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CENTRAL BANK TRANSPARENCY CODE REVIEW

April 2025

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CENTRAL BANK TRANSPARENCY CODE REVIEW

March 26, 2025

DETAILED REVIEW REPORT

Prepared By

Monetary and Capital Markets Department

This report was prepared based on the work of an IMF mission to Chișinău in November 2024. The IMF team for the Central Bank Transparency Code (CBT) Review mission was led by Istvan Mak (MCM) and comprised Arkadiusz Majewski (FIN) Deputy Mission Chief; Antonio Jorge Silva and Thiago Christiano Silva (MCM); Maksym Markevych (LEG); Kei Moriya (ITD); and Jan-Barend Jansen and Elias Kazarian (IMF External Experts); and overseen by the Monetary and Capital Markets Department, IMF.

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The team extends its warm appreciation to the Executive Board, Supervisory Board, senior management, and staff of the National Bank of Moldova, who provided excellent cooperation, and to outside stakeholders for their valuable views and insights.

CONTENTS

Glossary 3

EXECUTIVE SUMMARY 5

KEY RECOMMENDATIONS 11

SCOPE AND OBJECTIVE 12

APPROACH AND METHODOLOGY 12

BACKGROUND 13

MAIN FINDINGS 14
A. Pillar I. Transparency in Governance 14
B. Pillars II, III, and IV. Transparency in Policies, Operations, and Outcome 18
C. Pillar V. Transparency in Official Relations 24

AUTHORITIES' RESPONSE TO DETAILED REVIEW REPORT 26

BOX
1. Law on Transparency in the Decision-Making Process 15

TABLES
1. Central Bank Transparency Overview for National Bank of Moldova 7
2. National Bank of Moldova Response to Key Recommendations from the CBT Review 28

ANNEXES
I. Central Bank Transparency Review—Detailed Review Report for the National Bank of Moldova 32
II. List of National Bank of Moldova Units and External Stakeholders 112
III. Quantitative Analysis of the National Bank of Moldova's Communication 114

Glossary

AC	Audit Committee
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
CIS	Commonwealth of Independent States
CCyB	Countercyclical Capital Buffer
COSO	Committee of Sponsoring Organizations
CPMI	Committee on Payments and Market Infrastructures
CSD	Central Securities Depository
DGFBS	Deposit Guarantee Fund in the Banking System
DSTI	Debt-Service-to-Income Ratio
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ELA	Emergency Liquidity Assistance
ERM	Enterprise Risk Management
FATF	Financial Action Task Force
FSR	Financial Stability Report
FX	Foreign Exchange
GDP	Gross Domestic Product
IADI	International Association of Deposit Insurers
IAIS	International Association of Insurance Supervisors
IAS	International Auditing Standards
IBRD	International Bank for Reconstruction and Development
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IORWG	International Operational Risk Working Group
IOSCO	International Organization of Securities Commissions
IPPF	Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing
ISO	International Organization for Standardization
IT	Inflation Targeting
LCR	Liquidity Coverage Ratio
LTV	Loan-to-Value Ratio
MoU	Memorandum of Understanding
NBM	National Bank of Moldova
NCFM	National Commission for Financial Markets
NCFS	National Committee on Financial Stability
NSFR	Net Stable Funding Ratio
O-SII	Other Systemically Important Institutions
PSA	Public Services Agency
RPPI	Residential Property Price Index
SBFN	Sustainable Banking and Finance Network

SREP	Supervisory Review and Evaluation Process
SS	State Securities

EXECUTIVE SUMMARY

The National Bank of Moldova (NBM) has emerged from a challenging history regarding trust and accountability, significantly influencing its current transparency and communication practices. The NBM's transparency practices align with core and expanded practices as defined by the IMF Central Bank Transparency Code and, in several areas, meet comprehensive practice requirements. External stakeholders view the NBM as a public institution that has recently become more dynamic and transparent, though there is room for improvement.

The NBM implements advanced transparency practices in key areas, providing extensive information on its legal structure, mandate, and governance. Most updated relevant legislation is available on its website. Transparency of the NBM's oversight arrangements, financial reporting practices, external audit mechanism, and internal audit arrangements are comprehensive. Transparency practices on governance and management of human capital are expanded.

The transparency of the NBM's official relations is adequate but has room for improvement. The NBM clearly defines and discloses relationships for information exchange and policy coordination with international organizations, foreign governments, other central banks, and relevant foreign agencies. It also discloses its involvement with private or semi-public institutions. While the NBM's relations with the Government and its agencies are generally well explained, the practical interactions are less transparent. There is room for improvement in the NBM's disclosure practices of its official relations with domestic public financial agencies.

The NBM undertakes its AML/CFT supervisory responsibility transparently, but some gaps still exist in its internal AML/CFT activity transparency. The internal code of conduct and anti-corruption measures are clear and accessible. The NBM provides expanded information on its AML/CFT supervisory operations, and its annual reports provide general information on the outcomes of those activities, but not the names of sanctioned financial institutions. The NBM publishes extensive information on its internal controls' framework. It should consider adding a general description of the internal AML/CFT Regulation, including main risk mitigating measures and current activities that give rise to ML/TF risks. Additionally, the NBM should publish information on conducted internal AML/CFT control activities and their results.

Based on its clear mandate, the NBM's monetary policy framework is well disclosed. The NBM has significantly increased its transparency of the monetary policy framework, although disclosure of its decisions and model-based forecasts could be enhanced. The NBM should improve monetary policy transparency by providing more information on monetary policy meeting deliberations in a timely manner and publishing the underlying analysis, including macroeconomic forecast modeling.

The NBM discloses the broad objectives of its foreign exchange intervention policy, its interaction with monetary policy, and the relevant legal and institutional frameworks. It also discloses the main instruments it uses to achieve its foreign exchange (FX) intervention objectives.

However, the NBM does not reveal its decision-making structure, process, or authority regarding foreign exchange intervention decisions.

The policy objectives, legal, and institutional frameworks for foreign exchange (FX) administration and the regulation of cross-border financial flows are clearly defined and disclosed. The NBM has also clearly defined and disclosed its implementation tools for cross-border capital flow and FX administration policies, including the regulatory framework, licenses, reports, monitoring and enforcement instruments, and FX transactions. Publishing the overall capital liberalization plan, even without all details, builds expectations of commitment to its implementation and fosters understanding of how the liberalization steps and supporting reforms are connected.

The NBM discloses the key objectives, risk exposure, governance with oversight responsibility, and investment structure of its foreign exchange reserve management. It also discloses broad criteria for selecting reserve assets, instruments, and limited risk disclosures. Publishing an Investment Policy document would enhance the transparency of the reserve management activities.

The NBM discloses its macroprudential policy framework, including its objectives, strategy, and instruments. While the NBM periodically discloses assessment of financial risks, enhanced transparency on stress testing and ex post evaluation would be desirable. The NBM should also disclose information on the assessment of financial stability more regularly and publish meaningful information on stress testing, including the modalities, scenarios, assumptions, and underlying data, compatible with data protection rules. This should include the explanation of how ELA contributes to financial stability. It should also strengthen the disclosure of the Financial Stability Report by discussing it in a financial stability forum, inviting relevant stakeholders, and preferably presenting it to Parliament. Furthermore, the activities of the National Committee for Financial Stability (NCFS) could be enhanced.

The transparency of the Emergency Liquidity Assistance (ELA) framework has been greatly enhanced with the publication of the NBM's ELA Regulation in 2019. The NBM should establish a communication strategy for its ELA operations, covering ex-post communication and assessing transparency's impact on financial stability. The NBM should maintain strict confidentiality for ongoing ELA operations but be prepared to communicate if required. Even if confidentiality is prioritized, the NBM should be ready to respond to queries about ongoing ELA operations. The communication strategy should be incorporated into regular ELA simulation exercises.

The NBM's communications strategy, which is currently fragmented, should have clear objectives and measurable targets. The NBM could conduct regular surveys to assess public literacy on NBM topics, further informing communication improvements. The NBM has identified its target audiences and utilizes a wide range of tools to engage with them effectively, but its website should be more user-friendly. It should also document its communication processes and integrate them into core activities like supervision, financial stability, and issuing opinions. Additionally, the NBM should improve its confidentiality arrangements by publishing reasons for rejecting information requests, disclosing stakeholder input on its confidentiality policy, and providing information on legal disputes related to confidentiality and secrecy.

Table 1. Moldova: Central Bank Transparency Overview for National Bank of Moldova

Pillar	Principle		Sub-principle		Practices		
					Core	Expanded	Comp.
I. Governance	1.1.	**Legal Structure**					
	1.2.	**Mandate**					
	1.3.	**Autonomy**	1.3.1.	Institutional/Operational			
			1.3.2.	Functional			
			1.3.3.	Personal			
			1.3.4.	Financial			
	1.4.	**Decision-Making**					
	1.5	**Risk Management**	1.5.1.	Risk Exposure			
			1.5.2.	Risk Framework			
	1.6	**Accountability Framework**	1.6.1.	Arrangements			
			1.6.2.	Tools			
			1.6.3.	Anti-Corruption/COC			
			1.6.4.	Human Capital Management			
	1.7.	**Communication**	1.7.1.	Arrangements			
			1.7.2.	Strategy/Tools			
	1.8.	**Confidentiality**					
II. Policies	2.1.	**Monetary Policy**	2.1.1.	Objectives/Framework			
			2.1.2.	Policy Decisions			
			2.1.3.	Supporting Analysis			
	2.2.	**FX Administration and Cross-Border Financial Flows**	2.2.1.	Objectives/Framework			
			2.2.2.	Policy Decisions			
			2.2.3.	Supporting Analysis			
	2.3.	**FX Management**	2.3.1.	Objectives/Framework			
			2.3.2.	Policy Decisions			
			2.3.3.	Supporting Analysis			
	2.4.	**FX Reserve Management**	2.4.1.	Objectives/Framework			
			2.4.2.	Policy Decisions			
			2.4.3.	Supporting Analysis			
	2.5.	**Macroprudential**	2.5.1.	Objectives/Framework			
			2.5.2.	Policy Decisions			
			2.5.3.	Supporting Analysis			

Table 1. Moldova: Central Bank Transparency Overview for National Bank of Moldova
(continued)

Pillar	Principle		Sub-principle		Practices		
					Core	Expanded	Comp.
	2.6.	Microprudential Supervision					
	2.7.	Emergency Liquidity Assistance (ELA)	2.7.1.	Market-wide Liquidity Support			
			2.7.2.	Bilateral Liquidity Support			
	2.8.	Resolution					
	2.9.	FMI					
	2.10.	**Financial Integrity**	2.10. (a) AML/CFT supervision				
			2.10. (b) Internal AML/CFT controls				
	2.11.	**Consumer Protection**					
III. Operations	3.1.	**Monetary Policy**	3.1.1.	Instruments			
			3.1.2.	Coverage			
			3.1.3.	Access			
	3.2.	**FX Administration**	3.2.1.	Instruments			
			3.2.2.	Coverage			
	3.3.	**FX Management**	3.3.1.	Instruments			
			3.3.2.	Coverage			
	3.4.	**FX Reserve Management**	3.4.1.	Instruments			
			3.4.2.	Coverage			
			3.4.3.	Assessment			
	3.5.	**Stress Testing**	3.5.1.	FS Assessments			
			3.5.2.	ST Methods			
			3.5.3.	ST Coverage			
			3.5.4.	Use of ST Results			
	3.6.	**Macroprudential**	3.6.1.	Instruments			
			3.6.2.	Enforcement			
	3.7.	Microprudential Supervision					
	3.8.	**Emergency Liquidity Assistance**	3.8.1.	Market-wide Liquidity Support			
			3.8.2.	Bilateral Liquidity Support			
	3.9.	Resolution					
	3.10.	FMI					
	3.11.	**Financial Integrity**	3.11. (a) AML/CFT supervision				

Table 1. Moldova: Central Bank Transparency Overview for National Bank of Moldova
(continued)

Pillar	Principle		Sub-principle		Practices		
					Core	Expanded	Comp.
			3.11. (b) Internal AML/CFT controls				
	3.12	**Consumer Protection**					
IV. Outcome	4.1.	**Monetary Policy**	4.1.1.	Governance Actions			
			4.1.2.	Policies			
			4.1.3.	Operations			
	4.2.	**FX Administration and Cross-Border Financial Flows**	4.2.1.	Governance Actions			
			4.2.2.	Policies			
			4.2.3.	Implementation			
	4.3.	**FX Management**	4.3.1.	Governance Actions			
			4.3.2.	Policies			
			4.3.3.	Operations			
	4.4.	**FX Reserve Management**	4.4.1.	Governance Actions			
			4.4.2.	Reporting on Imp.			
			4.4.3.	Financial Results			
	4.5.	**Macroprudential**	4.5.1.	Governance Actions			
			4.5.2.	Policies			
	4.6.	Microprudential Supervision					
	4.7.	**Emergency Liquidity Assistance**	4.7.1.	Market-wide Liquidity Support			
			4.7.2.	Bilateral Liquidity Support			
	4.8.	Resolution					
	4.9.	FMI					
	4.10.	**Financial Integrity**	4.10. (a) AML/CFT supervision				
			4.10. (b) Internal AML/CFT controls				
	4.11.	**Consumer Protection**					
V. Official Relations	5.1.	**Government**	5.1.1.	Institutional			
			5.1.2.	Financial			
			5.1.3.	Instruments			
			5.1.4.	Outcome			
	5.2.	**Domestic Agencies**	5.2.1.	Institutional			
			5.2.2.	Instruments			

Table 1. Moldova: Central Bank Transparency Overview for National Bank of Moldova
(concluded)

Pillar	Principle		Sub-principle		Practices		
					Core	Expanded	Comp.
			5.2.3.	Macroprudential			
			5.2.4.	Financial Stability			
	5.3	**Foreign Agencies**	5.3				
	5.4	**Other Relations**	5.4.1.				
	Denotes "Not Applicable"				**Denotes "Not Implemented"**		

Source: IMF staff construction.

KEY RECOMMENDATIONS[1]

1. **Streamline the communication framework and make it more accessible to the public,** by developing a proactive institutional approach to communications; publishing a summary of key documents; simplifying the language to be understood by the general public; and improving the website's accessibility.

2. **Take further steps to improve monetary policy transparency** by providing more information on monetary policy meeting deliberations in a timely manner, and publishing the underlying analysis, including macroeconomic forecast modelling.

3. **Disclose information on the assessment of financial stability more regularly and publish meaningful information on stress testing,** including the modalities, scenarios and assumptions, and underlying data, compatible with data protection rules. This should also include the explanation of how ELA contributes to financial stability.

4. **Strengthen the disclosure of the Financial Stability Report,** by discussing it in a financial stability forum, inviting the relevant stakeholders and, preferably, presenting it to the Parliament.

5. **Enhance the disclosure of the activities of National Committee for Financial Stability (NCFS),** including the publication of the agenda, main tasks, and outcomes for each meeting, while keeping sensitive information confidential

6. **Enhance transparency in AML/CFT supervision,** by publishing an overview of its risk-based supervisory policies, provide staffing statistics and names of sanctioned financial institutions, describe its internal AML/CFT regulation and risk mitigation measures, and include a summary of these activities in its annual reports.

7. **Improve the transparency of FX management and cross-border capital flow regulations,** by publishing and explaining the capital account liberalization plan, and disclosing the decision-making process for setting the foreign exchange (FX) policy and for FX interventions.

8. **Enhance the disclosure of the central bank's governance,** by publishing the Rules of Procedure of the Executive Board and the Supervisory Board.

9. **Improve its confidentiality arrangements,** by publishing reasons for rejecting information requests, disclosing stakeholder input on its confidentiality policy, and providing information on legal disputes related to confidentiality and secrecy.

10. **Enhance the transparency of its relations with the Government,** by disclosing how this cooperation takes place in practice and by disclosing agreements with the Government and its

[1] Please refer to the Detailed Review Table in Annex I for the complete overview of principle wise transparency recommendations.

agencies that determine the further conditions and instruments for the relationship, except for publishing sensitive information.

11. Improve the transparency of its relations with other domestic agencies by publishing the bilateral and multiagency agreements that has the purpose of exchanging information and cooperation if the counterpart agrees in its publication and disclosure.

SCOPE AND OBJECTIVE

12. In response to a request from the NBM, the mission conducted the Central Bank Transparency Code review. The scope of the review covers all CBT principles, excluding those that are not performed by the NBM (i.e., consumer protection) or fall outside of the scope of CBT reviews, given the existence of established international standards (i.e., microprudential supervision and resolution, and Financial Markets Infrastructure). These principles are denoted as "Not Applicable" in the review.

13. The review is intended to allow NBM to evaluate its transparency practices, aimed at identifying its strengths and areas for improvement. The review maps the NBM's transparency choices compared to a range of best practices as detailed in the CBT, covering transparency in: (i) governance; (ii) policies; (iii) operations; (iv) outcomes; and (v) official relations. The review aims to help the NBM in further strengthening the dialogue with the stakeholders and finding the proper balance between independence and accountability. While it is important to note that the CBT review is not an assessment of central bank policies, the comprehensive review of transparency practices would be beneficial for the NBM in its efforts to advance policy effectiveness. The CBT's range of practices are not intended to be a tool for transparency ranking of central banks, as noted in the IMF Policy Paper Central Bank Transparency Code.

APPROACH AND METHODOLOGY

14. The mission's review approach consisted of a desk review and in-depth discussions with the NBM and its key stakeholders. The mission team conducted preliminary desk review based on the publicly available information and the Self-Review questionnaire provided by the NBM prior to the mission.[2] These desk reviews formed the basis for discussions with NBM's management and staff, as well as meetings with the key stakeholders (from the public and private sector, including academia, think tanks and journalists).[3] The meetings facilitated understanding and collecting views on, and experiences with the NBM on its transparency practices. More than 40 were conducted over the course of two weeks. The meetings with key stakeholders were planned in coordination with the central bank, though NBM's staff did not attend those meetings. The team highly appreciated the very high quality of cooperation, including provision of self-review, documentation, technical

[2] The mission took place during November 7–18, 2024, and initiatives implemented after the review date have not been considered.

[3] See Annex III for the list of NBM's units and external stakeholders.

support, as well as facilitating the mission meetings schedule, and extends its warm thanks to the staff of the NBM.

15. The review was conducted principle-by-principle, taking into consideration the relevant dimensions of transparency. The review maps the NBM's transparency practices across a range of best practices and was reviewed in the context of the NBM's legal mandate and policy context, and prevailing general legal framework. The review also considered important dimensions of transparency, including: (i) timeliness; (ii) periodicity; and (iii) quality of disclosure. The latter is considered in terms of accessibility and ease of understanding, especially by the general public. The review also took into account views expressed by the NBM stakeholders.

BACKGROUND

16. The NBM's governance arrangements remain broadly appropriate but the institution's autonomy should be further strengthened. The legal framework governing the NBM consists of the Law on the National Bank of Moldova, which has been amended several times recently to strengthen the mandate, autonomy, and decision-making structure of the NBM. The Law clearly stipulates the price stability objective for the NBM, supplemented by the financial stability objective. The Supervisory Board, the Governor, and the Executive Council are key decision-making structures of the NBM. The IMF staff has been deeply involved in strengthening the NBM's governance arrangements, including the 2020 Governance Diagnostic, 2021 Safeguard Assessment, and the latest governance diagnostic mission. Concerns about the NBM's independence persist. Improved governance mechanisms regarding appointment and dismissal agreed with the IMF have been incorporated in the latest draft amendments to NBM Law.

17. The NBM is an integral part of Moldova's financial stability architecture. It pursues its financial stability mandate using both macro- and microprudential policy tools. Its responsibilities include prudential regulation and supervision of the banking sector, payment systems supervision, establishment of macroprudential policy instruments, and identification of systemically important banks. Financial stability monitoring involves identifying risks and vulnerabilities at both individual and system levels to assess their impact on supervised institutions. The NBM also acts as the resolution authority for banks. The Annual Financial Stability Report is the NBM's main communication tool on financial stability. The NBM's role in Moldovan financial stability was enhanced last year with the extension of its supervisory mandate to the non-bank financial sector. The NBM Governor chairs the National Committee on Financial Stability, which implements macroprudential policy and manages systemic crises. While the NBM has autonomy in deciding on introduction and calibration of macro-prudential instruments, the NCFS has powers to issue recommendations. Since July last year, the NBM has been responsible for regulating and supervising the insurance sector, non-bank credit organizations, savings banks, and credit registries. This unification is expected to improve systemic risk supervision, ensure more effective regulation, and create a level playing field for macroprudential policy. Following significant fraud in the domestic banking system in the mid-2010s, authorities have strengthened the financial-supervisory

architecture, enhanced the financial safety net, and improved the anti-money laundering and counter-financing of terrorism (AML/CFT) regime.

18. Through its strong policy record and active communication efforts, NBM strives to improve its public standing moving beyond the legacy of the 2014–2015 banking crisis. The NBM is committed to open and transparent communications, based on the principles laid down in its communication strategy. The key communication channels include the NBM's website, press-releases and other published materials, and flagship reports (Inflation Report and Financial Stability Report). The NBM is actively using social media in its communications. The NBM has been repeatedly criticized for not doing enough to recover the assets stolen through the banking fraud, while its reputation has also been tarnished by the criminal proceedings against NBM's management and staff allegedly involved in the banking fraud.

MAIN FINDINGS

A. Pillar I. Transparency in Governance

Legal Structure, Mandate, and Decision-making

19. The NBM provides extensive information on its legal structure, mandate and governance of the central bank and almost all updated relevant legislation can be found on its website. The legal framework regarding NBM is well established in the NBM Law. This law and the NBM website provide a very clear overview of the organization's objectives, functions and powers. The NBM Law also contains provisions relating to supervision of banks and the legal framework is clear on which law prevails in the event of conflict with other laws. The NBM falls (with exceptions) under the provisions of the Law on transparency in the decision-making process which obliges the NBM to provide information about its activities and to consult citizens and other stakeholders when making decisions, such as adjusting the NBM's legal framework. Disclosure could be enhanced by publishing on the NBM website the Rules of Procedure of the Executive Board and the Supervisory Board.

20. The NBM may consider disclosing further information on its website regarding the autonomy of the members of the Supervisory Board and the Executive Board. The NBM Law clearly stipulates that the members of its decision-making bodies shall be independent in exercising the tasks conferred upon them by this law and shall neither seek nor take instructions from public authorities or from any other third party. Public authorities, as well as any other third parties, shall not seek to influence the members of the decision-making bodies of the National Bank in exercising their duties. However, transparency of NBM's autonomy could be enhanced by disclosing the internal regulations governing the renumeration of the members of the decision-making bodies as well as any detailed arrangements for its determination. It is also recommended to disclose the regulations and internal decision-making procedures for the determination and expenditure of the budget. The transparency of NBM's autonomy would be further enhanced by explaining on its website what it consists of, how it is implemented in practice and what it considers to be the rationale for this autonomy.

21. The transparency of the internal decision-making is increased if the NBM in general terms explains how the Executive Board and the Supervisory Board operate. The NBM clarifies in its law, on its website, and in its Annual Report, its organizational structure, including the responsibilities of the Supervisory Board and the Executive Board, their composition, powers, and some procedural rules regarding their meetings. What is not clarified by the NBM are detailed provisions on internal decision-making regarding a wide range of activities of the NBM, in particular how decisions of the decision-making bodies are prepared and what specific rules apply regarding decision-making in these bodies. In addition, further clarity could be given to the decision-making process of the NBM by disclosing the annual work plans of the two Boards. In the same vein, the charters and work plans of the Investment Committee, the Risk Committee and the Business Continuity Committee could be made public.

Box 1. Moldova: Law on Transparency in the Decision-Making Process

The Moldovan "Law on Transparency in the Decision-Making Process" (Law No. 239-XVI), enacted in 2008, establishes rules to ensure open and inclusive public governance by mandating transparency in decision-making at various government levels on draft acts of autonomous agencies (normative acts) that may affect citizens' rights, welfare, or access to public services. By institutionalizing public participation, the law aims to improve the quality of governance and foster greater accountability among public authorities toward society.

The Law on Transparency requires the National Bank of Moldova (NBM) to provide information about its activities and to consult citizens and other stakeholders when making decisions, such as adjusting the NBM's legal framework. However, the law exempts certain decisions and meetings from the consultation process when they involve confidential information or urgent matters.

Based on this law, the NBM adopted a regulation that applies to the process of drafting and adopting legislative acts and administrative acts (draft decisions) by the National Bank of Moldova, which may have economic or social impacts (on way of life, human rights, public services, etc.).

This regulation states that documents related to monetary policy, mandatory reserves, the official exchange rate, market interventions, currency safeguards, macroeconomic analyses, and urgent decisions are exempt from the consultation requirements of the law. These exemptions mean that, in practice, only generally applicable regulatory acts of the NBM fall under the consultation obligations of the Law on Transparency.

Source: IMF staff.

Risk Management and Accountability Framework

22. Transparency on risk management could be enhanced, with respect to risk framework. The NBM's risk exposure is comprehensively disclosed and covers four categories of risks: (i) financial, including credit, liquidity, and market risks; (ii) strategic; (iii) operational; and (iv) environmental. The NBM manages risks to ensure the achievement of the basic tasks (as established in Art. 5 of the NBM Law), strategic objectives and the objectives of the business processes, in accordance with the risk tolerance and risk appetite approved by the NBM Supervisory Board. The Annual Report and the NBM's website disclose information on the comprehensive risk management framework that governs the full spectrum of risks to which the NBM is exposed. According to the

Framework on Operational Risk Management, approved by the Supervisory Board, the NBM aligns the governance of the internal control system and operational risk management with the international standards COSO, ISO 31000, and leading practices. A risk governance structure includes the Audit Committee that monitors the efficiency of the internal control system and the risk management, as well as an executive-level Risk Committee. To further improve transparency, the NBM could consider enhancing the Annual Report disclosure of: (i) a description of the process of continuous identification, evaluation, and mitigation of risks; (ii) any developments in the NBM's risk framework; and (iii) a high-level overview of the policies and arrangements that aim to protect the NBM's financial resources for times of crisis.

23. Transparency of the NBM's oversight arrangements is comprehensive. The NBM has in place an Audit Committee (AC) whose Charter/Regulation on audit committee is published and is expected to be revised in 2025. The composition of the AC, along with the AC members' biographies, are disclosed on the NBM website. The Audit Committee's mandate is explicitly stated in the Charter: it oversees financial reporting; evaluates the efficiency of internal control system and the risk management; monitors the internal audit function and the independence and the activity of the external auditors). The Annual Report and annual financial statements are considered by the Audit Committee prior to approval by the Board. The AC also publishes an Audit Committee Report on its activities, a spart of the Annual Report. That said, transparency could be enhanced by providing more detailed information on the activities of the Audit Committee Report.

24. Financial reporting practices are comprehensive and external audit mechanism is well-established. As stipulated by the NBM Law, annual financial statements are prepared in accordance with internationally recognized accounting standards (IFRS) and are audited, in accordance with International Auditing Standards (IAS), by an independent auditor's firm, confirmed by the Supervisory Board on a five-year rotation basis. The NBM Law contains provisions on its reporting to Parliament and its internal accountability arrangements. The NBM publishes a complete set of independently audited financial statements on its website. The external auditor's report, states that the audit was conducted in accordance with International Standards on Auditing.

25. Transparency on internal audit arrangements is comprehensive. The NBM Law and the NBM website are clear about the NBM's internal audit function (Article 33). The Internal Audit Charter (approved by the Supervisory Board under Regulation on Internal Audit Department) defines the purpose, powers and responsibilities of the internal audit and chief internal auditor while general act regulates the manner of performing internal audit and reporting, in accordance with internationally accepted internal audit standards. The website provides a clear description of the internal audit function and its mandate which is executed in conformity with the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing (IPPF) and enshrined in the Charter approved by the Supervisory Board (note: Currently the Internal Audit Charter is under review to be aligned with the IIA Global Standards, that will become effective January 9, 2025). In addition, the 2023 Annual Report includes a section on activities of the Internal Audit Department disclosing: main objectives; alignment with the IPPF; compliance with the IIA Standards according to the External Quality Assessment report dated March 17, 2021, and actions undertaken to implement the

approved action plan; as well as a degree of completion of the annual internal audit plan and coverage of the audit universe.

26. Transparency practices on governance and management of human capital is categorized at the 'expanded' level. The NBM publishes on its website and in the annual report an array of references related to the management of its human resources, including on staff development, diversity and inclusion, recruitment, and retention. There are still opportunities for improvement of transparency by providing disclosures on reporting and review of the staffing related matters between middle/senior management and the body charged with oversight of these matters.

Communications and Confidentiality

27. The NBM communication strategy is fragmented. The NBM's communication focuses on achieving the main objective: anchoring inflationary expectations close to the target set by the NBM and increasing credibility in the financial-banking sector. The NBM provides information on its communications function and while it follows clear legal guidelines for reporting and data accessibility, it does not disclose detailed internal principles, guidelines, or processes for external communication. The NBM management recognized in early 2024 the need to improve methods of communication and the forms of disclosure of information to its stakeholders. The new NBM communications strategy—expected to be finalized in 2025—should have clearer objectives and where possible, measurable targets. In particular, the NBM could conduct regular surveys to continue assessing public literacy on NBM topics, which could further inform communication improvements. It should also document its communication processes and integrate them into core activities like supervision, financial stability, and issuing opinions.

28. The NBM has clearly identified with its target audiences and utilizes a wide range of tools to engage with them effectively, but its website should be more user-friendly. In particular, the NBM should revamp its website for easy navigation, using simplified language, more visuals, and dashboards. It is also important to ensure that content is always relevant, value-driven, and addresses the needs of the target audience. To achieve that, the NBM could prepare messages based on its key contents and publications with a simpler language with the help of illustrations to access a broader audience. Ongoing initiatives with children and academics should continue to foster education. Finally, the key reports—such as the FSR—should also be more advertised to the targeted audience via several channels, highlighting its key findings. Moreover, there is also a need to improve the process of drafting of new regulations that should be enhanced to allow the stakeholders to better understand the pipeline of envisaged regulations, timeline for providing comments, as well as the implementation date.

29. The NBM's confidentiality practices are supported by a solid legal framework and are transparent, although further enhancement is warranted. The Law on access to public information and Article 36 of the NBM Law addresses the protection of confidential information. The NBM has a dedicated webpage for "Requests for information of public interest and petitions," which provides references to the relevant applicable laws and outlines the procedure for submitting

requests for information of public interest as well as petitions. In rare cases, when the NBM decides to reject the request for access to public information, it elaborates in detail the reasons for restricting access, with reference to protecting specific interests. The NBM may consider publishing—in a dedicated section on the NBM's website—a statement with the reasons for rejecting a request for free access to information when deciding not to allow to certain information, and in cases for which it judges that there is a high-public interest. It may also consider disclosing information on whether it actively sought out input from stakeholders on its confidentiality policy. It could also publish information on possible legal disputes surrounding its policy on confidentiality and secrecy.

