

**EXECUTIVE BOARD
OF THE NATIONAL BANK OF MOLDOVA**

**DECISION No 38
of 26 February 2026**

**on the amendment of Decision No 111/2018 of the Executive Board of the National Bank of
Moldova on the approval of the Regulation on the treatment of banks' credit risk
using standardised approach**

(in force as of 01.07.2027, except of items 1.5.8, 1.54 and 1.68 – in force as of 01.01.2028)

Official Monitor of the Republic of Moldova No 105-107, Article 169 of 05.03.2026

Pursuant to Article 64-65 of Law No 202/2017 on banking activities (Official Gazette of the Republic of Moldova, 2017, No 434-439, Article 727), the Executive Board of the National Bank of Moldova

DECIDES:

This Decision **transposes** Article 4 (1) paragraphs (7), (56), (75), (75a), (75b), (75c), (78a), (78b), (152); Article 5 paragraphs (10), (11); Article 107 (2); Article 111 (1) – (5); Article 112 letters (i), (k) and (e); Article 113 (3); Article 115 (-1) – (5); Article 116 (1) – (2), (4) – (5); Article 117 (1) paragraph 1, table, (2) letters o), p); Article 118 letter (a); Article 119 (5); Article 120 (1) and (2); Article 121 (1) letters a) – c), (2) – (3); Article 122 (1) – (2); Article 122a; Article 123 (1) letter d), (2) – (5); Article 123a; Article 124, Article 125; Article 126; Article 126a; Article 127 (1) – (3); Article 128; Article 129 (1) paragraph 1, (1a) – (5); Article 130; Article 132 (1) – (2), (3) paragraph 1 letter a) point (i), letter b) – c), paragraph 2 – 4, (4) – (7); Article 132a; Article 132b; Article 132c; Article 133; Article 134 (3); Article 138 letter g); Article 139 (2); Article 141 (2); Article 178 (2) letter d), (3) letter d), (4); Article 208 (3) letter b), (3a), (5); Article 430a; Article 501 (1), (2) letter c); Article 501a and Annex I of **Regulation No 575/2013** of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012, CELEX: 32013R0575, published in the Official Journal of the European Union 176 of 27 June 2013, as last amended by Regulation (EU) 2025/1215 of the European Parliament and of the Council of 17 June 2025.

1. Decision No 111/2018 of the Executive Board of the National Bank of Moldova on the approval of the Regulation on the treatment of banks' credit risk using standardised approach (Official Gazette of the Republic of Moldova, 2018, No 183-194, Article 901), registered with the Ministry of Justice of the Republic of Moldova under No 1334/2018, is amended as follows:

1.1. In the adopting clause of the decision, the text “Law No 548-XIII of 21 July 1995” is replaced with the text “Law No 548/1995” and the text “Law No 202 of 6 October 2017” is replaced with the text “Law No 202/2017”, and the words “and completions” are excluded.

1.2. Throughout the entire regulation:

1.2.1. amendments N/A;

1.2.2. the words “fully and completely” are excluded.

1.3. The harmonisation clause shall have the following content:

“This regulation transposes Article (1)(a), Article 4(1) point (7), (8), (56), (61), (62), (75), (75a), (75b), (75c), (76), (78a), (78b), (80), (81), (98), (99), (152), Article 5 point (4), (5), (6), (10), (11), Article 107 (3), Articles 111-113 (1)-(3), (6), Article 114 (1), (2), (4), (7), Article 115 (-1) – (5), Article 116 (1)-(5), Article 117 (1)-(2), Articles 118-128, Article 129 (1) paragraph 1, (1a)-(5), Articles 130-132 (1), (2), (3) paragraph 1 letter b)-c), paragraph 2-4, (4)-(7), Articles 132a-135 (1), Articles 137-141, Article 148 (1)-(3), (5), Article 162 (3) paragraph 2(b), Article 178, Article 208, Article 430a, Article 501 (1)-(3), Article 501a and Annex I of Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and amending Regulation (EU) No 648/2012, CELEX: 32013R0575, published in the Official Journal of the European Union L 176 of 27 June 2013, as last amended by Regulation (EU) 2025/1215 of the European Parliament and of the Council of 17 June 2025.”.

1.4. In point 1, the text “Law No 202 of 6 October 2017 on the Banking activity” shall be replaced with the text “Law No 202/2017 on the activity of banks (hereinafter referred to as Law No 202/2017).”.

1.5. In point 3:

1.5.1. the text “Law No 202 of 6 October 2017 on the activity of banks”, shall be replaced with the text “Law No 202/2017”;

1.5.2. preceding the term “residential property”, the terms “commitment” and “unconditionally cancellable commitment” are added with the following content:

“**commitment** shall mean any contractual arrangement that a bank offers to a client, and is accepted by that client, to extend credit, purchase assets or issue credit substitutes; and any such arrangement that can be unconditionally cancelled by the bank at any time without prior notice to an obligor or any arrangement that can be cancelled by the bank where an obligor fails to meet the conditions set out in the facility documentation, including conditions that are required to be met by the obligor prior to any initial or subsequent drawdown under the arrangement, unless contractual arrangements cumulatively meet the following conditions:

- 1) contractual arrangements where the bank receives no fees or commissions to establish or maintain those contractual arrangements;
- 2)) contractual arrangements where the client is required to apply to the bank for the initial and each subsequent drawdown under those contractual arrangements;
- 3) contractual arrangements where the bank has full authority, regardless of the fulfilment by the client of the conditions set out in the contractual arrangement documentation, over the execution of each drawdown;
- 4) the contractual arrangements allow the bank to assess the creditworthiness of the client immediately prior to deciding on the execution of each drawdown and the institution has implemented and applies internal procedures that ensure that such an assessment is being made before the execution of each drawdown;
- 5) contractual arrangements that are offered to a corporate entity, including an SME, that is closely monitored on an ongoing basis, by at least updating information on significant developments related to transactions, profits and losses, and risk management policies;

unconditionally cancellable commitment shall mean any commitment the terms of which permit the bank to cancel that commitment to the full extent allowable under consumer protection and related legal acts, where applicable, at any time without prior notice to the obligor or that effectively provide for automatic cancellation due to a deterioration in a borrower’s creditworthiness;”

