

NATIONAL BANK OF MOLDOVA

DECISION

**for the amendment of the Regulation on assets and conditional commitments classification,
approved by the Decision of the Council of Administration of the National Bank of
Moldova No. 231/2011**

No. 290 of 14.11.2024
(in force as of 01.07.2025)

Official Monitor of the Republic of Moldova No. 481 Art. 913 of 20.11.2024

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Pursuant to Article 27(1)(c) of Law No. 548/1995 on the National Bank of Moldova (republished in the Official Monitor of the Republic of Moldova, 2015, No. 297-300, Article 544) and Article 83 of Law No. 202/2017 on the activity of banks (Official Monitor of the Republic of Moldova, 2017, No. 434-439, Article 727), the Executive Board of the National Bank of Moldova

DECIDES:

1. The Regulation on assets and conditional commitments classification, approved by the Decision of the Council of Administration of the National Bank of Moldova No. 231/2011 (Official Monitor of the Republic of Moldova, 2011, No. 216-221, Art. 2007), registered with the Ministry of Justice of the Republic of Moldova on December 1, 2011, under No. 856, with subsequent amendments, is amended as follows:

1) In point 1:

a) after the words "to banks" add the words "for prudential purposes";

b) subpoint 1):

in letter (c) the words 'held until maturity' are replaced by the words 'at amortized cost';

letter d) shall read as follows:

"d) banks' equity holdings";

in letter e) after the words "temporary allowed overdrafts," the words "unauthorized overdrafts exceeding the amount of MDL 100," shall be added;

c) subpoint 2):

In the first paragraph, the text "(except those that may be canceled/revoked unconditionally by the bank according to contracts between the customer and the bank)" is replaced with the text "(except for those that, according to point 4 of Annex No. 1 to the Regulation on the treatment of banks' credit risk using standardized approach, approved by the Decision of the Executive Board of the National Bank of Moldova No. 111/2018) (hereinafter - *Regulation No. 111/2018*), are classified as low-risk category)";

in point (a), the words "equity shares" shall be replaced by the words "banks' equity holdings";

the letter c¹) is added with the following content:

"c¹) obligations for future deposit placements";

letter f) is repealed;

2) In point 2, letter g) the text "in Article 29 of the Accounting Law" is replaced by the text "in the Accounting and Financial Reporting Law No. 287/2017";

3) In point 7, the text "will reduce the Tier I capital" is replaced with the text "is deducted from the basic Tier I capital."

4) In point 8, the text "insurance amount referred to point 2, paragraph 5) of the Regulation on "large" exposures" is replaced by the text "the guarantees referred to in point 36, subpoints 3) and 6) of the Regulation on Large Exposures, approved by the Decision of the Executive Board of

the National Bank of Moldova No. 109/2019 (hereinafter - Regulation No. 109/2019), if the conditions set out in these subpoints are met.";

5) In point 9:

a) letter a) is supplemented by the text:

"The current financial situation of legal entities shall be assessed at least on the basis of the balance sheet, the profit and loss statement, the statement of changes in equity and cash flow statement, updated semi-annually, except for debtors, where the total amount of all loans (the amount specified in the contract):

- exceeds the equivalent of MDL 5 million, for which the obtaining, analysis and monitoring of information on the financial situation will be on a quarterly basis;

- does not exceed the equivalent of MDL 1 million, for which the obtaining, analysis, and monitoring of information on the financial situation will occur on an annual basis.

For legal entities, the bank will obtain quarterly/semi-annual financial statements within 60 days and annual financial statements within 120 days from the last day of the reporting period. The current financial situation of individuals engaged in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as individual family doctors' offices, shall be assessed with the periodicity prescribed for legal entities on the basis of abridged or simplified financial statements or, as the case may be, on the basis of indicators set by the bank related to their assets, liabilities and financial situation, but which must include information on their sales revenues, net profit recorded, cash flow statement, debts, equity capital and liabilities. For the individuals referred to in this paragraph, the bank shall obtain the semi-annual financial statements within 60 days and the annual financial statements within 120 days from the last day of the reporting period.