B. Pillars II, III, and IV. Transparency in Policies, Operations, and Outcome

Monetary Policy

30. Based on its clear mandate, the NBM's monetary policy framework is well disclosed. The NBM effectively discloses its monetary policy framework, comprising the objective, strategy, and instruments to achieve its objective. Furthermore, the NBM discloses its operational framework, including its target, and links the inflation target to its operational framework through a description of the transmission mechanism of monetary policy in the medium-term monetary policy strategy published on its website. The current inflation target is five percent annually, with a possible deviation of ± 1.5 percentage points. The NBM could enhance its disclosure by providing more information on the process of setting the target, as it is not understood by external stakeholders. The NBM has considered improving the accessibility of its monetary policy by simplifying the language of the statements, using social media to deliver key messages, and conducting Monetary Policy Forums reaching out the broader public.

31. The NBM has significantly increased its transparency of the monetary policy framework, although disclosure of its decisions and the model-based forecasts could be enhanced. The NBM meets eight times a year in ordinary monetary policy meetings according to the approved schedule. Four monetary policy meetings are associated with the Inflation Report, which is the main communication tool reflecting the latest analysis of in the internal and external economic environment, developments in the inflation process and economic. The other four meetings are devoted to the assessment of the deviation risks to the inflation forecast, each meeting is accompanied by a detailed Monetary Policy Statement explaining the decision, and by a press conference led by the Governor. Furthermore, the summaries of the minutes of the meetings of the Executive Board of the NBM regarding monetary policy decision are published in the inflation report with a frequency of six months from the adoption of the decision. The NBM could enhance its communication by publishing the decision withing weeks after each meeting and by providing more information on the executive board deliberations focus on the risks around the central projection. Furthermore, the NBM may disclose the forecasting model, which is an important input to the monetary policy decision-making process.

Foreign Exchange Administration and Cross-Border Financial Flows

32. The policy's objectives, legal, and institutional frameworks for FX administration and the regulation of cross-border financial flows are clearly defined and disclosed, ensuring transparency and clarity. The central bank's roles, responsibilities, and powers are distinctly separated from those of the government and other agencies, as embedded in relevant legal frameworks like the Law on the National Bank and the Law on Foreign Exchange Operations. The NBM discloses the roles and responsibilities of its decision-making bodies, and policy decisions are disclosed with sufficient lead time for affected parties to adjust. The NBM timely communicates the general considerations and expected outcomes of policy decisions, enhancing transparency with detailed disclosures.

33. The NBM has clearly defined and disclosed its implementation tools for cross-border capital flow and foreign exchange (FX) administration policies, including the regulatory framework, licenses, reports, monitoring and enforcement instruments, and FX transactions. This framework details the types and hierarchy of regulatory instruments, the licenses and approvals the NBM can grant, required reports, available monitoring and enforcement tools (including sanctions), and FX operations with applicable fees. It specifies the activities, persons, and transactions the NBM regulates, licenses, approves, monitors, and sanctions, along with the rules, conditions, and documentation required. The framework also outlines the procedures for granting or denying licenses and approvals, decision timelines, and the roles of decision-making bodies. Reporting requirements, forms, guidelines, and the scope of sanctions for noncompliance are detailed, as well as the entities and individuals eligible for FX operations. Decisions, including reasons for rejecting requests, are communicated promptly. The NBM may consider providing brief descriptions of regulatory instruments and explaining licensing and policy instruments through accessible Q&As.

34. The NBM provides information on its governing bodies, their responsibilities for policy implementation, and performance reporting. The NBM may consider disclosing how the policy interacts with other policies, such as monetary, macroprudential, and fiscal policies. The NBM discloses detailed information on actions taken to achieve policy objectives and their results. Additionally, the NBM regularly discloses detailed information about the regulatory framework and changes to it, licensed entities, and individuals (including their details and activities), sanctions for noncompliance, and aggregate data on cross-border financial flows and foreign exchange transactions within the country.

35. Effective communication can enhance the credibility of the capital account liberalization strategy by showing that the plan is comprehensive, consistent across policies, and adaptable to changing circumstances. Publishing the overall liberalization plan, even without all details, builds expectations of commitment to its implementation and fosters understanding of how the liberalization steps and supporting reforms are interconnected. It can build confidence by transparently explaining how the supporting reforms gradually enhance the capacity to manage large and potentially volatile capital flows, ensuring the country can harness the benefits of increased openness.

Foreign Exchange Management

36. The NBM discloses the broad objectives of its foreign exchange intervention policy, its interaction with monetary policy, and the relevant legal and institutional frameworks. However, the NBM does not reveal its decision-making structure, process, or authority regarding foreign exchange intervention decisions. Under the managed floating exchange rate regime, individual intervention decisions are not separately communicated. Instead, the rationale and economic analysis behind these decisions can be inferred from the quantitative information and intervention strategy described in the Annual Report and the Monetary Policy Strategy.

37. The NBM discloses the main instruments it uses to achieve its foreign exchange (FX) intervention objectives. The NBM might consider explaining the rationale for selecting these instruments. It also discloses the FX management framework, the markets in which it operates (e.g., spot and derivatives), and the criteria for choosing transaction institutions. The rules governing modes of operations and markets are defined in regulations, with eligibility criteria for FX management counterparties clearly stated. The NBM might consider presenting the modus operandi of its FX operations in a standalone, regularly updated section on its website.

38. The NBM reports on its interventions on its website, including the aggregate volume of interventions and whether specific instruments were bought or sold, on a monthly basis. The NBM does not disclose, however, its governance structure or the responsibilities of its governing bodies regarding foreign exchange management. It should disclose its decision-making process for FX management instruments either in the terms of reference of the Executive Board, the Annual Report, or a standalone, regularly updated section on its website. The NBM discloses the main instruments it uses to achieve foreign exchange intervention objectives and should consider publishing its policy decisions, outcomes, and any changes to the operational mechanisms of its foreign exchange management policy in its annual report.

Foreign Exchange Reserves Management

39. The NBM discloses the key objectives, risk exposure, governance with oversight responsibility, and investment structure of foreign exchange reserve management. It also reveals its decision-making process, key assumptions, methods for making investment and risk decisions, and the allocation of oversight responsibility. Additionally, the NBM provides the rationale and economic analysis supporting its strategic investment and risk decisions.

40. The NBM discloses broad criteria for selecting reserve assets, instruments, and limited risk disclosures. It also discloses broad criteria for selecting eligible counterparties and issuers. Publishing an Investment Policy document would enhance the transparency of the reserve management activities. Such a policy document should outline the strategic objectives, risk tolerance, and guidelines for asset allocation to ensure the reserves are managed effectively and safely.

41. The NBM publishes information about foreign exchange reserve assets, liabilities, short-term drains, and commitments by the monetary authorities according to a predefined schedule. The Annual Financial Statements are prepared in accordance with a robust and widely

recognized accounting framework, accompanied by an external audit opinion. The NBM discloses the institutional obligations, objectives, and responsibilities of its decision-making bodies for reserve management. The NBM may consider disclosing its evaluations of policy actions taken.

Macroprudential Policies

42. The NBM discloses its macroprudential policy framework, including its objectives, strategy, and instruments, as well as the method to implement its strategy**.** Moreover, the NBM plays a major role in maintaining financial stability due to its responsibility for prudential regulation and supervision of the banking and insurance sectors, oversight of the functioning of payment systems, as well as the establishment of macroprudential policy instruments and the identification of systemically important institutions. Recently, the NBM law has been amended to provide clarity on the NBM mandate in defining and implementing macroprudential policy in relation to the entities supervised by the NBM. Furthermore, to exercise its duties, the NBM may apply, by normative act or individual administrative act, macroprudential measures. The NBM discloses the macroprudential instruments and tools designed to limit various aspects of financial sector risk.

43. The activities of the National Committee for Financial Stability (NCFS) could be enhanced. This designated interinstitutional committee was set up to formulate financial stability policy and facilitate cooperation among the NBM and various governmental agencies aimed at preventing and remedying financial crisis situations. However, public information on the activities of the NCFS is limited. Acting as a secretary, the NBM is encouraged, in coordination with all NCFS members, to publish the agenda and disclose information on the tasks, decision making process, including the minutes, and outcomes of NCFS meetings, while keeping sensitive information confidential. In particular, the NCFS should develop a communication strategy with the public in normal time that would foster public confidence during crisis. Furthermore, the accountability for financial stability could be improved. The press release on the meetings of the NCFS is published as an internal document by the NBM, not by the NCFS, which is an independent interinstitutional body.

44. While the NBM periodically discloses assessment of financial risks, enhanced transparency on stress testing and ex post evaluation would be desirable. It publishes once a year information on its assessments of financial vulnerabilities, including stress testing, and is transparent on the methods to address systemic risk. Nevertheless, the NBM is encouraged to publish information on the solvency stress test, as well as the underlying assumptions and scenarios of the stress tests for credit risk, liquidity risk, and contagion risk. The Financial Stability Report (FSR) published once a year, presents the NBM financial stability assessment, as well as the undertaken measures to monitor and mitigate the risks. The release of the FSR should be accompanied by a press conference to reach out to external stakeholders and discuss issues related to financial stability and macroprudential policy. Moreover, the NBM may consider carry out analytical works enhancing ex-post evaluations of whether the implemented macroprudential measures have achieved the intended effects.

Emergency Liquidity Assistance

45. The NBM's transparency of its ELA framework has been greatly enhanced with the publication of the NBM's ELA Regulation in 2019. The Legal basis for ELA is laid out in the NBM Law, article 181, and further detailed in Regulation No 343/2019 on Emergency Liquidity Assistance ('ELA Regulation'). The ELA Regulation includes all the comprehensive transparency practices for ELA, based on international practices, notably, institutional eligibility, conditionality, supervisory intrusion, and financial parameters. Furthermore, the NBM has provided an overview of the ELA framework in a technical note contained in its 2022 Financial stability report (FSR) intended at increasing the awareness of the specialized public regarding the NBM's ELA framework. The publication of the comprehensive ELA Regulation, and further explanations of the ELA framework in the FSR, are important elements that ensure a high level of ex-ante transparency of the NBM ELA framework.

46. The NBM does not have specific provisions for market-wide liquidity support, but such support could be provided under the general power to grant collateralized loans to banks. Article 18 of the Law on the NBM establishes that the NBM may grant collateralized loans to banks under the terms established periodically by the NBM. The detailed provisions of the loan granting process are outlined in Chapter III, Section 4 of the Regulation No 188/2014 on open market operations of the NBM ('Open Market Operations Regulation').

47. The NBM Law and the respective Regulations contribute for a distinction between market-wide liquidity support and bilateral liquidity (through ELA). The NBM Law has separate provisions for market-wide liquidity support (Article 18) and bilateral support, i.e., ELA (art 181). Furthermore, the specific details for the two types of liquidity support measures are laid out in separate Regulations, namely, the Open Market Operations Regulation and ELA Regulation. These factors contribute to improve the general understanding of ELA as an operation independent from monetary policy and market-wide liquidity support.

48. The mission has not reviewed the actual ELA operations' transparency and communication arrangements in the absence of any recent ELA operation by the NBM, however some general recommendations have been shared with the NBM.

49. The NBM should establish a communication strategy for its ELA operations, covering ex-post communication and assessing transparency's impact on financial stability. An internal communication guideline should be developed to regulate external communications regarding future ELA. Disclosure of ongoing ELA operations is generally discouraged to avoid worsening banks' liquidity stress. However, limited information on repaid ELA loans could be shared to uphold transparency and accountability, as long as it is assessed that the financial stability risk of such disclosure has passed. The NBM's Annual Report could be a suitable platform to explain how ELA contributed to financial stability. In consultation with external auditors, the NBM should evaluate whether further disclosure, such as naming banks or specifying amounts, is necessary to comply with local accounting rules or could erode public confidence. Excessive transparency could also restrict the NBM's flexibility in adjusting collateral requirements and risk controls for individual cases. The

NBM could consider publishing the results of repaid ELA loans on its website, to increase transparency of past operations.

50. The NBM should maintain strict confidentiality for ongoing ELA operations but be prepared to communicate if required. Given the stigma around ELA, information about a bank's access should not be disclosed if liquidity stress is not publicly known, as this could exacerbate the issue. However, during a systemic crisis or if negative rumors are widespread, timely communication may be necessary to restore confidence. Such communication should be coordinated with ELA recipients and include assurances that ELA support will stabilize the bank's liquidity and operations.

51. Even if confidentiality is prioritized, the NBM should be ready to respond to queries about ongoing ELA operations. Since ELA amounts may be deduced from the NBM's published balance sheet, a clear communication plan is essential. Preparing an ELA factsheet for potential media or stakeholder inquiries can help clarify the nature of this support when needed.

52. The communication strategy should be incorporated into regular ELA simulation exercises. In the latest exercise, the NBM's communication team developed a strategy aligned with its financial stability objectives. ELA communications should reassure the public that banks receiving ELA remain solvent and viable, with regulatory measures in place to restore normal operations, thereby reinforcing public confidence. The NBM could include in its FSR or Annual Report the results of its ELA simulations.

Financial Integrity

53. The internal code of conduct and anti-corruption measures applicable to the NBM governance are clear and easily accessible. Moldova's developed anti-corruption legislation, such as the Integrity Law, Criminal Code, Laws on the asset declarations and protection of whistleblowers, are applicable to the NBM. NBM publishes the Code of Ethics and Professional Conduct that establishes various norms to prevent conflict of interest and corruption, including provisions on the conflict of interests, incompatibilities, acceptance of gifts, procurement.

54. NBM provides expanded information on its AML/CFT supervisory operations, particularly in its annual reports. NBM's annual reports provide extensive information on its AML/CFT supervisory activities, including statistical information on the number of completed on-site and off-site inspections. In addition, NBM discloses the types of financial institutions inspected and the specific areas of focus of inspections. Illustrating its risk-based approach, NBM also provides information on its efforts to address emerging and highest materiality ML risks (e.g. cross-border threats). While the information relating to its AML/CFT policies, guidance and powers are clear, transparency of AML/CFT supervisory policies would benefit from publishing an overview or a summary of the main principles of NBM's approach to risk-based supervisory policies, for example, based on the risk-based supervision methodologies and manuals.

55. NBM's annual reports provide general information on the outcomes of its AML/CFT supervisory activities, but not the names of sanctioned financial institutions. The annual reports

describe the types of supervisory actions, general information on the type of breaches and overall number of supervisory actions taken. In contrast to other, non-AML/CFT types of breaches, the names of financial institutions sanctioned for AML/CFT breaches are not disclosed due to sensitivity. Expanded transparency of AML/CFT supervisory outcomes requires publishing the names of the financial institutions sanctioned for AML/CFT breaches, the enforcement actions taken and a brief description of the breaches as appropriate. The decision not to publish information regarding AML/CFT breaches can be limited to case-by-case considerations of threats to financial stability or to an on-going investigation.

56. NBM reported that it developed an internal AML/CFT Regulation establishing an AML/CFT control framework relating to its activities or services that give rise to ML/TF risks. The Regulation outlines a range of ML/TF mitigation measures, such as risk assessments, enhanced due diligence, ongoing monitoring of transactions, correspondent banking measures, and is not available to the public. As NBM publishes extensive information on its internal controls' framework, it could consider adding a general description of the internal AML/CFT Regulation, including the main risk mitigating measures and the description of the current NBM activities that give rise to ML/TF risks. In addition, NBM could consider publishing information, for example in the annual reports, on the conducted internal AML/CFT control activities (e.g., assurance engagements) and their results.

C. Pillar V. Transparency in Official Relations

Relations with the Government

57. While the NBM's relations with the Government and its agencies in various activities are well explained in general terms, it is less transparent how the NBM interacts with the Government and its agencies in practice. The institutional relationship of the NBM with the Government is well stipulated in several articles of the NBM Law. The NBM website and the Annual Report pay considerable attention to the results of cooperation between the NBM and the Government in a multitude of areas. However, it has not been precisely determined how this collaboration will take shape, what the procedures are, and what information will be exchanged. Policies, terms and conditions governing the relationship and detailed instruments used in the interactions with the Government are only partly disclosed by the NBM. Disclosure of the agreements is provided with regard to the placement of State Securities on the market, but not with regard to other forms of cooperation with the Government. Transparency about the relationship with the Government and its agencies is increased if the NBM makes public, for instance on its website, how this cooperation takes place in practice and discloses all the agreements with the Government and its agencies that determine the further conditions and instruments for the relationship, with the exception of publishing sensitive information.

Relations with Domestic Financial Agencies

58. There is room for improvement in the NBM's disclosure practices of its official relations with the domestic public financial agencies. Important information regarding the NBM's interaction with the public financial agencies (DGFBS, Ministry of Finance and PSA) could be disclosed

to the public in a more detailed manner, such as publication of agreements and MoUs—when the counterpart is agreeable to it—public understanding of the role and actions of the NBM and possible shared responsibilities in functions done in conjunction with other public financial agencies.

Relations with Foreign Agencies

59. The NBM clearly defines and discloses the relationship for exchange of information and coordination of actions/policies between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies. It discloses its policies, terms, and conditions governing interaction with these bodies. The NBM clearly defines and discloses instruments used in the interaction (including financial transactions) between the central bank and these bodies. It discloses on a regular basis the outcome of its relationship with these bodies. Furthermore, the legal framework contains detailed terms and conditions of cooperation between the central bank and foreign agencies. The NBM discloses agreements with foreign agencies. The NBM may consider publishing the content of the MOU with foreign agencies, given consent provided by the foreign agencies. Moreover, the NBM may publish on its website the reference to publications on other websites specifically related to the NBM.

Other Relations

60. The NBM discloses its involvement with private or semi-public institutions. Investments in the CSD, which constitutes 0.02 percent of the NBM's total assets, is transparently disclosed in accordance with IFRS accounting standards (see also 1.6.2). The Annual Report is also transparent in describing the CSD main activities and achievements.

AUTHORITIES' RESPONSE TO DETAILED REVIEW REPORT

The Executive Board of the National Bank of Moldova (NBM) expresses its deep appreciation to the International Monetary Fund (IMF) for the opportunity to conduct the Transparency Review of the NBM. At the same time, we express our gratitude to the IMF Mission, that between November 7 and November 18, 2024, conducted its mission in Chisinau with the NBM team and other external stakeholders, whose support and openness were essential to the success of this exercise. This review provided our institution with valuable insights into aligning current practices with the most advanced international standards, thus strengthening our strategic transparency agenda. This process represented a significant opportunity for the NBM team to learn from the expertise and knowledge shared by the IMF Mission regarding excellent practices of other reference central banks.

As part of this exercise, in accordance with the Memorandum of Economic and Financial Policies (MEFP) of November 20, 2023 and the letter of intent of June 13, 2024, the NBM requested a transparency review based on the five pillars of the Central Bank Transparency Code (CBTC): governance, policies, operations, outcomes and official relations. The choice to comprehensively address these areas reflects the NBM's commitment to gaining a deeper understanding of the transparency improvement needs and aligning with international best practices.

The results of the review are encouraging, with the IMF Mission noting that "*the NBM implements advanced transparency practices in key areas*" and that it "*has emerged from a challenging history regarding trust and accountability, significantly influencing its current transparency and communication practices*". It is noteworthy that the review determined that the NBM's transparency practices align with the core and expended practices, and in several areas, meet comprehensive practical requirements. External stakeholders view the NBM "*as a public institution that has recently become more dynamic and transparent, though there remains room for improvement*".

Regarding governance, the report highlighted that the NBM "*provides detailed information on its legal structure, mandate and governance*" and "*the internal code of conduct and anti-corruption measures applicable to the NBM governance are clear and easily accessible*". Also, the NBM has comprehensively disclosed the risk exposure, transparency of the NBM's oversight arrangements, financial reporting practices and external audit mechanism, transparency on internal audit arrangements.

Regarding transparency in policies, operations, and outcome, the IMF Mission noted that "*the NBM's monetary policy framework is well disclosed*", "*the NBM has significantly increased its transparency of the monetary policy framework*", "*the policy's objectives, legal, and institutional frameworks for FX administration and the regulation of cross-border financial flows are clearly defined and disclosed*", "*the NBM has clearly defined and disclosed its implementation tools for cross-border capital flow and foreign exchange (FX) administration policies, including the regulatory framework, licenses, reports, monitoring and enforcement instruments, and FX transactions*", "*the NBM's transparency of its*

Emergency Liquidity Assistance (ELA) framework has been greatly enhanced with the publication of the NBM's ELA Regulation".

However, the IMF Mission identified areas for improvement to increase the transparency of the central bank. The NBM could enhance the transparency of the reserve management activities by disclosing basic principles and practices related to its Investment Policy. "*At the same time,* by disclosing "*practices of its official relations with domestic public financial agencies*", NBM will improve transparency of its official relations with public authorities. In the AML/CFT area NBM "*should consider adding a general description of the internal AML/CFT Regulation, including main risk mitigating measures and current activities that give rise to ML/TF risks*". To increase the communication, the NBM's communications strategy should define clear communication objectives aligned with the NBM's strategic goals, with specific and where possible, measurable targets within a pre-determined horizon.

The IMF Mission provided 11 Key Recommendations for improvement. The NBM's responses to the recommendations submitted by the IMF are presented in the Table of Key Recommendations. To implement them, the NBM will develop an Action Plan with implementation timelines to ensure increased bank transparency in areas requiring improvement.

Table 2. Moldova: National Bank of Moldova Response to Key Recommendations from the CBT Review

IMF Recommendations	NBM Response
1. Streamline the communication framework and make it more accessible to the public, by developing a proactive institutional approach to communications; publishing a summary of key documents; simplifying the language to be understood by the general public; and improving the website's accessibility.	The National Bank of Moldova (NBM) welcomes the recommendations related to the improvement of the NBM communication framework and its accessibility to the general public. We fully agree on the importance of developing a proactive institutional communication approach to facilitate citizens' access to relevant information. In this regard, the NBM is ready to start the process of revising its external communication strategy to ensure it aligns with best practices and the evolving needs of the general public. As part of this process, we will continue the efforts to publish summaries of key documents to ensure that these are presented in clear and accessible language for all segments of the public. We are committed to simplifying and clarifying the language used in our documents to ensure better understanding of the messages conveyed. Additionally, we will continuously work to enhance the accessibility of the NBM official website to make information easy to find and use for all users. We highly appreciate the constructive feedback and remain dedicated to further improving transparency and communication with the public.
2. Take further steps to improve monetary policy transparency by providing more information on monetary policy meeting deliberations in a timely manner, and publishing the underlying analysis, including macroeconomic forecast modelling.	The Executive Board of the NBM will consider the opportunity of publishing the minutes of its meetings, which are prepared by the Executive Board Secretary and are currently not disclosed. At the same time, the Executive Board members will also consider the opportunity of changing the deadlines for publishing the summaries of their meetings on monetary policy promotion, aligning with IMF recommendations: including a description of the deliberations and the reasoning behind the dissenting votes, if any. Similarly, in the case of dissenting votes, the NBM Executive Board will decide on including in the press releases on monetary policy decisions the opinions of these voters. Regarding publishing underlying analysis, NBM provides on its official webpage analytical materials in Education category in the Monetary Policy section. Also, given the high sensitivity of information contained in and the risk of harmful distortions in interpreting messages related to medium-term projections and monetary policy decisions, that could negatively affect the NBM's communication and operations, NBM will carefully consider the necessity of publishing the forecasting model and alternative scenarios.

Table 2. Moldova: National Bank of Moldova Response to Key Recommendations from the CBT Review (continued)	
IMF Recommendations	**NBM Response**
3. Disclose information on the assessment of financial stability more regularly and publish meaningful information on stress testing, including the modalities, scenarios and assumptions, and underlying data, compatible with data protection rules. This should also include the explanation of how ELA contributes to financial stability.	In line with this recommendation, the NBM will continue to provide updates on financial stability assessments through our official publications and communication channels. The NBM will consider a higher frequency of disclosures of the assessment of financial stability and more meaningful information on stress testing within the approach that balances the need for transparency with the critical requirement of safeguarding the confidentiality of sensitive information to avoid potential risks to financial stability and maintain public confidence in the financial system.
4. Strengthen the disclosure of the Financial Stability Report, by discussing it in a financial stability forum, inviting the relevant stakeholders and, preferably, presenting it to the Parliament.	The NBM acknowledge the importance of strengthening the transparency and outreach of the Financial Stability Report as highlighted in the recommendation. To this end, the NBM will consider discussing the report in a dedicated financial stability forum, ensuring the involvement of relevant stakeholders to promote a comprehensive understanding of its findings and implications. Furthermore, the NBM will explore the feasibility of presenting the report to Parliament to enhance its visibility and support informed policymaking.
5. Enhance the disclosure of the activities of National Committee for Financial Stability (NCFS), including the publication of the agenda, main tasks, and outcomes for each meeting, while keeping sensitive information confidential	According to the law no.209/2018 on NCFS, the NCFS does not have juridical personality and a separate website. The mentioned law provides that the NBM is acting as a secretary of the Committee, and all disclosures are done by the BNM through its website. According to the art. 11 of the mentioned law, the NBM should publish on its official website only the decisions adopted by the NCFS, ensuring compliance with confidentiality restrictions. The agenda and the outcomes of the meetings are published, while keeping sensitive information confidential. On every meeting there are published press-releases on the discussed issues and decision taken. Despite this, the NBM is committed to explore the experiences of other central banks and following consultation with the NCFS, to revise the content of the press releases issued after NCFS meetings.
6. Enhance transparency in AML/CFT supervision, by publishing an overview of its risk-based supervisory policies, provide staffing statistics and names of sanctioned financial institutions, describe its internal AML/CFT regulation and risk mitigation measures, and include a summary of these activities in its annual reports.	The NBM will enhance its transparency policy regarding AML/CFT supervisory activities, including internal controls related to AML/CFT. Additionally, future Annual Reports will provide more detailed information on the outcomes of AML/CFT activities.

Table 2. Moldova: National Bank of Moldova Response to Key Recommendations from the CBT Review (continued)	
IMF Recommendations	**NBM Response**
7. Improve the transparency of FX management and cross-border capital flow regulations, by publishing and explaining the capital account liberalization plan, and disclosing the decision-making process for setting the foreign exchange (FX) policy and for FX interventions.	The NBM will consider improving its transparency on FX interventions decision-making process in a balanced way to ensure access to public interest information but avoid speculations and misinterpretation that can put pressure on achieving the objective.
8. Enhance the disclosure of the central bank's governance, by publishing the Rules of Procedure of the Executive Board and the Supervisory Board.	The recommendation is implemented. The National Bank of Moldova has published on the website extracts of the Activity Regulations of the Executive Board and the Supervisory Board.
9. Improve its confidentiality arrangements, by publishing reasons for rejecting information requests, disclosing stakeholder input on its confidentiality policy, and providing information on legal disputes related to confidentiality and secrecy.	The NBM will provide a detailed explanation for any decision to reject a request for free access to information. Such explanations will include the specific reasons for denying access, with clear references to the applicable provisions of the NBM Law and the requirements outlined in the Information Security Policy. This ensures transparency while safeguarding information in accordance with the legal and regulatory framework.
10. Enhance the transparency of its relations with the Government, by disclosing how this cooperation takes place in practice and discloses all the agreements with the Government and its agencies that determine the further conditions and instruments for the relationship, except for publishing sensitive information.	The NBM relations related to the Government from the perspective of the governmental members of the NCFS are published in the limits of the law no.209/2018 on NCFS, where the NBM is acting as a secretary of the Committee, and all disclosures are done by the BNM through its website. Despite this, the NBM is committed to explore the experiences of other central banks and, following consultation with the NCFS, to revise the content of the press releases issued after NCFS meetings. Also, we will consult with the Government and its agencies, to revise the content of the published information about existing agreements. The NBM will enhance the transparency of its relations with the Government to ensure the answer for the public interest, at the same time taking into account the sensitive information that cannot be disclosed.
11. Improve the transparency of its relations with other domestic agencies by publishing the bilateral and multiagency agreements that has the purpose of exchanging information and cooperation if the counterpart agrees in its publication and disclosure.	Some information on the transparency with other domestic agencies related to the activity of the financial stability is published on the official NBM website and it is related to Memorandum of Understanding on the development of the framework on sustainable and environmentally responsible finance, signed between the Government of the Republic of Moldova, the NBM and the National Commission for Financial Markets, aiming to establish cooperation between the parties

Table 2. Moldova: National Bank of Moldova Response to Key Recommendations from the CBT Review (concluded)	
	to facilitate the integration of sustainable finance principles into the national financial system and the NBM. Despite this, the NBM is committed to explore the experiences of other central banks and following consultations with other relevant domestic agencies, to revise the content of the published information about existing agreements. The NBM will Improve the transparency of its relations with other domestic agencies to ensure access to public interest information, while keeping sensitive information confidential.

Annex I. Central Bank Transparency Review—Detailed Review Report for the National Bank of Moldova

Central Bank Transparency Code—Detailed Review	
National Bank of Moldova	
Pillar I—Central Bank Governance	
Principle 1.1.	**Legal Structure:** The central bank discloses its legal framework to the public in a manner that is clear and easily accessible.
Description	The National Bank of Moldova (NBM) provides information on its legal structure and on the governance of the central bank on its official website. The relevant legislation and regulations, instructions, decisions and recommendations are all on the website, and it provides an overview of the organization's objectives, functions and powers. In addition, the website states the strategic plan, including a mission statement, the strategic objectives, as well as the vision and values of the NBM. Furthermore, the website provides an overview of the corporate governance framework that includes the members of the decision-making bodies, the internal and external checks and balances that form part of the legal framework, and the relationships with external partners, such as the government and its agencies, banks, and other financial institutions in Moldova. **Legal Framework** Article 130 of the Constitution of the Republic of Moldova, entitled Financial System and Credit, provides in paragraph 2 that the national currency of the Republic of Moldova is the Moldovan leu and in paragraph 3 that the National Bank of the Republic of Moldova has the exclusive right to mint, while the bringing about of an issue of money can only be accomplished by a legislative act. No link is provided on the NBM website to these provisions of the Constitution. On its website the NBM discloses that it is governed by the Law on the National Bank of Moldova No 548-XIII of 21 July 1995 (NBM Law), including a link to the law. The Annual Report 2023 of the NBM also mentions that the NBM's authority is based on the NBM law (page 2 and page 162). The NBM website contains a fairly comprehensive summary of the central bank's objectives, tasks, activities, and powers, which is easily accessible. It also describes how it relates to the government and briefly indicates how the banking system is supervised. The NBM website lists the laws, normative acts (regulations, instructions, decisions), and recommendations relating to the activities of the NBM. The laws which are mentioned on the English version of the NBM website, are: • Law no. 548-XIII of 21.o7.1995 on the National Bank of Moldova (NBM Law).

