, an average duration up to one year and seven months (1.6 years) was established for the entire foreign currency reserve; the Board approved two additional duration limits as follows: aggregated for MMKT (Money Market) and liquidity tranches – one year and five months (1.4 years); investment tranche – two years and six months (2.5 years).

For the financial assets and liabilities denominated in RON, the Bank follows the current interest rates available in the market. Obtaining a positive margin is not always possible given that the levels of these assets and liabilities are dictated by the objectives of the monetary policy. However, the Bank constantly monitors the costs of implementing this policy against the estimated benefits.

(ii) Currency risk

The Bank is exposed to currency risk through its foreign currency transactions and its holdings of foreign currency assets and liabilities. As at 31 December 2025 and 31 December 2024, the main net assets held by the Bank were denominated in EUR and USD. Due to the volatility of the exchange rate on the financial markets, there is a consequent risk of decrease/ increase in the RON value of the monetary assets/liabilities denominated in foreign currencies. Open foreign exchange positions represent a source of currency risk.

In order to reduce the potential losses that may be generated by unfavorable exchange rate fluctuations, but within the limits of its international reserves management objectives, the Bank is currently implementing a portfolio diversification policy, with the aim of achieving a balanced distribution across currencies. Assets and liabilities denominated in EUR, USD and other currencies as at the balance sheet date are presented in Note 39.

The revaluation exchange rates of the main foreign currencies and monetary gold as at the end of the year were:

Currency	31 December 2025	31 December 2024	% variation
1 Euro = RON	5.0985	4.9741	+2.50
1 US Dollar = RON	4.3417	4.7768	-9.11
1 gram Gold = RON	601.0836	401.0611	+49.87

(iii) Price risk

The Bank is exposed to this risk due to fluctuations in market price for assets held as a result of variations in interest rates, exchange rates and other factors. Monetary gold and foreign exchange denominated securities are booked at market value (Notes 5 and 9). The market values of the securities held for monetary policy purposes are disclosed in Note 12.

d) Operational risk and other risks

The war in Ukraine and associated sanctions during 2022-2026 and the 2023-2026 Middle East conflicts generated uncertainty and induced risks to the perspective

of the economic activity, negatively influencing the global risk appetite. However, the Bank did not register a direct impact on the results of its operations or on the continuity of its activity.

According to its statute (Law no. 312/2004 on the Statute of the National Bank of Romania), the Bank's primary objective is to ensure and maintain price stability. Also, the National Bank of Romania supports the general economic policy of the Government without prejudice to its primary objective.

During 2025, the Bank maintained constant the monetary policy interest rate to the level of 6.50 percent, as well as the interest rates related to the lending facility, respectively the deposit facility to 7.50 percent and 5.50 percent. Moreover, the Bank kept the existing levels of the minimum reserve requirement ratios on both RON and foreign currency-denominated liabilities of credit institutions (8 percent and 5 percent respectively). These decisions aimed to ensure and maintain price stability over the medium term, in line with the inflation flat target of 2.5 percent ±1 percentage point, in a manner conducive to achieving sustainable economic growth.

Given the market dysfunctions due to the COVID-19 pandemic and in order to prevent a possible need of euro liquidity, in 2020, ECB and NBR agreed over an arrangement to provide euro liquidity under a repo line. It was initially agreed that the repo line would remain in force until 31 December 2020, then the financial arrangement was successively extended several times until 15 January 2024 and thereafter 31 January 2027. Under a repo line, the ECB can provide euro liquidity to a foreign central bank in exchange for adequate collateral; under this repo line, NBR could borrow up to EUR 4.5 billion from the ECB. The NBR did not actually draw any amount from this loan.

4. Current account in SDR with the IMF

Each IMF member state has an SDR current account with the International Monetary Fund (IMF) used for loan agreements and other related operations between member states and the IMF. This account bears the same interest rate as the IMF SDR allocations. As at 31 December 2025, the SDR current account of the Bank held with IMF amounted to SDR 2,739,292 thousand representing the equivalent of RON 16,280,434 thousand (31 December 2024: SDR 2,738,754 thousand representing the equivalent of RON 17,075,856 thousand).

5. Monetary gold

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	31 December 2025	31 December 2024
Gold bullions in standard form	16,773,881	11,192,039
Coins	8,659,099	5,777,612
Deposits abroad	36,813,389	24,563,003
Total	62,246,369	41,532,654

As at 31 December 2025, the Bank's total gold holdings – in total weight of 103,556.92 kg was revalued at the revaluation price of 601.0836 RON per gram (31 December 2024: the revaluation price was of 401.0611 RON per gram for the Bank's gold holdings in total weight of 103,556.92 kg). As at 31 December 2025, the Bank has gold at international standards in custody abroad amounting to RON 36,813,389 thousand (31 December 2024: RON 24,563,003 thousand). The gold in custody abroad is not pledged and there are no restrictions on its repatriation.

6. Demand deposits placed

lei thousand

	31 December 2025	31 December 2024
Demand deposits placed:		
– with international financial institutions	1,086,711	4,715,052
– with central banks	27,831,302	42,101,213
– with foreign banks	120	332
Total	28,918,133	46,816,597

On 31 December 2025, the position "demand deposits with international institutions" includes the amount held at BIS of RON 1,086,711 thousand (31 December 2024: RON 4,715,052 thousand) which represents the equivalent of AUD 17,244 thousand (31 December 2024: AUD 175,439 thousand), CAD 188,339 thousand (31 December 2024: CAD 510,105 thousand), NOK 256,793 thousand (31 December 2024: NOK 5,575,494 thousand); GBP 37,891 thousand (31 December 2024: GBP 7,210 thousand), USD 19,860 thousand (31 December 2024: USD 19,048 thousand), NZD 783 thousand (31 December 2024: NZD 3,155 thousand), EUR 3,832 thousand (31 December 2024: EUR 0.37 thousand), CNY 829 thousand (31 December 2024: CNY 7,431 thousand) and CHF 2 thousand (31 December 2024: CHF 2 thousand).