The current financial situation of individuals who do not engage in entrepreneurial activities shall be assessed at least annually on the basis of the indicators set by the bank regarding their assets and financial situation, which shall be obtained within 120 days from the last day of the reporting period.";

b) in point (c) the word "and" is replaced by "and/or";

c) letter h) after the word "insurer" is supplemented with the following text ", except for loans granted to individuals in a cumulative amount (amount specified in the contract) of up to MDL 400,000 and loans granted to legal entities, individuals engaged in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as to individual family doctors' offices in a cumulative amount (amount specified in the contract) of up to MDL 1 million".

In the case of debtors - individuals, the financial situation of the guarantors shall be assessed at least annually, regardless of the type of guarantor.

In the case of debtors - legal entities and debtors - individuals engaged in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as individual family doctors' offices, the financial statements of the guarantors shall be assessed at least every six months, except for guarantors - individuals not engaged in entrepreneurial activity, whose financial statements shall be assessed at least annually, regardless of the type of debtor."

6) in point 10, the text "in compliance with the requirements of the regulations of the National Bank of Moldova for reporting on risk weighted capital adequacy assessment" is replaced by the text "in accordance with the requirements of points 6 and 7 of Regulation No. 111/2018";

7) Point 12 will have the following content:

"**12.** No classification and no allowance for losses shall be applied to:

a) elements of assets/contingent liabilities referred to in point 6 of Regulation No.109/2019;

b) elements of assets/contingent liabilities referred to in point 36, subpoints (1) to (6) and (8) to (10) of Regulation No.109/2019;

c) unauthorized overdrafts that do not exceed the amount of MDL 100";

8) in point 13, letter e) the text "(at least quarterly) and on the debt repayment sources, as well as other documents related to counterparty activity" is replaced by the text "and the person who provides a personal guarantee (surety) for the counterparty's debts, except where the surety provides:

- an additional guarantee that does not represent the main type of credit guarantee;
- a guarantee for loans granted to individuals in a cumulative amount (amount specified in the contract) of up to MDL 400, 000;
- a guarantee for loans granted to legal entities, individuals engaged in entrepreneurial activity, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as individual family doctors' offices in a cumulative amount (amount specified in the contract) of up to MDL 1 million;"

9) Point 14:

a) is completed with letter a¹) with the following content;

"a¹) If a seizure or restriction is applied to the guarantee, other than those applied in favor of the bank. This provision does not apply if there are sufficient guarantees for an asset other than those that are seized or restricted. The verification of the existence of seizures/restrictions on the guarantee is conducted periodically, as follows: for real estate – at least annually, for other types of guarantees – in accordance with the bank's internal policies and procedures;"

b) is completed with letter e¹) with the following content:

"e¹) The asset is used for purposes other than those specified in the contract, in an amount that does not exceed 5% of the initial value of the asset (amount specified in the contract), except for the loans referred to in point 33;"

10) Point 15:

a) in the first paragraph the word "persist" is replaced by the words "is caused by";

b) letter b) shall read as follows:

"b) The collateral is insufficient or deteriorates (as a result of the updated collateral value, the collateral coverage ratio established by the Bank's Board in the bank's internal regulations is not met).;

c) in letter (c) the text "(at least quarterly)," is replaced by the word "and" and after the text "personal guarantee (surety)" the text "for the counterparty's debts" is added;

d) letter c¹) is supplemented with the text:", in an amount exceeding 5% of the initial asset value (the amount specified in the contract), except for the loans provided in point 33";

e) is completed by the letter c²) with the following content:

"c²) the repayment schedule of the principal amount of the asset does not correspond to the specifics of the debtor's business or the purpose of the asset and there is no justification for this;"

f) is supplemented with letter d¹) with the following content:

"d¹) the counterparty shall accept overdue payments from 31 days to 90 days at least twice during the last 6 months up to the classification date;"

11) Point 16:

a) is supplemented with letter b¹) with the following content:

"b¹) the counterparty admits overdue payments of 91 days or more at least twice during the last 9 months up to the classification date;"

b) letter e) after the word "asset" the text "/conditional commitment" is inserted;

12) Paragraph 21 will read as follows:

"21. In the event that the bank's counterparty holds multiple assets/conditional commitments granted by the same bank and any of these are classified as non-performing, all of the counterparty's debts shall be classified in the most severe category of non-performing assets/conditional commitments, in which at least one of the counterparty's debts has been classified.