	• Law no. 250 of 01.12.2017 on supplementary supervision of banks. insurers/reinsurers and investment firms in a financial conglomerate. • Law no. 202 of 06.10.2027 on the activity of banks. • Law no. 62-XVI of 21.03.2008 on Foreign Exchange Regulation. • Law no. 114 of 18.05.2012 on Payment Services and Electronic Money. • Law no. 550 of 21.07.1995 on banks liquidation. • Law no. 232 of 03.10.2016 on Banks Recovery and Resolution. • Law no. 234 of 03.10.2016 on Single Central Securities Depository. On the Romanian version of the NBM website the following laws are disclosed in addition to those disclosed on the English version of the website: • Law no. 1 of 16.03.2018 on non-bank lending organizations. • Law no. 139 of 21.06.2007 to savings and loan associations. • Law no. 122 of 29.05.2008 regarding the credit history offices. • Law no. 106 of 21.04.2022 on the mandatory motor civil liability insurance for damages caused by vehicles. • Law no. 92 of 07.04.2022 on the insurance or reinsurance activity. • Law no. 183 of 11.09.2020 on subsidized insurance in agriculture. • Law no. 1553 of 25.02.1998 on the mandatory civil liability insurance of carriers towards passengers. The English version of the NBM website also discloses the anti-corruption laws applicable to the NBM. According to Article 11(3.3) NBM Law normative acts issued by the NBM shall fall under the provisions of the Law on transparency in the decision-making process no. 239-XVI of 13.11.2008 (with a Link on the website), that establishes applicable rules to ensure transparency in the decision-making process within central and local government authorities and other government agencies, which also applies to the NBM. The law obliges the NBM to provide information about its activities and to consult citizens and other stakeholders when making decisions, such as adjusting the NBM's legal framework. The law exempts certain decisions and meetings from the consultation process when they hold "official information with limited accessibility' and if it concerns matters of urgency. Based on this law the NBM adopted a Regulation on ensuring transparency in the process of drawing up and adopting the decisions of the National Bank of Moldova (no. 230 of 18 October 2010 with amendments). This Regulation applies in the process of elaboration and adoption by the National Bank of Moldova of draft legislative acts, administrative acts (draft decisions), which may have an economic, social impact (on way of life and human rights, public services, etc.).

	The NBM Regulation on transparency states in sections 5 and 6 the following exemptions from the consultation process: "5. Official documents with or without normative character, as the case may be, in the field of monetary (currency) policy related to the establishment of interest rates on monetary policy instruments, the regime of mandatory reserves, the official exchange rate of the national currency, intervention on the monetary (currency) market, of the application of the safeguard measures in the currency field, the results of the analyses, other macroeconomic aspects, as well as the decisions that need to be adopted urgently, can be developed and adopted without consulting the interested parties. The need to urgently adopt the official normative act is brought to the public's attention through an informative note within 10 working days from the date of adoption, by placing it on the official website, by displaying it at the NBM headquarters in a space accessible to the public and/or by broadcast in the central or local mass media, as the case may be. 6. The public consultation procedures provided for in this regulation do not extend to the process of elaboration and adoption by the NBM of draft decisions containing official information with limited accessibility under the law." These exemptions mean that in practice only general applicable regulatory acts of the NBM fall under the consultation obligations of the Law on transparency. Pursuant to the NBM Regulation on transparency, a coordinator has been appointed which is authorized to coordinate and monitor the general assurance of transparency in the process of drafting and adopting draft decisions within the NBM. The coordinator of the public consultation process is responsible for drawing up an annual Report on transparency in the decision-making process that provides an overview of the number of decisions taken during the year. An example of initiating a consultation procedure of a draft NBM regulation is the announcement on the NBM website on May 29, 2024, regarding a draft regulation on the capital and liquidity requirements of insurance and reinsurance companies and the amendment of some related normative laws. In addition, the NBM's Annual Report (Chapter 9.1) contains a short paragraph on the implementation of the public access to NBM normative acts, statistics and publications. The Annual Report mentions, among other things': "The National Bank pays great attention to the backward link in the communication scheme. Thus, by sending regular and frequent messages, the National Bank provides the necessary explanations on its activity and the functioning of the banking sector. The operation of the interactive database on the website of the National Bank ensures the public access to information, data and analysis and aims to provide accurate, timely, clear and transparent information for the formation of a public opinion on the decisions of the National Bank, as well as for the conduct of various studies and research." Certain provisions of the NBM Law clarify their priority over other laws (e.g. Art11(3.3). Furthermore, Article 11(4) NBM Law states among other things

	that; 'Provisions of other laws can be applied in cases concerning the contestation of the acts of the National Bank of Moldova only to the extent they do not conflict with the provisions set forth in this Law'. However, conflicts of law are mainly resolved according to the general provisions of Article 5 and Article 7 of the Law regarding normative acts (no. 100/2017); legis.md; there is no Link on NBM website to this law. Chapter XI of the NBM Law contains some transitory provisions regarding the repayment of debts by the State to the NBM (due to the ban on state financing in art. 37 and art. 41 NBM Law) and the entry into force of the law. **Legal Nature** Article 1 of the NBM Law states that the NBM is the central bank of the Republic of Moldova. It furthermore states that the NBM is an autonomous public legal entity and is responsible to the parliament. The Annual Report 2023 of the NBM (page 2) also refers to the above-mentioned legal nature of the NBM. The NBM Law declares in Article 3 that the NBM is empowered to: • Enter into contracts and issue obligations. • Acquire and dispose of movable and immovable property, in order to exercise its tasks. • For its operational needs. • Take legal action in the court and to take part in proceedings as a subject. Article 11(1) states that in order to exercise its tasks, the national Bank shall have the right to issue regulations, instructions, decisions, and ordinances (normative acts). Article 11(2) mentions that normative acts of the NBM shall be published in the Official Monitor of the Republic of Moldova. Article 75 NBM Law discloses which sanctions, sanctioning measures, supervision and other remediation measures the NBM may apply. On the NBM website the following internal regulations and decisions are disclosed: • Code of ethics and professional conduct of the National Bank of Moldova. • Code of conduct for the employees of the National Bank of Moldova. • Anti-fraud policy of the National Bank of Moldova. • Action plan of the NBM for preventing and combating fraud and corruption. The NBM does not disclose the Rules of procedure of the Executive Board and the Supervisory Board. **Legal Protection** According to Article 11(6) NBM Law, administrative actions of the NBM or failure to decide on an appeal brought before the NBM Board of Directors shall be submitted to the Court of Appeal in Chisinau. The same article

	describes the scope and procedure of this judicial review. According to Art. 11(5) NBM Law acts issued by the NBM are not subject to review of their appropriateness. In addition, Art. 11(7) states that acts issued by the NBM in the field of monetary and foreign exchange policy, including the safeguard measures, may be challenged only with regard to their adoption procedure. Art. 11.1(1) NBM Law contains a list of actions of the NBM whose execution cannot be suspended until the administrative court has made a final decision. Art 11.1(2) stipulates that suspension of enforcement acts can only be requested in an administrative court after having contested these acts with the Executive Board of the NBM, while Art. 11.1(3) NBM Law sets out the conditions applicable to challenging the contested act. The NBM website indicates that the assets held by the National Bank are subject to the provisions of Law No. 121/2007 (no Link on NBM website) regarding the administration and privatization of public property, Law No. 29/2018 (no Link on NBM website) regarding the delimitation of public property, with the specific features provided by the NBM Law. The NBM is not liable for the obligations of the state or the obligations of other authorities or public institutions. The assets that constitute the state's international reserves cannot be subject to seizure, forced execution, confiscation, requisition, or expropriation.
Review	*Comprehensive* **Legal Framework** The National Bank of Moldova (NBM) provides extensive information on its legal structure and on the governance of the central bank and almost all updated relevant legislation can be found on its website. The legal framework regarding NBM is well established in the NBM Law. This law and the NBM website provide a very clear overview of the organization's objectives, functions and powers. The NBM Law also contains provisions relating to supervision of banks and the legal framework is clear on which law prevails in the event of conflict with other laws. The NBM falls (with exceptions) under the provisions of the Law on transparency in the decision-making process which obliges the NBM to provide information about its activities and to consult citizens and other stakeholders when making decisions, such as adjusting the NBM's legal framework. **Legal Nature** The NBM Law states that the NBM is an autonomous public legal entity, responsible to the parliament. The general legal capacity to act and NBM's legal instruments are well established in the law. On the NBM website specific information is provided relating to the legal nature and the legal instruments of the NBM. However, the NBM does not disclose the Rules of procedure of the Executive Board and the Supervisory Board. **Legal Protection** The NBM states that activities of the NBM are subject to legal review by the Court of Appeal in Chisinau. The law describes the scope and procedure of this judicial review and clarifies that acts issued by the NBM are not subject to

	review of their appropriateness. The NBM Law also contains a list of actions of the NBM whose execution cannot be suspended until the administrative court has made a final decision. More information on the legal protection of the NBM and its staff is provided on the NBM website.
Comments	Disclosure could be enhanced by publishing on the NBM website the Rules of Procedure of the Executive Board and the Supervisory Board. It is also recommended to explain on the NBM website the provisions of the Constitution of the Republic of Moldova that refer to the NBM (article 130). In addition, the legal framework would be clarified by having Links on the NBM website to Law no. 100/2017 regarding normative acts, Law no. 121/2007 regarding the administration and privatization of public property, and Law no. 29/2018 regarding the delimitation of public property, and explanations why these laws are relevant for the activities of the NBM.
Principle 1.2.	**Mandate:** The central bank discloses its mandate—including its objectives, functions, and legally defined powers—in a manner that is clear and easily accessible to the public.
Description	**Objectives** The objectives of the NBM are stated in Article 4 NBM Law. The primary objective is to ensure and maintain the price stability. Without prejudice to the primary objective, the National Bank shall aim at ensuring the stability and viability of the banking system and shall support the general economic policy of the state. The NBM website contains an explanation of the monetary and financial stability objectives, including a medium-term strategy on monetary policy with quantified objectives. The NBM website (English version) discloses the main elements of the NBM Strategic Plan for the year 2025, including the NBM's objectives, mission, vision, and values. Furthermore, Chapter 9.3 of the NBM Annual Report 2023 provides an extensive overview of the implementation of the NBM Strategic Plan for the year 2025, including the realization of its strategic objectives. The degree of autonomy of the NBM does not vary depending on the different objectives. **Functions** Paragraph 1 of Article 5 of the NBM Law contains a list of tasks of the Bank. Many of these tasks are explained on the NBM website (Information regarding the NBM and History of the NBM). The NBM announces current developments in press releases regarding regulations and decisions taken regarding the performance of its functions. **Powers** The general powers of the NBM are laid down in Article 3 (to enter into contracts; acquire and dispose of property; and to take legal action in court). More specific powers are distributed across the NBM Act, as in Article 5, paragraphs 2-5; Articles 10-11, 15-18, 37, 44, 49, and 59-64. Some of these

	powers are further explained on the NBM website. Article 71 contains a number of prohibited activities (with some exceptions) for the NBM, while Art. 25 NBM Act contains a number of specific activities that are prohibited for employees and members of the decision-making bodies. However, it is understood that the NBM has some ancillary powers that are not stated in the NBM Law or the NBM website.
Review	*Comprehensive* **Objectives** The multiple objectives of the NBM are clearly stated and classified in the NBM Act. In addition, the NBM website contains a detailed explanation of the monetary and financial stability objectives, including a medium-term strategy on monetary policy with quantified objectives. The website also clarifies the NBM Strategic Plan and the Annual report 2023 provides an elaborated overview of the implementation of this plan. **Functions** The functions of the NBM are comprehensively stated at the beginning van the NBM Law and the NBM website and they are explained I clear terms on the NNM website. **Powers** The NBM Law stipulates a list of public and private powers. These powers are further explained on the website, including how these powers are used to carry out the NBM functions to achieve its objectives. The NBM Law also specifies a number of prohibited activities. Some ancillary powers are not stated in the NBM Law or the NBM website.
Comments	Disclosure of the NBM's mandate could be increased by publishing on the NBM website and/or in the Annual Report the ancillary powers of the NBM that are not mentioned in the NBM Law.
Principle 1.3.	**Autonomy:** The central bank discloses its autonomy—as defined in relevant legislation or regulations, allowing it to reveal the extent to which it is autonomous or not, in what forms, and under which conditions—in a manner that is clear and easily accessible for the public.
Principle 1.3.1.	**Institutional/Operational Autonomy:** There is clarity on whether the central bank is prohibited from seeking or taking instructions from any private or public body. The extent to which the central bank's autonomy varies for the various elements of its mandate is clearly disclosed. Where appropriate, a central bank's governing law clarifies whether it has goal or instrument autonomy concerning its various objectives.
Description	The NBM Law states in Article 6(4) that the members of its decision-making bodies shall be independent in exercising the tasks conferred upon them by this law and shall neither seek nor take instructions from public authorities or from any other third party. Public authorities, as well as any other third parties,

	shall not seek to influence the members of the decision-making bodies of the National Bank in exercising their duties. The NBM does not disclose if third parties can attend its decision-making bodies, but at the request of the Executive Board, third parties may be invited for an exchange of views (excluding participation in the decision-making process). By the way, the Law no. 364/2022 amending normative laws revoked the right of government members to attend the meetings of the decision-making bodies of the NBM. The NBM website states that the external public audit regarding the legality and regularity of expenditure budgets and investment allocations of the NBM is carried out by the Court of Accounts (state audit institution), limited, regarding the National Bank of Moldova, to the examination of the operational efficiency of the decisions taken by the management of the National Bank, with the exception of those related to the implementation of the monetary and foreign exchange policy of the National Bank and the management of the state's foreign reserves. NBM's Annual Report 2023 (page 164) also discloses the above-mentioned involvement of the Court of Accounts. The Court of Accounts audit reports are published on the NBM website, the latest covering the period 2019-2022.
Review	*Expanded* The NBM Law clearly stipulates that the members of its decision-making bodies shall be independent in exercising the tasks conferred upon them by this law and shall neither seek nor take instructions from public authorities or from any other third party. Public authorities, as well as any other third parties, shall not seek to influence the members of the decision-making bodies of the National Bank in exercising their duties. The NBM does not disclose if third parties can attend the meetings of the decision-making bodies. The NBM Law also discloses the role and scope of audits conducted by the Court of Accounts. The NBM website and the Annual Report 2023 do not contain any further explanation of the institutional/operational autonomy of the NBM.
Comments	It is recommended to disclose if third parties can attend the meetings of the decision-making bodies. The transparency of NBM's institutional/operational autonomy would be enhanced by explaining on its website what it consists of, how it is implemented in practice and what it considers to be the rationale for this autonomy.
Principle 1.3.2.	**Functional Autonomy:** There is clarity on whether the central bank can perform its duties without prior approval from the government.
Description	Article 6(5) NBM Law states that without prejudice to the provisions of Article 11 paragraph (4) and Article 111, any public authority or any other third party cannot approve, suspend, cancel, censor, adjourn or condition the entry into force of the National Bank's acts, neither may issue opinions ex-ante on National Bank's acts, nor otherwise influence the issuance of the final act of the National Bank.

	Article 27(1a) NBM Law determines that the Executive Board shall establish the State monetary policy, including the limits of the interest rates for the monetary policy instruments, conditions for granting loans, type and level of required reserves maintained by banks with the National Bank. On its website the NBM clarifies how its monetary policy goal is determined, clarifying that the BNM has both goal and instrument autonomy.
Review	*Expanded* The NBM discloses that third parties cannot suspend or annul the decisions of the NBM. It is also disclosed that the NBM has goal and instrument autonomy. The NBM website and the Annual Report 2023 do not contain any further explanation of the functional autonomy of the NBM.
Comments	The transparency of NBM's functional autonomy would be enhanced by explaining on its website what it consists of, how it is implemented in practice and what it considers to be the rationale for this autonomy.
Principle 1.3.3.	**Personal Autonomy:** Whether there is security of tenure for the members of the central bank's decision-making bodies is clear, as is the nature of such security. In this respect, security of tenure encompasses the eligibility and disqualification criteria for the appointment of the members of a central bank's decision-making bodies, the appointment procedure, the dismissal criteria and procedure, their remuneration, and the duration of their tenure.
Description	The NBM Law discloses in Article 23 the duration of the term of office for members of the decision-making bodies and the criteria for appointment and dismissal. The same article mentions which authorities are involved in the appointment and dismissal of the members of the decision-making bodies. It also clarifies the eligibility criteria for appointment and the grounds and procedure for dismissal of these members. The above rules and procedures regarding appointment and dismissal of members of the decision-making bodies are explained in clear terms on the NBM website. The NBM's Annual Report 2023 (pages 155-158) also discloses the composition of the Supervisory Board and the Executive Board and the duration of the mandates of their members. The NBM Law does not contain any provisions on the remuneration of the members of the decision-making bodies, apart from Article 26(1k) on the determination of the monthly allowances of the members of the Supervisory Board who are not members of the Executive Board. However, the NBM website states that the Supervisory Board determines on the renumeration fund of the NBM and the renumeration of the members of the Executive Board and determines the amount of monthly allowances of the members of the Supervisory Board who are not members of the Executive Board. It does not disclose how the members of the Executive Board are rewarded and under what arrangements this is done. Article 35(1) NBM Law determines the following on the liability for damages caused by acts or omissions of the members of the decision-making bodies:

	"National Bank, the members of the decision-making bodies of the National Bank, the liquidator appointed by it, and its employees shall not be liable under the civil, administrative or criminal law, for the acts or facts performed or for failure to fulfil certain acts or facts related to exercising the duties conferred to the National Bank by the law, including for performing internal operations circumscribed the exercising of these duties, except for the cases when the judicial court finds the fulfilment or omission to fulfil by these people, with bad-faith, of any act or fact related to the exercise of the National Bank`s duties, which caused damage to third parties." Paragraph 2 of this article stipulates that the NBM will reimburse the costs arising from the proceedings against the persons referred to in paragraph 1.
Review	*Core* The NBM Law clearly stipulates the appointment and dismissal procedures, including eligibility and incompatibility requirements and the grounds and procedures for dismissal. It is also disclosed to what extent members of the Executive Board, the Supervisory Board, and staff of the NBM, can be held liable for damage caused by their actions or omissions. The NBM Law does not disclose regulations governing the remuneration of the members of the decision-making bodies. Nor does it disclose detailed arrangements for its determination. The NBM website and the Annual Report 2023 do not contain any further explanation of the personal autonomy of the NBM.
Comments	It is recommended to disclose the internal regulations governing the renumeration of the members of the decision-making bodies as well as any detailed arrangements for its determination. The transparency of NBM's personal autonomy would be enhanced by explaining on its website what it consists of, how it is implemented in practice and what it considers to be the rationale for this autonomy.
Principle 1.3.4.	**Financial Autonomy:** The central bank's financial resources available to fulfill its mandate, and the nature of those resources, are clearly disclosed. In this respect, there is clarity regarding the central bank's capital, the rules governing any recapitalization of the central bank, its budget, reserves, provisions, profit distribution mechanism, monetary financing, and applicable accounting standards.
Description	Chapter III of the NBM Law on Financial Provisions stipulates the arrangements for the NBM regarding capital, reserves, provisions, and profit distribution mechanism in line with international best practices. This includes the creation of a general reserve fund and special reserve accounts of unrealized forex gains and losses. This chapter of the law also stipulates rules on the distribution of dividends to the Government and provisions for the recapitalization of the NBM. NBM can draw up its own budget, pursuant to Art. 21. Annually, all administrative expenses and capital investments of the National Bank are budgeted in the Expense estimate and Investment allowances which is approved by the Supervisory Board (Art 26 NBM Law) before the start of the new financial year. The Annual budgeted expenditures and capital allowances are aligned with NBM's Strategic Plan, that is disclosed

	on NBM's website, under the Corporate governance section. A compilation of the budget process can be found on the NBM website under the Budgeted Expenses section. Additionally, the NBM prepares, for internal purposes, financial plans determining prognosed streams of income and expenditures for the next financial year, including the streams from monetary policy, foreign exchange policy, foreign reserve management, lending activity and banking services to both the state and financial institutions etc. The financial plan for the coming year is used internally for management purposes and for monitoring the capital adequacy, reserves and forecasts of funding and is presented to the Executive Board. The regulations and internal decision-making procedures for the determination and expenditure of the budget are not disclosed by the NBM. Chapter 13 of NBM's Annual Report 2023 provides an extensive analysis of the financial situation and position of the NBM, in particular section 13.6 on capital and reserves. Article 66 NBM Law stipulates that the NBM shall maintain at all times accounts and records adequate to reflect, in accordance with internationally accepted accounting practices, its operations and financial condition.
Review	*Core* The NBM Law provides comprehensive and clear articles establishing the general arrangements regarding the NBM's financial resources. These include the creation of provisions, accounting rules for the treatment of forex gains and losses, rules on distribution of dividends to the government, and provisions for the recapitalization of the NBM. It is disclosed that the NBM can draw up its own budget and determine its own expenditure. However, the regulations and internal decision-making procedures for the determination and expenditure of the budget are not disclosed by the NBM. The NBM website and the Annual Report 2023 do not contain any further explanation of the financial autonomy of the NBM.
Comments	It is recommended to disclose the regulations and internal decision-making procedures for the determination and expenditure of the budget. The transparency of NBM's financial autonomy would be enhanced by explaining on its website what it consists of, how it is implemented in practice and what it considers to be the rationale for this autonomy.
Principle 1.4.	**Decision-Making Arrangement:** The central bank discloses a clear overview of the organizational structure or allocation of responsibilities to its decision-making bodies: policy making, day-to-day management, and internal oversight of the central bank.
Description	Chapter IV of the NBM Law on Organization and Administration contains, among other things, articles specifying the decision-making bodies, their composition, powers, some procedural rules, and the appointment and dismissal procedures of its members.

	Article 31of the NBM Law on the meetings of the Supervisory Board determines who is the chairman, the voting procedures, the frequency and the confidentiality provisions of the meetings. Article 27(3) NBM Law determines that the meetings of the Executive Board shall take place according to the provisions regarding the meetings of the Supervisory Board. No further information is provided on the NBM website about how the meetings of the two decision-making bodies take place. The NBM website provides an overview of the NBM Management and Organization. Among other things it discloses the names of the members of the Executive Board and the Supervisory Board, including up to date biographies of their members, and an organizational chart of the NBM. This chart provides an overview of the various departments and indicates the responsibilities of the members of the Executive Board. The NBM website also provides a short description of the responsibilities of the various departments. Furthermore, it spells out the powers of the Executive Board (among other things responsible for general and individual regulatory decisions) and the Supervisory Board and contains a description of composition and responsibilities of the Audit Committee, the Investment Committee, and the Risk Committee. Chapter 9 of the Annual Report 2023 contains an explanation of the institutional and organizational framework of the NBM. In addition to the NBM's website it provides, among other things, information regarding the tasks and the decisions taken during the financial year of the Supervisory Board and the Executive Board and it provides an overview of the activities of the Audit Committee, the Investment Committee, the Risk Committee, and the Business Continuity Committee. It also sets out the key priorities of the NBM for the year 2024, taking into account the Strategic Plan 2025 of the NBM. In line with the Law on transparency and the NBM Regulation on ensuring transparency in the decision-making process, the NBM website (see heading of website) provides the possibility for the general public to provide suggestions and ask questions. The website also contains an interactive database to ensure public access to NBM data and analyses, and information about decisions taken by the NBM.
Review	*Expanded* The NBM clarifies in its law, on its website, and in its Annual Report, its organizational structure, including the responsibilities of the Supervisory Board and the Executive Board, their composition, powers, and some procedural rules regarding their meetings. The names of the members of the Executive Board and the Supervisory Board are disclosed on the NBM website, including up to date biographies of their members, and an organizational chart of the NBM. It is disclosed which decision-making body is responsible for general and individual regulatory decisions. Further information on the institutional and organizational framework of the NBM is provided in the Annual Report, including information regarding the Committees of the decision-making bodies. What is not clarified by the NBM are detailed provisions on internal decision-making regarding a wide range of activities of the NBM, in particular how decisions of the decision-making bodies are

	prepared and what specific rules apply regarding decision-making in these bodies.
Comments	The transparency of the internal decision-making arrangements is increased if the NBM explains in general terms on its website and/or its Annual Report how the Executive Board operates and how the Supervisory Board oversees the decisions and activities of the Executive Board. In addition, further clarity could be given to the decision-making process of the NBM by disclosing the annual work plans of the Executive Board and the Supervisory Board. In the same vein, the charters and work plans of the Investment Committee, the Risk Committee and the Business Continuity Committee could be made public.
Principle 1.5.	**Risk Management:** The central bank discloses the principal risks that it needs to take to meet its objectives (such as financial, operational, and legal risks), and the framework to manage these risks. This includes information on the risk governance structure and risk strategy.
Principle 1.5.1.	**Risk Exposure:** The central bank discloses the principal risks that it needs to take to meet its objectives.
Description	The NBM 2023 Annual Report (Risk Management and Internal Controls section) underlines risk management as being central to the bank's decisions and policy-making activities. It also provides a high-level overview of developments in key risks and the NBM's risk exposure. The National Bank aligns its risk management with the international standard i.e., ISO 3100089, best practices, including those issued by the International Operational Risk Working Group in Central Banks (IORWG). Further disclosures on financial risks (but also non-financial risks) are provided in the FY 2023 financial statements (Note 4. Risk Management), which contain detailed information on the level of, and development in, the NBM's exposures to the principal financial risks associated with its financial instruments and operations, including credit, market, and liquidity risks. In addition to particular strategies related to these risks, the disclosure notes include information on mitigations, as well as associated quantified demands on the NBM's financial resources/buffers, and references to methods used for quantification. Also, the FY 2023 financial statements disclose information on the management of operational risks, and the roles and responsibilities of the parties involved in the risk management process. Note 4.6 provides information on the impact of disinflationary pressures, the regional crisis and other economic turbulences, the measures taken to combat them. Further, the bank discloses information on climate risk in Note 4.7. Information on the risk management activities, including on risk management process, appetite, and development objectives is outlined in a dedicated risk management and internal control webpage on the NBM website.

Review	*Comprehensive* The central bank's exposures to key risks inherent to the execution of its mandate are clearly disclosed and explained. While the FY 2023 Annual Report did not contain a risk statement and a clear mapping of key risks to the NBM's mandate, the bank disclosed such information on its website in November 2024.
Comments	
Principle 1.5.2.	**Risk Framework:** The central bank discloses the process for identifying financial and nonfinancial risks, the overall risk strategy, and the accompanying risk governance structure designed to monitor and evaluate risks effectively.
Description	The NBM publishes detailed information on risk management in the FY2023 Annual Report (Section 9), Financial Statements (Note 4) and in the dedicated section on the website. According to the Framework on Operational Risk Management, approved by the Supervisory Board, the NBM aligns the governance of the internal control system and operational risk management with the international standards COSO, ISO 31000, and leading practices. **Governance** According to the NBM Law Art. 26(1)(b), the Supervisory Board adopts the standards of the internal control system, verifies and evaluates continuously the functioning of the internal control system and its elements. In addition, Art. 28(3)(b) states that the Audit Committee monitors the efficiency of the internal control system and the risk management. The NBM discloses the following information on its website under Management and organization of the NBM. The Risk Committee is established as part of the second line of defense, to assist the Executive Board in ensuring objective direct supervision over the management of the operational risk management system in the NBM. The Risk Committee consists of 8 voting members, including a member of the Executive Board—the Chair of the Committee. The Investment Committee is established in order to assist the Executive Board of the NBM in reviewing the investment policies and strategies related to the management of the state's foreign exchange reserves. The Investment Committee consists of 10 members, employees of the NBM, including 2 members of the Executive Committee, one of whom is the chairman of the committee. Regulation on the attributions, competences and functioning of the Investment Committee is also published. The Business Continuity Committee is established to assist the Executive Board in managing business continuity efficiently in order to achieve the continuity objectives of the NBM. The Business Continuity Committee is made up of the heads of the subdivisions that manage critical processes of the NBM, all with the right to vote, and the Comptroller General with the role of observer. The Chairman of the Business Continuity Committee is the Governor

	of the NBM. Regulation on activities of Risk Management Committee is also published. The Annual Report (Section 9) also discloses the roles and responsibilities, as well as key activities of the above committees. **Risk Management Lines of Defense** The National Bank manages risks based on the three lines of defense model. The *second line of defense* involves organizing, coordinating, and independently overseeing the internal control and risk management process. The second line is represented by dedicated functions for managing financial and operational risks, including the Investment Committee, Risk Committee, and Business Continuity Committee. The NBM website also provides an extract from Framework of Operational Risk Management that *inter alia* refers to process of identification, evaluation and mitigation of risks.
Review	*Expanded* The NBM's Annual Report provides an overview of risk and governance arrangements (e.g., committees, dedicated units) and of the risk management process. In addition, the legal framework allocates responsibility for risk oversight and risk management among the central bank's decision-making bodies. The NBM's annual report includes a description of the process of continuous identification, evaluation, and mitigation of risks. The annual report describes one or more risk strategies, such as collateralization of lending activities, and limits in investment operations.
Comments	The Annual Report should be more explicit in disclosing: • A description of the process of continuous identification, evaluation, and mitigation of risks. • Any developments in the NBM's risk framework. • A high-level overview of the policies and arrangements for times of crisis.
Principle 1.6.	**Accountability Framework:** The central bank discloses its accountability framework that provides transparency and reporting mechanisms to internal decision-making bodies, political institutions, and the general public.
Principle 1.6.1.	**Arrangements:** Accountability arrangements are clearly identified, including: (i) internal and external audit arrangements and compliance; (ii) reporting to an audit committee or Board having an oversight responsibility; and (iii) the external publication of audited financial statements and annual reports.
Description	Articles 33 and 65-69 of the NBM Law prescribe the accountability and reporting framework, including financial reporting, internal audit, and external audit.

	Independently Audited Financial Statements As stipulated by Articles 67 and 68 of the NBM Law, annual financial statements are prepared in accordance with internationally recognized accounting standards (IFRS) and are audited, in accordance with International Auditing Standards (IAS), by an independent auditor's firm, confirmed by the Supervisory Board on a five-year rotation basis. The audited annual financial statements are approved by the Supervisory Board as provided by Article 26(1)(a) of the NBM Law and accompanied by the independent auditors report are published on the NBM's website within five months after the end of each financial year in accordance with Article 33 of the Law no. 287/2017 on accounting and financial reporting and Article 69 of the NBM Law. The annual audited financial statements are submitted to the Minister of Finance, as provided in Article 19(6) of the NBM Law, for capitalization or profit distribution information. According to Article 69 of the NBM Law, by June 1st of the next year, the annual financial statements and the auditors' report, accompanying the annual report, approved by the Supervisory Board, and other information as set by the law, are sent to the Parliament, the President, and the Government. The published financial statements disclose the basis of preparation as IFRS and the full compliance with IFRS, the date the financial statements have been authorized for issue by the Supervisory Board and are clearly identified as being audited. Additionally, in accordance with IAS and Article 28 of the Law no. 271/2017 on audit of financial statements, the auditors' report include the opinion, on the consistency between the annual report and the financial statements, and its compliance with the provisions of the legislation. In addition, article 67(2) of the NBM law, the National Bank prepares semi-annual individual condensed financial statements and, as it may be, consolidated financial statements, in accordance with International Accounting Standard 34 "Interim Financial Statements." **Internal Audit** The NBM Law and the NBM website are clear about the NBM's internal audit function (Article 33). The NBM Law specifies that the NBM shall have an internal audit function subordinated to the Supervisory Board. This article also contains provisions on appointment, eligibility requirements, term of appointment and dismissal/resignation of the chief internal auditor, and duties of internal audit function. The Internal Audit Charter (approved by the Supervisory Board under Regulation on Internal Audit Department) defines the purpose, powers and responsibilities of the internal audit and chief internal auditor while general act regulates the manner of performing internal audit and reporting, in accordance with internationally accepted internal audit standards. In accordance with the Charter, Internal Audit is functionally independent and organizationally separated from other organizational units in the NBM. The Chief Internal Auditor reports to the Governor (administrative reporting line), as well as to the Audit Committee and the Supervisory Board of the Central

	Bank (functional reporting line). Article 9 of the Audit Charter provides that the effectiveness and efficiency of internal audit is monitored by the AC. However, Article 28(3)(c) of the NBM Law adds that the Audit Committee oversees and directs the internal audit function. **Audit Committee** The NBM Law (Article 28) and the NBM website are explicit and clear about the composition and role of the Audit Committee: • The Audit Committee consists of three members of the Supervisory Board that are not employees of the National Bank. • The Audit Committee shall have the following duties: (i) monitor the process of financial reporting of the National Bank; (ii) monitor the efficiency of the internal control system and the risk management; (iii) monitor and direct the internal audit function; and (iv) monitor the independence and the activity of the external audit; e) participates in the selection process of the audit entity indicated in Article 68(1) and presents recommendations to the Supervisory Board regarding the confirmation, mandate, and evaluation of the respective entity's activity. The NBM Law (Article 28(4)) indicates that the detailed areas of competence of the Audit Committee are established by an internal regulation, approved by the Supervisory Board. The NBM website contains such regulation under the Regulation on Audit Committee. Per the Regulation, the Audit Committee will prepare a summary report on its work performed during the year and the fulfilment of its duties that will be included in the annual report of the NBM. The mechanism for reporting is also clearly established as under Article 28(5) the Audit Committee shall submit to the Supervisory Board, at least annually, reports on its monitoring activity, which shall contain recommendations for the optimization and development of the activity processes of the National Bank. A short bio for each member of the Audit Committee is available on the NBM website. The composition of the Audit Committee is specified in the Annual Report.
Review	*Comprehensive* The accountability arrangements and their overview are explicitly provided in the NBM legal framework, as well as on the NBM website and in the Annual Report.
Comments	
Principle 1.6.2.	**Tools** **Independently Audited Financial Statements:** The central bank discloses its auditing and accounting standards and compliance frameworks and gives the public sufficient information to assess and understand the central bank's financial performance, use of resources, and transactions with the government and other stakeholders.