1.5.3. the terms “residential property” and “commercial immovable property” shall have the following meanings:

“residential property shall mean any of the following:

- 1) an immovable property which has the nature of a dwelling and satisfies all applicable laws and regulations enabling the property to be occupied for housing purposes;
- 2) an immovable property which has the nature of a dwelling and is still under construction, provided that there is the expectation that the property will satisfy all applicable laws and regulations enabling the property to be occupied for housing purposes;
- 3) the right to inhabit an apartment in housing cooperatives located in Sweden;
- 4) land accessory to a property referred to in point 1) - 3);

commercial immovable property shall mean any immovable property that is not residential property;”;

1.5.4. after the term “exposure,” the following terms shall be added: “land acquisition, development and construction exposures (ADC exposures),” “non-ADC exposure,” “income producing real estate exposure (IPRE exposure),” “non-income-producing real estate exposure (non-IPRE exposure),” “transactor exposure” and “conversion factor or credit conversion factor or (CCF)” with the following content:

“land acquisition, development and construction exposures (ADC exposures) shall mean exposures to corporates or special purpose entities financing any land acquisition for development and construction purposes, or financing the development and construction of any residential property or commercial immovable property;

non-ADC exposure shall mean an exposure secured by one or more residential properties or commercial immovable properties that is not an ADC exposure;

income producing real estate exposure (IPRE exposure) shall mean an exposure secured by one or more residential properties or commercial immovable properties where the fulfilment of the credit obligations related to the exposure materially depends on the cash flows generated by those immovable properties securing that exposure, rather than on the capacity of the obligor to fulfil the credit obligations from other sources; the primary source of such cash flows being lease or rental payments, or proceeds from the sale of the property;

non-income-producing real estate exposure (non-IPRE exposure) shall mean an exposure secured by one or more residential properties or commercial immovable properties that is not an IPRE exposure;

transactor exposure shall mean any revolving exposure that has at least 12 months of repayment history and that is one of the following:

- 1) an exposure for which, on a regular basis of at least every 12 months, the balance to be repaid at the next scheduled repayment date is determined as the drawn amount at a predefined reference date, with a scheduled repayment date not later than after 12 months, provided that the balance has been repaid in full at each scheduled repayment date for the previous 12 months;
- 2) an overdraft facility where there have been no drawdowns over the previous 12 months;

conversion factor or credit conversion factor or (CCF) shall mean the ratio of the undrawn amount of a commitment from a single facility that could be drawn from that single facility from a certain point in time before default and therefore outstanding at default to the undrawn amount of the commitment from that facility, the extent of the commitment being determined by the advised limit, unless the unadvised limit is higher;”;

1.5.5. after the term “trade finance,” the term “covered bond” shall be added with the following content:

“covered bond shall mean a debt security issued by a bank in accordance with the national regulatory framework for covered bonds and secured by cover assets to which investors in covered bonds have direct recourse as preferred creditors;”;

1.5.6. the term “speculative immovable property financing” is excluded;

1.5.7. in the definition of “collective investment undertaking (CIU)”, the text “Law No 171 of 11 July 2012” shall be replaced by the text “Law No 171/2012”, and the text “an alternative investment fund (AIF) of a foreign state, as defined in point 78 of this Regulation” shall be replaced by the text “or an alternative investment fund (AIF) which is an alternative collective investment undertaking, as defined in Law No 2/2020 on alternative collective investment undertakings (hereinafter referred to as Law No 2/2020)”;

1.5.8. the terms “securitisation position,” “securitisation,” and “tranche” are excluded.

1.6. In point 5, the words “additional value adjustments” shall be supplemented by the words “related to the bank's activities outside the portfolio of transactions”.

1.7. In point 6:

1.7.1. Sub-points 1)-4) shall have the following content:

- “1) 100% for items in bucket 1;
- 2) 50% for items in bucket 2;
- 3) 40% for items in bucket 3;
- 4) 20% for items in bucket 4;”;

1.7.2. Sub-point 5) shall be added with the following content:

- “5) 10% for items in bucket 5.”.

1.8. Sub-points 6¹ and 6² shall be added with the following content:

“**6¹.** The exposure value of a commitment on an off-balance-sheet item as referred to in point 6 shall be the lower of the following percentages of the commitment’s nominal value after the deduction of specific credit risk adjustments and amounts deducted in accordance with points 28 and 30 subpoint 12) of the Regulation No 109/2018:

- 1) the percentage referred to in point 6 that is applicable to the item on which the commitment is made;
- 2) the percentage referred to in point 6 that is applicable to the type of commitment.

6². Contractual arrangements offered by a bank, but not yet accepted by the client, that would become commitments if accepted by the client, shall be treated as commitments and the percentage applicable shall be the one provided for in accordance with point 6. For contractual arrangements that meet the conditions set out point 3, the sub-points 1) to 5) under the definition of “commitment”, the applicable percentage shall be 0%.”.

1.9. Point 7 is repealed.

1.10. In point 8 the text “a repurchase transaction or under a securities or commodities lending or borrowing transaction, and margin lending transactions” shall be replaced by the text “a securities financing transaction”.

1.11. In point 11:

1.11.1. sub-point 9) shall be supplemented with the words “and ADC exposures”;

1.11.2. sub-point 11) “exposures associated with particularly high risk” is repealed;

1.11.3. sub-points 11¹) and 11²) shall be added with the following content:

- “11¹) subordinated debt exposures;
- 11²) exposures in the form of covered bonds;”.

1.12. In point 16, the words “the risk weight applicable to that item may be amended in accordance with” shall be replaced by the text “the exposure value or the risk weight applicable to that exposure, as appropriate, may be amended in accordance with this Regulation and”.