The position "demand deposits placed with central banks" includes three demand deposits set up with institutions outside the European Union in the amount of RON 8,410,907 thousand representing JPY 303,423,770 thousand (31 December 2024: RON 12,070,677 thousand representing JPY 396,318,633 thousand), in the amount of RON 2,560 thousand representing USD 590 thousand (31 December 2024: RON 2,803 thousand representing USD 587 thousand) and respectively in the amount of RON 274 thousand representing AUD 94 thousand (31 December 2024: RON 277 thousand, representing AUD 93 thousand); it also includes three sight deposits established with European central banks in the amount of RON 19,190,358 thousand representing EUR 3,763,922 thousand (31 December 2024: RON 29,569,827 thousand representing EUR 5,944,759 thousand) and, respectively, RON 80,499 thousand representing EUR 15,789 thousand (31 December 2024: RON 56,534 thousand representing EUR 11,366 thousand), and respectively in the amount of RON 138,492 thousand representing CHF 25,299 thousand (31 December 2024: RON 392,149 thousand representing CHF 74,262 thousand), the balance of the Bank as a direct participant in TARGET in the amount of RON 6,463 thousand representing EUR 1,268 thousand (31 December 2024: RON 6,723 thousand representing EUR 1,352 thousand), as well as other deposits. On July 4, 2011, the Bank implemented in Romania the TARGET system

(the trans-European fund transfer system with real-time gross settlement). This system represents a channel for the interbank processing of payments in euros, both those made in the banks' own names and on behalf of their customers.

As at 31 December 2025, the item "Demand deposits with foreign banks" contains the foreign currency demand deposits held with an institution from the European Union in amount of RON 120 thousand (31 December 2024: RON 332 thousand).

The breakdown by currency of the demand deposits is presented in Note 39.

7. Term deposits placed

lei thousand

	31 December 2025	31 December 2024
Term deposits:		
– with international institutions	7,858,600	6,211,564
– with central banks	50,720,439	32,467,480
Total	58,579,039	38,679,044

As at 31 December 2025, this item includes the term deposits held with an international institution amounting to RON 7,858,600 thousand, out of which: RON 2,182,545 thousand (representing CNY 3,514,000 thousand), RON 3,568,950 thousand (representing EUR 700,000 thousand), RON 2,107,105 thousand (representing NZD 842,000 thousand), respectively term deposits held with central banks in amount of RON 50,720,439 thousand, out of which: RON 870,270 thousand (representing AUD 300,000 thousand), RON 18,155,759 thousand (representing EUR 3,561,000 thousand), RON 31,694,410 thousand (representing USD 7,300,000 thousand). All deposits have a maturity of less than one year.

As at 31 December 2024, this item includes the term deposits held with an international institution amounting to RON 6,211,564 thousand, out of which: RON 2,256,371 thousand (representing CNY 3,448,000 thousand), RON 1,898,100 thousand (representing NOK 4,500,000 thousand), RON 2,057,093 thousand (representing NZD 766,000 thousand), respectively term deposits held with central banks in amount of RON 32,467,480 thousand, out of which: RON 296,780 thousand (representing AUD 100,000 thousand), RON 332,300 thousand (representing CAD 100,000 thousand), RON 19,896,400 thousand (representing EUR 4,000,000 thousand), RON 11,942,000 thousand (representing USD 2,500,000 thousand). All deposits have a maturity of less than one year.

8. Placements in foreign currencies

lei thousand

	31 December 2025	31 December 2024
Placements at World Bank, *out of which:*		
– deposits	76,633	95,083
– securities	2,829,357	2,953,375
Total	2,905,990	3,048,458

According to the technical assistance and assets administration contract, signed in 2017, the World Bank continued to grant NBR technical assistance and manage in 2025 the USD assets investment portfolio – allocated by NBR through RAMP (Reserves Advisory and Management Program).

As at 31 December 2025, the placements administrated by the World Bank are as follows:

- deposits amounting to RON 76,633 thousand – the equivalent of USD 17,650 thousand (31 December 2024: RON 95,083 thousand – the equivalent of USD 19,905 thousand);
- securities amounting to RON 2,829,357 thousand, the equivalent of USD 651,670 thousand (31 December 2024: RON 2,953,375 thousand, the equivalent of USD 618,275 thousand.

These are managed in compliance with the policies for the international reserve management as described in Note 3.

9. Securities in foreign currencies

lei thousand

	31 December 2025	31 December 2024
Discount treasury bills, *out of which:*		
– European Union Treasuries	59,009,635	50,447,455
– Non-EU Treasuries	4,850,440	4,516,914
– Foreign banks and international institutions	2,036,003	475,869
– International financial institutions	2,803,045	1,261,451
Coupon treasury bills, *out of which:*		
– European Union Treasuries	62,580,586	46,291,956
– Non-EU Treasuries	63,060,642	71,096,614
– Foreign banks	10,865,645	7,564,738
– International financial institutions	14,496,193	11,321,361
Total	219,702,189	192,976,358

As at 31 December 2025, the Bank's portfolio includes securities in foreign currency in the total amount of RON 219,702,189 thousand (31 December 2024: RON 192,976,358 thousand), of which securities lent under the "GC Access" program carried out by a European bank in the total amount of RON 25,756,917 thousand consisting of RON 1,163,754 thousand (AUD 401,170 thousand), RON 24,155,371 thousand (EUR 4,737,741 thousand), RON 233,482 thousand (GBP 40,024 thousand) and RON 204,310 thousand (NOK 473,488 thousand). On 31 December 2024, the securities lent under the "GC Access" program carried out by a European bank were in the total amount of RON 24,442,415 thousand consisting of RON 587,982 thousand (AUD 198,121 thousand), RON 435,132 thousand (CAD 130,945 thousand), RON 23,192,427 thousand (EUR 4,662,638 thousand), RON 59,739 thousand (GBP 9,965 thousand) and RON 167,135 thousand (NOK 396,242 thousand). Coupon bonds issued by European Treasuries, non-European Treasuries, foreign banks and other financial institutions have a fixed or variable interest rate.