	Internal Audit: The central bank provides the public with information regarding its internal audit function, discloses its framework and compliance with the framework, and the scope of its responsibilities. **Audit Committee:** It is clear whether an internal oversight body that reports to the Board exists, and which of the activities are published.
Description	**Independently Audited Financial Statements** The NBM's AFS are in accordance with IFRS. AFSs with the opinion of the independent external auditor dated April 29, 2024, were approved by the Supervisory Board are published within statutory deadlines. The AFSs of the NBM for 2023, with the opinion of an independent auditor, was published on the website of the NBM on May 15, 2024. The Notes to the Financial Statements (an integral part of the annual financial report) disclose significant accounting policies and accounting standards as well as frameworks for compliance and provide the public with sufficient information to assess and understand the financial performance of the central bank, the use of funds and transactions with the government and other stakeholders. Additionally, to the notes to the financial statements, that provide for explanatory information on the financial performance and financial position of the NBM, the Chapter 13 of the Annual Report (Financial analysis) discloses an analysis of the Key financial indicators of the financial position an performance of the NBM, an explanation of the activities of the NBM and how these are recognized and disclosed in the financial statements and explanation on factors that drove the main results and elements of the financial position of the NBM. **Internal Audit** The website provides a clear description of the internal audit function and its mandate which is executed in conformity with the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing (IPPF) and enshrined in the Charter approved by the Supervisory Board (note: Currently the Internal Audit Charter is under review to be aligned with the IIA Global Standards, that will become effective January 9, 2025). In addition, the 2023 Annual Report includes a section on activities of the Internal Audit Department (pages 195-196) disclosing: main objectives; alignment with the IPPF; compliance with the IIA Standards according to the External Quality Assessment report dated March 17, 2021, and actions undertaken to implement the approved action plan; as well as a degree of completion of the annual internal audit plan and coverage of the audit universe. **Audit Committee** The NBM website contains the Audit Committee charter under the Regulation on Audit Committee, which was approved in 2016. The NBM is planning to revise this regulation in 2025. The 2023 Annual Report discloses the activity of the Audit Committee (pages 166-169), including: the composition of the Audit Committee; the general

	overview of its activities i.e., (oversees financial reporting; evaluates the efficiency of internal control system and the risk management; monitors the internal audit function and the independence and the activity of the external auditors).
Review	*Comprehensive*
Comments	Transparency could be enhanced by providing more detailed information on the activities of the Audit Committee in the Annual Report.
Principle 1.6.3.	**Anti-corruption Measures and Internal Code of Conduct:** It is clear whether domestic anti-corruption legislation and measures apply to the decision-makers, staff, and agents of the central bank. The central bank discloses its internal Code of Conduct with additional requirements specific to central bank management and staff.
Description	"According to the NBM Law, the Supervisory Board adopts the rules of professional ethics in the National Bank. According to the Integrity Law, public entities are required to publish ethics and deontology norms on their website. Additionally, art. 2 of the Integrity Law aims to promote integrity in the public sector and foster a zero-tolerance attitude towards corruption within public entities. In compliance with the provisions of the Integrity Law, the Code of Ethics and Professional Conduct of the National Bank of Moldova is fully published on the website. The Code of Ethics is applicable to NBM employees, members of the management bodies, members of the Audit Committee, individuals undertaking internships at the National Bank, other individuals acting on behalf of the NBM, and employees with suspended employment contracts. The Code of Ethics establishes the principles that employees must follow in the performance of their duties, establishes the norms of ethics and professional conduct, including: Conflicts of interest management (pt. 31). Incompatibilities, hierarchy restrictions and advertising limitations (pt. 32). Undue influences (pt. 33)—managed according to the regulatory framework (Government Decision no. 767/2014) and internal regulations. Regime for the declaration of wealth and personal interests (pt.35). According to the Code of Ethics and Law no. 133/2016 on the declaration of assets and personal interests, employees are required to submit their declaration of assets and personal interests upon hiring, appointment, reinstatement after the suspension of employment relations, annually, and at resignation. Gifts (pt. 36)—is managed according to the normative framework (Government Decision no. 116/2020) and internal regulations. The National Bank publishes on its web page the Register of gifts received and declared, offered out of courtesy or on the occasion of actions of protocol: • Procurement (pt. 37).

	• Foreign and international relations (pt. 38). • Internal relations (pt. 39). • Protection measures (pt .40). • Use of the NBM's resources (pt. 41). The Code of Ethics provides the obligation to protect information that constitutes professional secrecy (pt. 44-48), the manner of conducting personal financial transactions, personal financial transactions that represent an actual conflict of interest (pt. 49-59), and the conduct of external activities by NBM employees (pt. 60-67). Additionally, for easier accessibility, a Compliance and Ethics Framework section has been created on the website. In this section, summarized information is published regarding the principles of the Code of Ethics, rules of ethics and professional conduct, the Anti-Fraud Policy, Integrity Warnings, access to the Anti-Corruption Line, measures to Anti-Money Laundering and Combating Terrorism Financing, the Information Security Policy, public access to normative acts, and the NBM's statistics and publications. The bank discloses information regarding the Anti-Fraud Policy by publishing it on the website, including a summarized version of the policy both in the 'Compliance and Ethics Framework' section on the website and in the Annual Report (section 9.1, p.167). Regarding whistleblowing, the bank discloses information on the website about the operation of the illegal practices disclosure system. The NBM discloses information on accessing the anti-corruption line (a secure and confidential whistleblowing line) in the event of corruption acts committed by NBM employees and members of the management bodies, including the Contact Details where it can be accessed. The anti-corruption Moldovan laws apply to NBM, namely: • Law on integrity nr.82/2017. • Law on the assessment of institutional integrity nr.325/2013. • Law on the declaration of assets and personal interests nr.133/2016. • Law on the protection of whistleblowers nr. 165/2023. • Law on the approval of the Regulation on the functioning of anticorruption telephone lines nr.252/2013. Examples of anti-corruption measures applied: • External Audit: Annual financial reports, accounts and records of the National Bank are subject to annual external audit, in accordance with International Standards on Auditing, conducted by an external audit organization with reputation and recognized experience in the auditing of central banks and international financial institutions. • Audit of the Court of Accounts: The legality and regularity of expenditure estimates and investment allowances of the National Bank are audited by the Court of Accounts of the R.M. The external

	public audit of the Court of Accounts will be limited to examining the operational efficiency of the decisions taken by the management of the NBM, excluding those related to the implementation of the monetary and currency policy of the NBM and the management of the state's international reserves. • External Assurance: Safeguards Assessment of the NBM by the IMF: Oversight by the Supervisory Board (4 out of 7 members are not employees of the National Bank and are appointed by the Parliament)—Law on the National Bank of Moldova (Art. 22, 23) • Internal Assurance: Law on the National Bank of Moldova (Art. 33). National Bank shall have an internal audit body, that is subordinated and reports to the Supervisory Board. The Audit Committee consisting of non-executive members of the Supervisory Board oversees monitoring and directing the internal audit function."
Review	*Core* Domestic anti-corruption legislation, such as the Integrity Law, applies to the NBM officials. NBM's Code of Ethics and Professional Conduct, which includes provisions on the conflict of interests, incompatibilities, acceptance of gifts, procurement, is published on the website. NBM officials are required to submit asset declarations to the National Integrity Authority upon appointment, dismissal as well as annually. Information on reporting external complaints (whistleblowing line contacts and description of the mechanism) as well as undue influence is available on the website.
Comments	Moldova's developed anti-corruption legislation, such as the Integrity Law, Criminal Code, Laws on asset declarations and protection of whistleblowers, is applicable to the NBM. NBM publishes the Code of Ethics and Professional Conduct that establishes the norms to prevent conflict of interest and corruption. The NBM could consider enhancing the disclosure of information relating to the Code of Ethics by publishing details relating to the implementation of Code and the internal controls that are utilized to monitor compliance and/ or detect breaches.
Principle 1.6.4.	**Human Capital Management:** The central bank discloses its policies and practices concerning the governance and management of human capital.
Description	The Department of Strategy, Organization and Human Resources of the NBM is responsible for all aspects pertaining to human capital management, in accordance with Article 34 of the NBM Law and the Labor Code. According to the NBM 2025 Strategic Plan, there are two strategic objectives linked to human resources: • Strengthening institutional resilience and agility and developing and leveraging human capital. Strengthening institutional resilience and agility includes operational objectives such as: strengthening institutional capacity, including in the context of taking over the supervision of the non-banking financial sector, strengthening

governance and organizational culture, developing and promoting the NBM's image as an employer.

- Developing and leveraging human capital includes operational objectives such as: developing the integrated human resources management system, creating a motivating and inspiring work environment, continuous professional development, developing the internal training center and knowledge transfer capabilities, developing leadership and management skills.

NBM personnel policy's main objective is to have a strategic approach to the management of human resources of the NBM. Thus, on the NBM's website there is a section dedicated to the NBM staff policy where it is stated that "The personnel policy aims at the strategic approach to the management of human resources of the National Bank of Moldova. This involves recruiting, selecting, hiring, and onboarding employees, as well as managing their performance, professional development, and overall well-being. It also includes activities related to compensation, benefits, website employee relations and ensuring compliance with the regulatory framework in the field of labor relations. The personnel policy contributes to the achievement of the operational and strategic objectives of the National Bank."

The NBM provides information related to governance and management of human capital under two different sections: The NBM management and organization and Human Resources - Career. In this, the following references are published:

- The NBM management and organization.
  - NBM's governing bodies.
  - Bios of the members of the NBM's governing bodies.
  - The NBM organizational chart where the organizational structure.
  - The description of the NBM departments.
- Recruiting.
- Professional development.
- Organizational culture.
- Succession.
- Diversity and inclusion.
- Statistics.

There is also HR data in the Annual Report 2023 on: general information about the employees (gender equity, studies), human resources management processes (hiring, resignations, transfers, promotions) with an emphasis on internal mobility, especially in the context of promotions following competitions, number of persons employed and resigned during the year, classified according to gender, average age of the employees and retention at NBM.

The 2023 Annual Report also discloses general information related to the salary system within the NBM, which refers to the establishment of a direct

	relationship between the value of the position and the salary level, as well as ensuring internal equity and external competitiveness of the salaries. The audited financial statements contain information with reference to remuneration and compensation expenses related to members of the governing bodies and high and mid-level management. As NBM employees are subject to the Law on Declaration of wealth and personal interests, information on salaries at NBM can be found on National Integrity Authority declarations portal at portal-declaratii.ani.md .
Review	*Expanded* The NBM publishes on its website and in the annual report an array of references related to the management of its human resources, including on staff development, diversity and inclusion, recruitment, and retention. That said, the NBM does not provide disclosures on reporting and review of the staffing related matters between middle/senior management and the body charged with oversight of these matters.
Comments	
Principle 1.7.	**Communication:** The central bank discloses means and methods of communication and the forms of disclosure of information to its stakeholders.
Principle 1.7.1.	**Arrangement:** The central bank discloses the organizational structure, responsibilities, and processes relevant for communication.
Description	The NBM ensures the transparency of its organizational structure and communication processes by disclosing: **Organizational Chart:** NBM regularly publishes its updated organizational chart, detailing the responsibilities of each department, especially those involved in communications. **Communication Division:** Communication and Financial Education Division is responsible for managing external communications, including relations with: • The media (local and international). • The public. • Financial institutions. • The academic community. • Parliament of the Republic of Moldova, government entities and national regulatory authorities. • International institutions. **Dissemination of Information:** Relevant Information is distributed through: • Press releases. • Publications and analytical materials/bulletins. • Statistical reports through Interactive Database (IDB).

	• Interviews with the bank's leadership. • Press conferences and briefings. • Special events and public appearances. • Multimedia materials (video spots, video graphics, infographics, photos, etc.). **Availability:** All Communications are available on the official NBM website and disseminated through official social media accounts (*Facebook, LinkedIn, Youtube*). NBM website serves as the main channel of providing stakeholders with information on the bank's policies and activities. The NBM reference publications are the *Monetary Policy Decisions, Annual Report*, *Inflation Report*, *Statistical Yearbook "International accounts of the Republic of* Moldova", *Financial Stability Report and analytical materials on international accounts of the Republic of Moldova, etc.* **Languages:** To reach both national and international stakeholders, all public communications are published in both Romanian and English. **Updates:** The bank ensures that all information is up-to-date and relevant, fostering an informed and continuous dialogue with all stakeholders.
Review	*Expanded* The CBCG has clearly identified its target audiences and utilizes a wide range of communication tools to engage them effectively. The NBM discloses information on the communications function within the NBM, including placement of the communications function in the organizational structure and senior executives responsible for it. However, the NBM does not disclose detailed information on communication arrangements, such as internal principles and guidelines and processes for external communication. The NBM also does not evaluate its communication policy with the public.
Comments	
Principle 1.7.2.	**Strategy/Tools:** The central bank discloses the objectives, target audiences, channels, and tools of communication policy.
Description	**Strategy** The NBM external communication follows the institutional Communication Strategy (not published). This document provides the communication principles, objectives, target groups, channels, tools, as well as key messages for the target groups. The extract from the Communication Strategy is disclosed on the NBM website under the "External communication of the National Bank of Moldova"

	Objectives The NBM communication derives from the mission and vision of the central bank and aims to achieve the following objectives: • Ensuring transparency of decisions—taking and overall activity of the central bank. • Anchoring inflation expectations considered in ensuring and maintaining price stability in the proximity of the assumed medium-term target. • Building clear public understanding of NBM's measures of financial stability of the country. • Supporting the credibility of the financial and banking system. • Supporting the credibility of the national currency. • Promoting cashless payments and reducing cash in circulation. • Creating predictability in the business environment on future activity decisions of economic agents for a sustainable economic development. **Communication Plans and Reports** For methodical and stable achievement of the communication objectives, the NBM communication division elaborates quarterly communication plans and reports the results of the communication activity for this period to the bank's high management. The Annual Report discusses the key developments related to external communication (see Section 11). During the year, the NBM receives feedback in the form of requests for information and visits. The NBM also monitors the number of views on NBM official page and its social media profiles. **Communication Tools:** • Press releases. • NBM official publications. • Media interviews. • Written cumulative interviews. • Public appearances of senior management. • Briefings. • Press conferences. • Public events. • Conferences and seminars. • Calendars. • Q&A format on the NBM official webpage.

	• Posts on social media. • Podcasts. • Multimedia products. **Communication Channels:** • Mass media. • Official webpage. • Social media. • Media platforms. • Events of other institutions with NBM participation. • Financial education events and projects organized by the NBM. **Target Groups:** • Public. • Public authorities. • Banks. • International organizations. • The business environment. • The academic environment. • Economic experts.
Review	*Expanded*
Comments	The new NBM's communications strategy should define clear communication objectives aligned with the NBM's goals, with specific and where possible, measurable targets within a pre-determined horizon. The NBM should consider implementing a system to evaluate its communication policy, such as surveys, gathering feedback from both internal and external stakeholders. This will help assess the effectiveness of its strategies and identify areas for improvement. The NBM could further tailor its communication to the general public and citizens by explaining its functions, objectives and decisions in simple words or even generating videos with the content targeted to the general population. Surveys could be conducted on a regular basis with the population to assess the evolution of their literacy on NBM's topics, which may also indicate aspects related to the effectiveness of the NBMs communication policies. The data and information received from these exercises could be further utilized to develop analyses in cooperation with the research department. Finally, the NBM should continue with its initiatives with, children and the academic audience, which helps to foster the analytical and educational environment in the country.

Principle 1.8.	**Confidentiality:** The central bank discloses its policy on confidentiality or secrecy of central bank information, including the reasons underlying the choices it has made on disclosure or non-disclosure of sensitive information.
Description	The NBM's institutional arrangements on confidentiality and access to information are regulated by: • Law No. 148/2023 on access to public information. • Article 36 of Law No. 548/1995 on the National Bank of Moldova. • Articles 126-135 of Law No. 202/2017 on banking activity. • Article 103 of Law No. 114/2012 on payment services and electronic money. The NBM has a dedicated webpage for Requests for information of public interest and petitions. The page provides references to the relevant applicable laws and outlines the procedure for submitting requests for information of public interest as well as petitions. The page also includes a standard form for submitting information requests, as well as a standard form for submitting petitions. If the NBM decides to reject the request for access to public information, it elaborates in detail the reasons for restricting access, with reference to protecting specific interests from Article 23(2) of the Law No. 148/2023. Per the 2023 Annual Report during 2023, the NBM processed over 420 requests for information. The requests were received both via electronic mail and telephone calls and messages. In addition, more than 450 requests for information and questions from citizens were received through Facebook, which were redirected to the relevant subdivisions or solved, within the statutory limits.
Review	*Core* The NBM does not publish information related to its rejection of a certain request for access to information. Further, the NBM does not disclose information on whether it actively sought out input from stakeholders on its policy on confidentiality and secrecy. The NBM timely informed about the new law on access to public information and amending Article 36 on professional secrecy. However, no information was provided explaining the reasons, as well as possible consequences, for various stakeholders of the NBM of amending the above legislations.
Comments	The NBM may consider publishing in a dedicated section on the NBM's website a statement with the reasons for rejecting a request for free access to information when deciding not to allow to certain information, and incases for which it judges that there is a high public interest. High-level information about requests for access to information, including topics and statistics about the responses of the NBM could be provided in the Annual Report.

Pillar II—Central Bank Policies	
Principle 2.1.	**Monetary Policy:** The central bank publicly and clearly discloses the objectives, policy framework, and instruments of monetary policy.
Principle 2.1.1.	**Objectives and Framework:** The central bank discloses its monetary policy framework and strategy for achieving its objectives.
Description	The NBM discloses information on its monetary policy framework, including its strategy and objectives. The Law of the NBM No.548/1995 stipulates that the primary objective of the NBM shall be to ensure and maintain price stability. Pursuant to the statutory powers set out in the provisions of this Law, the NBM defines and implements the monetary policy. The Law is publicly available on the NBM website and Legis.md (the State register of legal acts). Furthermore, the NBM discloses its operational framework, including its target, and links the inflation target to its operational framework through a description of the transmission mechanism of monetary policy in the medium-term monetary policy strategy published on its website. The NBM's monetary policy framework consists of an explicit medium-term inflation target. To ensure and maintain price stability, the NBM implements direct inflation targeting regime. However, consistent with the inflation target of 5.0 percent annually, with a possible deviation of ± 1.5 percentage points, as the nominal anchor for monetary policy, the NBM implements a managed floating exchange rate regime without having a determined target for MDL exchange rate, explained on the Monetary Policy website, in the Medium-term monetary policy strategy of the NBM, and under General Information section and the Inflation Report. The website articulates that the NBM conducts monetary policy by using the open market operations as the main monetary policy instrument, the purpose of which is to balance the demand and supply on the monetary market and to allow the NBM to influence the level of the short-run interest rates on the interbank monetary market. Furthermore, the NBM provides several explanatory articles (in Romanian) that highlight its mandate and objectives, as well as the rationale and advantages for having a direct inflation targeting regime. In addition to these, there is a Financial Education category in the Monetary Policy section, which contains technical boxes and FAQ (in Romanian). The NBM's mandate and primary objective is recurrently highlighted in other policy documents and reports, such as the Annual Reports, and the press release on Monetary policy decisions, as well as financial educational materials on the NBM website.
Review	*Comprehensive* The NBM discloses comprehensive information about the objectives and strategy of its monetary policy framework through several vehicles and in a manner accessible to a variety of stakeholders.

Comments	
Principle 2.1.2.	**Policy Decisions:** The central bank discloses its monetary policy decisions in a timely manner and indicates how the decisions foster the achievement of its monetary policy objective(s). The central bank discloses the process by which policy decisions are taken, including with respect to the meeting calendar of its monetary policy decision-making bodies and their voting procedures.
Description	The NBM as a specialized central public authority, is subject to the Law on transparency in the decision-making process. In brief, the purpose of this law is to ensure multilateral information on the decision-making process within public authorities; the direct participation of relevant stakeholders; to increase the accountability of public authorities towards citizens and society; and transparency in the work of public authorities. The NBM discloses its monetary policy decision in its Press releases on monetary policy decision. According to the NBM Law, the Governor is responsible for the formulation of monetary and foreign exchange policy initiatives to present them to the Executive Board and for their execution. Furthermore, the Executive Board of the NBM establishes the state monetary policy, including the limits of the interest rates for the monetary policy instruments, conditions for granting loans, type and level of required reserves maintained by banks with the NBM. The Executive Board is responsible for establishing, implementing, and communicating NBM policies. The NBM issues a press release on the monetary policy decision on the same day the NBM Executive Board holds the meeting on monetary policy. It should be noted that the meetings of the NBM Executive Board on monetary policy are held according to a schedule (meeting calendar) approved by the Executive Board in the fourth quarter of each year for the following year and published on the NBM website. The press release presents the considerations, reasons, and premises underlying the decision taken, including recent developments in inflation, economic activity, monetary conditions, and the external environment, which show the current stance of monetary policy. In addition to press releases, there is an infographic on the NBM main webpage with the updated information on the actual NBM Interest rates and their evolution. The infographic is updated on the same day that the monetary policy decision is adopted. Furthermore, the Interactive database is updated on the same day that the monetary policy decision is adopted. Thus, stakeholders can access the database and generate the NBM base rate report in any formats. Summaries of the minutes of the meetings of the NBM Executive Board on the promotion of monetary policy are published six months after the respective meeting, and are part of the Inflation Report. The Governor of the NBM provides quarterly presentation of Inflation Reports. The presentation of the Inflation Reports is presented to journalists at the BM premises and broadcasted online through several platforms, as well as published on the NBM website. The press conference takes place on the day of the Inflation Report publication.

Review	*Expanded* The NBM provides timely and extensive information on its policy decisions. It explains the rationale for the taken decision. The decision is disclosed promptly and accompanied by press conferences attended by journalists and analysts, chaired by the Governor.
Comments	The NBM may consider enhancing its transparency on monetary policy by providing more details on the decision-making process, including the publication of the minutes of the monetary policy meetings within a reasonable timeframe (max 3 weeks), including attribution of dissenting votes when the decision is not unanimous.
Principle 2.1.3.	**Supporting Analysis:** The central bank discloses relevant economic information and supporting analysis that informs its monetary policy decisions.
Description	The NBM produces various publications explaining the rationale and the supporting material to its monetary policy decision. The key document that informs stakeholders about the NBM' monetary policy decisions and their supporting analysis is the Press release that is published on the same day that the NBM' Executive Board holds the meeting on monetary policy. The press release presents the detailed considerations, including economic and other conditions and their analysis, that result in a policy decision, especially in the case of a new measure or a change in policy. Furthermore, it informs the public in a timely manner on recent developments in inflation, economic activity, monetary conditions, and the external environment. Moreover, it discusses the current forecast update and addresses potential macroeconomic risks and uncertainties to the medium-term inflation outlook. In addition to the press release, the NBM publishes quarterly the Inflation Reports, which informs the public on the latest analyzes of the internal and external environment, the evolution of the inflation process and economic activity, along with aspects related to the conduct of monetary policy. Furthermore, the Report incorporates the inflation forecast for the eight-quarter horizon, as well as the risks and uncertainties associated with this projection. Reference to the minutes of the meetings of the NBM Executive Board on the monetary policy stance are part of the Inflation Report. The Annual Reports (chapter 3) describes Monetary policy objective, monetary policy decisions and monetary and foreign exchange conditions. The Annual inflation infographic published on the NBM' main webpage provides data on the actual level of inflation, together with the NBM's inflation target and the inflation forecast. This infographic facilitates quick access to data on the inflation level and its deviation from the target, which also helps to explain NBM's monetary policy decisions. In addition, the NBM discloses relevant economic information and supporting analysis that informs its monetary policy decision in the Statistics section of the NBM website.

Review	*Expanded* The NBM developed and published a comprehensive analytical framework to support the decision-making process, comprising data monitoring (as provided in the Quarterly Inflation Report), model-based projections, and extensive research on relevant policy topics, which are published in working papers or notes.
Comments	The NBM may consider disclosing scenario analysis to help explain how its policy decisions foster attainment of its policy objectives, as well as highlight risks to the outlook. The NBM could also disclose the relevant models used for inflation forecasts and scenario analysis aimed at better inform its monetary policy decisions.
Principle 2.2.	**Cross-Border Financial Flows and Foreign Exchange Administration:** The central bank is clear about its role in determining and implementing the policy on cross-border financial flows and foreign exchange administration. It discloses the objective(s), the legal and institutional frameworks it is acting under, its policy decisions, as well as the process by which policy decisions are taken.
Principle 2.2.1.	**Objectives and Framework:** The central bank discloses the policy's objective(s), legal and institutional frameworks, and the strategy to achieve the policy objectives. There is clarity whether the central bank can delegate some of its functions to implement policy decisions to other entities and on the modalities of such delegation.
Description	In accordance with Law No. 548/1995, the NBM is responsible for regulating foreign exchange within Moldova (Article 5, para (1) point (l)). Law No. 62/2008 (Law on Foreign Exchange Regulation)) outlines the principles of foreign exchange regulation, the rights and obligations of residents and non-residents, and the powers of foreign exchange control authorities and agents. The NBM Law and the Law no. 62/2008 on foreign exchange regulation govern current and capital transactions, the issuance of NBM authorizations and licenses for foreign exchange activities, and the reporting of foreign exchange operations. The NBM retains exclusive authority in implementing policy decisions and oversees compliance with foreign exchange legislation, issuing and withdrawing licenses, and regulating foreign exchange entities (Articles 50, 51). Under Article 11, paragraph (1) of the Law on the NBM, the NBM can issue decisions, regulations, instructions, and orders. All related regulations and decisions are published in the Official Monitor of the Republic of Moldova, on legis.md, and the NBM website. The Republic of Moldova must comply with the Association Agreement (AA) effective June 2014, which mandates the creation of conditions for applying EU rules on the free movement of capital, ensuring unrestricted movement of capital and investments, and common rules for cross-border payments.
Review	*Expanded*

	The objectives, as well as the legal and institutional frameworks of the policy, are clearly defined and disclosed. The roles, responsibilities, and powers of the NBM concerning the policy are distinctly separated from those of the government and other agencies. These distinctions are embedded in the relevant legal framework, including the Law on the National Bank, the Law on Foreign Exchange Operations,
Comments	Transparency can be enhanced with the disclosure of the strategy to achieve the NBM's policy objectives.
Principle 2.2.2.	**Policy Decisions:** Policy decisions, whether on new actions or changes to standing policy or other changes in the regulatory framework, are publicly announced, explained, and disclosed in a timely manner. The central bank is clear about the process by which policy decisions are taken.
Description	The NBM's Executive Board, according to Article 27 of the NBM Law has the authority to adopt and publish normative acts that are binding for banks and other legal entities and individuals. The Executive Board's Policy decisions are (regulatory framework) are disclosed ensuring that there is sufficient lead time for those who are affected by the changes to adjust. The NBM has a well-established and transparent public consultation process in place.
Review	*Core* The NBM discloses the role and responsibilities of its decision-making bodies involved in the process and the frequency of their meetings., and the information on the decision-making process and its stages (e.g., elaboration of proposal, drafting of the decision, public consultation etc.). Policy decisions (regulatory framework) are disclosed ensuring that there is sufficient lead time for those who are affected by the changes to adjust.
Comments	To make the process by which policy decisions are taken clearer, the NBM should publish the Rules of Procedure of the Executive Board and Supervisory Board (see Principle 1.4).
Principle 2.2.3.	**Supporting Analysis:** The central bank discloses in a timely manner the supporting analysis, including the intended outcome that informs its policy decisions.
Description	According to Article 56 of the Law on FX Regulation, if the capital flows into or from the Republic of Moldova, cause or may cause serious difficulties in the promotion of foreign exchange policy and/or monetary policy, the NBM may take the decision on applying the safeguard measures in consultations with the Government, by immediate notification of the Parliament.
Review	*Core* The NBM discloses in a timely manner the general considerations that underly a policy decision. The expected outcomes of policy decisions, in the context of the policy objectives, are disclosed. Transparency can be enhanced with the disclosure of detailed considerations.

Comments	Transparency can be enhanced with the disclosure of detailed considerations (economic and other conditions and analysis) as well as with the publication of a high-level capital account liberalization roadmap should be considered.
Principle 2.3.	**Foreign Exchange Management:** The central bank clearly and publicly discloses its foreign exchange policy objectives, including the hierarchy of objectives and the operational framework and instruments of foreign exchange interventions.
Principle 2.3.1	**Objectives and Framework:** The central bank discloses its policy objectives and legal, operational, and institutional frameworks, consistent with the chosen foreign exchange regime.
Description	The NBM's Monetary Policy Strategy, which is approved by its Executive Board, states that its FX management objectives. The NBM uses interventions on the domestic FX market only for the purpose of supporting the effects of the implementation of open market operations, to the extent that they will be necessary to achieve the inflation target and without influencing the fundamental trends of the exchange rate of the Moldovan leu. The NBM may also carry out FX interventions to mitigate excessive fluctuations of the official exchange rate, stop speculative operations and replenish international foreign exchange reserves, without prejudice to the achievement of the inflation target.
Review	*Expanded* The NBM discloses the broad objectives of foreign exchange intervention policy, and its interaction with monetary policy, as well as the legal and institutional frameworks.
Comments	
Principle 2.3.2.	**Policy Decisions:** The central bank discloses its decision-making process, including the rationale for foreign exchange management instruments, and the means and methods of reaching a decision. The potential impact of its policy decisions is explained in a timely manner.
Description	The NBM's decision-making process about several elements of its FX management policy is clear and transparent. For example, changes in the FX reserve requirements are communicated in public NBM regulations which clarify that the Executive Board is the decision-making body. Furthermore, the NBM is also transparent about other elements of the FX management, like the adjustments to the official exchange rate setting framework, via press releases. However, the decision-making process for FX interventions is not disclosed despite the otherwise detailed description of the policy in the Annual Report.
Review	*Not Implemented* The NBM does not disclose its decision-making structure, process, and authority to reach foreign exchange intervention decisions.