1.13. Point 18 shall have the following content:

“For trade exposures and for default fund contributions to a central counterparty (CCP), banks shall apply the treatment for own funds requirements for exposures to a CCP set out in Regulation No

102/2020 on the treatment of counterparty credit risk for banks. For all other types of exposures to a central counterparty, banks shall treat those exposures as follows:

- 1) as exposures to an institution for other types of exposures to a qualifying CCP;
- 2) as exposures to a corporate for other types of exposures to a non-qualifying CCP.”.

1.14. Point 22¹ shall be added with the following content:

“**22**¹. The timeframe for completing the request resolution procedure under point 22 is 30 business days, starting from the date the request is submitted with all the documents that need to be presented to the National Bank of Moldova. The deadline may be extended by a maximum of 10 days, with the bank being informed at least 3 days before the expiry of the deadline for examining the request.”.

1.15. The title of Section 3, “Obligor in default,” in Chapter III shall read as follows:

“Section 3

Default of an obligor or credit facility”.

1.16. In point 25, sub-point 4), the words “consents to a distressed restructuring” are replaced by the text “consents to a forbearance measure as referred to in points 67¹³-67¹⁶ in the Regulation No 109/2018”.

1.17. In point 26, sub-point 4) the text “a 2.5% threshold of the total balance of the borrower’s credit obligations” shall be replaced by the text “a) an absolute amount component, expressed as the maximum value of the total outstanding credit obligation owed by the borrower to the bank, the bank’s parent company or one of its subsidiaries, equal to the equivalent in MDL of EUR 100 for retail exposures and the equivalent in MDL of EUR 500 for other types of exposures; and
b) a threshold of 1% representing the ratio between the total outstanding credit obligations of the debtor and the total value of all balance sheet exposures to that debtor of the bank, the parent company of the bank or one of its subsidiaries, excluding exposures in equity securities.”.

1.18. In point 28, the words “distressed” shall be replaced with the text “due to financial difficulties”.

1.19. Points 34 and 35 shall have the following content:

“**34.** Exposures to regional governments or local authorities for which a credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 1¹ which corresponds to the credit assessment of the ECAI in accordance with the agreement made by the National Bank of Moldova based on point 100.

Table 1¹

Credit quality step	1	2	3	4	5	6
Risk weight	20%	50%	50%	100%	100%	150%

8. 35. Exposures to regional governments or local authorities for which a credit assessment by a nominated ECAI is not available shall be assigned a risk weight in accordance with the credit quality step to which exposures to the central government of the jurisdiction in which regional governments or local authorities are incorporated are assigned in accordance with Table 1² in accordance with the agreement made by the National Bank of Moldova based on point 100.

Table 1²

Credit quality step	1	2	3	4	5	6
Risk weight	20%	50%	100%	100%	100%	150%

1.20. Points 35¹-35⁵ shall be added with the following content:

“35¹. For exposures referred to in point 35, a risk weight of 100% shall be assigned where the central government of the jurisdiction in which regional governments or local authorities are incorporated is unrated.

35². By way of derogation from points 34 and 35, exposures to regional governments or local authorities shall be treated as exposures to the central government in whose jurisdiction they are established where there is no difference in risk between such exposures because of the specific revenue-raising powers of the former, and the existence of specific institutional arrangements the effect of which is to reduce their risk of default.

35³. Exposures to churches or religious communities constituted in the form of a legal person under public law shall, in so far as they raise taxes in accordance with legal acts conferring on them the right to do so, be treated as exposures to regional governments and local authorities. In that case, point 35² shall not apply.

35⁴. Churches and religious communities in the Republic of Moldova represent the religious denominations referred to in Law No 125/2007 on liberty of conscience, thought, and religion.

35⁵. By way of derogation from point 34 and 35, where competent authorities of a third-country which applies supervisory and regulatory arrangements at least equivalent to those applied in the Republic of Moldova with regard to banks in accordance with Annex 5, treat exposures to regional governments or local authorities as exposures to their central government and there is no difference in risk between such exposures because of the specific revenue-raising powers of regional government or local authorities and to specific institutional arrangements to reduce the risk of default, institutions may risk weight exposures to such regional governments and local authorities in the same manner.”.

1.21. Point 37 shall be supplemented with the text “By way of derogation from point 34 and 35,”.

1.22. In point 38, the text “, without applying the provisions of points 29-30” shall be excluded.

1.23. In point 40, the text „Section 7 of this Chapter. The preferential treatment for short-term exposures specified in Article 53 shall not be applied to those entities” shall be replaced with the text “point 34”.

1.24. Points 42¹ and 42² shall be added with the following content:

“42¹. In exceptional circumstances, exposures to public-sector entities may be treated as exposures to the central government, regional government or local authority in whose jurisdiction they are established where in the opinion of the competent authorities of this jurisdiction there is no difference in risk between such exposures because of the existence of an appropriate guarantee by the central government, regional government or local authority.

42². When competent authorities of a third country jurisdiction, which apply supervisory and regulatory arrangements at least equivalent to those applied in the Republic of Moldova with regard to banks in accordance with Annex 5, treat exposures to public sector entities in accordance with points 38 and 39 or 40, banks may risk weight exposures to such public sector entities in the same manner. Otherwise the banks shall apply a risk weight of 100%.”.

1.25. Point 43 shall read as follows:

“43. Exposures to multilateral development banks that are not referred to in point 46 and for which a credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 2¹.

Table 2¹”

Credit quality step	1	2	3	4	5	6
---------------------	---	---	---	---	---	---

Risk weight	20%	30%	50%	100%	100%	150%
-------------	-----	-----	-----	------	------	------

1.26. Point 43¹ shall be supplemented with the following content:

“**43¹**. Exposures to multilateral development banks that are not referred to in point 46 for which a credit assessment by a nominated ECAI is not available shall be assigned a risk weight of 50%.”.

1.27. Point 44 is repealed.

1.28. Point 46 shall be supplemented with the sub-points 15) and 16) with the following content:

“15) the International Development Association;

16) the Asian Infrastructure Investment Bank.”.