As at 31 December 2025, the Bank's portfolio includes commercial bills, representing zero-coupon securities and short-term discount securities (maturity less than one year) in the amount of RON 68,699,123 thousand – the equivalent of EUR 11,330,426 thousand, AUD 700,977 thousand, CAD 741,411 thousand, USD 1,400,489 thousand and GBP 80,296 thousand (31 December 2024: RON 70,784,666 thousand – the equivalent of EUR 12,951,553 thousand, NOK 1,790,143 thousand, CAD 528,861 thousand, JPY 54,981,400 thousand, USD 386,332 thousand and GBP 55,021 thousand).

10. Loans in foreign currencies

As at 31 December 2025, the Bank has overnight placements at Federal Reserve System amounting to RON 2,766,965 thousand – the equivalent of USD 637,300 thousand (31 December 2024: RON 9,458,542 thousand – the equivalent of USD 1,980,100 thousand). The interest is booked as income for the Bank.

11. Participating interests in international financial institutions

lei thousand

	31 December 2025	31 December 2024
Romania's quota at the IMF	10,770,539	11,308,598
Participating interest in the Bank for International Settlements	105,154	110,314
Participating interest in the European Central Bank	59,789	58,330
Total	10,935,482	11,477,242

The Bank has registered in this category the share of participation in international financial institutions. In accordance with Law no. 97/1997 and Law no. 312/2004, the Bank exercises all the rights and obligations arising from Romania's membership at the IMF. As at 31 December 2025, the total Romania's participation quota in the IMF amounts to SDR 1,811 million, the same level as at 31 December 2024 (SDR 1,811 million). The Bank acts as a depository for the deposits of the IMF related to the participation quota.

12. RON securities held for monetary policy purposes

Starting from 2020, the NBR adopted measures to mitigate the impact of the situation generated by the coronavirus epidemic on the Romanian population and companies, in order to ensure macroeconomic stability and the proper functioning of the banking system, financial markets for the benefit of the Romanian population and companies. One of the measures was the purchase by the NBR of government securities in RON on the secondary market in order to strengthen the structural liquidity of the banking system in order to contribute to the financing of the real economy and the public sector.

On 31 December 2025, the Bank registered securities in this category in the amount of RON 1,514,880 thousand (31 December 2024: RON 3,039,743 thousand); these are booked at cost. On 31 December 2025 and 31 December 2024, no impairments were

determined on these securities. We note that, on 31 December 2025, the market value of the RON securities held for monetary policy purposes is RON 1,480,487 thousand (31 December 2024: RON 2,959,272 thousand).

13. Loans to credit institutions

lei thousand

	31 December 2025	31 December 2024
Loans granted to domestic credit institutions	529	-
Loans under litigation	21,787	21,787
Provisions for credit risk – principal	(21,787)	(21,787)
Total	529	-

As at 31 December 2025, the Bank has a securities based loan granted to a credit institution as a repurchase agreement (bilateral repo) amounting to RON 529 thousand.

The loans under litigation outstanding as at 31 December 2025 consist of the remaining credit in the amount of RON 8,578 thousand granted to Credit Bank S.A., according to the Emergency Ordinance no. 26/2000 regarding the authorization of the National Bank of Romania to grant a loan to cover the population's requests for withdrawal of deposits with the Bank "Renașterea Creditului Românesc" – Credit Bank S.A. (31 December 2024: RON 8,578 thousand) and the remaining loan in the amount of RON 13,209 thousand (31 December 2024: RON 13,209 thousand) granted to Credit Bank S.A. before the bank's bankruptcy, both of the loans being granted until the year 2000.

The specific provisions for credit risk as at 31 December 2025 and 31 December 2024 include the provisions registered by the Bank for the remaining loans previously mentioned.

14. Tangible and intangible fixed assets

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	Land and buildings	Equipment	Work in progress	Intangible assets	Total
Cost or revalued amount					
As at 31 December 2024	1,248,736	299,796	45,022	221,169	1,814,723
Additions	36,119	46,425	34,769	46,170	163,483
Disposals	(51)	(1,339)	(36,721)	-	(38,111)
As at 31 December 2025	**1,284,804**	**344,882**	**43,070**	**267,339**	**1,940,095**
Accumulated depreciation					
As at 31 December 2024	7,134	210,813	-	197,064	415,011
Depreciation for the year	15,474	23,032	-	33,689	72,195
Disposals	(82)	(1,339)	-	-	(1,421)
As at 31 December 2025	**22,526**	**232,506**	**-**	**230,753**	**485,785**
Net book value					
As at 31 December 2024	1,241,602	88,983	45,022	24,105	1,399,712
As at 31 December 2025	1,262,278	112,376	43,070	36,586	1,454,310

On 31 December 2025 and 2024, the "equipment" category does not contain fixed assets purchased through financial leasing contracts.

As at 31 December 2024, the land and constructions have been revalued at fair value by an ANEVAR accredited evaluator, in accordance with the recommendations of the International Valuation Standards (IVS 300 – Valuations for financial reporting). As at 31 December 2024, the accumulated depreciation has been offset against the gross carrying amount and the net carrying value was set at the revaluation value. The revaluation gains/losses were booked in the balance sheet under the item "Reserves". The unfavorable differences are compensated with the favorable differences recorded from previous revaluations, for each revalued asset; if the unfavorable differences exceed the favorable differences previously booked for the same asset, the difference is booked as expense (31 December 2024: RON 87 thousand). The favorable differences which compensate the previous revaluation expenses are booked as income (31 December 2024: RON 4,253 thousand). Furthermore, the evaluator has revised the useful life for some of the Bank's buildings (the duration for eight buildings was increased by 5 years).