Comments	The NBM should disclose its decision-making process for all FX management instruments, including FX interventions. This could be presented either in the terms of reference of the Executive Board, in the dedicated section of the Annual Report, or in a standalone, regularly updated section on its website about its FX intervention strategy or FX operations.
Principle 2.3.3.	**Supporting Analysis:** The central bank discloses its assumptions, transmission channels, and analysis backing the intervention policy decisions, as well as ex-post evaluation of economic impact.
Description	In the Annual Report, the NBM publishes aggregate (semi-annual) FX intervention amount and direction. The explanation provided covers the demand/supply balance of the FX spot market as well as the market turnover. This allows for the ex-post evaluation of the economic impact of the interventions.
Review	*Expanded* In the context of the NBM's managed floating exchange rate regime, individual intervention decisions are not communicated separately, but the quantitative information presented in the Annual Report the rationale and economic analysis backing its intervention decisions can be inferred from the data provided in the annual report and the description of its intervention strategy in the Monetary Policy Strategy.
Comments	
Principle 2.4.	**Foreign Exchange Reserve Management:** The central bank discloses its policy objectives for foreign exchange reserve management, along with key considerations behind the policy, details on how oversight responsibility is allocated, and the potential impact of the policy.
Principle 2.4.1.	**Objectives and Framework:** The central bank discloses broad investment objectives, operative models, how it allocates oversight responsibility, and the institutional framework of its policy decisions.
Description	The Regulation on foreign exchange reserves management is pursuant to Articles 5 and 53 of the Law No. 548/1995 on the activity of the National Bank of Moldova (NBM). Article 5 emphasizes the role of the NBM in holding and managing international reserves. Article 53 specifies the types of eligible instruments that may be used for the management of these reserves, such as foreign currency banknotes and coins or bank accounts held abroad, liquid securities, gold, and deposits with reputable foreign institutions. The disclosure of oversight responsibility and institutional framework is described in principle 2.4.2.
Review	*Expanded* The NBM discloses the key objectives, risk exposure, governance with oversight responsibility, and investment structure of foreign exchange reserve management.

Comments	
Principle 2.4.2.	**Policy Decisions:** The central bank discloses key elements of policy formulation, related risk exposures, instruments, decision-making hierarchy, and the oversight allocation process.
Description	The Investment Committee and Risk Committee terms of reference are available on the NBM website. In addition, an extract of the Regulation on the Investment Committee is published on the NBM website describing the decision-making process. The Investment Committee is responsible for analyzing the performance of the investment portfolio, monitoring developments in domestic and international financial markets, assessing investment risks, and determining short- and medium-term investment strategies. It also evaluates opportunities to modify long-term strategies and approves changes related to the management of foreign reserves, including revising the list of authorized counterparties and applying penalties for transaction violations. The Committee is composed of the Chairman, nine members from the NBM, and a Secretary, and meets monthly or as needed for extraordinary sessions. The extract of the regulation on the Risk Committee is also published and provides sufficiently detailed information on the decision-making hierarchy and the allocation of oversight responsibilities. The Risk Committee, established by the Supervisory Board, supports the Executive Committee in managing risks within the NBM. It is accountable to the Executive Committee for its activities. The NBM's annual Financial Statement (page 34 of the 2023 Financial Statement) states that the Executive Committee assumes responsibility for establishing the investment horizon; the normative currency composition of international reserves; the minimum rating in which investments can be made; approving strategic benchmarks, their durations and permissible deviations for each sub-portfolio; approving maximum limits on instruments and counterparties/issuers; adopting decisions on the transfer of a part of the state's international reserves to external asset management. is implicitly indicated but not stated explicitly.
Review	*Expanded* The NBM discloses its decision-making process, key assumptions, methods of reaching its investment and risk decisions, and how it allocates oversight responsibility.
Comments	The NBM may consider the ex-post disclosure of investment committee deliberations with a defined lag.
Principle 2.4.3.	**Supporting Analysis:** The central bank discloses the key assumptions and review process related to its policy decisions.
Description	The review process of the foreign reserve management decisions is disclosed in the regulation on the investment committee. The NBM, in its Annual

	Report, discloses the rationale and economic analysis backing its strategic investment and risk decisions: in 2023, taking into account the expectations of yield evolution, as reflected including in the inverted yield curve of government securities, the duration of the internally and externally managed US dollar securities portfolios was extended.
Review	*Core* The NBM the rationale and economic analysis backing its strategic investment and risk decisions.
Comments	The NBM may consider publishing the analysis backing its strategic decision on investment and risk policy, and any changes to operational mechanisms.
Principle 2.5.	**Macroprudential:** The objectives, decision-making process, and instruments of macroprudential policy are clearly communicated to the public. Indicators and supporting analysis to assess the need for macroprudential measures are disclosed alongside policy decisions.
Principle 2.5.1.	**Objectives and Framework:** The central bank discloses its macroprudential policy framework, including its objectives, instruments, and strategy for achieving its objectives.
Description	The NBM sets dedicated website to explain its role in financial stability. It also discloses its strategy, role, and responsibility for financial stability and macroprudential policy, as well as the implementation of its strategy. The Law of the NBM states that "without prejudice to the primary [monetary policy] objective, the NBM shall aim at ensuring the stability and viability of the banking system". Recently, the NBM law has been amended (art. 5^1 and 5^2) to provide clarity on the NBM mandate in defining and implementing macroprudential strategy in relation to the entities supervised by the NBM. Furthermore, to exercise its duties regarding the implementation of the macroprudential policy, NBM may apply, by normative act or individual administrative act, macroprudential measures within the limits of the supervision responsibilities. At the national level, there is a designated national macroprudential authority - the National Committee on Financial Stability (NCFS). According to its law, the NCFS is responsible for coordinating the implementation of macroprudential policy and activities to prevent and remedy systemic financial crisis situations in accordance with the provisions of this law. The Committee has the following objectives: • Promote the achievement of the final objective of the macroprudential policy. • Propose actions to prepare for crisis situations and plan actions in emergency situations. • Propose prompt actions in the conditions of a systemic financial crisis.

	To exercise its powers, the Committee has the right to request all relevant data and information for the fulfillment of its final objective, including information from relevant authorities The notified authorities and entities are obliged to provide the requested information in a timely manner. The NCFS has the following composition, which published on the NBM website: the Governor of the NBM as the Chairman of the Committee; the Minister of Finance; the Minister of Economy; the President of the National Financial Market Commission; the General Executive Director of the Deposit Guarantee Fund. Furthermore, the NCFS has an extended composition that includes several executive members of the NBM, involved in prudential regulation and financial stability. Each member of the Committee or the Extended Committee shall have one vote, and the decisions are adopted by a simple majority vote. To fulfill the objectives, the NFSC has the following duties: • Coordinate the management of systemic financial crises. • Submit policy proposals and measures to the Government and other competent authorities for the purpose of protecting deposits, capitalizing and recapitalizing banks. • Propose immediate measures in case of occurrence of systemic financial crises. • Propose actions and measures aimed at restoring credibility in the security of the financial system. • Periodically issue official statements to avoid situations of misinformation. • Adopt a crisis communication policy and plan. • Adopt a national action plan in emergency situations. • Determine the necessity of state involvement in the sale of shares of systemically important banks, in accordance with art. 541 of Law no. 121/2007 regarding the administration and denationalization of public property. • Monitor the implementation of the issued recommendations. The Committee and the Extended Committee are empowered to submit recommendations to the Government and relevant regulatory authorities, the application of certain actions, measures and macroprudential instruments that will contribute to maintaining financial stability. The recommendations of the Committee and the Extended Committee are issued according to the principle "execute or explain." The NBM provides the logistics and secretarial work within the NCFS, as well as the supporting materials necessary for the committee's decision-making. The objectives of the NCFS are to promote the achievement of the final objective of the macroprudential policy and propose actions in the conditions of a systemic financial crisis. Furthermore, the NBM discloses its objectives, instruments, and the responsible authorities for its enforcement within the Strategy on

	Macroprudential Policy. Through a press release in October 2023, the NBM disclosed the approval of the strategy by the NCFS, which establishes the operational framework for achieving the objectives of the financial stability policy. The Strategy was developed and approved in accordance with the provisions of Law No. 209/2018 on the NCFS. Moreover, the NBM plays a major role in maintaining financial stability due to its responsibility for prudential regulation and supervision of the banking and insurance sectors, oversight of the functioning of payment systems, as well as the establishment of macroprudential policy instruments and the identification of systemically important institutions (O-SII), and other systemically important institutions subjected to additional regulatory measures. The NBM also discloses the methodology used to identify the O-SII.
Review	*Expanded* The NBM discloses its macroprudential policy framework, including its strategy, objectives, as well as tools and instruments to achieving its objectives. The NBM publishes its financial stability and macroprudential policy strategy.
Comments	The NBM is encouraged to provide more details on the NCFS, including operational procedures, topics discussed, and meaningful summary of the outcomes. This would benefit stakeholders that are not part of the NCFS.
Principle 2.5.2.	**Policy Decisions:** The central bank publicly announces its macroprudential policy decisions in a timely manner, and discloses the decision-making process leading up to macroprudential action.
Description	he NBM announces it macroprudential decision on a regular and timely manner through press releases. Currently, the main macroprudential policy toolkit implemented by the NBM is capital buffers, applied according to the regulation on capital buffers adopted by the decision of the Executive Committee of the NBM no. 110 of 24 May 2018. They are intended to build up additional reserves to mitigate excessive accumulation of systemic cyclical risks, which may lead to significant distortions in the functioning of the banking sector. The NBM publicly announces its macroprudential policy decisions according to the periodicity of its approval of the macroprudential instruments, such as the capital buffers for banks and borrower-based tools. The decisions on the applied macroprudential measures on specific entities or financial instruments are described in the Financial Stability Report, press-releases, regulations, and methodologies of calculation, etc. Information on the decision-making process is limited. Pursuant to Law No 209/2018 on the NCFS is the designated national macroprudential authority responsible for coordinating the formulation and implementation of macroprudential policy. As a secretary of the NCFS, the NBM proposes measures to achieve financial stability and preventing and reducing risks that threaten financial stability and in managing systemic crisis situations. In particular, it coordinates the management of systemic financial crises; submit

	policy proposals and measures to the Government and other competent authorities for the purpose of protecting deposits, recapitalizing banks; to propose immediate measures in case of occurrence of systemic financial crises; to periodically issue official statements to avoid situations of misinformation; and to adopt a national action plan in emergency situations. While the NCFS proposed measures and recommendations, it is the designated regulatory authorities that adopt and implement the measures at their own discretion. Alternatively, these must explain to the NCFS why the proposed measures were not adopted. The decisions adopted by the NBM are published on the NBM's website. it is the Executive Board of the NBM that approves the regulation on various aspects of the banking sector. For instance, the NBM announced through press release the approval of the Regulation on responsible lending to consumers by banks. Annually, the NBM publishes the Financial Stability Report (FSR), which aims to provide an understanding of the main macroeconomic trends, the dynamics of the banking sector indicators and the sources of risks that persist in the financial markets of the Republic of Moldova.
Review	*Expanded* The NBM publicly announces its macroprudential policy decisions, as well as changes to macroprudential instruments.
Comments	As a secretary of the NCFS and in coordination with other public agencies, the NBM may consider publishing decisions and outcomes of each meeting of the NCFS, while keeping sensitive information confidential.
Principle 2.5.3.	**Supporting Analysis:** The central bank discloses the key indicators and analyses used to assess the need for macroprudential measures. It explains the rationale and the expected transmission channels of policy instruments in achieving their objectives.
Description	The NBM publishes annually the Financial Stability Report (FSR) on its website, that outline key indicators and analyses used to assess systemic risks and inform the implementation of macroprudential measures. The FSR includes data on credit growth, household and corporate indebtedness analysis, liquidity, market risks. Additionally, the NBM provides insight into the vulnerabilities identified in the financial system, such as excessive lending or risks related to the real estate market. In the FSR, the NBM explains the rationale behind its macroprudential policies, describing how specific measures, such as capital buffers, are designed to address the identified risks. Furthermore, the NBM discloses key indicators and methods to identify systemic risks, including: • Indicators related to the estimations for the Countercyclical Capital Buffer (CCyB). • Technical note on the Residential property price index (RPPI). • Methodology for the identification of systemically important institutions (O-SII).

	The NBM discloses information on the banking sector on a quarterly basis that has an impact on macroprudential policy formulation. This includes statistical data on prudential indicators on the entire banking sector on a monthly basis, and priorities in banking supervision on an annual basis. Furthermore, it discloses information about the NBM supervisory activity in the Annual Report.
Review	*Expanded* The NBM periodically publishes the key indicators and analyses used to assess the need for macroprudential measures. It explains the rationale of policy instruments in achieving the objectives. This information is published in various documentation, including FSR.
Comments	The NBM may disclose the rationale and the expected transmission channels of macroprudential policy instruments in achieving macroprudential policy objectives.
Principle 2.6.	**Microprudential Supervision:** Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section III.F. of the Guidance Note
Principle 2.7.	**Emergency Liquidity Assistance:** The central bank discloses the scope and objectives of emergency liquidity assistance, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.
Principle 2.7.1	**Market-wide Liquidity Support:** The central bank discloses the scope and objectives of market-wide liquidity support, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.
Description	Article 18 of the Law on the NBM establishes that the NBM may grant loans to banks under the terms established periodically by the NBM and collateralized with securities issued by the Government, securities issued by the NBM, deposits and other accounts held at the NBM or at any other bank accepted by the NBM, containing any assets that the NBM may buy, sell or negotiate any other eligible financial assets established by the NBM. These loans may be provided in the form of payments in advance, loans, purchases, sales of financial instruments, either on a competitive or noncompetitive basis. The NBM has the authority to set the minimum interest rate at which it grants loans to banks, the objective criteria under which banks will be eligible for credit on a competitive basis, the various rates, ceilings for different types of such transactions, and maturity time limits. The detailed provisions of the loan granting process are outlined in Chapter III, Section 4 of the Regulation No 188/2014 on open market operations of the NBM. The methodology for valuing the assets provided to the NBM by banks as collateral for granting of loans, is disclosed in the Norms on evaluation of assets accepted by the NBM as collateral for granting loans to banks.

Review	*Expanded* The provision of market-wide liquidity support would be done according to its rules and procedures for open-market operations which foreseen that NBM can grant collateralized loans within main operations, structural operations, and fine-tuning.
Comments	
Principle 2.7.2	**Bilateral Liquidity Support:** The central bank discloses the scope and objectives of bilateral liquidity support, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.
Description	Article 18[1] of the Law on the NBM establishes the main features of the ELA framework. The NBM may provide emergency liquidity assistance to solvent and viable banks experiencing temporary liquidity problems, to maintain the stability of the financial system and at its full discretion and subject to conditions established by the NBM. ELA may be granted for a period of up to three months, with the option of extending it for up to one year from the date of granting, under the conditions set by the Executive Board of the NBM. The interest rate is set to be greater than the marginal lending facility rate. The detailed provisions of the ELA framework are outlined in Regulation No 343/2019 on Emergency Liquidity Assistance. This Regulation establishes: • Principles, conditions, and method of providing ELA by the NBM to banks. • Types of financial assets accepted by the NBM as collateral. • Method of collateral mobilization and execution. • NBM's actions in case of non-compliance with the ELA repayment obligation and related interest. The Regulation No 343/2019 defines some key terms, such as the definitions of a solvent bank and of a viable bank, as well as the guidelines on providing, extending the term, and increasing the amount of ELA. The methodology for valuing the assets provided to the NBM by banks as collateral for granting loans, including ELA, is disclosed in the Norms on evaluation of assets accepted by the NBM as collateral for granting loans to banks. These norms also include the haircuts applied to these assets and other risk control measures. Furthermore, the NBM provided an overview of the ELA framework in a technical note contained in the 2022 Financial stability report (page 69). This note states that the ELA framework was strengthened in recent years with the support of technical assistance provided by the IMF. It explains that ELA is a provision of liquidity in emergency situations to a solvent and viable bank facing temporary liquidity problems, without being part of monetary policy. It also explains the main criteria and conditions for granting ELA.

Review	*Comprehensive* The Legal basis for ELA is laid out in the NBM Law, and further detailed in Regulation No 343/2019 on Emergency Liquidity Assistance ('ELA Regulation'). The ELA Regulation includes all the comprehensive transparency practices for ELA, based on international practices. Notably: institutional eligibility, conditionality, supervisory intrusion, and financial parameters. NBM Law and the respective Regulations contribute for a clear distinction between market-wide liquidity support and bilateral liquidity (through ELA). The NBM Law has separate provisions for market-wide liquidity support (Article 18) and bilateral support, i.e., ELA (art 18^{1}). Furthermore, the specific details for two types of liquidity support measures are laid out in separate Regulations, Open Market Operations Regulation and ELA Regulation. NBM also discloses the haircuts it applies to different types of collateral in the document 'Norms on evaluation of assets accepted by the NBM as collateral for granting loans to banks.' International best practices would recommend against disclosing haircuts for ELA collateral. However, it is clear from the document that the haircuts mentioned are minimum haircuts and the NBM may apply higher haircuts, depending on the specific asset being mobilized.
Comments	
Principle 2.8.	**Resolution:** Selected principles from KA
	Reference as per Section III.F. of the Guidance Note
Principle 2.9.	**Financial Market Infrastructures:** Selected principles from PFMI
	Reference as per Section III.F. of the Guidance Note
Principle 2.10.	**Financial Integrity:** The central bank discloses its policies and powers for Anti-Money Laundering/Countering the Financing of Terrorism supervision, and a description of its internal control framework relating to the activities or services that may give rise to Money Laundering/Terrorist Financing risk.
Principle 2.10.1	**AML/CFT Supervision:** The central bank discloses information relating to its policies and powers supporting its Anti-Money Laundering/Countering the Financing of Terrorism supervisory activities.
Description	According to art.15 para.(1) of the Law no.308/2017 on the prevention and combat of money laundering and terrorism financing, the NBM is the supervisory authority for banks; non-bank payment service providers; foreign exchange units; insurers or reinsurers which carry out activity within the limits of life insurance classes and those with participation in investments; non-banking credit organizations and savings and loan associations. Moreover, according to art.5 para.(1) letter q) of the Law no.548/1995 on NBM, the NBM acts as a supervisory authority for the reporting entities as established by the Law no.308/2017. The NBM responsibilities as a supervisory authority are

	clearly defined in the AML/CFT law (art.15 para. (2) - (6) and (8)), as well as, in the Law no.548/1995 on the NBM (art.5 para.(1)). The NBM also publishes its supervisions priorities at the beginning of each year for the AML/CFT area on its webpage.
Review	*Core* NBM provides an overview of its supervisory policies on its website, including the evolving supervisory priorities. Its supervisory powers are outlined in the legal framework, including the NBM (548/1995) and AML/CFT (308/2017) laws. Information is publicly available on the types of financial institutions supervised by the NBM for AML/CFT, powers to supervise and ensure compliance, including the authority to conduct inspections and compel production of relevant information from financial institutions and to impose sanctions.
Comments	Transparency of AML/CFT supervisory policies would benefit from publishing an overview or a summary of the main principles of NBM's approach to risk-based supervisory policies.
Principle 2.10.2	**AML/CFT Supervision:** The central bank discloses information relating to its policies and powers supporting its Anti-Money Laundering/Countering the Financing of Terrorism supervisory activities.
Description	In order to mitigate the risks associated with money laundering and terrorist financing derived from business relations established by the NBM with its customers, as well as, for occasionally performed transactions, the NBM approved an internal AML/CFT Regulation in 2017, which set out the AML/CFT mandatory requirements to be implemented by NBM's departments: identification and assessing the ML/FT risks; application of KYC and EDD measures; correspondent banking measure; PEP measures; monitoring of the customers' transactions and gathering of supporting documents; identification and reporting of suspicious transactions; record keeping requirements; internal control system requirements (training of staff, internal audit, responsible AML/CFT officer from management position), transfer of funds requirements; screening with designated list requirements, etc. Item 8 of the Regulation describes the NBM activities and operation and the associated ML/FT risk. The mentioned Regulation is not available for public, as it deals with NBM internal operations, including those with its counterparts that are considered banking/professional secret, and it can be disclosed strictly in accordance with the art.36 of the Law no.548/1995. The information related to NBM's internal activity in the field of AML/CFT, as well as a copy of NBM's Regulation, is however available for its counterparts and interested future banking correspondent clients. In addition, on yearly basis, the NBM submits the KYC questionary for all its correspondent banking partners. On the NBM's webpage, can be found the normative acts related to ethics, compliance and anti-fraud policies within the institution. "

Review	*Core* NBM publishes general information about its internal controls framework, based on the three lines of defense (NBM's divisions, dedicated functions to manage financial and operational risks; internal audit), which includes AML/CFT measures. NBM also publishes an extract of the Operational Risk Management Framework.
Comments	NBM could consider publication of a general description of internal AML/CFT Regulation, including the main risk mitigating measures and the description of the NBM activities that give rise to ML/TF risks.
Principle 2.11.	**Consumer Protection:** The central bank discloses its policies relating to consumer protection, conducted solely or jointly with other agencies.
Description	Not applicable.
Review	Not applicable.
Comments	
Pillar III—Central Bank Operations	
Principle 3.1.	**Monetary Policy:** The central bank discloses its operational framework with a well-defined operational target, objectives, instruments, collateral, and access criteria.
Principle 3.1.1.	**Instruments:** The central bank discloses its monetary policy instruments.
Description	The NBM discloses its operational framework for the implementation of monetary policy, including its target, to the public and links the inflation target to its operational framework through a description of the transmission mechanism of monetary policy in the Medium-term monetary policy strategy of the NBM published on its website. The website articulates that the NBM conducts monetary policy by using various instruments, including open market operations, standing facilities, and reserve requirements, and interventions on the foreign exchange market. These instruments directly impact the level of the nominal interest rates in the money market in the short run. When banks deposit excess reserves at the NBM they receive the policy rate on these reserves. The open market operations are the main monetary policy instrument with the purpose to balance the demand and supply of liquidity and to allow the NBM to influence the level of the short-term interest rates in the interbank money market. The main channel that liquidity is withdrawn/ injected is through weekly auctions. Every year in November, the NBM publishes on its website the calendar of monetary policy operations for the next year. The objective of the reserve requirement is clearly disclosed as an auxiliary monetary policy instrument aimed at restricting excess liquidity and dampening its impact on interbank interest rates. By changing the reserve

	requirement ratio, the central bank also aims to influence the banking margin and the dynamics of credit and inflation, respectively. The NBM highlights that to achieve the targeted inflation, the monetary market conditions are guided by the NBM through the base rate, which is set by the NBM's Executive Committee and is the main indicator for the interbank money market in the short run.
Review	*Comprehensive* The operational target and the link between the operational framework and monetary policy objectives is disclosed. The role of reserve requirements is disclosed.
Comments	
Principle 3.1.2.	**Coverage:** The central bank discloses: (i) the type of instrument (open market operations, standing facilities, other facilities, reserve requirements, and direct instruments of monetary control); (ii) the characteristics of each instrument; and (iii) the collateral framework.
Description	In addition to the instruments described above, the NBM disclosed its collateral framework and the decision on determining the assets used as collateral in the context of monetary operations, including the list of accepted securities. In addition, the NBM publishes daily information about the purchase prices for all the accepted collateral on the Central Security Depository's electronic system used by all accepted counterparties for monetary operations. The NBM made public a summary of the key features of the reserve requirements regime, including the terms of the reserve base, reserve ratio, observance and maintenance periods, the calculation and holding arrangements, averaging, remuneration and sanctions are clearly explained in a succinct manner. The detailed regulations on reserve requirements are set in the Regulation 302/2019. Regulation 139/2019 sets the interest rates for the remuneration of required reserves and the fees related to the management of required reserves in US dollars and euro. The data on required reserves (level of reserves, reserve base, ratio, remuneration rates) are published monthly in the interactive database for MDL required reserves and FX required reserves. Regulation 171/ 2018 set the terms and conditions for credit standing facilities. It establishes the rules and procedures for granting credit standing facilities in Moldovan lei to banks and branches of foreign banks, licensed by the NBM, with a view of maintaining the liquidity of banks ensuring timely payments performance. Regulation 65/2003 defines the terms and conditions of overnight deposits accepted by the NBM from banks.
Review	*Comprehensive*

	The NBM discloses the type of instruments, the characteristics of each instrument, and the collateral framework. Furthermore, the NBM discloses terms and conditions that explain how the level of reserve requirements is determined. It also discloses detailed regulations on monetary operations and reserve requirements.
Comments	
Principle 3.1.3.	**Access:** The central bank discloses the monetary policy counterparties' framework.
Description	The NBM discloses information on the monetary policy counterparty and terms and conidiations, etc. in the Regulation 188/2014. This regulation establishes the general principles, instruments, conditions, criteria and procedures for conducting open market operations of the NBM, duties and responsibilities of participants in these operations, eligible assets for trading and for collateralization of liquidity provision operations, operations settlement procedures and sanctions to be applied in case of participants' failure to honor their obligations. The eligible participants of monetary policy operations are banks licensed by the NBM.
Review	*Comprehensive* The categories of monetary policy counterparties and respective access rights are clearly defined. The NBM discloses the eligibility criteria of monetary policy counterparties, as well as the terms and conditions for participating.
Comments	
Principle 3.2.	**Cross-Border Financial Flows and Foreign Exchange Administration:** The central bank discloses how it implements this policy in terms of the instruments and the scope of its operations and actions.
Principle 3.2.1.	**Instruments:** The central bank's instruments for implementing the policy and the circumstances in which they can be used are clearly defined and disclosed.
Description	The Law no.62/2008 on foreign exchange regulation (FX Law) establishes the general principles of the foreign exchange regulation, the rights and the obligations of residents and non-residents related to the foreign exchange field, as well as the powers of the authorities of foreign exchange control and the competence of agents of foreign exchange control (Article 1). According to the Law, the foreign exchange regulation in RM represents the set of legal norms regarding the performance and reporting of foreign exchange operations, licensing, and carrying out of the activity of foreign exchange entities, as well as those concerning the foreign exchange control, established to implement the State's foreign exchange policy and ensure the internal foreign exchange market stability. This law also provides the conditions and rules for the license's issuance by NBM for the performing of foreign exchange activity in cash with individuals of the foreign exchange offices and hotels (Article 41, 47-49, 52-54), for issuance of the NBM authorization for the performing of certain foreign

	exchange operations (Article 55), provisions on the foreign exchange market (36-40), foreign exchange control (Article 57 -60), safeguard measures (Article 56), sanctions applied and withdrawal of the license (Article 63 -66), as well as the reporting (Article 67). FX Law (Article 35 para (3)) indicates that the NBM is entitled to establish procedures for the performance of currency exchange operations in the Republic of Moldova. As for the circumstances under which these tools are envisaged to be deployed, according to Article 56 of the Law on FX Regulation, if the capital flows into or from the Republic of Moldova, cause or may cause serious difficulties in the promotion of foreign exchange policy and/or monetary policy, the NBM may take the decision on applying the safeguard measures in consultations with the Government, by immediate notification of the Parliament.
Review	*Core* The implementation tools for the NBM's cross-border capital flow and FX administration policies, including the regulatory framework, licenses, reports, monitoring and enforcement instruments, and foreign exchange transactions, are clearly defined and disclosed. This includes detailed information on the types and hierarchy of regulatory instruments, the licenses, and approvals the NBM can grant, the reports required, the monitoring and enforcement tools available (including sanctions), and the foreign exchange operations it can perform, along with applicable fees. The conditions under which these instruments can be used are also broadly defined.
Comments	The NBM might want to consider disclosing a brief description of each regulatory instrument.
Principle 3.2.2.	**Coverage:** The central bank discloses information about the persons (entities and individuals), transactions, and other aspects of the foreign exchange system that it can and does regulate; persons, transactions, and activities that it can license, approve, monitor, and sanction; and foreign exchange transactions that it can perform.
Description	
Review	*Expanded* The regulatory framework clearly defines, and the NBM discloses the types of activities, persons, and transactions it is entitled to regulate, license, approve, perform, monitor, and sanction. It outlines the rules and conditions for regulated transactions and activities, including any prohibitions, and provides detailed descriptions of licensing and approval requirements, along with the necessary documentation. The framework also explains the considerations for granting or denying licenses and approvals, the procedures for granting them, including decision timelines and the roles of decision-making bodies. It specifies the reporting requirements for entities and individuals, the forms and guidelines for report submissions, and the types of entities, individuals, and transactions subject to central bank monitoring and the relevant instruments used. Additionally, it details the procedures, types, scope, and extent of

	sanctions for noncompliance, and the types of entities and individuals that can access the NBM's foreign exchange operations. Decisions in individual cases, including the reasons for rejecting license or approval requests, are communicated to the affected persons in a timely manner.
Comments	The NBM might want to consider explaining aspects related to the granting of licenses/approvals and use of/access to other policy instruments to the public through Q&As that are easily accessible.
Principle 3.3.	**Foreign Exchange Management:** The central bank discloses how it implements its foreign exchange policies framework in terms of instruments, markets, size, and mode of access.
Principle 3.3.1.	**Instruments:** The central bank discloses the set of instruments used for foreign exchange management policy, key considerations under which these instruments are chosen, and eligibility criteria of counterparties and mode of access.
Description	In its Monetary Policy Strategy, the NBM discloses that the domestic currency market, swap reverse currency operations, as well as forward transactions can be used as instruments of foreign exchange policy. In addition, the FX Regulation stipulates that the operations, carried out by the NBM for the purpose of interventions on the domestic currency market, usually have the settlement date, as a rule, the earliest on the next working day after the transaction date (t+1, the "tomorrow" transaction).
Review	*Core* The NBM discloses the main instruments it intends to use to achieve the desired objectives of foreign exchange intervention. It discloses foreign exchange management counterparties, eligibility criteria, and access to its operations.
Comments	The NBM might want to disclose the rationale for choosing the listed instruments for its FX operations.
Principle 3.3.2.	**Coverage:** The central bank discloses the markets and agents who are targeted by the foreign exchange management policy.
Description	In its Monetary Policy Strategy, the NBM discloses that the domestic currency market, swap reverse currency operations, as well as forward transactions can be used as instruments of foreign exchange policy. According to the FX regulation, participants of the domestic currency markets are licensed banks, which are therefore the NBM's potential counterparties in FX operations.
Review	*Expanded* The NBM discloses the foreign exchange management framework of its operations, the markets in which it operates (e.g., spot and derivatives), and its framework for choosing institutions to transact with. The NBM also discloses the rules governing modes of operations, and markets (e.g., spot and