1.29. In point 47, sub-point 1) shall read as follows:

“1) the European Union and the European Atomic Energy Community;”.

1.30. Point 50 is repealed.

1.31. In point 51, the words “banks and” shall be excluded.

1.32. In point 52:

1.32.1. the text “with a residual maturity of more than three months,” shall be excluded;

1.32.2. in table no. 3 the risk weight of “50%” related to credit quality level 2 is replaced with “30%”.

1.33. In point 53:

1.33.1. the word “residual” shall be replaced with the word “initial”;

1.33.2. after the words “a nominated ECAI”, the following text shall be added „and exposures arising from the movement of goods across national borders with an original maturity of no more than six months, for which a credit assessment by a nominated ECAI is available”.

1.34. Point 55 shall read as follows:

“**55.** Exposures to institutions for which a credit assessment by a nominated ECAI is not available shall be assigned to one of the following grades provided in points 55¹-55⁴”.

1.35. Points 55¹-55⁷ shall be added with the following content:

“**55¹**. Where all of the conditions are cumulatively met, exposures to institutions shall be assigned to Grade A:

1) the institution has adequate capacity to meet its financial commitments, including repayments of principal and interest, in a timely manner, for the projected life of the assets or exposures and irrespective of economic cycles and business conditions;

2) the bank meets or exceeds the requirement set out in point 130 of the Regulation No 109/2018, taking into account the measures for banks aimed at reducing systemic risk regarding the level of own funds and the level of the capital conservation buffer, as appropriate, the specific own funds requirements under Article 139 of Law No 202/2017, the combined buffer requirement defined in Regulation on the capital buffers of banks, approved by Decision of the Executive Board of the National Bank of Moldova No 110/2018 (hereinafter - Regulation No 110/2018) or any equivalent and additional local supervisory or regulatory requirements in third countries, to the extent that these requirements are published and must be met with Common Equity Tier 1 capital, Tier 1 capital or own funds, as applicable;

3) information specifying whether the requirements referred to in sub-point 2) have been met or exceeded by the bank is public or otherwise made available to the creditor bank;

4) the assessment performed by the lending bank in accordance with the credit risk and counterparty credit risk requirements set out in points 240-247 of Regulation on banking activities

management framework, approved by Decision of the Executive Board of the National Bank of Moldova No 322/2018 (hereinafter - Regulation No 322/2018) did not show that the bank does not meet the conditions set out in sub-points 1) and 2).

55². Where all of the conditions are cumulatively met and one or more of the conditions in point 55¹ are not met, exposures to banks shall be assigned to Grade B:

1) the bank is subject to substantial credit risk, including repayment capacities that are dependent on stable or favourable economic or business conditions;

2) the bank meets or exceeds the requirement set out in point 130 of Regulation No 109/2018, taking into account the measures for banks aimed at reducing systemic risk regarding the level of own funds, where applicable, the specific own funds requirements under Article 139 of Law No 202/2017, or any equivalent and additional local supervisory or regulatory requirements in third countries, to the extent that these requirements are published and must be met with Common Equity Tier 1 capital, Tier 1 capital, or own funds, as applicable;

3) information about whether the requirements referred to in sub-point 2) of this point are met or exceeded by the bank is publicly disclosed or otherwise made available to the lending institution;

4) the assessment performed by the lending bank in accordance with the requirements on credit risk and counterparty credit risk set out in points 240-247 of Regulation No 322/2018 has not revealed that the institution does not meet the conditions set out in points 1) and 2).

55³. For the purposes of the point 55², sub-point 2), of this paragraph, equivalent and additional local supervisory or regulatory requirements shall not include capital buffers equivalent to those defined in Regulation No 110/2018.

55⁴. Where exposures to institutions are not assigned to Grade A or B, or where any of the following conditions is met, exposures to institutions shall be assigned to Grade C:

1) the institution has material default risks and limited margins of safety;

2) adverse business, financial or economic conditions are very likely to lead, or have led, to the bank's inability to meet its financial commitments;

3) the external auditor has issued an adverse audit opinion or has expressed substantial doubt about the institution's ability to continue as a going concern in its audited financial statements or audited reports within the previous 12 months.

55⁵. For exposures to investment undertakings that are treated as exposures to banks in accordance with point 51, in order to assess whether they meet the conditions set out in point 55¹ sub-point 2) and point 55² sub-point 2), banks shall assess whether those investment firms meet or exceed any comparable prudential requirements.

55⁶. Exposures assigned to Grade A, B or C shall be assigned a risk weight as follows:

1) exposures assigned to Grade A, B or C which meet any of the following conditions shall be assigned a risk weight for short-term exposures in accordance with Table 5:

a) the exposure has an original maturity of three months or less;

b) the exposure has an original maturity of six months or less and arises from the movement of goods across national borders;

2) exposures assigned to Grade A which are not short term shall be assigned a risk weight of 30% where the following conditions are cumulatively met:

a) the exposure does not meet any of the conditions set out in sub-point 1);

b) the bank's Common Equity Tier 1 capital ratio is equal to or higher than 14%;

c) the institution's leverage ratio is equal to or higher than 5%;

3) exposures assigned to Grade A, B or C that do not meet the conditions set out in sub-point 1) or 2) shall be assigned a risk weight in accordance with Table 5.

Credit risk assessment	Grade A	Grade B	Grade C
Risk weight for short-term exposures	20%	50%	150%
Risk weight for other exposures than short-term ones	40%	75%	150%

55⁷. Where an exposure to a bank is not denominated in the domestic currency of the jurisdiction of incorporation of that bank, or where that bank has booked the credit obligation in a branch in a different jurisdiction and the exposure is not in the domestic currency of the jurisdiction in which the branch operates, the risk weight assigned in accordance with point 55⁶, to exposures other than those with a maturity of one year or less stemming from self-liquidating, trade-related contingent items that arise from the movement of goods across national borders shall not be lower than the risk weight of an exposure to the central government of the country where the bank is incorporated.”.