In the case of debtors who are part of a group of connected clients (as defined by the concept of "group of connected clients" in Regulation No.109/2019) with the counterparty, the assets/conditional commitments granted to the debtors in this group shall be classified in the most

severe category in which the counterparty's debts are classified, if the following criteria are cumulatively met:

a) the bank has non-performing exposures to the counterparty that are categorized in a more severe category than the exposures of other debtors in the group of connected clients;

b) the debtor is closely related on the basis of economic dependence determined in accordance with the provisions of Section 3 of Chapter 1 of Annex 2 to Regulation No. 109/2019 (debtors who are to be classified more severely are economically dependent on the non-performing counterparty).";

13) Point 21¹ is repealed;

14) Point 22 will read as follows:

"22. If the satisfaction of the bank's claims related to certain assets/conditional commitments assessed in accordance with points 13-17 may be influenced by the circumstances and conditions existent in a foreign country as a result of the assessment of the respective assets/conditional commitments, they shall be included in one of the following categories (according to the credit quality level set out in Annex No. 4 to Regulation No. 111/2018):

1) Standard – corresponds to credit quality levels 1 or 2;

2) Supervised – corresponds to credit quality level 3;

3) Substandard – corresponds to credit quality level 4;

4) Doubtful – corresponds to credit quality level 5;

5) Compromised (losses) – corresponds to credit quality step 6.";

15) In point 23, the words "agencies" and "agency" are replaced in both cases by the text "ECAI";

16) In point 24, the words "one of the agencies mentioned under" are replaced by the text "ECAI under the conditions of";

17) In points 25 and 27 the text " , 21¹" is excluded;

18) Chapter V is repealed;

19) In point 30:

a) in the first paragraph, after the words "credit lines" is completed with the text ", including revolving," and after the words "payments are paid" the text "and the financial situation attests to the debtor's ability to fulfill their commitments" shall be added;

b) in point 1, the last sentence is replaced by the following paragraph:

"If the event that the asset has been extended twice or more due to unstable financial conditions, it shall be reclassified no higher than the 'substandard' category for the next 12 months or until the asset's maturity if the residual maturity is less than 12 months. After the extension, if the interest on the asset/conditional commitment will be paid regularly (at least monthly) and the principal amount will be paid at least quarterly in approximately equal installments over 12 consecutive months and the financial situation attests to the debtor's ability to meet the commitments, they may be classified more favorably depending on the circumstances, but not above the 'supervised' category. Otherwise, a more severe classification shall be made.";

20) Point 33:

a) the first paragraph shall read as follows:

"Consumer credit, credit granted to the bank's employee (not secured by pledge or other means of collateral) in the amount (specified in the contract) up to MDL 400,000 and credit granted to a legal entity, an individual engaged in entrepreneurial activities, an individual enterprise, peasant households, an individual engaged in professional activities in the justice sector and offices established by them, as well as individual family doctors' offices in the amount (specified in the contract) up to MDL 1 million that is not secured by pledge or other means of collateral, the repayment of which is based solely on the debtor's obligation and the bank's internal assurance procedures, as well as the debts of individuals and legal entities in the respective amount are classified as follows:";

b) is completed with the text "If the sum of all loans (the amount specified in the contract) granted under the terms of this point to a debtor exceeds the loan amounts indicated in this point, their classification shall be carried out in accordance with points 14 to 17.";

21) In the first paragraph of point 33¹ the text "to MDL 100 thousand, excluding consumption loans" is replaced by the text "(the amount specified in the contract) up to MDL 400,000 in the case of individuals who do not engage in entrepreneurial activities, and up to MDL 1 million for legal entities, individuals who engage in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as individual family doctors' offices, except for the loans specified in point 33.";