15. Participating interests

The participating interests are accounted for at cost, in accordance with the provisions of the Norm no. 1/2007, as subsequently amended and supplemented; thus, these financial statements are not consolidated.

The participating interests in the amount of RON 3,121 thousand (31 December, 2024: RON 3,099 thousand) include the shares held by the Bank in TRANSFOND S.A. (33% participation in the capital representing RON 2,240 thousand on 31 December 2025 and 31 December 2024) – a joint-stock company that provides settlement services for some interbank operations for banks in Romania, respectively 31 shares in SWIFT – of which 8 shares purchased through the reallocations from 2006 (and unchanged from the reallocation from 2008), 13 shares acquired through the reallocations from 2021 and 10 shares acquired through the reallocations from 2024, in total amount of EUR 173 thousand, respectively RON 881 thousand (31 December 2024: EUR 173 thousand, respectively RON 859 thousand). No impairment adjustments were required.

A summary of the financial information of TRANSFOND S.A. is disclosed in the following table:

lei thousand

	31 December 2025	31 December 2024
Equity	136,033	114,002
Total assets	154,488	130,245
Net profit for the year	94,938	77,246

16. Settlement account with the state budget

The balance as at 31 December 2025 comprises mainly the receivables from the state budget (RON 3,255,355 thousand) based on the previous payments of the Bank performed in order to comply with the legal obligation regarding the State's monthly share of 80% of the net revenues of the Bank (the receivables from the state budget as at 31 December 2024: RON 949,788 thousand).

17. Provisions for doubtful assets

lei thousand

	31 December 2025	31 December 2024
Provisions for:		
Guarantees paid by NBR, as a guarantor for Credit Bank S.A. (a)	68,548	75,417
Other provisions related to assets (b)	1,703	1,716
Total	70,251	77,133

a) As at 31 December 2025, the RON equivalent of the guarantees paid by the Bank, as guarantor for Credit Bank S.A., amounted to RON 68,548 thousand (31 December 2024: RON 75,417 thousand). These foreign currency guarantees were revaluated as at 31 December 2025 and 31 December 2024.

b) This item includes the provisions against sundry debtors in litigation.

The provisions from a) and b) represent adjustment figures for the balance sheet items included in "Other assets".

18. Accrued interest receivables

lei thousand

	31 December 2025	31 December 2024
Accrued interest receivables from:		
Foreign currency securities	1,233,924	1,027,960
Foreign currency deposits and placements	172,852	220,422
Securities in RON held for monetary policy purposes	35,022	58,175
Loans granted to credit institutions	6,068	6,068
Total	1,447,866	1,312,625

19. Provisions for credit risk – interest

As at 31 December 2025 and 31 December 2024, the provision for credit risk – interest was maintained to the amount of RON 6,068 thousand for the interest receivable for the loan granted to Credit Bank S.A., in accordance with the Emergency Ordinance no. 26/2000 regarding the authorization of the National Bank of Romania to grant a

loan to cover the population's requests for the withdrawal of deposits with the Bank "Renașterea Creditului Românesc" – Credit Bank S.A.

20. Currency in circulation

lei thousand

	31 December 2025	31 December 2024
Banknotes	153,561,494	139,857,511
Coins	868,261	821,588
Total	154,429,755	140,679,099

21. Due to international financial institutions

lei thousand

	31 December 2025	31 December 2024
IMF deposits	10,770,560	11,308,621
Other	652	717
Total	10,771,212	11,309,338

As at 31 December 2025, the IMF deposits amounted to RON 10,770,560 thousand – the equivalent of SDR 1,811,404 thousand (31 December 2024: RON 11,308,621 thousand – SDR 1,811,404 thousand). The Bank acts as a depository for the deposits of the IMF related to the Romania's participation quota.

22. Demand deposits taken

The balance as at 31 December 2025 on this item comprises the demand deposits taken from the European Comision amounting to RON 33,772 thousand – the equivalent of EUR 6,624 thousand (31 December 2024: RON 5,589,945 thousand – EUR 1,123,810 thousand).

23. Counterpart of Special Drawing Rights allocated by the IMF

This item includes SDR allocations bearing the same interest rate as the SDR current account with the IMF. As at 31 December 2025, the SDR allocations from the IMF amounted to RON 16,178,481 thousand – the equivalent of SDR 2,720,913 thousand (31 December 2024: RON 16,986,703 thousand – the equivalent of SDR 2,720,913 thousand) with an annual interest rate of 2.664% as at the end of 2025 and respectively 3.159 % as at the end of 2024.

24. Other foreign assets TARGET/Due to credit institutions and other financial institutions

On 4 July 2011, the Bank implemented in Romania the system TARGET (the trans-European real-time gross settlement system). This system represents a channel for processing the euro interbank payments performed by the banks on their own behalf or on behalf of their customers. As at 31 December 2025, the Bank has in its balance sheet, both as assets and as liabilities, the balance of the TARGET current accounts of credit institutions amounting to RON 803,722 thousand, representing EUR 157,639 thousand (31 December 2024: RON 1,842,824 thousand representing EUR 370,484 thousand).

As at 31 December 2025, the current accounts of credit institutions and other financial institutions held at the NBR amounted to RON 95,341,709 thousand (31 December 2024: RON 82,530,707 thousand). The main components are presented below.

As at 31 December 2025, the Bank has in its records RON current accounts of credit institutions (including RON minimum reserves) amounting to RON 55,711,339 thousand (31 December 2024: RON 43,692,928 thousand) – accounts used for the irrevocable and unconditional final settlement of funds' transfers. The Bank establishes the regime of the RON minimum reserves that credit institutions should maintain in these accounts.