1.36. Points 56-58 are repealed.

1.37. In point 59, Table 6, for credit quality step “3,” the risk weight of “100%” shall be replaced by “75%.”

1.38. In point 60, the text “a 100% risk weight or the risk weight of exposures to the central government of the jurisdiction in which the corporate is incorporated, whichever is the higher” shall be replaced with the text “a risk weight of 100%”.

1.39. Chapter IV shall be supplemented with Section 9¹ with the following content:

“Section 9¹

Specialised lending exposures

60¹. Within the corporate exposure class referred to in point 11, sub-point 7), banks shall separately identify as specialised lending exposures, exposures that cumulatively have the following characteristics:

1) the exposure is to an entity which was created specifically to finance or operate physical assets or is an exposure that is economically comparable to such an exposure;

2) the exposure is not related to the financing of residential property or commercial immovable property and is within the definitions of object finance, project finance or commodity finance exposures laid down in point 60³;

3) the contractual arrangements governing the obligation related to the exposure give the bank a substantial degree of control over the assets and the income that they generate;

4) the primary source of repayment of the obligation related to the exposure is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.

60². Specialised lending exposures for which a directly applicable credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 6¹.

Table 6¹

Credit quality step	1	2	3	4	5	6
Risk weight	20%	50%	75%	100%	150%	150%

60³. Specialised lending exposures for which a directly applicable credit assessment by a nominated ECAI is not available shall be assigned a risk weight in line with points 60⁴-60⁸.

60⁴. Where the purpose of a specialised lending exposure is to finance the acquisition of physical assets, including ships, aircraft, satellites, railcars, and fleets, and the income to be generated by those assets comes in the form of cash flows generated by the specific physical assets that have been financed and pledged or assigned to the lender ('object finance exposures'), banks shall apply a risk weight of 100%.

60⁵. Where the purpose of a specialised lending exposure is to provide for short-term financing of reserves, inventories or receivables of exchange-traded commodities, including crude oil, metals or crops, and the income to be generated by those reserves, inventories or receivables is to be the proceeds from the sale of the commodity ('commodity finance exposures'), banks shall apply a risk weight of 100%.

60⁶. Where the purpose of a specialised lending exposure is to finance an individual project, either in the form of construction of a new capital installation or refinancing of an existing installation, with or without improvements, for the development or acquisition of large, complex and expensive installations, including power plants, chemical processing plants, mines, transportation infrastructure, environment, and telecommunications infrastructure, in which the lending institution looks primarily to the revenues generated by the financed project, both as the source of repayment and as security for the loan ('project finance exposures'), banks shall apply the following risk weights:

1) 130% where the project to which the exposure is related is in the pre-operational phase;

2) provided that the adjustment to own funds requirements for credit risk referred to in points 97¹-97³ is not applied, 80% where the project to which the exposure is related is in the operational phase and the exposure meets cumulatively the following criteria:

a) there are contractual restrictions on the ability of the obligor to perform activities that might be detrimental to lenders, including the restriction that new debt cannot be issued without the consent of existing debt providers;

b) the obligor has sufficient reserve funds fully funded in cash, or other financial arrangements with an entity, to cover the contingency funding and working capital needs over the lifetime of the project being financed, provided that the entity is assigned an ECAI rating by a recognised ECAI with a credit quality step of at least 3 or, in the case of banks calculating risk-weighted exposure amounts and expected loss amounts according to the approach based on internal rating models, where the entity does not have a credit assessment by a recognised ECAI, that entity is assigned with an internal credit rating equivalent to a credit quality step of at least 3 by the bank, provided that that entity is internally rated by the bank in accordance with the provisions of the internal ratings-based approach;

c) the project to which the exposure is related generates cash flows that are predictable and cover all future loan repayments;

d) where the revenues of the obligor are not funded by payments from a large number of users, the source of repayment of the obligation depends on one main counterparty and that main counterparty is one of the following:

- a central bank, a central government, a regional government or a local authority, provided that they are assigned a risk weight of 0% in accordance with this Regulation, or are assigned an ECAI rating with a credit quality step of at least 3 by a recognised ECAI; or, in the case of banks calculating risk-weighted exposure amounts and expected loss amounts in accordance with the internal ratings-based approach, where the central bank, central government, regional government or local authority do not have a credit assessment by a recognised ECAI, they are assigned with an internal credit rating equivalent to a credit quality step of at least 3 by the bank, provided that they are internally rated by the bank in accordance with the requirements for using the internal ratings-based approach;

- a public sector entity, provided that that entity is assigned a risk weight of 20% or below in accordance points 38-42¹, or is assigned an ECAI rating with a credit quality step of at least 3 by a recognised ECAI or, in the case of banks calculating risk-weighted exposure amounts and expected loss amounts in accordance with the internal ratings-based approach, where the public sector entity does not have a credit assessment by a recognised ECAI, that public sector entity is assigned with an internal credit rating equivalent to a credit quality step of at least 3 by the bank, provided that that public sector entity is internally rated by the bank in accordance with the requirements for using the internal ratings-based approach;

- a corporate entity which has been assigned an ECAI rating with a credit quality step of at least 3 by a recognised ECAI, or, in the case of banks calculating risk-weighted exposure amounts and expected loss amounts in accordance with the internal ratings-based approach, where the corporate entity does not have a credit assessment by a recognised ECAI, that corporate entity is assigned an internal credit rating equivalent to a credit quality step of at least 3 by the bank, provided that that corporate entity is internally rated by the bank in accordance with the requirements for using the internal ratings-based approach;

e) the contractual provisions governing the exposure to the obligor provide for a high degree of protection for the lending institution in the case of a default of the obligor;

f) the main counterparty, or other counterparties which similarly comply with the eligibility criteria for the main counterparty, effectively protect the lending institution against losses resulting from the termination of the project;

g) all assets and contracts necessary to operate the project have been pledged to the lending institution to the extent permitted by applicable law;

h) the lending bank is able to take control of the obligor entity in the case of a default event;

3) 100% where the project to which the exposure is related is in the operational phase and the exposure does not meet the conditions set out in sub-point 2);

60⁷. For the purposes of point sub-point 2) letter c), the cash flows generated shall not be considered predictable unless a substantial part of the revenues satisfies one or more of the following conditions:

1) the revenues are availability-based, meaning that, once construction is completed, the obligor is entitled, as long as the contractual conditions are fulfilled, to payments from its contractual counterparties which cover operating and maintenance costs, debt service costs and equity returns as the obligor operates the project, and those payments are not subject to swings in demand, such as traffic levels, and are adjusted typically only for lack of performance or lack of availability of the asset to the public;

2) the revenues are subject to a rate-of-return regulation;

3) the revenues are subject to a take-or-pay contract.