22) In the second sentence of point 34, the words "shall be determined by the financial position thereof" are replaced by the text ", individuals engaged in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as individual family doctors' offices, their financial situation is also taken into account, and in the case of individuals who do not engage in entrepreneurial activities and who have registered overdue payments in the last 6 months - their confirmed income (the concept provided for in the Regulation on responsible lending to consumers by banks, approved by Decision of the Executive Board of the National Bank of Moldova No. 101 /2022)";

23) In point 35¹:

a) letter a), after the words "the cumulative value of which" is completed with the text "(amount specified in the contract)";

b) point b), after the words "owned by the debtor" the text "or by the controlling shareholder, or by the beneficial owner of the debtor, where the debtor is a legal entity" is added;

24) In point 37 in the first sentence the words "equity interests" shall be replaced by the words "the bank's holdings in the capital of undertakings", and the words "the legal entity where the bank holds equity interests" shall be replaced by the words "of the undertaking in which the bank has holdings";

25) Point 39:

a) in subpoints 1) and 2) the words "their own regulations" shall be replaced by the words "internal regulations";

b) in point 2) the text "of the loans granted to the Government of the Republic of Moldova," is excluded;

c) in subpoint 3):

in the first sentence after the words "the granted decision" is completed with the text (for no more than 30 days) and the text "has not agreed to the submission of the information by the bank to form credit history" is replaced by the text "has refused to provide other relevant information on its credit history";

the last sentence is excluded;

d) subpoint 4) is completed with the text:

"The respective provisions do not apply to loans granted to individuals in the cumulative amount (amount specified in the contract) up to MDL 400,000 and loans granted to legal entities, individuals engaged in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and offices established by them, as well as individual family doctors' offices in the cumulative amount (amount specified in the contract) up to MDL 1 million.";

e) is completed with the following subpoint 5) with the following content:

"5) New conditional commitments for granting loans shall be classified in accordance with the provisions of Chapter III, except for the provisions related to the pledge/guarantee set out in points 13 to 17, if the granting of the full amount or each tranche of the loan related to the conditional commitment is determined by the establishment of a pledge/guarantee sufficient to cover the loan to be disbursed, and if the bank offers a term, not exceeding 60 days from the date

of disbursement of the initial loan amount or its tranche, for the registration of the pledge/guarantee.";

26) In point 42, the words "from the bank's retained earnings until the payment of taxes and other mandatory payments" are replaced with the text "from the undistributed profit of the current year or, in case of insufficiency, from the profits of previous years.";

27) In point 43, after the words "retained" insert the words " current year's and/or prior years' ", and the words "Tier I capital" replace with "Tier 1 own funds";

28) Point 45 will read as follows:

"**45.** The bank does not provide funds, including additional funds, for the purpose of the counterparty's payment of its liabilities (the principal amount of the asset and/or the conditional commitment, interest, penalties and/or other payments related thereto) to the bank or the liabilities owed to the bank by persons affiliated with or related to the counterparty, except in the case of:

1) cases of debt repurchase by the debtor from another bank, a non-bank lending organization and a savings and loan association;

2) cases of debt consolidation for the bank's debtor – an individual who is not engaged in entrepreneurial activity, with the possibility of increasing the credit limit, cumulatively, under the following conditions:

a) only one consolidation is allowed over the life of the loans;

b) the maturity of the consolidated debt shall not exceed the longest maturity of the consolidated debts;

c) the largest debt recorded by the debtor at the time of consolidation shall not exceed 50% of the total consolidated debt;

d) the debtor has not missed payments on recorded debts for more than 30 days during the last 6 months prior to the date of consolidation;

e) The limit of the consolidated debt will be determined in accordance with the debtor's current and future repayment capacity, based on the bank's credit risk management policies and procedures.";

29) Point 45¹ is added with the following content:

"**45¹.** The counterparty's debt resulting from the consolidation of multiple debts shall be classified, at the date of consolidation, no higher than the most severe category in which at least one of the counterparty's debts was classified prior to consolidation.".

2. This Decision shall enter into force on July 1, 2025.

(Item 2 in the wording of NBM Decision no.331 of 19.12.2024, in force 30.12.2024)

**CHAIRMAN
OF THE EXECUTIVE BOARD**

Anca-Dana DRAGU

No. 290. Chişinău, November 14, 2024.