As at 31 December 2025, the foreign currency minimum reserves of credit institutions amounted to RON 17,575,774 thousand representing EUR 3,447,244 thousand (31 December 2024: RON 21,575,817 thousand representing EUR 4,326,603 thousand and USD 11,485 thousand). The bank establishes the minimum reserves regime in foreign currency that credit institutions should maintain in these accounts.

As at 31 December 2025, the Bank has in its records RON deposits of credit institutions amounting to RON 21,246,500 thousand (31 December 2024: RON 15,416,325 thousand). During the period January-April 2025, NBR drained the liquidity excess on the monetary market through the deposit facility; then, NBR provided liquidity to the credit institutions during May-June 2025 through repo operations, given that the net position of the banks' liquidity became temporary negative. As the liquidity surplus in the money market re-emerged and increased, NBR drained it through the deposit facility.

25. Current account of the State Treasury

lei thousand

	31 December 2025	31 December 2024
Current account of the State Treasury		
– in RON	10,578	31,273
– in foreign currencies	68,389,935	64,383,049
Total	68,400,513	64,414,322

In 2025 and 2024, the RON current account of the State Treasury has borne the same interest rates as the RON minimum required reserves of the credit institutions. The EUR current accounts of the State Treasury have borne the Euro Short -Term

Rate – €STR during 2025 and also during 2024; the USD current account of the State Treasury has borne an interest rate equal with the FED funds rate[1].

26. Accrued interest payable

lei thousand

	31 December 2025	31 December 2024
Accrued interest payables for:		
Deposits taken, SDR allocations and other items	109,515	138,199
Current accounts of credit institutions	6,781	6,915
Current accounts of the State Treasury	29	79
Total	116,325	145,193

27. Transactions with related parties

The Romanian Government, through the State Treasury, maintains current accounts with the Bank, the operations being subject to commission fees starting 31 December 2005. Furthermore, the Bank acts as a registry agent on behalf of the State Treasury for the government bonds and treasury certificates, manages the foreign currency reserves and facilitates the payments and receipts for Romania's foreign public debt.

Through the members appointed to the Boards of Directors, the Bank exercises significant influence over two other State institutions: the NBR Printing Works (its Board consisting of 5 members of which 3 appointed by NBR) and the State Mint (its Board consisting of 5 members of which 3 appointed by NBR).

In 2025, the total purchases of banknotes, coins and other specific purchases from the aforementioned two entities amounted to RON 382,058 thousand (2024: RON 248,854 thousand). In 2025, total sales to these entities decreased to the amount of RON 220 thousand (2024: RON 244 thousand). As at 31 December 2025, the Bank had receivables with the NBR Printing Works amounting to RON 56,384 thousand; all the aforementioned amounts were subsequently settled according to the contracts. All transactions were carried out under normal commercial terms and conditions.

The Bank has a significant influence over TRANSFOND S.A., an entity in charge with the settlement activities of some domestic interbank operations, created in 2000. Until 19th March 2018, TRANSFOND S.A. administrated REGIS[2] and SaFIR[3] systems – taken over by the Bank from this date. Currently, TRANSFOND S.A. continues to administrate the SENT[4] system.

1 the Federal Funds OverNight Average rate (a volume-weighted average).

2 REGIS is the gross real-time settlement system.

3 SaFIR is the module for treasury bills and certificates of deposit issued by the National Bank of Romania.

4 SENT is the system for low value payments.

28. Reserves

lei thousand

	31 December 2025	31 December 2024
Statutory reserves	2,182,936	1,901,356
Other reserves	1,799,316	1,570,620
Revaluation gains – fixed assets and other assets	1,305,015	1,296,437
Total	5,287,267	4,768,413

As at both 31 December 2025 and 31 December 2024, the statutory reserves were increased by 60% distribution of the remaining profit, after paying the quota to the State.

The item *Other reserves* (non-distributable) comprises the following:

a) As at 31 December 2025 and 31 December 2024 - reserves previously set up from the fund designated for:

– tangible assets (RON 14,451 thousand);

– the sources financing the Bank's investments (RON 57,629 thousand);

– IMF participations (RON 318,532 thousand);

– BIS participations (RON 44,550 thousand);

b) Reserves set up according to the law, representing the Bank's own financing sources for investments – amounting to RON 1,202,100 thousand as at 31 December 2025 (31 December 2024: RON 971,530 thousand);

c) Other reserves amounting to RON 162,054 thousand as at 31 December 2025 (31 December 2024: RON 163,928 thousand).

The revaluation gains represent the difference between the fair value and the net book value of tangible fixed assets, except for those booked in the profit and loss account.

29. Special revaluation account

lei thousand

	31 December 2025	31 December 2024
Unrealized gains from revaluation of gold holdings, precious metals and stones	58,727,721	37,729,420
Unrealized gains from revaluation of assets and liabilities denominated in foreign currency	1,647,994	5,010,075
Securities denominated in foreign currency (market value revaluation)	511,088	671,551
Total	60,886,803	43,411,046

As at 31 December 2025 and 31 December 2024, the amounts recorded in the special revaluation account represent favorable revaluation differences.

During 2025 and 2024, the Bank recorded long positions for all currencies in portfolio as well as for gold (total claims exceeding total debts in a given currency).

30. Interest income

lei thousand

	2025	2024
Foreign currency operations		
Interest and similar income from:		
Foreign currency securities	6,435,456	7,089,776
Foreign currency placements	2,460,162	3,617,487
Current account in SDR	488,193	644,150
Total interest income from foreign currency operations	9,383,811	11,351,413
RON operations		
Interest and similar income from:		
Securities in RON held for monetary policy purposes	148,669	186,420
Loans to domestic credit institutions	82,043	4
Other income	15	1,239
Total interest income from RON operations	230,727	187,663
Total interest income (foreign currency and RON)	9,614,538	11,539,076

In 2025, the interest income from foreign currency operations comprises, mainly, the net income from foreign currency securities in amount of RON 6,435,456 thousand (representing the sum of coupon income in amount of RON 3,087,104 thousand and discount amortization income in amount of RON 3,474,874 thousand minus premium amortization expenses in amount of RON 126,522 thousand), the interest on foreign currency placements in amount of RON 2,460,162 thousand and the interest for the SDR current account in amount of RON 488,193 thousand.