	derivatives) that are defined in regulations. The eligibility criteria of its foreign exchange management counterparties are clearly stated in a regulation.
Comments	The NBM might want to present the modus operandi of its FX operations in a standalone, regularly updated section on its website.
Principle 3.4.	**Foreign Exchange Reserve Management:** The central bank discloses the general principles governing its foreign exchange reserve management operations, including relationships with counterparties and service providers.
Principle 3.4.1.	**Instruments:** The central bank discloses the broad selection criteria for eligible asset classes, composition of instruments, investment horizon and constraints.
Description	The NBM Law stipulates the eligible asset classes (gold, foreign currency, FX receivables, bills of exchange and any other assets internationally recognize) in relatively vague terms. The 2023 Financial Statement of the NBM provides detailed information on the composition of the reserves (types of assets, maturity, structure, derivatives). They also provide information on the credit risk associated with FX reserve management (share of the assets by rating and a discussion along the lines of IFRS 9), as well as information associated with the liquidity and settlement risks, and the currency distribution. In addition, a dedicated section of the NBM website describes the general characteristics of the management of foreign reserves. This includes the definition of the reserves' currency composition, and the broad list of eligible assets: placements in correspondent accounts (usually at other central banks), term investments in foreign currency and securities, which are classified into transferable securities: supranational (issued by supranational institutions), governmental (issued by the US government, governments of European Union member countries, other government issuers), (issued by agencies).
Review	*Core* The NBM discloses broad criteria on selection of reserve assets, instruments, and limited risk disclosures.
Comments	The publication of an Investment Policy document would help improve the transparency of the NBM's reserve management activity.
Principle 3.4.2.	**Coverage:** The central bank discloses the criteria to select eligible market counterparties and service providers and eligible markets to conduct its operations.
Description	The 2023 Financial Statement (page 39) of the NBM explains that an essential element of credit risk management related to foreign reserves is the Bank's investment in safe counterparties with high long-term creditworthiness (minimum average rating A-1), established by international rating agencies (Standard & Poor's, Moody's and Fitch Ratings) and authorized by the Bank for the respective transactions, and in the case of foreign currency securities in safe instruments of issuers with high long-term creditworthiness (medium rating minimum AA-). It also states term investments in foreign currency and

	securities, which are classified into transferable securities: supranational (issued by supranational institutions), governmental (issued by the US government, governments of European Union member countries, other government issuers), (issued by agencies).
Review	*Core* The NBM discloses broad criteria to select eligible counterparties and eligible issuers.
Comments	
Principle 3.4.3.	**Review**: The central bank discloses criteria to assess adequacy and liquidity parameters and discloses such analysis regularly, at predetermined times.
Description	Chart 2.48 of the 2023 Annual Report provides a detailed reserve adequacy assessment.
Review	*Comprehensive* The NBM publishes a reserve adequacy assessment and a risk statement outlining the financial, operational, and other risks arising from its reserve management operations.
Comments	
Principle 3.5.	**Financial Stability Reviews and Stress Testing:** The central bank periodically discloses its review of domestic financial stability to the public and is transparent about the methods used for such reviews, including its framework for stress testing.
Principle 3.5.1.	**Financial Stability Reviews:** The central bank periodically provides to the public its review of risk to financial stability, including new and emerging sources of vulnerability.
Description	The Law of the NBM empowers the central bank at ensuring the stability and viability of the banking system. The NBM discloses on its website the assessment of the state of the financial sector, dominated by the banks, including associated risks and emerging sources of vulnerability. This assessment is aimed at identifying any major imbalances, which could lead to systemic crises, the inability of financial institutions to conduct operations uniformly or the collapse of financial markets. Financial stability is maintained by mitigating current and potential risks, implementing macroprudential instruments to prevent the accumulation of systemic risks, and thereby ensuring public confidence in the financial system. Furthermore, the NBM publishes a comprehensive analysis of the financial sector focusing on financial stability and arising vulnerabilities, presented in the annual FSR. Moreover, the annual report offers analysis of the financial sector, ensuring macroprudential supervision of the financial system in order to maintain financial stability, taking into account the development in the domestic financial sector, and the domestic and external macroeconomic

	environment. In addition, the NCFS is mandated to assess the stability of the financial sector. At its ordinary meeting, the NCFS approved the Strategy on macroprudential policy, which describes the national regulatory framework for financial stability, sets out the objectives of macroprudential policy, the intervention mechanism, the toolkit, as well as the role of national authorities involved in the decision-making process. According to the Strategy, the ultimate objective of macroprudential policy is to contribute to safeguarding the stability of the financial system by strengthening the resilience of the financial system and limiting the contagion effect, as well as reducing the buildup of systemic risks, thereby, ensuring a sustainable contribution of the financial sector to economic growth. The NBM achieves its macroprudential policy objectives through the implementation of six intermediate macroprudential policy objectives, which would increase the operationality, transparency and accountability of macroprudential policy and help inform decisions at the instrument selection stage: • Reducing and preventing excessive credit growth and leverage. • Reducing and preventing excessive maturity mismatch and market illiquidity. • Limiting concentrations of direct and indirect exposures. • Limiting the systemic impact of misaligned incentives to reduce moral hazard. • Strengthening the resilience of financial infrastructures. • Increasing the level of financial education. The NCFS conducts a regular assessment of the appropriateness of the intermediate policy objectives and macroprudential instruments set, also considering any emerging risks to financial stability.
Review	*Expanded* The NBM publishes from time-to-time information on its assessments of some of the vulnerabilities of the financial system and is transparent on the methods underpinning such assessments. Furthermore, the NBM regularly publishes a comprehensive assessment of the main risks to financial stability, including new and emerging vulnerabilities.
Comments	The NBM is encouraged presenting the FSR in a more transparent way, through a financial stability forum, inviting the relevant stakeholders.
Principle 3.5.2.	**Macroprudential Stress Testing Methods:** The central bank discloses the methods and key assumptions of the stress testing framework.
Description	To identify and prevent potential vulnerabilities in the banking sector, the NBM performs regular stress testing exercises. The NBM discloses its macroprudential stress tests to assess the resilience of the financial system in the FSR. The NBM uses the results obtained from the stress to identify the vulnerabilities of the banking system, as well as individual bank and their early

	addressing in the proves of bank supervision process. The results of the stress testing can also be used by the NBM to make decisions on any change to minimum capitalization and liquidity levels that would ensure institutions are sufficiently resilient in financial crisis situations. In Moldova, the stress tests focused on the banking sector, as other types of financial institutions are less systemic relevant. Typically, stress testing covers solvency risk (credit risk, market risk, operational risk) and liquidity risk, as well as the level of contagion risk. The NBM provides on its website some information on the rationale to conduct macroprudential stress testing which enables the assessment of the impact of macroeconomic conditions on the banking sector. From a methodological point of view, stress testing for macroprudential purposes represents a macro-econometric model in which regressions are estimated by analyzing the impact of economic shocks on the banking sector, and reveals the influence of the banking sector on economic dynamics. The NBM conducts stress testing to identify contagion risk. The recent stress testing results did not identify cases of direct contagion within the limits of this sector, due to the low level of net interbank placements of banks in the domestic banking sector. During 2022, regular stress scenario simulations were conducted to assess the bank's ability to meet their liquidity obligations. In this context, liquid asset inflows were calculated over a one-month horizon, together with non-uniform deposit withdrawals according to the type of depositors. The results did not identify any liquidity shortfalls at individual or aggregate banking sector level. Consequently, the liquidity risk of the domestic banking sector is currently low, and the liquidity position shows a sufficient buffer to cope with significant deposit withdrawals in both domestic and foreign.
Review	*Core* The NBM discloses very general information on stress testing methodology and the results at an aggregated level in the FSR.
Comments	The NBM may consider publishing information on the solvency stress testing. In addition, it is encouraged to publish information on the stress testing modalities: (i) the type of exercise (bottom-up, top-down, or a combination of both); (ii) the design of the macroeconomic stress scenario, including details on its estimation, plausibility, and time horizon; (iii) the risks covered and detail information on the models used; (iv) evolution of financial statements over the stress test horizon; (v) the full set of assumptions; and (vi) the regulatory framework.
Principle 3.5.3.	**Stress Testing Coverage:** The central bank discloses the coverage of the stress testing exercise.
Description	In its annual FSR, the NBM mentions the domestic banking sector as the subject of its stress testing exercises, as well as the covered risks (credit, liquidity, contagion).

Review	*Comprehensive* The NBM discloses the type of institutions covered by the stress testing, which is the banking sector.
Comments	The NBM may consider disclosing the number and the names of the banks, included in the stress testing exercise.
Principle 3.5.4.	**Central Bank Use of Stress Test Results:** There is clarity about the ways the central bank uses the stress test results.
Description	n its Macroprudential Policy Strategy, the NBM explains the use of stress tests as a way to ensure that supervised entities demonstrate resilience against potential shocks, allowing the quantification of the potential impact from materialization of major risk events and supporting in taking measures. Furthermore, the NBM seeks to ensure that supervised entities demonstrate resilience against potential shocks. The NBM discloses in the Annual Report that vulnerabilities in the banking system and preventing the excessive build-up of systemic risk, the NBM assesses banks' resilience to adverse scenarios and potential risks through stress tests and sensitivity studies in the banking sector. In 2023, the results of the stress tests confirmed the high level of liquidity of the banking sector, the banks being able to withstand scenarios simulating deposit withdrawals at historical maximum rates, and no liquidity shortages or breaches of prudential requirements for the applied stress scenarios were recorded. Furthermore, the results are shared, at an aggregate level with the public through the FSR.
Review	*Expanded* The NBM discloses the main purpose of the stress test and some aspects of its features.
Comments	The NBM may disclose detailed information on how stress test results affect individual macroprudential decisions in defining and implementing specific instruments.
Principle 3.6.	**Macroprudential Policy Implementation**: The central bank discloses how it implements macroprudential policies, including the design of policy instruments and enforcement arrangements.
Principle 3.6.1.	**Instruments**: The central bank discloses the precise design and objectives of its macroprudential instruments, including the scope of entities and financial instruments subject to macroprudential constraints.
Description	The NBM publishes on its website the macroprudential policy instruments. They could generally be classified in three categories, namely capital-based instruments (e.g. countercyclical capital buffers, sectoral capital requirements and dynamic provisions); asset-side instruments (e.g. loan-to-value and debt-to-income), and ratio caps (e.g. liquidity coverage ratio and net stable funding ratio). The macroprudential policy Strategy outlines the objectives of its

	macroprudential instruments. The NBM discloses the macroprudential instruments and tools that are intended to target sources of systemic risk. The macroprudential toolkit is constantly developed and reviewed by the NBM based on international practices. Furthermore, the NBM consults relevant stakeholders before endorsing and implementing specific macroprudential instruments. Moreover, the NBM provides various examples of macroprudential instruments that have been implemented in recent years: • The Regulation on capital buffers of banks, approved by Decision of the Executive Board of the NBM no.110 from May 24, 2018. • The Regulation on responsible lending to consumers by banks, approved by Decision of the Executive Board of the NBM no.101 from May 19, 2022. • The Regulation on responsible lending requirements applied to non-bank lending organizations, approved by Decision of the National Commission of The Financial Market no.20/5 from May 20, 2022. • The Methodology for the identification of systemically important institutions (O-SII). • The Technical Note on the Residential property price index (RPPI). The macroprudential toolkit and decisions are disclosed on the official NBM website. Furthermore, the decisions on applied macroprudential instruments approved within the regulations are published in the Official Gazette ("Monitorul Oficial") of the Republic of Moldova.
Review	*Comprehensive* The NBM discloses the design and scope of application of macroprudential tools, including the types of financial institutions (e.g., banks, non-bank lenders) and financial instruments (e.g., mortgage loans, other) subject to macroprudential constraints. Furthermore, the NBM consults the public before enacting major changes to the design of macroprudential tools and measures.
Comments	
Principle 3.6.2.	**Enforcement:** The central bank discloses enforcement mechanisms and responsibilities for all entities and financial instruments subject to macroprudential constraints.
Description	The NBM discloses the enforcement mechanism of its macroprudential measures through its prudential regulatory and supervisory power as part of its mandate, based on the provisions set forth in the banking regulation. The enforcement mechanisms of the NBM for all supervised entities subject to macroprudential constraints are mentioned in the Law on the NBM No.548/1995. The explicit macroprudential mandate of the NBM was included in the last amendments (art. 5), August 02, 2024. According to these provisions, the NBM is responsible for developing and implementing the macroprudential policy strategy, which is approved by the NCFS in accordance with the law. Additionally, the art. 5 of Law No.548/1995 explicitly grants the

	NBM the authority to apply macroprudential policy measures to banks and other supervised entities through normative and administrative acts. These measures could include stricter capital requirements, liquidity rules, debt limitations, margin requirements, and exposure limits, among others. The amendments on the Law on the activity of banks No.202/2017 also describes partially the enforcement mechanisms for the macroprudential constraints. According to the art. 63 of this law, the NBM is empowered to set requirements for macroprudential policy instruments and determine the level of their application to banks. This indicates that the NBM has the authority to implement measures aimed at preventing and mitigating systemic risks, which reflects a form of enforcement mechanism for macroprudential measures. Also, the enforcement mechanisms related to the macroprudential policy are described in the requirements on capital buffers and on responsible lending for individuals: • Regulation on capital buffers of banks, approved by Decision of the Executive Board of the NBM no.110 from May 24, 2018. • Regulation on responsible lending to consumers by banks, approved by Decision of the Executive Board of the NBM no.101 from May 19, 2022 (in force from July 01, 2022). Regulation on responsible lending requirements applied to non-bank lending organizations, approved by Decision of the National Commission of The Financial Market no.20/5 from May 20, 2022 (in force from September 01, 2022). The NBM consults the relevant stakeholders on any major regulatory changes or introduction of new regulations and rules.
Review	*Comprehensive* The NBM discloses enforcement mechanisms and responsibilities for all entities and financial instruments subject to macroprudential constraints. Furthermore, the NBM discloses which agencies enforce macroprudential regulations and discloses both incentive mechanisms and penalties.
Comments	
Principle 3.7.	**Microprudential Supervision:** Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section III.F. of the Guidance Note
Principle 3.8.	**Emergency Liquidity Assistance:** The central bank may disclose any ongoing provision of emergency liquidity assistance (including bilateral and market-wide support) and its conditions and parameters once the need for confidentiality has ceased.
Principle 3.8.1	**Market-wide Liquidity Support:** The central bank may disclose any ongoing provision of market-wide liquidity support and its conditions and parameters once the need for confidentiality has ceased.

Description	The NBM hasn't provided market-wide liquidity support through loans to banks since 2009-2010 and the NBM's ELA framework is more focused on bilateral liquidity support. During the COVID-19 pandemic, the NBM used other "lines of defense" against the system-wide liquidity shock, such as a lower reserve requirement, and a narrower standing facilities corridor. These actions were disclosed in a detailed Q&A on The NBM measures in the context of emergency state generated by COVID-19.
Review	*Not Applicable* No market-wide liquidity support has been provided to banks or other entities since 2009-2010.
Comments	
Principle 3.8.2	**Bilateral Liquidity Support:** The central bank may disclose any ongoing provision of bilateral liquidity support and its conditions and parameters once the need for confidentiality has ceased.
Description	Since the introduction of the ELA framework in 2019, ELA hasn't been requested, thus NBM did not provide bilateral ELA. In its communication strategy, the NBM applies strict confidentiality to its potential ongoing operations. Still, relevant elements of an ongoing ELA operation may be disclosed publicly if deemed necessary, to restore the confidence in the financial system or in the bank.
Review	*Not Applicable* No ELA has been provided since the establishment of the ELA framework in 2019.
Comments	
Principle 3.9.	**Resolution:** Selected principles from KA.
	Reference as per Section III.F. of the Guidance Note
Principle 3.10.	**Financial Market Infrastructures:** Selected principles from PFMI.
	Reference as per Section III.F. of the Guidance Note
Principle 3.11.	**Financial Integrity:** The central bank discloses its Anti-Money Laundering/Countering the Financing of Terrorism supervisory processes as well as details about resources allocated to its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.
Principle 3.11.1	**AML/CFT Supervision:** The central bank discloses its AML/CFT supervisory processes.
Description	The information, including specific data, related to its AML/CFT supervisory activity, the NBM publishes each year in the NBM's Annual Report on its webpages, in dedicated section, regulation and supervision in the prevention

	and combat of money laundering and terrorist financing area." The report includes the following information: newly approved AML/CFT normative acts and/or recommendations; drafted and reviews AML/CFT acts; number of onsite/offsite controls; main types of identified violations; sanctions applied; the cooperation information with other stakeholders; newly developed/implemented actions. As Office for Prevention and Combat of Money Laundering also has AML/CFT supervisory responsibilities, additional information related to AML/CFT supervision, and the results of investigations can also be accessed in the annual Report of the Office for Prevention and Combat of Money Laundering webpage. In addition to mentioned above, it is to be highlighted that the information related to NBM 's supervisory activities are reported on semi-annual/ annual basis to the Office for Prevention and Combat of Money Laundering in the context of implementation of the national AML/CFT Strategy for the years 2020-2025 and the respective Action Plan, which in its turn reports to the Parliament of the Republic of Moldova. A summary of the implementation results are afterwords published on the Parliament webpage."
Review	*Expanded* NBM's annual reports provide extensive information on its AML/CFT supervisory activities, including statistical information on the number of completed on-site and off-site inspections. NBM also provides updates on the efforts to enhance its technical and human capacities. In addition, NBM discloses the types of financial institutions inspected and the specific areas of focus of inspections. Illustrating its risk-based approach, NBM also provides information on its efforts to address emerging and highest materiality ML threats.
Comments	Transparency of AML/CFT supervisory processes would benefit from providing statistics on the staffing of the NBM's supervision department, including its composition by functions as well as resources of other departments that support AML/CFT supervision.
Principle 3.11.2	**Internal AML/CFT Controls:** The central bank discloses resources allocated to its internal AML/CFT controls.
Description	According to the Regulation on Anti-Money Laundering/Countering the Financing of Terrorism within operations performed by the NBM, that is available on the internal website, the Internal Audit Department is in charge of performing periodically assurance engagements to assess the compliance with internal regulations and efficiency of controls related to the operations performed by the NBM. Also based on its risk-based approach the Internal Audit Department could conduct assurance engagements on AML/CFT Supervision conducted by NBM.
Review	*Not Implemented*

	NBM doesn't disclose information on its internal AML/CFT control activities and on the human and technical resources allocated to internal AML/CFT controls.
Comments	NBM could consider publishing general information on its internal AML/CFT control activities and allocated resources and statistical information on the conducted internal AML/CFT control activities (e.g., assurance engagements).
Principle 3.12.	**Consumer Protection:** The central bank discloses its operations relating to consumer protection conducted solely or jointly with other agencies.
Description	Not applicable.
Review	Not applicable.
Comments	
Pillar IV—Central Bank Outcome	
Principle 4.1.	**Monetary Policy:** The central bank is transparent about the outcome of its monetary policy conduct.
Principle 4.1.1.	**Governance Actions:** The accountability of the central bank on monetary policy is clear as to whom accountability is owed and how it is discharged.
Description	The accountability of the NBM is articulated in the NBM Law No.548/1995, article 1, which states that the NBM is an autonomous public legal entity and responsible to the Parliament. Accordingly, the NBM and its decision-making bodies are independent in exercising the tasks conferred upon them by its law and shall neither seek nor take instructions from public authorities or from any other third party. In this context, the Governor is responsible for the formulation of monetary and foreign exchange policy initiatives presented to the NBM Executive Board for execution. The Law on the NBM art. 69 clearly stipulates to whom the NBM is accountable on the state monetary policy. In this context, the NBM shall submit to the Parliament in a plenary session the annual report that includes information on financial statements certified by external auditor, activity and its operations for the concluded financial year, and economic situation of the State; and that NBM shall submit quarterly to the Parliament and Government the report which contains the analysis of the macroeconomic situation and a medium term forecast on inflation and main macroeconomic indicators, which is published in the indicated time limit. In addition to being responsible for monetary policy, the NBM is also accountable to periodically inform the public on the results of the macroeconomic analysis, the evolution of the financial market and on statistical information, including with regard to monetary supply, crediting, balance of payments and the state of the foreign exchange market; which is achieved through the regular publication of press releases on monetary policy

	decision, the quarterly publication of inflation reports, the publication of annual reports, and press conferences of the Governor of the NBM. The NBM also uses speeches and media engagements to explain its conduct of monetary policy and the related outcomes, In addition to these formal channels, senior NBM officials make a strong effort to be available to meet with all parties interested in learning more about the NBM's conduct of monetary policy.
Review	*Comprehensive* The NBM discloses the responsibilities of its governing bodies on the conduct of monetary policy to designated public authorities; describe their performance in achieving their objectives; and exchange views on the state of the economy with designated public authorities.
Comments	
Principle 4.1.2.	**Policies:** The central bank discloses progress toward achieving its monetary policy objective(s) as well as prospects for achieving them.
Description	The NBM publishes quarterly the Inflation Report, which informs the public on the latest analyzes of the situation in the internal and external environment, the evolution of the inflation process and economic activity, along with aspects related to the conduct of monetary policy. The Report incorporates the inflation forecast for the eight-quarter horizon, as well as the risks and uncertainties associated with this projection. Both the press release and the Inflation Report focus on assessing progress in achieving the primary objective: price stability, general information on the actions taken to achieve the policy objectives and their results, developments that influenced the implementation of the policy/decisions and the desired results. During the presentations of the Inflation Reports, the Governor discloses information on the progress made in achieving the monetary policy objectives, and the latest monetary policy decision and explains the considerations behind the decision taken and responds to the journalists' follow-up questions. Annual inflation infographic on the NBM' webpage provides data on the actual level of inflation, together with the NBM's inflation target and the inflation forecast. This infographic facilitates quick access to data on the inflation level and its deviation from the target, which also helps to explain NBM's monetary policy decisions and understands progress toward achieving its monetary policy objective.
Review	*Expanded* The NBM discloses indicators relating to monetary policy objectives and releases periodic public statements on progress toward achieving its monetary policy objectives. Furthermore, the NBM discloses the efforts to meet targets and information about economic developments that could affect the prospects of achieving monetary policy objective.

Comments	The NBM may consider publishing the methods and techniques underlying dedicated monetary policy evaluations.
Principle 4.1.3.	**Operations:** The central bank discloses the volumes and interest rates of the operations, as well as the level of the operational target achieved.
Description	The NBM discloses extensive information on the base rate, standing facilities, and the required reserve ratio on the same day the decision is adopted by the Executive Board of the NBM by publishing a press release on the monetary decision and by updating the base rate infographic and the interactive database on the NBM website. Furthermore, these rates, along with other interest rates, are analyzed and published in the Inflation Report and the Annual Report. The data on required reserves (level of reserves, reserve base, ratio, remuneration rates) are published monthly in the interactive database for MDL required reserves and FX required reserves. More detailed analysis and developments are published in the quarterly inflation report, annual report, and financial statements. The aggregated bank balances at the central bank and autonomous liquidity factors are published monthly in the Monetary Survey report. Detailed data on the volume, interest rates and maturity of the monetary operations are published on the NBM's website monthly.
Review	*Comprehensive* The NBM publishes the outstanding volumes and interest rates, the aggregated bank balances at the NBM. The level of the operational target is disclosed daily on the central bank's website. Furthermore, auction results are published on the NBM's website. The aggregated bank balances at the NBM and realized autonomous liquidity factors are published frequently in a timely manner on the NBM's website.
Comments	
Principle 4.2.	**Cross-Border Financial Flows and Foreign Exchange Administration:** The central bank discloses the outcome of its policy implementation.
Principle 4.2.1.	**Governance Actions:** The central bank discloses information about to whom its accountability on the policy is owed and how it is discharged.
Description	The NBM's Annual Report starts with the following disclaimer: According to art. 69 par. (1) of the Law No. 548/1995, the National Bank of Moldova shall submit to the Parliament of the Republic of Moldova by June 1 the Annual Report containing information on the financial statements confirmed by the external auditor, the activity and operations of the NBM for the financial year ended and the economic situation of the State. At the same time, a copy of the Annual Report shall be submitted to the President of the Republic of Moldova for information.

Review	*Core* A designated public authority to which the central bank is accountable on the policy is disclosed, along with the frequency and the manner in which the central bank is required to report to this authority. The NBM discloses information on its governing bodies with respect to policy implementation, as well as their responsibilities to report on the implementation of the policy and the central bank's performance in achieving the policy objective(s).
Comments	The NBM may consider disclosing information about interaction of the given policy with other policies (such as monetary, macroprudential, and fiscal policy).
Principle 4.2.2.	**Policies:** The central bank discloses on a regular basis information about the results in achieving the policy objectives.
Description	The FX regulatory framework is publicly available. The FX Regulation and the secondary regulations are accessible on the NBM website. The changes to the framework are subject to a well-established public consultation process. In addition, the NBM publishes on its website the applied sanctions to the foreign exchange entities
Review	*Expanded* The NBM discloses detailed information on the actions taken to achieve the policy objectives and their results.
Comments	
Principle 4.2.3.	**Implementation:** The central bank discloses on a regular basis information about the results of the policy implementation.
Description	The FX regulatory framework is publicly available. The FX Regulation and the secondary regulations are accessible on the NBM website. The changes to the framework are subject to a well-established public consultation process. The list of licensed institutions is publicly available, so is the sanctions for non-compliance. The NBM also publishes data on aggregate cross-border flows and FX transactions.
Review	*Expanded* In addition to core practices: the NBM discloses on a regular basis detailed information about: (i) the regulatory framework and any changes to it; (ii) the entities/individuals licensed to perform activities subject to licensing (e.g., name, address, contact details, type of the licensed activity); (iii)- sanctions imposed for noncompliance; and (iv) cross border financial flows and foreign exchange transactions within the country (data on an aggregate basis).
Comments	

Principle 4.3.	**Foreign Exchange Management:** The central bank discloses how its governing committee is accountable for undertaking and reporting on foreign exchange interventions.
Principle 4.3.1.	**Governance Actions:** The central bank discloses its decision-making structure and how it is accountable for Foreign Exchange Management.
Description	The NBM's overall accountability regarding its policies' implementation is clear and effective in the form of the submission of its Annual Report to the Parliament. However, the NBM does not disclose its decision-making process for FX management instruments.
Review	*Not implemented* The NBM does not disclose its governance structure and the responsibilities of its governing bodies with respect to foreign exchange management.
Comments	The NBM should disclose its decision-making process for FX management instruments either in its Monetary Policy Strategy, in the terms of reference of the Executive Board, in the dedicated section of the Annual Report, or in a standalone, regularly updated section on its website about its FX operations.
Principle 4.3.2.	**Policies:** The central bank discloses the role of Foreign Exchange Management toward achieving its policy objective(s) as well as its interaction with broader monetary policy objectives.
Description	The NBM's Monetary Policy Strategy, which is approved by its Executive Board, states that its FX management objectives. The NBM uses interventions on the domestic FX market only for the purpose of supporting the effects of the implementation of open market operations, to the extent that they will be necessary to achieve the inflation target and without influencing the fundamental trends of the exchange rate of the Moldovan leu. The NBM may also carry out FX interventions in order to mitigate excessive fluctuations of the official exchange rate, stop speculative operations and replenish international foreign exchange reserves, without prejudice to the achievement of the inflation target.
Review	*Core* The NBM discloses the main instruments it intends to use to achieve the desired objectives of foreign exchange intervention.
Comments	The NBM should consider publishing its policy decisions, their outcomes, and any changes to operational mechanisms of its foreign exchange management policy in its annual report.
Principle 4.3.3.	**Operations:** The central bank discloses the results of its market operations, the volume of activity, and the direction of interventions on its website at a predefined time lag.

Description	The NBM publishes, on its website, on a monthly basis, with one week lag, the total amounts of various drivers of changes in its foreign reserves, including the gross sales and purchases of FX.
Review	*Comprehensive* The NBM reports on its interventions on its website. The aggregate volume of interventions, and whether specific instruments were bought or sold, is reported on a monthly basis. There is a predefined lag of not more than a month (consistent with an official release of report on the international reserves, as per the Special Data Dissemination Standard prescription).
Comments	
Principle 4.4.	**Foreign Exchange Reserve Management:** The central bank discloses any changes to the general principles of internal governance and provides clarity on the outcomes of its policy decisions about foreign exchange reserve management.
Principle 4.4.1.	**Governance Actions:** The central bank publicly discloses the general principles of internal governance to ensure the integrity of its policy formulation and operations.
Description	The Investment Committee and Risk Committee terms of reference are available on the NBM website. In addition, an extract of the Regulation on the Investment Committee is published on the NBM website describing the decision-making process. The Investment Committee is responsible for analyzing the performance of the investment portfolio, monitoring developments in domestic and international financial markets, assessing investment risks, and determining short- and medium-term investment strategies. It also evaluates opportunities to modify long-term strategies and approves changes related to the management of foreign reserves, including revising the list of authorized counterparties and applying penalties for transaction violations. The Committee is composed of the Chairman, nine members from the NBM, and a Secretary, and meets monthly or as needed for extraordinary sessions. The extract of the regulation on the Risk Committee is also published and provides sufficiently detailed information on the decision-making hierarchy and the allocation of oversight responsibilities. The Risk Committee, established by the Supervisory Board, supports the Executive Committee in managing risks within the NBM. It is accountable to the Executive Committee for its activities. The NBM's annual Financial Statement (page 34 of the 2023 Financial Statement) states that the Executive Committee assumes responsibility for establishing the investment horizon; the normative currency composition of international reserves; the minimum rating in which investments can be made; approving strategic benchmarks, their durations and permissible deviations for each sub-portfolio; approving maximum limits on instruments and counterparties/issuers; adopting decisions on the transfer of a part of the

	state's international reserves to external asset management. is implicitly indicated but not stated explicitly.
Review	*Expanded* The NBM discloses the institutional obligations, objectives, and responsibilities of its decision-making bodies for reserve management.
Comments	The NBM may consider disclosing its evaluations of policy actions taken.
Principle 4.4.2.	**Reporting on Implementation:** The central bank discloses data relating to the level and composition of reserve assets, short-term liabilities, and drains that can lead to demand on reserves at a predefined frequency.
Description	The NBM publishes information about the level of FX reserve assets, liabilities, short-term drains, commitments by the monetary authorities, monthly under SDDS. Additionally, data on reserves breakdown and types of flows that have affected their dynamic are provided in a monthly press release and a publicly available database. Information on the level and composition of reserves assets is also disclosed on an annual basis through Annual Report (p. 72). Outcomes are published as per the SDDS, which includes the official reserves and other foreign currency assets, predetermined short-term drains on reserve assets, and contingent short-term net drains on reserve assets, monthly.
Review	*Comprehensive* The NBM publishes information about the level foreign exchange reserve assets, liabilities, short- term drains, and commitments by the monetary authorities, according to a predefined schedule.
Comments	
Principle 4.4.3.	**Financial Results:** There is clarity in audited financial statements on the amount, composition, profit/loss, and risks arising from foreign exchange reserves.
Description	The Note 4 of the NBM Financial Statements (p.32) clearly disclose information on the amount, composition, profit/loss, and risks arising from foreign exchange reserves. In addition, the Annual Report provides detailed information on the performance of reserve management.
Review	*Comprehensive* Annual financial statements are prepared in accordance with a robust and widely recognized accounting framework. An external audit opinion accompanies the published financial statements.
Comments	

Principle 4.5.	**Macroprudential Policy:** The central bank discloses outcomes and evaluations of its macroprudential policy actions and its accountability for such actions.
Principle 4.5.1.	**Governance Actions:** The accountability of the central bank on macroprudential policies is clear as to whom accountability is owed and how it is discharged.
Description	The accountability of the NBM for macroprudential policies is defined within the legal framework in accordance with the NBM Law, and Law No.209/2018 on the NCFS. The NBM is obligated to report relevant data and information to the NCFS upon request. Additionally, under Article 8 of Law No.548/1995 on the NBM, the central bank is required to report its activities, including macroprudential measures, to parliament through its annual report.
Review	*Core* The accountability of the NBM on macroprudential policies is clear as to whom accountability is owed to and how it is discharged.
Comments	The NBM may consider publishing key interactions designated public authorities, such as the NCFS, on issues of financial stability. Furthermore, the NBM should present the FSR to the public, including decision making authorities through a forum targeting participants in the financial sector. The FSR aims to stimulate debate on pertinent issues related to financial stability in Moldova.
Principle 4.5.2.	**Policies:** The central bank discloses ex-post evaluations of its macroprudential policies.
Description	The NBM conducts ex-post evaluations of its macroprudential policy decisions, as evidenced by the information provided in the annual financial stability report published on its official website. These evaluations assess the effectiveness of macroprudential measures implemented to mitigate systemic risks in the banking sector. For instance, in 2023, the NBM monitored key indicators, such as the Debt-Service-to-Income Ratio (DSTI) and Loan-to-Value Ratio (LTV), to ensure compliance with established risk limits. The NBM also evaluated the impact of these measures on the quality of credit portfolios and overall financial stability. This information is published in its 2022 annual report and the 2023 annual report. Furthermore, the NBM reviewed the need for previously increased capital buffers and, based on improved economic conditions and credit quality, decided to relax certain capital requirements.
Review	*Comprehensive* The SARB discloses ex-post evaluations of its macroprudential policies on an ad-hoc basis. For instance, it publishes selected studies analysis how its macroprudential policies affect financial stability and vulnerabilities.