60⁸. For the purposes of point 60⁶, the operational phase shall mean the phase in which the entity that was specifically created to finance the project, or that is economically comparable, meets cumulatively the following conditions:

1) the entity has a positive net cash flow that is sufficient to cover any remaining contractual obligation;

2) the entity has a declining long term debt.”.

1.40. Point 61:

1.40.1. after the words “the following criteria”, the words “shall be considered retail exposures and” shall be added;

1.40.2. sub-point 4) shall be added with the following content:

“4) the bank treats the exposure within its risk management framework and manages the exposure internally as a retail exposure, consistently over time and in a manner similar to the bank's treatment of other retail exposures”.

1.41. In point 62, the text “point 61” shall be replaced with the text “subpoints 1)-3)”.

1.42. Point 62¹ shall be added with the following content:

“**62¹.** Exposures to traders that meet the criteria for retail exposures referred to in point 61 shall be assigned a risk weight of 45%.”

1.43. Point 63 is repealed.

1.44. Point 64¹–64³ shall be added with the following content:

“**64¹.** The following exposures shall not be considered to be retail exposures:

1) non-debt exposures conveying a subordinated, residual claim on the assets or income of the issuer;

2) debt exposures and other securities, partnerships, derivatives, or other vehicles, the economic substance of which is similar to the exposures specified in sub-point 1);

3) all other exposures in the form of securities.

64². Where any of the criteria referred to in point 61 sub-points 1)-3) are not met for an exposure to one or more natural persons, the exposure shall be considered a retail exposure and shall be assigned a risk weight of 100%.

64³. By way of derogation from point 63, exposures due to loans granted by a bank to pensioners or employees with a permanent contract against the unconditional transfer of part of the borrower’s pension or salary to that bank shall be assigned a risk weight of 35%, provided that the following cumulative conditions are met:

1) to repay the loan, the borrower unconditionally authorises the pension fund or employer to make direct payments to the bank by deducting the monthly payments on the loan from the borrower’s monthly pension or salary;

2) the risks of death, inability to work, unemployment or reduction of the net monthly pension or salary of the borrower are properly covered through an insurance policy to the benefit of the bank;

3) the monthly payments to be made by the borrower on all loans that meet the conditions set out in sub-points 1) and 2) do not in aggregate exceed 20% of the borrower’s net monthly pension or salary;

4) the maximum original maturity of the loan is equal to or less than 10 years.”.

1.45. Section 10¹ shall be added with the following content:

“Section 10¹

Exposures with a currency mismatch

64⁴. For exposures to natural persons that are assigned withing the retail exposure class referred to in point 11, sub-point 8), or for exposures to natural persons that qualify as exposures secured by mortgages on residential property that are assigned to the exposure class referred to in point 11, sub-point 9), the risk weight assigned in accordance with this Chapter shall be multiplied by a factor of 1,5 , whereby the resulting risk weight shall not be higher than 150%, where the following conditions are cumulatively met:

1) the exposure is denominated in a currency which is different from the currency of the obligor’s source of income;

2) the obligor does not have a hedge for its payment risk due to the currency mismatch, either by a financial instrument or foreign currency income that matches the currency of the exposure, or the total of such hedges available to the borrower covers less than 90% of each instalment for this exposure.

64⁵. Where a bank is unable to single out those exposures with a currency mismatch, the risk weight multiplier of 1,5 shall apply to all unhedged exposures where the currency of the exposures is different from the domestic currency of the country of residence of the obligor.

64⁶. For the purposes of this Section, “source of income” refers to any source that generates cash flows to the obligor, including from remittances, rental incomes or salaries, whilst excluding proceeds from selling assets or similar recourse actions by the bank.”.

1.46. Sections 11-13 of Chapter IV shall read as follows:

“Section 11

Exposures secured by mortgages on immovable property

65. A non-ADC exposure that does not meet all of the conditions set out in point 67, or any part of a non-ADC exposure that is not secured by immovable property, shall be treated as follows:

1) a non-IPRE exposure shall be risk weighted as an exposure to the counterparty that is not secured by the immovable property concerned;

2) an IPRE exposure shall be assigned a risk weight of 150%.

66. A non-ADC exposure, up to the nominal amount of the lien on the property, where all of the conditions set out in point 67 are met, shall be treated as follows:

1) where the exposure is secured by a residential property:

a) a non-IPRE exposure shall be treated in accordance with points 69-69³;

b) an IPRE exposure shall be treated in accordance with points 69-69³ where it meets any of the following conditions:

- the immovable property securing the exposure is the obligor’s primary residence, either where the immovable property as a whole constitutes a single housing unit or where the immovable property securing the exposure is a housing unit that is a separated part within the immovable property;

- the exposure is to a natural person and is secured by an income-producing residential housing unit, either where the immovable property as a whole constitutes a single housing unit or where the housing unit is a separated part within the immovable property, and total exposures of the bank to that natural person are not secured by more than four immovable properties, including those which are not residential properties or which do not meet any of the criteria set out in this letter, or separate housing units within immovable properties;

- the exposure is to associations or cooperatives of natural persons that are regulated by national law and exist with the sole purpose of granting their members the use of a primary residence in the property securing the loan;

- the exposure is to public housing companies or not-for-profit associations that are regulated by law and exist to serve social purposes and to offer tenants long-term housing;

c) an IPRE exposure which does not meet any of the conditions set out in letter b), shall be treated in accordance with points 70-70³;

2) where the exposure is secured by commercial immovable property, it shall be treated as follows:

a) a non-IPRE exposure shall be treated in accordance with points 71-71³;

b) an IPRE exposure shall be treated in accordance with 71-71².