In 2024, the interest income from foreign currency operations comprises, mainly, the net income from foreign currency securities in amount of RON 7,089,776 thousand (representing the sum of coupon income in amount of RON 2,402,027 thousand and discount amortization income in amount of RON 4,760,300 thousand minus premium amortization expenses in amount of RON 72,551 thousand), the interest on foreign currency placements in amount of RON 3,617,487 thousand and the interest for the SDR current account in amount of RON 644,150 thousand.

In 2025, the interest income from transactions denominated in RON comprises, mainly, the net income resulting from RON securities held for monetary policy purposes in amount of RON 148,669 thousand (2024: RON 186,420 thousand) – representing the sum of coupon income in amount of RON 120,532 thousand (2024: RON 160,118 thousand) and discount amortization income in amount of RON 33,752 thousand (2024: RON 36,524 thousand) minus premium amortization expenses in amount of RON 5,615 thousand (2024: RON 10,222 thousand), the income from repo/loans operations with credit institutions in amount of RON 82,043 thousand (2024: RON 4 thousand), as well as other income in amount of RON 15 thousand (2024: RON 1,239 thousand).

31. Interest expense

lei thousand

	2025	2024
Foreign currency operations		
Interest and similar expenses from:		
Minimum reserves, deposits taken and other interest	26,153	22,508
Operations with International Monetary Fund	484,962	640,029
Current account of the State Treasury	1,919,443	2,852,854
Total interest expense from foreign currency operations	2,430,558	3,515,391
RON operations		
Interest and similar expenses from:		
Deposits of credit institutions	1,136,326	2,403,319
Minimum reserves of credit institutions	296,305	298,497
Current account of the State Treasury	17,962	18,398
Total interest expense from RON operations	1,450,593	2,720,214
Total interest expense (foreign currency and RON)	3,881,151	6,235,605

In 2025, the interest expense from foreign currency operations comprises, mainly, the interest paid on current account of the State Treasury in amount of RON 1,919,443 thousand, respectively the interest expense for the IMF SDR allocations in amount of RON 484,962 thousand.

In 2024, the interest expense from foreign currency operations comprises, mainly, the interest paid on current account of the State Treasury in amount of RON 2,852,854 thousand, respectively the interest expense for the IMF SDR allocations in amount of RON 640,029 thousand.

32. Fees and commissions income

lei thousand

	2025	2024
Fees and commissions income:		
– in RON	225,921	230,235
– in foreign currencies	17,293	24,160
Total fees and commissions income	243,214	254,395

Fees and commissions income in RON in amount of RON 225,921 thousand (2024: RON 230,235 thousand) comprises the commission income from the settlement of operations of credit institutions and of the State Treasury.

The income from fees and commissions in foreign currencies amounting to RON 17,293 thousand (2024: RON 24,160 thousand) arises from foreign currency securities lending (through an agent).

33. Fees and commissions expense

	lei thousand	
	2025	2024
Fees and commissions expenses:		
– in RON	95	69
– in foreign currencies	9,653	9,732
Total fees and commissions expense	9,748	9,801

The expenses with fees and commissions denominated in foreign currencies, in amount of RON 9,748 thousand (2024: RON 9,801 thousand), arise mainly from the fees paid for the EUR operations performed through TARGET and the commissions paid for foreign currency securities lending through an agent.

34. Net realized gains arising from foreign currencies operations

	lei thousand	
	2025	2024
Income from foreign currency operations		
Income from exchange rate differences	1,778,790	955,236
Dividends on BIS owned shares	19,491	19,637
Total income from foreign currency operations	1,798,281	974,873
Expenses from foreign currency operations		
Expenses from exchange rate differences	(31,485)	(76,477)
Other expenses from foreign currency operations	(2,589)	(2,580)
Total expenses from foreign currency operations	(34,074)	(79,057)
Net realized gains from foreign currency operations	1,764,207	895,816

The income and expenses from exchange rate differences for 2025 and 2024 financial years were generated by the outflows from foreign currencies long positions and were calculated using the average cost method (see Note 2i).

35. Realized gains arising from securities operations

	lei thousand	
	2025	2024
Income from securities operations	294,586	184,090
Expenses from securities operations	(395)	(3,199)
Realized gains arising from securities operations	294,191	180,891

The income/expenses represent the market price effect resulting from the sales of securities denominated in foreign currencies, based on the average cost method (see Note 2j).

36. Realized gains/losses arising from precious metals operations

	lei thousand	
	2025	2024
Income from operations with precious metals	-	1,088
Expenses from operations with precious metals	(472)	(514)
Realised losses/gains arising from precious metals operations	(472)	574

Expenses from operations with precious metals represent the fees paid for depositing the gold with a foreign depository, as well as the expenses for the expertise of precious metals coins and other items held by the NBR.

37. Unrealized losses from revaluation differences

	lei thousand	
	2025	2024
Expenses with unfavorable revaluation differences		
Market value revaluation of foreign currency securities	212,720	259,774
Exchange rate revaluation of foreign currency holdings	4,298,133	1,548,606
Unrealized losses from revaluation differences	4,510,853	1,808,380

Unrealized losses represent the unfavorable differences between the market value of foreign currency securities as at 31 December and their net average cost, as well as the unfavorable differences from foreign currency holdings revaluation using the revaluation exchange rate (see Note 2p).

38. Currency issue expenses

Currency issue expenses include the expenses arising on printing banknotes and minting coins. As at 31 December 2025, these amounted to RON 372,413 thousand (2024: RON 240,354 thousand).