Comments	The NBM is encouraged publishing on a regular basis on its website, briefings and dedicated studies, such as analytical working papers, dedicated to the evaluation of its macroprudential policy actions and whether the intended objectives have been achieved.
Principle 4.6.	**Microprudential Supervision:** Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section III.F. of the Guidance Note
Principle 4.7.	**Emergency Liquidity Assistance:** The Emergency Liquidity Assistance framework allows for appropriate disclosure of the provision of liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.
Principle 4.7.1	**Market-wide Liquidity Support:** The ELA framework allows for appropriate disclosure of the provision of market-wide liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.
Description	As mentioned in principle 3.8.1 the NBM hasn't provided market-wide liquidity support through loans to banks since 2009-2010 and the NBM's ELA framework is more focused on bilateral liquidity support. The NBM disclosed in the Annual reports for 2009 and 2010 the main features and outcomes of the market-wide liquidity support provided during the Global Financial Crisis.
Review	*Expanded* No market-wide liquidity support has been provided to banks or other entities since 2009-2010. However, from the communications during the Great Financial Crises experience, transparency can be classified as Expanded. The Annual Reports (2009 and 2010) mentioned the increased liquidity provisions by NBM, the volumes of such lending, the types of entities that received support and the objectives of such liquidity support, namely "maintain liquidity to banks, credit traders in the real sector of the economy and protecting the integrity of the banking system". Furthermore, more information on how these three objectives were accomplished are detailed in the reports mentioned. The conditions for such lending by the NBM are also disclosed. The disclosure cannot be considered Comprehensive because it fails to mention the interaction with microprudential supervision, macroprudential regulation and supervision, and whether assistance has cross-border effects.
Comments	
Principle 4.7.2	**Bilateral Liquidity Support:** The ELA framework allows for appropriate disclosure of the provision of bilateral liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.

Description	Since the introduction of the ELA framework in 2019, ELA has not been requested, thus NBM did not provide bilateral ELA. The NBM may consider publishing limited information on already repaid ELA loans, in consistency with principles of transparency and accountability. The NBM's Annual Report could be the appropriate support to explain how and to what extent the emergency liquidity provided by the central bank contributed to maintain the financial stability.
Review	*Not Applicable* No ELA has been provided since the establishment of the ELA framework in 2019.
Comments	Overall, the mentioned approach by NBM to ex-post communication on ELA seems adequate. Nevertheless, the NBM should prepare a communication strategy on its ELA operations, including ex-post communication and such strategy should be described in NBM ELA internal procedures. The communication strategy should also be part of regular ELA simulations. Furthermore, ex-post communication should be discussed with NBM's external auditors, to assess whether more detailed information on past ELA, such as banks' names or individual amounts, need to be published or if they could undermine banking confidence if communicated to the public.
Principle 4.8.	**Resolution:** Selected principles from KA.
	Reference as per Section III.F. of the Guidance Note
Principle 4.9.	**Financial Market Infrastructures:** Selected principles from PFMI.
	Reference as per Section III.F. of the Guidance Note
Principle 4.10.	**Financial Integrity**: The central bank discloses the outcome of its Anti-Money Laundering/Countering the Financing of Terrorism supervisory actions as well as details about the oversight of its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.
Principle 4.10.1	**AML/CFT Supervision:** The central bank discloses the outcome of its AML/CFT supervisory actions.
Description	The information related to the outcomes of the NBM's AML/CFT supervisory activity is published each year in the NBM's Annual Report on the webpage, in dedicated section „regulation and supervision in the prevention and combat of money laundering and terrorist financing area." The specific information publicly available relates, without limiting to: newly approved AML/CFT normative acts and/or recommendations; drafted AML/CFT acts reviewed; number of onsite/offsite controls; main violations identified; sanctions applied; the cooperation information with other stakeholders; newly developed/implemented actions. The NBM publishes information related to sanctions applied to supervised reporting entities, although the decisions related to AML/CFT sanctions are

	not publicly available, due to their sensitivity and potential negative impact on the stability of the financial sector.
Review	*Core* NBM's annual reports provide information on the outcomes of its AML/CFT supervisory activities. The reports describe the types of supervisory actions taken (sanctions, measures to remedy deficiencies), general information on the type of breaches and overall number of supervisory actions taken. In contrast to other types of breaches, the names of financial institutions sanctioned for AML/CFT breaches are not disclosed.
Comments	Expanded transparency of AML/CFT supervisory outcomes requires publishing the names of the financial institutions sanctioned for AML/CFT breaches, the enforcement actions taken and a brief description of the breaches as appropriate. The decision not to publish information regarding AML/CFT breaches can be limited to considerations of threats to financial stability or an on-going investigation rather than the general considerations of sensitivity.
Principle 4.10.2	**Internal AML/CFT Controls:** The central bank discloses its internal AML/CFT controls.
Description	According to the Regulation on Anti-Money Laundering/Countering the Financing of Terrorism within operations performed by the NBM (No. 48/2017), that is available only on the internal website, the Internal Audit Department conducts the independent assessment of the appropriateness and compliance of the NBM's activity with the provisions of this regulation and communicates the results in accordance with the Regulation on the Internal Audit Department of the National Bank of Moldova. Due to internal policies and procedures regarding protection of confidential data, some of internal audit mission results are not disclosed. Internal AML/CFT controls are part of operational risk control self-assessment procedure in AML/CFT business processes, according to the Operational Risk Management Framework - an extract of which is published on the official website. The ORM framework establishes the roles and responsibilities of all subdivisions involved in the risk management process, the steps of risk management, the establishment of risk strategies, control measures, including additional measures as appropriate. According to the ORM Framework, the Supervisory Board approves risk tolerance and risk appetite. In the Annual Report (Annex A.37), the NBM discloses the operational risks profile, including the operational risks profile by risk category. Respectively, internal AML/CFT controls are part of the risk management results, presented in the annual report. In the Annual Report (pt. 9.1), the bank provides a consolidated view of all types of exposures to operational risk and present a risk profile that prioritizes the qualitative assessment of risks specific to all activities of the National Bank (Annex A.37, Figure 2, p.259). Also, the operational risk profile by risk categories, includes the factors that trigger

	operational risks, and represents the average risk levels for the presented categories (Annex A.37, Figure 1, p.259). In the Annual Report (pt. 9.1) the NBM discloses the risk response strategies, the main control measures applied for operational risk management.
Review	Not Implemented NBM doesn't periodically publish the outcomes of its internal AML/CFT controls.
Comments	NBM could consider including in its annual reports a brief summary of internal AML/CFT measures taken during the year.
Principle 4.11.	**Consumer Protection:** There is clarity about the results and implications of consumer protection policies and operations conducted solely or jointly with other agencies.
Description	Not Applicable
Review	Not Applicable
Comments	
Pillar V—Central Bank Official Relations	
Principle 5.1.	**Government:** The central bank discloses its relationship with the government. This includes the exchange of information, the coordination of policies, and financial aspects such as rules on profit distribution, clearly distinguishing the different roles and modalities this can take.
Principle 5.1.1.	The institutional relationship between the central bank and the government/its agencies is clearly defined and publicly disclosed.
Description	The institutional relationship of the NBM with the Government is stipulated in several articles of the NBM Law. This done in Article 6 (the NBM shall cooperate with the Government, provide the necessary information, be consulted on draft normative acts, independence of the NBM), Article 8 (cooperation with the Government on financial and budgetary matters), Article 10 (opening of accounts), Chapter V (Articles 37-43 on Financial Relations with State Bodies), and Article 69 (submission and publication of financial statements and reports to Parliament, the President of the Republic, and the Government). Article 8(2) NBM Law states that the NBM shall cooperate with the government on financial and budgetary matters. The BNM Law stipulates in Article 37(1) that the NBM shall act as banker and agent of the state and its bodies under the condition that it shall not provide financial assistance to them. The NBM shall accept deposits of the Ministry of Finance and other state bodies, under market conditions, pursuant to the regulations of the NBM, and provide related financial services (Article 39). Furthermore, the NBM shall act as state agent for the placement of government securities on the

	internal market (Article 40). The NBM is forbidden to purchase government securities on the primary market but may purchase and sell them on the secondary market (Articles 41 and 42). The NBM also advises the government on the state budget, borrowings of the public sector and developments on the government securities market (Article 38). A number of articles from the NBM Law concern consultation obligations and information exchange between the NBM and the government: Articles 37(2), 37(3), 38, and 43. The NBM website states that the basic tasks that the BNM performs for the government include 1) acting as a banker and agent of the State; and 2) conducting economic and monetary analyses and based on them, to submit proposals to the government and to publish the results of the analyses. The Annual Report 2023 (Chapter 13, pages 207-209) describes in compact terms the tasks the NBM fulfills as a banker and agent of the state and mentions among other things, the following: "The National Bank acts as banker and agent of the state and its bodies. As a depositary, the National Bank receives and disburses money, keeps accounts, opens deposits and provides any other financial services. In accordance with Law No. 548/1995 on the National Bank of Moldova and Law No. 181/2014 on public finance and budgetary fiscal responsibility, the National Bank of Moldova shall open and service the Single Treasury Account of the Ministry of Finance. The Single Treasury Account shall be serviced through the participation of the Ministry of Finance in the Automated Interbank Payment System." It also mentions: "The National Bank of Moldova, as an agent of the Ministry of Finance, manages the primary market of State Securities (SS) issued in book-entry form on the domestic market, being authorized to organize and conduct auctions for the sale of SS on the basis of the State Agent Agreement concluded with the Ministry of Finance." In the Medium-term monetary policy strategy of the NBM , chapter 12 (published on the NBM's website), the NBM states that it shall cooperate with the government of the Republic of Moldova and the central and local public authorities. Such cooperation involves the continuous exchange of information on regulated price changes, fiscal policy strategy and other measures that may have an impact on the national economy and in particular on the evolution of inflation. Under the medium-term state budget framework, the NBM annually presents to the Ministry of Finance a three-year forecast of capital allocations required from or profit distributions to the government, in accordance with the recapitalization and profit distribution mechanisms required under the NBM Law. The results are used by the government for the medium-term budgetary framework, which is approved by the government and published on the Ministry of Finance website. The Mechanism for Coordination of Moldova's Accession Process to the EU determines the NBM's relations with other public authorities and the rules for inter-institutional coordination, to ensure the coherence of these activities.

	The NBM publishes extensive information about this process on the NBM website, in the section dedicated to European Integration and International Relations.
Review	*Expanded* The institutional relationship of the NBM with the Government is stipulated in several articles of the NBM Law. It concerns cooperation regarding various activities, the exchange of information and mutual consultation procedures in various areas, the opening of accounts with the NBM for the government, acting as banker and agent of the state and its bodies, and accountability provisions to the President of the Republic of Moldova, the government, and the parliament. This relationship is disclosed in the NBM Law, on the NBM website, and its Annual Report. Although the relationship between the NBM and the government is very clearly explained in general terms, it is not clarified in the NBM Law, on the NBM website, in the annual report, or in other publications, how this relationship takes place in practice. In particular, it has not been precisely determined how this collaboration will take shape, what the procedures are, and what information will be exchanged.
Comments	It is recommended that the NBM discloses how the relationship about the government takes place in practice by disclosing, for instance on its website, the various working arrangements and cooperation procedures (e.g. working groups, coordination committees, bilateral meetings, etc.) with the government. It may also be disclosed how these arrangements work in practice and what kind of information is exchanged. The NBM could disclose the MOUs or other agreements that the NBM has signed with other public institutions, if any, or include clear links with websites of other respective agencies unless direct publication is not possible (sensitive information).
Principle 5.1.2.	The central bank publicly discloses its policies and terms and conditions governing financial transactions with the government, including its fiscal agent role, the management of the current account, deposit taking, advances, guarantees, loans and credit arrangements to the public sector, as well as agency services performed on behalf of the government.
Description	Article 39 of the NBM Law stipulates that the NBM accepts deposits from the Ministry of Finance and other government agencies in accordance with the regulations of the NBM. The NBM does not make public information about the implementation of this article. Nor does the NBM publish the regulations issued pursuant to this article. Article 41 of the NBM Law prohibits granting loans and guarantees in any form to the state or its bodies, including by way of acquiring state securities on the primary market or by providing overnight loans. The NBM website discloses an Agreement between the Minister of Finance and the NBM on placement of State Securities on the market, no.129/2018 and a Regulation on the responsibilities of the NBM regarding the placement of State Securities in book-entry form, no.170/2018. These agreements

	provide detailed information, including procedures and conditions, about the placements of these securities in the internal market of Moldova. The Annual Report 2023 (Chapter 13, pages 207-209) describes in compact terms the tasks the NBM fulfills as a banker and agent of the state.
Review	*Core* Policies and terms and conditions governing financial transactions with the government are only partly disclosed by the NBM. Disclosure is provided with regard to the placement of State Securities on the market, but not with regard to the other financial transactions with the Government (e.g. acting as banker for the State).
Comments	Transparency would be increased by regularly publishing the policies and conditions relating to services that the NBM provides to the government regarding the current account, accepting deposits, advances, guarantees and credit agreements with the government.
Principle 5.1.3.	The instruments used in interaction (including the financial transactions) between the central bank and the government/its agencies are clearly defined and publicly disclosed.
Description	The NBM website mentions that there are two kinds of State Securities issued by the NBM on behalf of the government: Treasury Bills (State Securities with different circulation terms up to one year) and Government Bonds (State Securities with the maturity over one year). It also mentions that the NBM acts as the sole depository via Book-Entry System for all dematerialized SS issues. Detailed information about these instruments is provided in the agreement between the Minister of Finance and the NBM and the NBM regulation on the placement of State Securities, disclosed on the NBM's website (see under 5.1.2.).
Review	*Core* The NBM does not disclose the detailed instruments used between the central bank and the government/its agencies, including financial transactions, on its website, Annual Report or other publications, other than those relating to State Securities. This includes information sharing and cooperation with other government agencies.
Comments	In addition to disclosing documents related to the placing of government bonds on the market, it is recommended to disclose also other agreements with the government and its agencies, if any, without disclosing sensitive information (e.g. agreements of sharing of information).
Principle 5.1.4.	The central bank discloses publicly on a regular basis the outcome of its interaction (including operations) with the government/its agencies.
Description	The NBM website discloses on a regular basis the tender results of the issuance of State Securities by the NBM. Apart from the results of government securities auctions, it provides a Calendar of State Securities selling auctions

	on the primary market and it publishes the communique of the Ministry of Finance. Furthermore, it mentions the average interest rates of State Securities issued by the government and the domestic state debt to the NBM. In the Annual Report 2023 (pages 49-50) the NBM publishes the government debt to the NBM in the form of State Securities in the NBM's portfolio by the end of the calendar year. It also mentions data regarding the placing of state deposits by the Ministry of Finance with the NBM. The NBM regularly informs the public about outcome regarding the NBM's involvement in the process of accession of the Republic of Moldova to the European Union on its website in the section dedicated to European Integration and International Relations. The Annual Report for the years 2022 and 2023, provides a comprehensive overview in Chapter 8 International Relations of the progress made in accession to the European Union and the involvement of the NBM in this area.
Review	*Comprehensive* The NBM discloses on a regular basis the results of the placing of government on the market and also clarifies regularly the government debt to the NBM. The NBM website and the Annual Report pay considerable attention to the results of cooperation between the NBM and the government in a multitude of areas, such as access to the European Union.
Comments	
Principle 5.2.	**Domestic Financial Agencies:** The central bank discloses its relationships with domestic financial agencies as relevant to the pursuit of its mandate and the execution of its functions.
Principle 5.2.1.	The relationship between the central bank and relevant domestic financial agencies is clearly defined and publicly disclosed, including cooperation and (co-) decision-making modalities and arrangements for the formal/informal sharing of information.
Description	**AML/CFT Supervisory Responsibilities** The national cooperation in the area follows provision of Art.17 of the Law no.308/2017 on prevention and combat of money laundering and terrorist financing. The NBM's cooperation with the Office for Prevention and Combat of Money Laundering is based on an MOU, which is not published. **The National Financial Stability Committee** The relationship between the NBM and relevant domestic financial agencies is defined in the Law no.209/2018 on the National Committee on Financial Stability. The National Committee on Financial Stability is an inter-institutional cooperation body, without legal personality, which represents the assigned national macroprudential authority responsible for coordinating the implementation of macroprudential policy and activities to prevent and remediate systemic financial crisis situations.

	Resolution Authority The Law no.232/2016 on the recovery and resolution of banks, establishes the interactions of the NBM as a resolution authority, with the national authorities regarding the effective application of resolution actions, as follows: **Deposit Guarantee Fund in the Banking System (DGFBS)** In accordance with the Law no. 232/2016 on banks recovery and resolutions, in 2020 the bank resolution fund was established, the resources of which are managed by the Deposit Guarantee Fund in the Banking System and are used according to the decision of the NBM to cover the needs related to the effective application of resolution tools. **Ministry of Finance** The NBM, as a resolution authority, cooperates with the Ministry of Finance when undertaking a resolution action regarding a bank, **Public Institution "Public Services Agency" (PSA)** The NBM, as a resolution authority, in case of application of the bank-bridge resolution tool, will request PSA for the state registration of the bridge bank as an emergency. Information regarding the agreements concluded between the NBM and the national authorities (DGFBS, Ministry of Finance and PSA) is disclosed at the point 20 of the Questions and Answers Chapter on the NBM website. **Statistics and Data Disseminations** According to the provisions of Art. 47 of the NBM Law, banks are obliged to provide to NBM all the requested data, needed for fulfilments of NBM's attributions. According to the provisions of Art. 72 of NBM Law, NBM has the right to collect primary statistical information necessary to fulfill its objectives and attributions from banks and other legal entities, including financial institutions. To ensure the transparency of the financial sector, NBM is regularly publishing on its website and in the interactive database relevant statistical information, based on the provisions of Art. 47(2) of the NBM Law and Art. 27 of the Regulation on the requirements for publication of information by banks, No. 158 of July 9, 2020.
Review	*Core* The legal framework contains provisions establishing cooperation between the NBM and domestic financial regulatory and supervisory authorities, but detailed terms and conditions of bilateral or interagency agreements are not disclosed.
Comments	It will be advisable to publish the bilateral and multiagency agreements that has the purpose of exchanging information and cooperation if the counterpart agrees in its publication and disclosure. Such a measure will greatly improve transparency practices of the NBM. At the same time, it will bring more

	transparency on allocation of responsibilities among different institutions, promoting a better understanding, by the public, of the role of the NBM and the role of its counterparts in maintaining a stable financial.
Principle 5.2.2.	The policies and instruments used in the interaction of the central bank with domestic financial agencies, and the outcome of the interaction are transparent.
Description	The key instruments used in the interaction between the central bank and domestic financial agencies are the periodic meetings held in accordance with the provisions of the Law on the National Financial Stability Committee. The outcomes of these interactions are communicated to the public through official press releases published on the central bank's external website. The NBM has the practice of formalizing its bilateral relationship (regarding monetary operations) with domestic banks i.e., market participants through bilateral agreements. The template agreements are disclosed to the public as annexes to the regulations and are published on the NBM website. The exchange of information between national institutions and the National Bank as a resolution authority is regulated and established as follows: **1. With the Deposit Guarantee Fund in the banking system (DGFBS):** 1.1. Law No.232/2016 on the recovery and resolution of banks—art. 279(1)(a), art. 284 (1)(a), art. 285, art. 288(f), art. 289-291, art. 307(2). 1.2. Regulation regarding the method of calculation and payment of contributions to the bank resolution fund no.74 of 20.03.2020 (point 21 of the Regulation). 1.3. The cooperation agreement between the NBM and the DGFBS (dated 01.13.2020) which establishes the manner of cooperation in the field of competence between the parties, regarding the exchange of information related to the banking sector and the funds managed by the DGFBS (the bank deposit guarantee scheme and the bank resolution fund). **2. With the Ministry of Finance:** 2.1. Law 232/2016 on the recovery and resolution of banks—art. 5, art. 279(1)(b), art. 284 (1)(b), art. 285, art. 288(b). 2.2. The collaboration agreement between the Ministry of Finance and the National Bank of Moldova regarding the application of bank resolution tools (dated 02.25.2019) which establishes the mode of collaboration in the area of competence of the NBM and DGFBS. **3. With the Public Institution "Public Services Agency" (PSA):** 3.1. Law 232/2016 on the recovery and resolution of banks—art. 135. 3.2. The collaboration agreement (dated 06.10.2020) which establishes the way of collaboration in the areas of competence of the NBM and DGFBS. The above information regarding the agreements concluded between NBM and the national authorities (DGFBS, Ministry of Finance and PSA) is specified in point 20 of the Frequently Asked Questions Regarding Bank Resolution.

Review	*Core* The NBM Macroprudential Policy Strategy is published on the NBM website. The strategy establishes the operational framework for achieving the objectives of the macroprudential policy, in order to ensure the transparency and predictability of the decision-making process. There is also a dedicated webpage for the work of the NFSC, where press releases and the related reports are publicly available. The NBM does not currently disclose the agreements with DGFBS and PSA.
Comments	
Principle 5.2.3.	With respect to macroprudential policy, the central bank discloses its role, responsibly, and actions—and those of any other authority it collaborates with. The central bank also discloses any advice it receives.
Description	According to the provisions of the Law on the National Financial Stability Committee, the NBM, the NBM Governor is the Chairperson of the NCFS. The organization and functioning of the NCFS to coordinate the implementation of macroprudential policy, prevent, mitigate, or eliminate risks threatening systemic financial stability, and manage systemic financial crises are provided in the mentioned above law. Also, it includes the main objectives of the NCFS, which involve fostering the achievement of the goal of macroprudential policy, proposing actions to prepare for crisis situations and to plan emergency actions and proposing prompt actions in the event of systemic financial crisis. The NCFS 's responsibilities include coordinating the management of systemic financial crises, proposing policies and measures to the Government and other competent authorities aimed to protect deposits, recapitalize the banks, and restore the confidence in the security of the financial system. The Extended Committee includes, in addition to the mentioned members, the Executive Board members of the NBM responsible for financial stability, banking supervision, banking resolution, and the Head of the Financial Stability Department of the NBM. The Extended Committee's responsibilities involve identifying, monitoring, and evaluating systemic risks, recommending the recognition of macroprudential instruments established by the other states, and approving the strategy regarding macroprudential policy while ensuring cooperation and communication agreements are in place.
	Core The NBM Macroprudential Policy Strategy is published on the NBM website. The strategy establishes the operational framework for achieving the objectives of the macroprudential policy, in order to ensure the transparency and predictability of the decision-making process. Disclosures of policy measures are made through press releases by the NBM and NCFS. The agreement between the NBM and the National Commission for Financial Markets (a member of the NCFS) is being drafted to establish general principles of cooperation, including exchange of information.

Comments	The NBM could consider enhancing the disclosure of information by publishing the agreement between the NBM and the National Commission for Financial Markets, when finalized.
Principle 5.2.4.	With respect to financial stability, all arrangements to restore or maintain financial stability are clearly disclosed, including arrangements on data sharing, liquidity support, and who is responsible for which type of decision or action at what stage.
Description	The arrangements to restore or maintain financial stability in Moldova are defined in the Law on the National Committee for Financial Stability (NCFS) No.209/2018 and in the Regulation on Emergency Liquidity Assistance, approved by the Decision of the NBM Executive Board No. 343/2019. The above law establishes the responsibilities of the NCFS, which includes coordination of data sharing, decision-making in times of financial crisis. It outlines which institutions are responsible at different stages of crisis management. The NBM, along with other relevant authorities, plays a key role in ensuring these actions are transparent and publicly disclosed through official channels. Regulation on Emergency Liquidity Assistance establishes: • Principles, conditions, and method of providing emergency liquidity assistance by the NBM to licensed banks. • Categories of financial assets accepted by the NBM for guaranteeing emergency liquidity assistance. • Method of setting up and execution of collateral. • Measures to be taken by the NBM in case of non-compliance by the bank with the obligation to repay the emergency liquidity assistance and the related interest.
Review	*Core* The policy framework provided by the NCFS Law establishes the basis for data and information sharing across the financial sector. Disclosures of policy measures are made through press releases by the NBM and NCFS. Policy measures are also published and analyzed in the Financial Stability Report. The agreement between the NBM and the National Commission for Financial Markets (a member of the NCFS) is being drafted to establish general principles of cooperation, including exchange of information.
Comments	
Principle 5.3.	**Foreign Agencies:** The central bank discloses its dealings with international organizations foreign governments, other central banks, and other relevant foreign agencies, including the nature of the involvement or interactions, and any obligations and commitments that may arise from these relationships.
Description	The basis for the relationship between the NBM and foreign agencies is detailed in its law, Article 7 and disclosed in the NBM Annual Reports, Chapter

	8 titled International relations. The Law establishes the right of the NBM to launch and maintain international relations as well as the nature of the involvement or interactions within these relationships and any obligations and commitments that may arise from these relationships. Annual reports are important tools through which NBM discloses its relationships for the exchange of information and coordination of actions and policies between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies. NBM's cooperation with different foreign counterparts is disclosed on its website, and based either on signed Memorandum of Understanding (MOU) or on spontaneous and reciprocity collaboration. Thus, NBM has concluded MOUs with several central banks and governmental authorities, including Central Bank of Lithuania, European Central Bank, Central Bank of Hungary, European Banking Authority, Turkey Central Bank, US Treasury Department, National Bank of Romania, Georgia Central Bank, to mention some. Consequently, the NBM issues press releases informing the public on the signing of the MOUs with various foreign agencies. The NBM also posted video on public event about the importance of, for instance, the MOU disclosed on the NBM's official YouTube page and the official website. Another example is the press release published on the official web site disclosing the conditions of a new cooperation agreement signed between the NBM and the National Bank of Romania. Another example would be the live broadcasting (on the NBM's YouTube channel and official web-site) of the signing ceremony of the Memorandum of Understanding with the Central Bank of Lithuania on March 21, 2023. The NBM discloses the information regarding the relationship with international organizations as well as its membership in foreign agencies in the dedicated section on the NBM's official website, titled International relations and European integration. The same section discloses the relationships between NBM and international organizations (e.g., IMF, EBRD, IAIS, SBFN, etc.). The information related to the NBM's AML/CFT international cooperation activity is published each year in the NBM's Annual Report. Moreover, important information related to cooperation arrangements are publicly available and can be found in MONEYVAL Reports. The collaboration and involvement of international organizations, in the exchange of information and coordination of actions and policies with the NBM regarding financial stability are publicly disclosed. From financial stability perspective there was developed collaboration with European Union through the Twinning project to "Strengthening supervision, corporate governance and risk management in the financial sector". Furthermore, the NBM discloses information on the modernization of the financial sector with the support of the European Union. The NBM discloses its involvement in international and regional organizations and forums on its annual report and several legislations. These include International Monetary Fund, World Bank, CIS, Bank for International Settlements (BIS), Basel Committee on Banking Supervision, International Association of Insurance Supervisors, Committee on Payments and Market

	Infrastructures, International Organization of Securities Commissions, Financial Action Task Force, International Association of Deposit Insurers. The NBM sets up a dedicated website for the interaction involves and complex technical assistance projects provided by international organizations such as the 2024 IMF/World Bank Constituency Meeting in Moldova (https://constituency2024.md/). Furthermore, when new partnerships and relations with the international organizations, foreign governments, other central banks, and other relevant foreign agencies are established, the NBM discloses in detail the relevant information through the press releases on the official website (available in Romanian, English and Russian), social media platforms (NBM's YouTube channel, Facebook account) and live broadcasting (privesc.eu, rlive.md). Another example of disclosing relation with an international organization are the press releases regarding the NBM membership in Sustainable Banking and Finance Network (SBFN), available in Romanian and English, as well as membership in International Association of Insurance Supervisors (IAIS), available in Romanian and English. Furthermore, the NBM disclose the bilateral agreement in 2020 with the European Bank for Reconstruction and Development (EBRD) to conduct foreign exchange swap operations, aimed at establishing a facility to support the national economy. While the provisions of the agreement are not disclosed due to confidentiality, a press release was issued and published on the NBM's website available in Romanian and English. Moreover, important information related to cooperation arrangements are publicly available and can be found in specialized reports. For example, the NBM entered into a bilateral Advisory and Investment Management Agreement with the International Bank for Reconstruction and Development (IBRD) on December 8, 2010. This agreement was later extended on December 30, 2015. Under this agreement, the IBRD manages a portion (limited to 20 percent) of the NBM's international reserves, with external management conducted in line with the agreement's provisions. The agreement contains information that has confidential nature and therefore cannot be fully disclosed. Nevertheless, it is disclosed in the Financial Statements for the 2023 (page 56, 82) available in Romanian.
Review	*Comprehensive* The NBM clearly defines and discloses the relationship for exchange of information and coordination of actions/policies between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies. It discloses its policies, terms, and conditions governing interaction with these bodies. The central bank clearly defines and discloses instruments used in the interaction (including financial transactions) between the central bank and these bodies. The central bank discloses on a regular basis the outcome of its relationship with these bodies. Furthermore, the legal framework contains detailed terms and conditions of cooperation between the central bank and foreign agencies. The NBM discloses agreements with foreign agencies.