67. In order to be eligible for the treatment referred to in point 66, an exposure secured by an immovable property shall fulfil all of the following conditions:

1) the immovable property securing the exposure meets any of the following conditions:

a) the immovable property has been fully completed;

b) the immovable property is forest or agricultural land;

c) the lending is to a natural person and the immovable property is either a residential property under construction or it is land upon which a residential property is planned to be constructed where that plan has been legally approved by all relevant authorities, as applicable, and where any of the following conditions is met:

- the immovable property does not have more than four residential housing units and will be the primary residence of the obligor and the lending to the natural person is not indirectly financing ADC exposures;

- a central government, regional government or local authority or a public sector entity is involved, exposures to which are treated in accordance with points 35² or 42-42¹, respectively, and has the legal powers and ability to ensure that the property under construction will be finished within a reasonable time frame and is required, or has committed in a legally binding manner, to ensure completion where the construction would otherwise not be finished within such reasonable time frame; alternatively, there is an equivalent legal mechanism in place to ensure that the property under construction is completed within a reasonable timeframe;

2) the exposure is secured by a first lien held by the bank on the immovable property, or the bank holds the first lien and any sequentially lower ranking lien on that property;

3) the property value is not materially dependent upon the credit quality of the obligor;

4) all information required at origination of the exposure and for monitoring purposes is properly documented, including information on the ability of the obligor to repay and on the valuation of the property;

5) the requirements set out in Annex 2 are met and the assessment rules for eligible security provided for in the Regulation on credit risk mitigation techniques of banks, approved by Decision No 112/2018 of the Executive Board of the National Bank of Moldova (hereinafter referred to as Regulation No. 112/2018).

67¹. For the purposes of point 67, sub-point 3), banks may exclude situations where purely macro-economic factors affect both the property value and the performance of the obligor.

67². For the purposes of point 67, sub-point 4), banks shall put in place underwriting policies with respect to the origination of exposures secured by immovable property that include the assessment of the ability of the borrower to repay. The underwriting policies shall include the relevant metrics for that assessment and their respective maximum levels.

67³. By way of derogation from point 67, sub-point 2), where junior liens provide the holder with a claim on collateral that is legally enforceable and constitutes an effective credit risk mitigant, junior liens held by a bank other than the one holding the senior lien may also be recognised, including where the bank does not hold the senior lien or does not hold a lien ranking between a more senior lien and a more junior lien both held by the bank. The rules governing the liens shall ensure cumulatively the following:

1) each bank holding a lien on a property can initiate the sale of the property independently from other entities holding a lien on the property;

2) where the sale of the property is not carried out by means of a public auction, entities holding a senior lien take reasonable steps to obtain a fair market value or the best price that may be obtained in the circumstances when exercising any power of sale on their own.

67⁴. For the purpose of calculating risk-weighted exposure amounts for undrawn facilities, liens that satisfy all eligibility requirements set out in point 67 may be recognised where drawing under the facility is conditional on the prior or simultaneous filing of a lien to the extent of the bank's interest in the lien once the facility is drawn, such that the bank does not have any interest in the lien to the extent that the facility is not drawn.

68. For the purposes of points 70-70³ and points 72-72², the exposure-to-value (ETV) ratio shall be calculated by dividing the gross exposure amount by the property value subject to the following conditions:

1) the gross exposure amount shall be calculated as the accounting value of the asset item related to the exposure secured by immovable property and any undrawn but committed amount that, once

drawn, would increase the exposure value of the exposure which is secured by immovable property; that gross exposure amount shall be calculated without taking into account:

a) specific credit risk adjustments in accordance with Regulation on the calculation of specific and general credit risk adjustments by banks, approved by Decision of the Executive Board of the National Bank of Moldova No 116/2018 (hereinafter – Regulation No 116/2018);

b) additional value adjustments in accordance with Regulation No 109/2018 related to the non-trading book business of the bank;

c) amounts deducted in accordance with Regulation No 109/2018; and

d) other own funds reductions related to the asset item;

2) the gross exposure amount shall be calculated without taking into account any type of funded or unfunded credit protection, except for pledged deposits accounts with the lending bank that meet all requirements for on-balance-sheet netting, either under master netting agreements or under other on-balance-sheet netting agreements in accordance with the Regulation No 112/2018 and have been unconditionally and irrevocably pledged for the sole purpose of fulfilling the credit obligation related to the exposure secured by immovable property;

3) for exposures that are required to be treated in accordance with points 70-70³ or points 72-72² where a party other than the bank holds a senior lien and a junior lien held by the bank is recognised under point 67³, the gross exposure amount shall be calculated as the sum of the gross exposure amount of the lien held by the bank and of the gross exposure amounts for all other liens of equal or higher ranking seniority than the lien held by the bank.

68¹. For the purposes of point 68, sub-point 1), where a bank has more than one exposure secured by the same immovable property and those exposures are secured by liens on that immovable property that are sequential in ranking order without any lien held by a third party ranking in-between, the exposures shall be treated as a single combined exposure and the gross exposure amounts for the individual exposures shall be summed up to calculate the gross exposure amount for the single combined exposure.

68². For the purposes of point 68, sub-point 3), where there is insufficient information to be able to ascertain the ranking of the other liens, the bank shall treat those liens as ranking *pari passu* with the junior lien held by the bank. The bank shall first determine the risk weight in accordance with points 70-70³ or 72-72² (the ‘base risk weight’), as applicable. The bank shall then adjust this risk weight by a multiplier of 1,25, for the purposes of calculating the risk-weighted amounts of junior liens. Where the base risk weight corresponds to the lowest exposure-to-value bucket, the multiplier shall not be applied. The risk weight resulting from multiplying the base risk weight by 1,25 shall be capped at the risk weight that would be applied to the exposure if the requirements in point 67 were not met.