39. Foreign currency risk

The breakdown of the Bank's assets (RON thousand) by currencies as at 31 December 2025 is the following:

lei thousand

	RON	EUR	USD	SDR	Gold	Other	Total
Cash and other cash equivalents	41,196	125	99	-	-	-	41,420
Non-monetary gold	-	-	-	-	598,923	-	598,923
Other precious metals and stones	163,179	-	-	-	-	-	163,179
Current account in SDR with the IMF	-	-	-	16,280,434	-	-	16,280,434
Monetary gold	-	-	-	-	62,246,369	-	62,246,369
Demand deposits placed	-	19,296,886	88,802	-	-	9,532,445	28,918,133
Term deposits placed	-	21,724,709	31,694,410	-	-	5,159,920	58,579,039
Placements in foreign currencies	-	-	2,905,990	-	-	-	2,905,990
Securities in foreign currencies	-	137,412,487	54,575,571	-	-	27,714,131	219,702,189
Loans in foreign currencies	-	-	2,766,965	-	-	-	2,766,965
Participating interests in international financial institutions	-	59,789	-	10,875,693	-	-	10,935,482
Other foreign assets Target	-	803,722	-	-	-	-	803,722
RON securities held for monetary policy purposes	1,514,880	-	-	-	-	-	1,514,880
Loans granted to credit institutions	529	-	-	-	-	-	529
Loans under litigation	21,787	-	-	-	-	-	21,787
Provisions for credit risk – principal	(21,787)	-	-	-	-	-	(21,787)
Tangible and intangible fixed assets	1,454,310	-	-	-	-	-	1,454,310
Inventories	5,023	-	-	-	-	-	5,023
Participating interests	2,240	881	-	-	-	-	3,121
Settlement account with the State Budget	3,261,969	-	-	-	-	-	3,261,969
Accruals and prepaid expenses	75,892	-	-	-	-	-	75,892
Other assets,	112,424	-	-	-	-	-	112,424
out of which:							
Goods of numismatic, philatelic, historical, cultural and artistic importance	41,686	-	-	-	-	-	41,686
Provisions for doubtful assets	(70,251)	-	-	-	-	-	(70,251)
Accrued interest receivables	41,089	727,553	396,911	74,191	-	208,122	1,447,866
Provisions for credit risk – interest	(6,068)	-	-	-	-	-	(6,068)
Total assets	6,596,412	180,026,152	92,428,748,	27,230,318	62,845,292	42,614,618	411,741,540

39. Foreign currency risk (continued)

The breakdown of the Bank's liabilities (RON thousand) by currency as at 31 December 2025 is the following:

lei thousand

	RON	EUR	USD	SDR	Gold	Other	Total
Currency in circulation	154,429,755	-	-	-	-	-	154,429,755
Due to international financial institutions	-	-	652	10,770,560	-	-	10,771,212
Demand deposits taken	-	33,772	-	-	-	-	33,772
Counterpart of special drawing rights allocated by the IMF	-	-	-	16,178,481	-	-	16,178,481
Current accounts of the credit institutions	55,711,339	-	-	-	-	-	55,711,339
Amounts withheld under special arrangements	2,340	-	-	-	-	-	2,340
Deposits of the credit institutions	21,246,500	-	-	-	-	-	21,246,500
Deposits of the financial institutions	4	-	-	-	-	-	4
Foreign currency minimum reserves	-	17,575,774	-	-	-	-	17,575,774
Accounts of bankrupt credit institutions	2,030	-	-	-	-	-	2,030
Other liabilities of credit institutions Target	-	803,722	-	-	-	-	803,722
Current account of the State Treasury	10,578	53,876,853	13,238,240	-	-	1,274,842	68,400,513
Sundry creditors	50,885	-	-	-	-	-	50,885
Salaries and other employees related liabilities	114	-	-	-	-	-	114
Settlement account with the State Budget	20,589	-	-	-	-	-	20,589
Accruals and income collected in advance	738	-	-	-	-	-	738
Revaluation differences for off -BS sheet accounts	2,725	-	-	-	-	-	2,725
Other liabilities	2,933	-	-	-	-	-	2,933
Accrued interest payables	6,248	25,443	10,734	73,693	-	207	116,325
Total liabilities, excluding capital and reserves	231,486,778	72,315,564	13,249,626	27,022,734	-	1,275,049	345,349,751
Net assets/(net liabilities)*	(224,890,366)	107,710,588	79,179,122	207,584	62,845,292	41,339,569	66,391,789

*) represent the Bank's capital and reserves

39. Foreign currency risk (continued)

The breakdown of the Bank's assets (RON thousand) by currencies as at 31 December 2024 is the following:

lei thousand

	RON	EUR	USD	SDR	Gold	Other	Total
Cash and other cash equivalents	41,668	96	106	-	-	-	41,870
Non-monetary gold	-	-	-	-	399,683	-	399,683
Other precious metals and stones	78,387	-	-	-	-	-	78,387
Current account in SDR with the IMF	-	-	-	17,075,856	-	-	17,075,856
Monetary gold	-	-	-	-	41,532,654	-	41,532,654
Demand deposits placed	-	29,633,111	94,058	-	-	17,089,428	46,816,597
Term deposits placed	-	19,896,400	11,942,000	-	-	6,840,644	38,679,044
Placements in foreign currencies	-	-	3,048,458	-	-	-	3,048,458
Securities in foreign currencies	-	107,170,096	56,429,551	-	-	29,376,711	192,976,358
Loans in foreign currencies	-	-	9,458,542	-	-	-	9,458,542
Participating interests in international financial institutions	-	58,330	-	11,418,912	-	-	11,477,242
Other foreign assets Target	-	1,842,824	-	-	-	-	1,842,824
RON securities held for monetary policy purposes	3,039,743	-	-	-	-	-	3,039,743
Loans under litigation	21,787	-	-	-	-	-	21,787
Provisions for credit risk – principal	(21,787)	-	-	-	-	-	(21,787)
Tangible and intangible fixed assets	1,399,712	-	-	-	-	-	1,399,712
Inventories	4,987	-	-	-	-	-	4,987
Participating interests	2,240	859	-	-	-	-	3,099
Settlement account with the State Budget	955,061	-	-	-	-	-	955,061
Accruals and prepaid expenses	79,265	-	-	-	-	-	79,265
Revaluation differences for off -BS sheet accounts	616	-	-	-	-	-	616
Other assets,	110,287	-	-	-	-	-	110,287
out of which:							
Goods of numismatic, philatelic, historical, cultural and artistic importance	32,225	-	-	-	-	-	32,225
Provisions for doubtful assets	(77,133)	-	-	-	-	-	(77,133)
Accrued interest receivables	64,244	476,487	392,298	94,930	-	284,666	1,312,625
Provisions for credit risk – interest	(6,068)	-	-	-	-	-	(6,068)
Total assets	5,693,009	159,078,203	81,365,013,	28,589,698	41,932,337	53,591,449	370,249,709