Comments	The NBM may consider publishing the content of the MOU with foreign agencies, given consent provided by the foreign agencies. Moreover, the NBM may publish on its website the reference to publications on other websites specifically related to the NBM.
Principle 5.4.	**Other Relations:** The central bank discloses its involvement with private or semi-public institutions.
Principle 5.4.1.	The central bank discloses its investments in and ownership of subsidiaries and joint ventures with private, semi-public, or public entities.
Description	The NBM is the majority shareholder of the Central Securities Depository (CSD)—a joint stock company—with 98,36 percent share in the shareholder structure. The CSD was established in accordance with the Law No. 1134/1997 on joint-stock companies, and is regulated by the Law on the Central Securities Depository No. 234/2016 The NBM establishes, regulates the activity of, monitors, and supervises the CSD in accordance with Law No. 234/2016 on the Central Securities Depository. The NBM discloses the information on its CSD holdings and transactions in the audited annual financial statements (consolidated and separate, notes: subsidiary, transactions with related parties). In addition, the Annual Report (Chapter 5) provides details description of the CSD activities.
Review	*Comprehensive* The investment in the CSD, which constitutes 0.02 percent of the NBM's total assets, is transparently disclosed in accordance with IFRS accounting standards (see also 1.6.2). The Annual Report is also transparent in describing the CSD main activities and achievements.
Comments	

Annex II. List of National Bank of Moldova Units and External Stakeholders

National Bank of Moldova Senior Management and Staff:

- Governor
- Advisers to the Governor
- Members of Executive Board
- Members of the Supervisory Board
- Department of legislation and international law
- Department of Strategy, Organization and Human Resources
- Department of Budget, Finance and Accounting
- Financial Markets Department
- Business Continuity Management, IT Oversight, and Information Security Division
- Internal Audit Department
- Compliance Division
- Security and Administration Department
- Department of International Relations and European Integration
- Combating Money Laundering and Terrorist Financing Division
- Department of Monetary Policy
- Department of Banking Supervision
- Department of Financial Stability
- Department of Regulation and Authorization
- Department of Infrastructure, Payments, and Supervision of Other Institutions
- Banking Resolution Division
- Communication and Financial Education Division
- Department of Reporting and Statistics

External Stakeholders:

- American Chamber of Commerce in Moldova
- Association of Investors from Romania in the Republic of Moldova
- Ministry of Finance
- Economy, Budget, and Finance Parliamentary Committee
- National Commission for Financial Markets
- Moldova Banks Association
- MAIB
- Victoriabank S.A.
- EU Commission in Republic of Moldova
- European Business Association of Moldova
- Academy of Economic Studies of Moldova
- State University of Moldova
- Members of the Media (LOGOS PRES, Bank & Finance Profit, Infomarket News Agency, Money Matters Channel)
- Think tanks (Expert Grup, IDIS "Viitorul")
- GRAWE CARAT Asigurări S.A.
- KPMG
- Professional Association of Accountants and Auditors
- USAID, Moldova

Annex III. Quantitative Analysis of the National Bank of Moldova's Communication

1. A quantitative analysis was performed to complement the CBT review and quantify the readability, clarity, and thematic breadth and evolution of NBM communication. The analysis employs a multifaceted framework that includes lexical, syntactical, and semantical analyses to assess central bank communication practices. The lexical analysis uses readability metrics to determine the wording complexity, an essential component of communication comprehensibility. The syntactical analysis focuses on the sentence structure complexity using dependency measures, which is relevant to identify potential clarity barriers. The semantical analysis examines the thematic content, evaluating topics, communication stance, audience targeting, and policy sentiment using a novel text-based classifier, which is based on the recent development of novel multilingual Large Language Models (LLM), similar to those like ChatGPT. This part profiles the NBM's messaging style and pattern in a comprehensive and objective way.

2. The mission collected more than 25 years of published texts by the NBM, enabling an analysis of how communication patterns have been evolving over time. The NBM communication dataset encompasses 892 documents, including 177 reports and 715 press releases.[1] For cross-comparisons, the mission also compiled publications from Romania (2,247 texts) and Georgia (5,757) for the same period. This comparison is not intended as a benchmarking exercise but rather as a way to facilitate the understanding of how NBM communication compares with regional peers.[2] All the extracted data is publicly available.

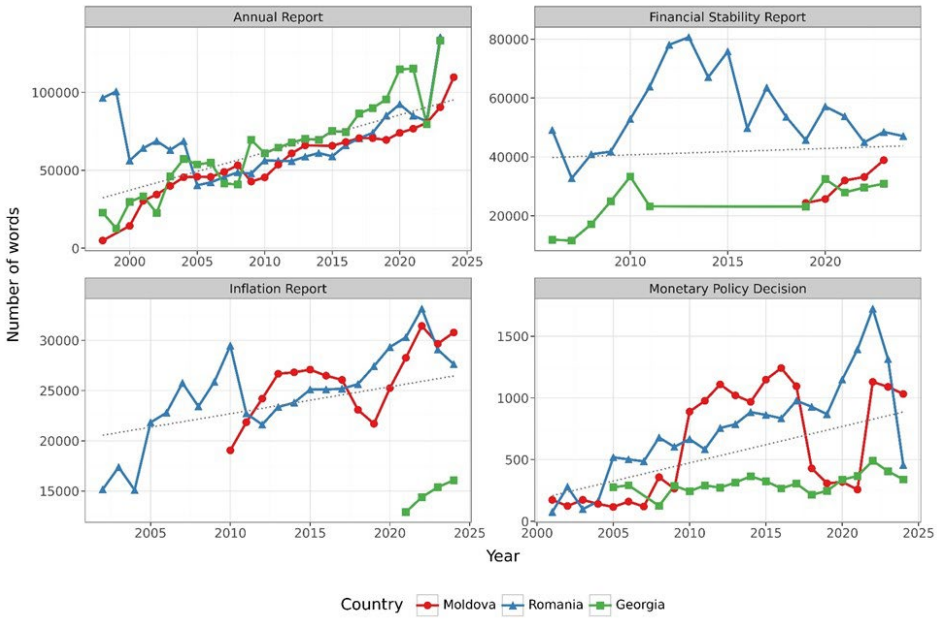
A. Lexical Analysis

3. Moldova's reports are becoming longer, a trend also observed among its peers. The word count of Moldova's inflation reports has increased from approximately 220,000 to 320,000 words between 2019 and 2024 (Figure 1). The growth in the size of Moldova's monetary policy decision documents from 2021 to 2022 can be attributed to a change in the press release structure. Since 2022, Moldova has adopted a more analytical format, offering detailed insights into the macroeconomic factors influencing policy rate decisions.

[1] NBM contains 50 annual reports, 11 financial stability reports, 116 inflation reports, 202 monetary policy decisions, and 513 other press releases (e.g., inflation rate, monetary policy indicators, banking system, money transfers, credit and money markets). If the same report is published in English and the local language, the analysis uses both and provide averages over them.

[2] The National Bank of Romania and the National Bank of Georgia were selected as comparison peers for the following reasons. First, Moldova, Romania, and Georgia share close geopolitical, economic, and regional ties and all implement an inflation-targeting monetary policy framework. Additionally, Moldova and Romania have a common language (Romanian). While this analysis could be broadened to include other countries in the region, data collection is time-intensive, so the scope was limited to this smaller set of countries.

Figure 1. Average Number of Words in Documents Published by the Central Bank in Moldova, Romania, and Georgia Over Time (Annual Basis)



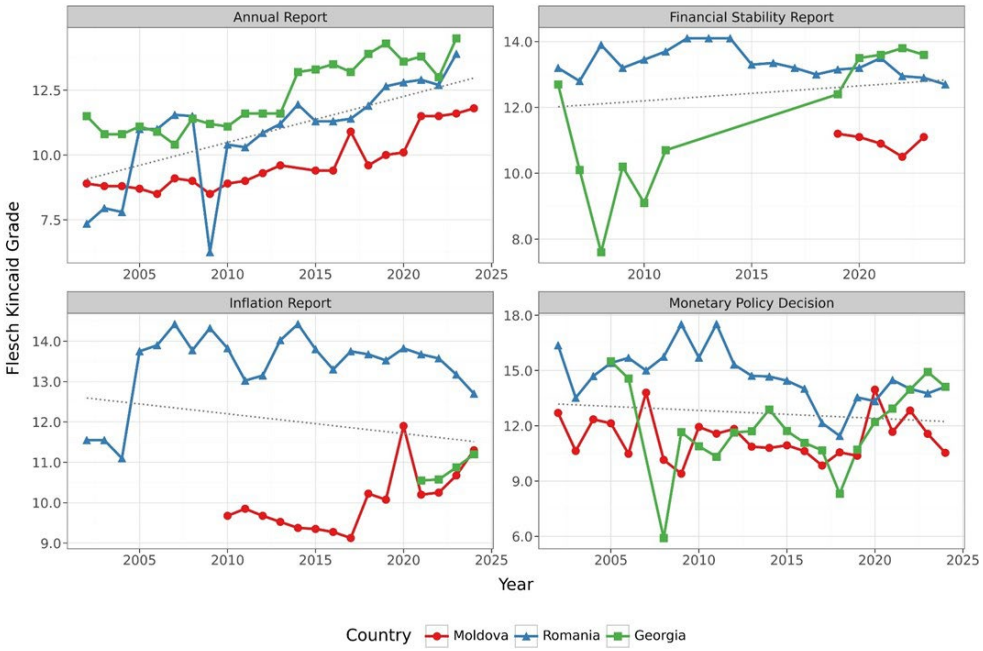
Source: IMF Staff construction.

Note: Average number of words in documents published by the central bank in Moldova (circle-shaped red color), Romania (triangle-shaped blue), and Georgia (square-shaped green) over time (annual basis). Each point in the graph indicates the average word count across the documents of a specific type published within a given year.

4. Even though Moldova's reports are becoming harder to read over time, they are comparatively easier to read than its peers. The readability, measured by the Flesch-Kincaid Grade score,[3] of Moldova's annual reports and financial stability reports is significantly higher compared to Romania and Georgia (Figure 2). Despite being comparable in size, Moldova's inflation report is substantially easier to read than Romania's. Moldova's monetary policy decisions have the lowest wording complexity among the three countries and have trended toward greater readability since 2021. Lengthy and complex documents can overwhelm readers, reducing comprehension and retention of key information. Streamlining content by focusing on essential information and adopting clear, concise language could enhance readability and ensure critical messages reach a wider audience effectively.

[3] The Flesch-Kincaid Grade Level is a readability measure that estimates the school grade level required to understand a text. It is calculated based on sentence length and word complexity, with higher scores indicating more complex and challenging texts.

Figure 2. Wording Complexity (Lexical Readability) of Central Bank Publications Across Time (Annual Basis)



Source: IMF Staff construction.

Note: Wording complexity (lexical readability) of central bank publications across time (annual basis), which is measured using the Flesch-Kincaid grade metric (the higher, the less readable). The dashed lines indicate the trends for each publication: lines with a positive (negative) slope indicate that readability is decreasing (increasing) over time. The wording complexity is evaluated for Moldova (circle-shaped red color), Romania (triangle-shaped blue), and Georgia (square-shaped green) central banks.

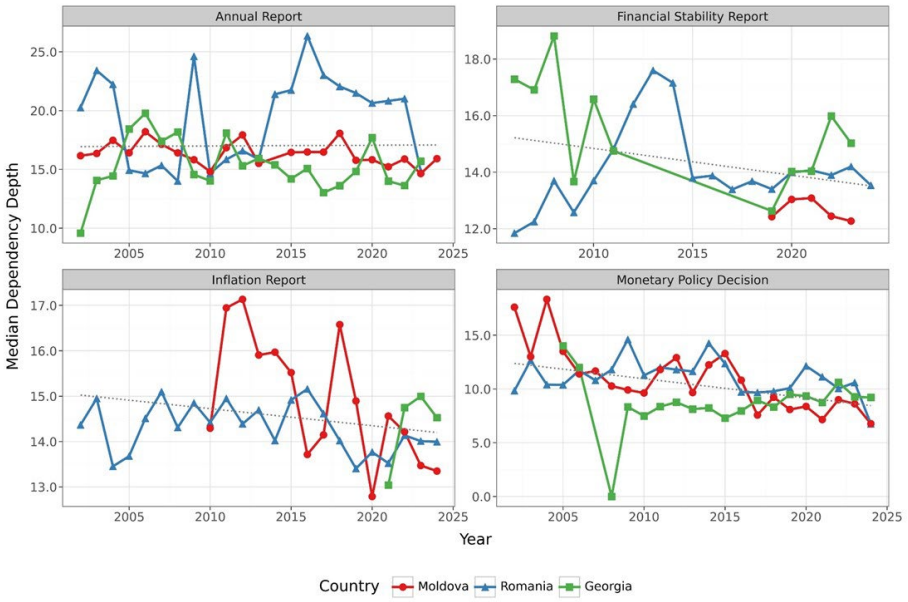
B. Syntactical Analysis

5. Moldova's publications generally feature simpler syntactic structures than its peers, favoring clarity and accessibility for the general public. On average, sentence clarity in Moldova's publications, measured by the sentence's syntactic dependency depth,[4] is higher than its peers (Figure 3). The sentence clarity of Moldova's annual reports and financial stability report has remained stable over time. In contrast, the clarity in NBM monetary policy decisions has improved, a trend also observed among the corresponding publication in Romania.

6. Simplifying the sentence structure can improve public understanding and engagement, especially among audiences without specialized financial knowledge. Moldova's focus on clarity aligns with best practices for effective communication, enhancing transparency. By ensuring clarity in communications, Moldova's central bank can strengthen its outreach and ensure key policy messages are well-understood across diverse audiences.

[4] Syntactic dependency depth measures sentence complexity by examining how words are connected within a sentence. Lower depth indicates simpler structures with fewer layers of connections, making text easier to read. For example, "The central bank raised interest rates" has a low dependency depth, as each word connects directly without extra layers. In contrast, "The central bank, after assessing economic indicators, decided to raise interest rates" has a higher depth due to additional phrases that add layers of complexity.

Figure 3. Sentence Clarity of Central Bank Publications Across Time (Annual Basis)



Source: IMF Staff construction.

Note: Sentence clarity of central bank publications across time (annual basis), which is measured using the sentence-level dependency depth (the higher, the less clarity). The sentence clarity is evaluated for Moldova (circle-shaped red color), Romania (triangle-shaped blue), and Georgia (square-shaped green) central banks.

C. Semantical Analysis

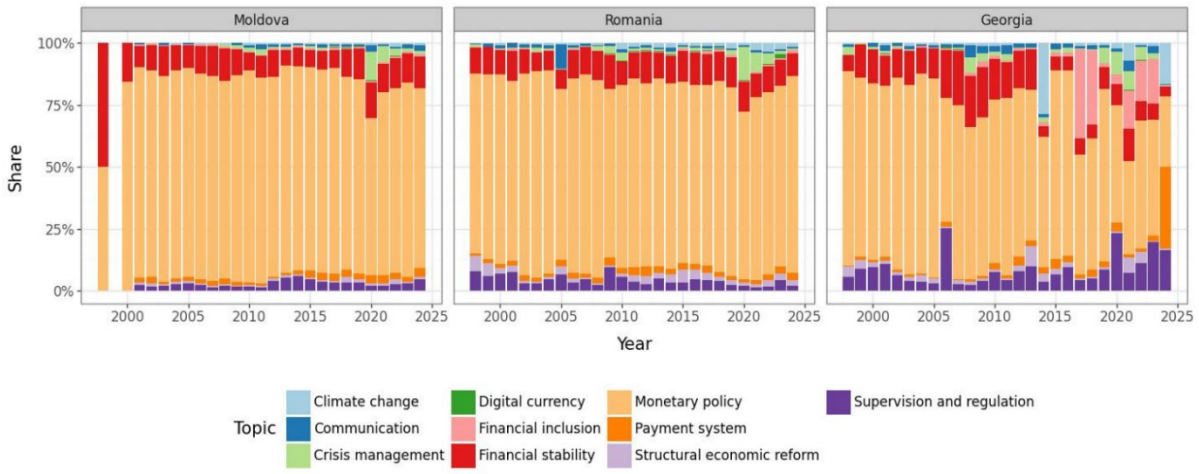
7. This section employs a state-of-the-art methodology utilizing Large Language Models (LLMs) to classify and interpret text in an automated manner. LLMs are exceptional at extracting semantic information from text, making them invaluable tools for gaining a more precise understanding of the macroeconomic context conveyed through language. By leveraging the power of LLMs, the analysis discerns topics, communication stances, audiences, and policy sentiment, providing a deeper insight into central bank communications. This innovative application of LLMs in marks a significant step forward in text classification for the context of central bank communication, offering a sophisticated tool for analyzing complex communication patterns.

8. The mix of topics addressed in NBM's traditional publications has remained essentially unchanged for over 25 years, with monetary policy being the most prevalent topic (Figure 4). Sentences that discuss monetary policy account for more than 80 percent of all NBM communication. Among peer central banks, NBM has the most focused communication in terms of topic distribution. Financial stability is the second most discussed topic, receiving increased attention during the global financial crisis and the COVID-19 pandemic, alongside mentions of crisis management.

9. When the sample of central bank publications is broadened also to include other country-specific press releases and reports, Moldova's communication pattern does not change with respect to the topics conveyed in traditional publications (Figure 5). In contrast, Romania and Georgia's topic distribution become significantly more diverse, suggesting they use

specialized reports and press releases for outreach on selected topics. Communication topic breadth is reached through a set of different communication outlets, each serving a specific purpose.

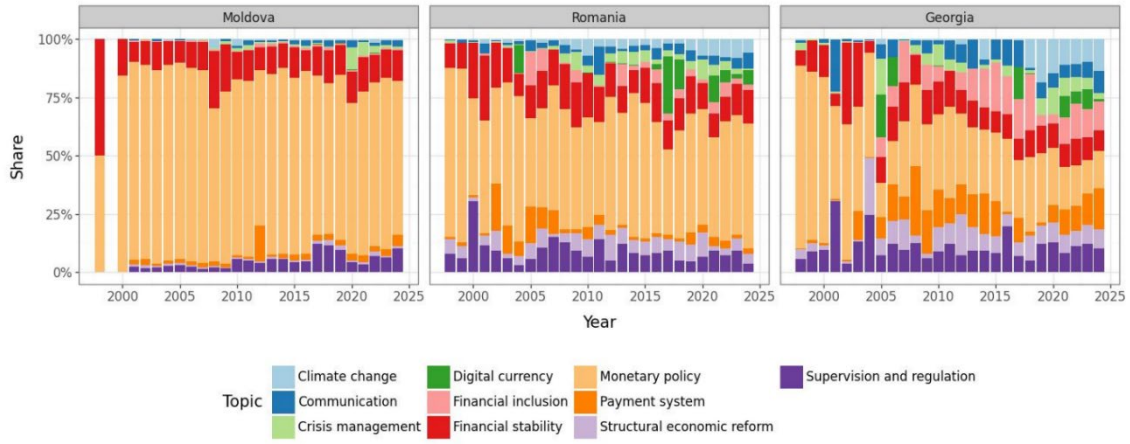
Figure 4. Topic Distribution of Traditional Central Bank Publications over Time (Annual Basis)



Source: IMF Staff construction.

Note: These communications include inflation reports, financial stability reports, annual reports, and monetary policy decisions. The topic share (vertical axis) represents the percentage of sentences within a specific topic (color) relative to the total number of sentences in a document. For years with multiple documents of the same type for a given country, the shares are averaged. Gaps in particular years indicate absence of data.

Figure 5. Topic Distribution of All Central Bank Publications over Time (Annual Basis)



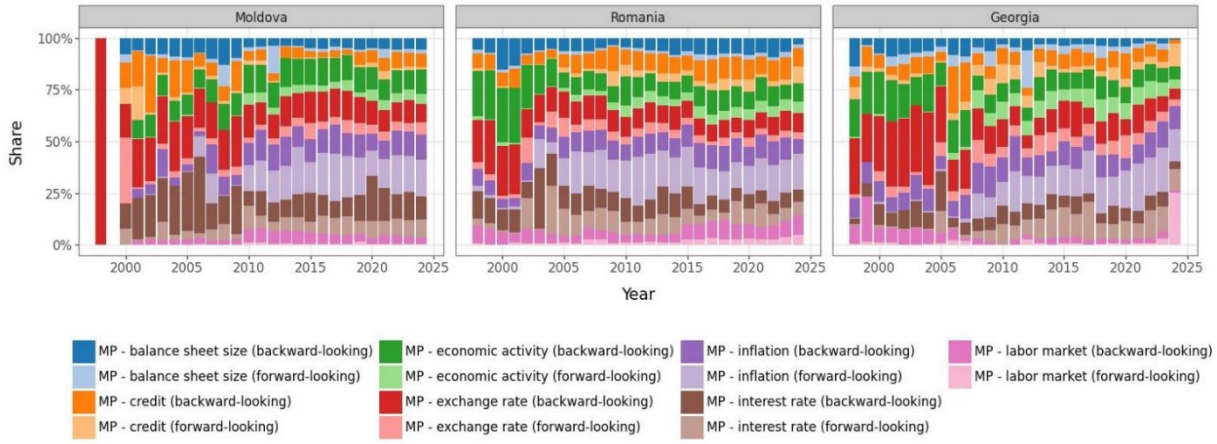
Source: IMF Staff construction.

Note: Topic distribution of all central bank publications over time (annual basis), including traditional communication outlets and other press releases that are specific for each country. The topic share (vertical axis) represents the percentage of sentences within a specific topic (color) relative to the total number of sentences in a document. For years with multiple documents of the same type for a given country, the shares are averaged. Gaps in particular years indicate absence of data.

10. The NBM monetary policy communication pattern substantially shifted after the inflation-targeting (IT) monetary policy framework adoption in 2010 (Figure 6). The emphasis on backward-looking interest rates and exchange rate statements gave room for increased forward-

looking guidance on inflation and interest rates after IT adoption. Despite the gradual increase in forward-looking statements, Moldova remains the least forward-looking among peers, with a declining share in monetary policy decisions since 2014 (Figure 7). Conversely, forward-looking content in inflation reports has risen, though it remains below peer levels, while the forward-looking score of financial stability reports has not improved since their 2019 debut. Notably, forward-looking statements in annual reports have gained traction since 2021.

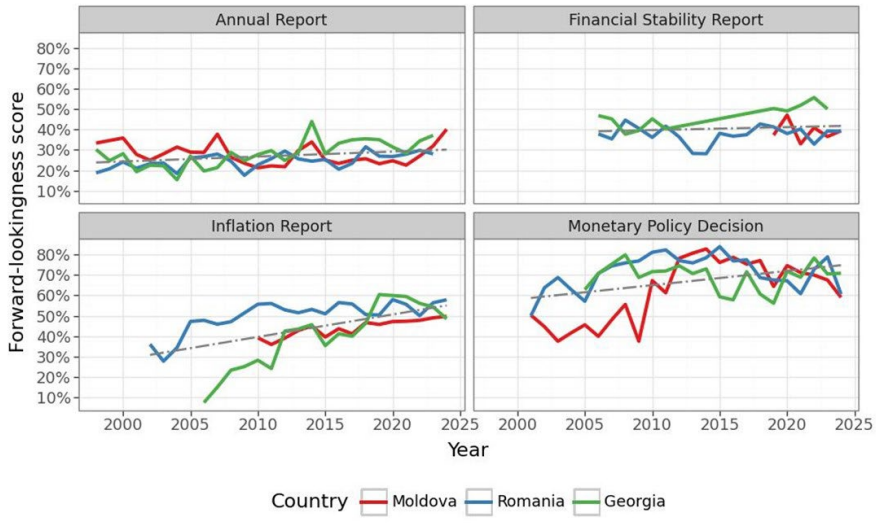
Figure 6. Breakdown of Subtopic Shares Related to Monetary Policy in Central Bank Publications



Source: IMF Staff construction.

Note: Breakdown of subtopic shares related to monetary policy in central bank publications. The subtopic share in a specific document is calculated by the number of sentences in that subtopic as a percentage of the document's total number of sentences related to monetary policy. The graph shows the average topic share across documents published each year and country. Gaps in particular years indicate absence of data.

Figure 7. Forward-lookingness Score



Source: IMF Staff construction.

Note: Forward-lookingness score of annual reports, financial stability reports, inflation reports, and monetary policy decisions published by Moldova (red), Romania (blue), and Georgia (green) central banks.

11. NBM communication primarily targets the financial sector and takes a generally hawkish stance (Figure 8). The audience of Moldova's monetary policy decisions has broadened to include statements directed to international stakeholders, the general public/households, and the government at the expense of fewer sentences toward the business sector. The NBM's hawkishness is more prevalent in monetary policy decisions, followed by inflation, annual, and financial stability reports (Figure 9). Hawkish statements in monetary policy decisions have given room to risk-highlighting and confidence-building elements since IT adoption in 2010.

Figure 8. Audience of NBM Communication Over Time (Annual Basis)

Source: IMF Staff construction.

Note: Audience of NBM communication over time (annual basis). The audience is evaluated by the number of sentences addressed to a particular audience as a percentage of the document's total number of sentences. If there are multiple documents within a year, averages are reported. Gaps in particular years indicate absence of data.

Figure 9. Sentiment of NBM Communication Over Time (Annual Basis)

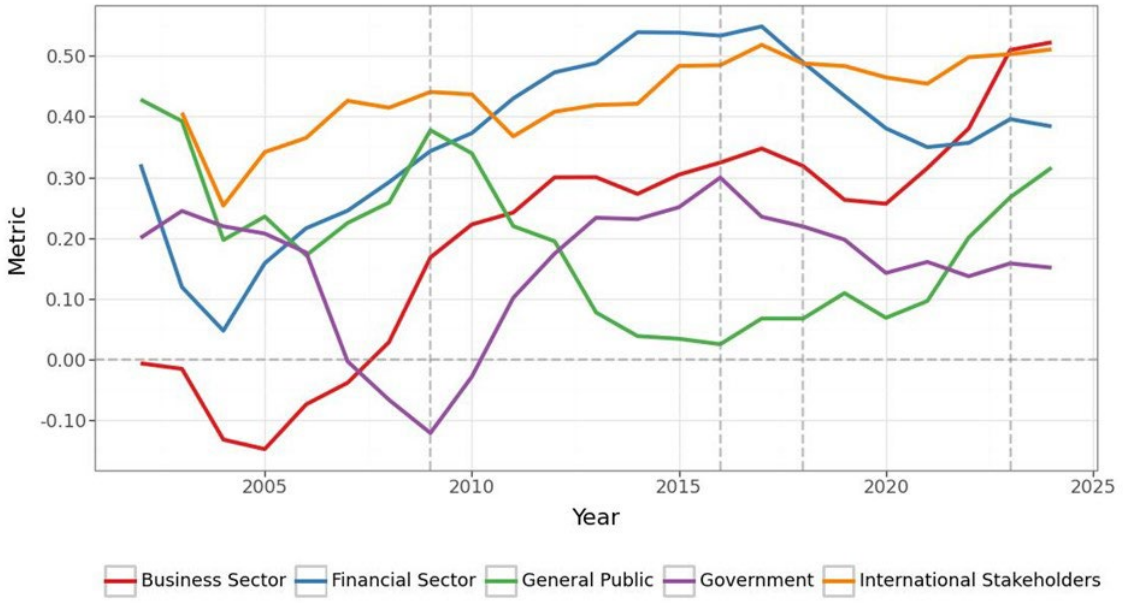
Source: IMF Staff construction.

Note: Sentiment of NBM communication over time (annual basis). The sentiment is evaluated by the number of sentences of a particular sentence as a percentage of the document's total number of sentences. If there are multiple documents within a year, averages are reported. Gaps in particular years indicate absence of data.

12. The net policy stance—a metric derived from the text communication data—was used to evaluate policy signaling of the NBM communication (Figure 10). This metric incorporates explicit signaling in messaging, such as hawkish and dovish statements, and also implicit signals, such as risk-highlighting and confidence-building sentences,[5] making it better suited for analyzing the broader stance of central bank messaging. Overall, the NBM tone has become more hawkish and risk-highlighting over the years, with a significant increase from 2006 to 2014. Specifically, the most significant increase in this tone was toward the business sector. On average, NBM is the most hawkish with regard to international stakeholders, which signals a focus on addressing external macroeconomic risks. After the COVID-19 outbreak, hawkishness and risk-highlighting statements toward the general public/households and business sector increased substantially, while sentences to other audiences remained steady. This trend suggests a heightened emphasis on managing domestic economic concerns and fostering resilience among key internal stakeholders during periods of heightened uncertainty.

[5] The net policy stance is evaluated as $\frac{(H+R)-(D+C)}{H+R+D+C}$, in which H, D, R and C are the number of sentences classified as hawkish, dovish, risk-highlighting and confidence-building, respectively.

Figure 10. Evolution of the Metrics Certain Ratio, Confidence Index, Hawkish-dovish Balance, and Net Policy Stance



Source: IMF Staff construction.

Note: Evolution of the metrics certain ratio (top left), confidence index (top right), hawkish-dovish balance (bottom left), and net policy stance (bottom right) discriminated by audience (business sector, financial sector, general public, government, and international stakeholders) extracted from Moldova's central bank communication reports and monetary policy press releases. Gaps in particular years indicate absence of data. Vertical dashed lines indicate beginning of NBM governors' mandates.

D. Remarks on the Textual Analysis

13. The analysis of the National Bank of Moldova's (NBM) communication reveals several key insights and potential improvements. While the NBM's reports have become longer and more complex over time, they remain more readable than those of its regional peers. To enhance readability, the NBM should streamline content by focusing on essential information and adopting clear, concise language. This approach will help ensure that critical messages are effectively communicated to a broader audience. The NBM's publications generally feature simpler sentence structures, which favor clarity and accessibility. Continued efforts to simplify sentence structures can improve public understanding and engagement, particularly among audiences without specialized financial knowledge. The analysis highlights the NBM's focused communication on monetary policy, with limited diversity in topics compared to peers like Romania and Georgia. While this focus ensures consistency, exploring a broader range of topics through specialized reports and press releases could enhance outreach and engagement. Additionally, the NBM's communication exhibits a generally hawkish stance, particularly in monetary policy decisions. These recommendations aim to enhance the effectiveness and reach of the NBM's communication strategies.

14. The quantitative approach employed in this analysis serves as a powerful tool for objectively gauging central bank communication. By systematically evaluating lexical, syntactical, and semantical elements, this methodology provides a comprehensive understanding of how communication strategies evolve. The use of large language models (LLMs) allows for a more robust

analysis of text compared to dictionary-based techniques that rely on exhaustively mapping terms and keywords. This systematic approach can also benchmark communication practices against regional peers, providing valuable context for strategic adjustments.

15. As communication becomes increasingly critical in shaping expectations, leveraging data-driven insights will be essential for central banks to navigate complex economic landscapes effectively. By adopting such methodologies, central banks can enhance transparency, improve stakeholder engagement, and ensure that their messaging aligns with policy objectives and public expectations. An automated and systematic analysis permits continuous evaluation of central bank communication, allowing for greater flexibility through data-driven evidence, ensuring that communication remains relevant, clear, and impactful for stakeholders.