39. Foreign currency risk (continued)

The breakdown of the Bank's liabilities (RON thousand) by currencies as at 31 December 2024 is the following:

lei thousand

	RON	EUR	USD	SDR	Gold	Other	Total
Currency in circulation	140,679,099	-	-	-	-	-	140,679,099
Due to international financial institutions	-	-	717	11,308,621	-	-	11,309,338
Demand deposits taken	-	5,589,945	-	-	-	-	5,589,945
Counterpart of special drawing rights allocated by the IMF	-	-	-	16,986,703	-	-	16,986,703
Current accounts of the credit institutions	43,692,928	-	-	-	-	-	43,692,928
Amounts withheld under special arrangements	2,340	-	-	-	-	-	2,340
Deposits of the credit institutions	15,416,325	-	-	-	-	-	15,416,325
Deposits of the financial institutions	6	-	-	-	-	-	6
Foreign currency minimum reserves	-	21,520,955	54,862	-	-	-	21,575,817
Accounts of bankrupt credit institutions	467	-	-	-	-	-	467
Other liabilities of credit institutions Target	-	1,842,824	-	-	-	-	1,842,824
Current account of the State Treasury	31,273	62,177,980	910,577	-	-	1,294,492,	64,414,322
Sundry creditors	56,504	-	-	-	-	-	56,504
Salaries and other employees related liabilities	93	-	-	-	-	-	93
Settlement account with the State Budget	17,933	-	-	-	-	-	17,933
Accruals and income collected in advance	252	-	-	-	-	-	252
Other liabilities	2,734	-	-	-	-	-	2,734
Accrued interest payables	6,574	43,355	884	94,311	-	69	145,193
Total liabilities, excluding capital and reserves	199,906,528	91,175,059	967,040	28,389,635	-	1,294,561	321,732,823
Net assets/(net liabilities)*	(194,213,519)	67,903,144	80,397,973	200,063	41,932,337	52,296,888	48,516,886

*) represent the Bank's capital and reserves

40. Commitments

As at 31 December 2025 the Bank has in custody the following promissory notes:

- a promissory note issued by the Ministry of Public Finances in favor of the Multilateral Investment Guarantee Agency amounting to USD 601 thousand – the equivalent of RON 2,607 thousand (31 December 2024: USD 601 thousand – the equivalent of RON 2,869 thousand);
- three promissory notes issued by the Ministry of Public Finances in favor of the International Development Association (IDA) amounting to RON 16,174 thousand (31 December 2024: RON 16,174 thousand).

41. Profit distribution

In 2025, the Bank recorded a profit amounting to RON 2,346,448 thousand. According to the law, the 80% share of the Bank's net revenue amounting to RON 1,877,149 thousand was settled with the state budget. Of the remaining profit (RON 469,299 thousand), 60% (RON 281,580 thousand) was allocated for increasing the statutory reserves. The remaining amount of RON 187,719 thousand will be distributed in 2026, according to the law, in the following order for:

a) the Bank's financing sources for its own investments;

b) the employees profit-sharing scheme;

c) the reserves at the Board's disposal.

In 2024, the Bank recorded a profit amounting to RON 3,842,740 thousand. According to the law, the 80% share of the Bank's net revenue amounting to RON 3,074,171 thousand was settled with the state budget. Of the remaining profit (RON 768,569 thousand), 60% (RON 461,142 thousand) was allocated for increasing the statutory reserves. The remaining amount of RON 307,427 thousand was distributed in 2025 according to the law.

Governor
Mr. Mugur Isărescu

Abbreviations

BIS	Bank for International Settlements
BRRD	Bank Recovery and Resolution Directive
CCR	Central Credit Register
CPI	Consumer Price Index
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
DG ECFIN	Directorate-General for Economic and Financial Affairs
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
ECOFIN	Economic and Financial Affairs Council
ESA	European System of Accounts
ESCB	European System of Central Banks
ESRB	European Systemic Risk Board
EU	European Union
Eurostat	Statistical Office of the European Union
FAO	Food and Agriculture Organisation of the United Nations
FSA	Financial Supervisory Authority
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IMF	International Monetary Fund
IRCC	benchmark index for loans to consumers
MF	Ministry of Finance
MRR	Minimum reserve requirements
NBFI	non-bank financial institution
NBR	National Bank of Romania
NCMO	National Committee for Macroprudential Oversight
NIS	National Institute of Statistics
NPL	non-performing loans
OECD	Organisation for Economic Co-operation and Development
OPCOM	Romanian gas and electricity market operator
PIR	Payment Incidents Register
ROBOR	Romanian Interbank Offered Rate
SDR	Special Drawing Rights
SME	small- and medium-sized enterprise
ULC	unit labour costs
WB	World Bank

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