68³. Exposures to a tenant under an immovable property leasing transaction under which the bank is the lessor and the tenant has an option to purchase shall qualify as exposures secured by immovable property and shall be treated in accordance with the treatment set out points 69-70³ or 71-72² if the applicable conditions set out in this point are met, provided that the exposure of the institution is secured by its ownership of the property.

68⁴. Based on the data collected under Annex 2¹ and on any other relevant indicators, the National Bank of Moldova shall periodically, and at least annually, assess whether the risk weights laid down in points 69-70³ and 71-72² for exposures secured by immovable property located in the territory of the Republic of Moldova are appropriately based on:

1) the loss experience of exposures secured by immovable property;

2) forward-looking immovable property market developments.

68⁵. Where, on the basis of the assessment referred to in point 68⁴, National Bank of Moldova concludes that the risk weights set out in points 69-70³ or 71-72² do not adequately reflect the actual risks related to exposures to one or more property segments secured by mortgages on residential property or on commercial immovable property located in one or more parts of the territory of the Republic of Moldova, and if it considers that the inadequacy of the risk weights could adversely affect current or future financial stability, the National Bank of Moldova may increase the risk weights applicable to those exposures within the ranges determined in the point 68⁶ or impose stricter criteria than those set out in point 67.

68⁶. For the purposes of point 68⁵, the National Bank of Moldova may increase the risk weights laid down in points 69, 70, 71 or 72 or impose stricter criteria than those set out in point 67 for exposures to one or more property segments secured by mortgages on immovable property located in one or more parts of the territory of the Republic of Moldova. Those risk weights shall not increase more than 150%.

68⁷. For the purposes of point 68⁵, the National Bank of Moldova may also reduce the percentages of the property value referred to in points 69-69³ or 71-71³ or the exposure-to-value percentages that define the exposure-to-value risk weight bucket set out in point 70¹, Table 6², or in point 72¹, Table 6³. The National Bank of Moldova shall ensure consistency across all exposure-to-value risk weight buckets, such that the risk weight of a lower exposure-to-value risk weight bucket is always lower or equal to the risk weight of an upper exposure-to-value risk weight bucket.

68⁸. Where higher risk weights or stricter criteria are set, pursuant to points 68⁴-68⁷, banks shall have a six-month transitional period to apply them.

68⁹. Banks shall apply the risk weights and criteria established by the authorities of a Member State of the European Union, in accordance with provisions equivalent to points 68⁴ to 68⁷, for their corresponding exposures secured by mortgages on residential property or commercial immovable property located in one or more parts of the territory of that Member State of the European Union.

Section 12

Exposures secured by mortgages on residential property

69. For an exposure secured by residential property as referred to in point 66, sub-point 1) letter a) or b), the part of the exposure up to 55% of the market value of the property shall be assigned a risk weight of 20%.

69¹. Where a bank holds a junior lien and there are more senior liens not held by that bank, to determine the part of the bank's exposure that is eligible for the 20% risk weight, the amount of 55% of the property market value shall be reduced by the amount of the more senior liens not held by the bank.

69². Where liens not held by the bank rank *pari passu* with the lien held by the bank, to determine the part of the bank's exposure that is eligible for the 20% risk weight, the amount of 55% of the property market value, reduced by the amount of any more senior liens not held by the bank, shall be reduced by the product of:

1) 55% of the property market value, reduced by the amount of more senior liens, if any, both held by the bank and held by other banks; and

2) the amount of liens not held by the bank that rank *pari passu* with the lien held by the bank divided by the sum of all *pari passu* liens.

69³. Where the National Bank of Moldova has set a higher risk weight or a lower percentage of the property value than those referred to in point 69, banks shall use the risk weight or percentage set in accordance with points 68⁴-68⁷. The remaining part of the exposure referred to in point 69, if any, shall be risk weighted as an exposure to the counterparty that is not secured by residential property.

70. An exposure as referred to in point 66, sub-point 1) letter c), shall be assigned the risk weight set in accordance with the respective exposure-to-value risk weight bucket in Table 6².

70¹. For the purposes of point 70, where, the National Bank of Moldova, has set a higher risk weight or a lower exposure-to-value percentage than those referred to in point 70, banks shall use the risk weight or percentage set in accordance with 68⁴-68⁷.

Table 6²

ETV	ETV ≤ 50%	50% < ETV ≤ 60%	60% < ETV ≤ 80%	80% < ETV ≤ 90%	90% < ETV ≤ 100%	ETV > 100%
Risk weight	30%	35%	45%	60%	75%	105%

70². By way of derogation from the point 70, banks may apply the treatment referred to in points 69-69³ to exposures secured by residential property which is situated within the territory of a Member State of the European Union, where the competent authority of that Member State of the European Union has published loss rates for such exposures which, based on the aggregate data reported by banks in that Member State of the European Union for that national immovable property market, do not exceed any of the following limits for losses aggregated across such exposures existing in the previous year:

1) the aggregated amount reported by banks under point 1 sub-point 1) of Annex 2¹, divided by the aggregated amount reported by banks under point 1 sub-point 3) of Annex 2¹, does not exceed 0,3%;

2) the aggregated amount reported by banks under point 1 sub-point 2) of Annex 2¹, by the aggregated amount reported by banks under point 1 sub-point 3) of Annex 2¹, does not exceed 0,5%.

70³. Banks may also apply the derogation referred to in point 70², in cases where the competent authority of a third country which applies supervisory and regulatory arrangements at least equivalent to those applied in the Republic of Moldova, publishes corresponding loss rates for exposures secured by residential property situated within the territory of that third country”.

Section 13

Exposures secured by mortgages on commercial property

71. For an exposure secured by commercial immovable property as referred to in point 66 sub-point 2) letter a), the part of the exposure up to 55% of the property market value shall be assigned a risk weight of 60%.

71¹. Where a bank holds a junior lien and there are more senior liens not held by that institution, to determine the part of the bank’s exposure that is eligible for the 60% risk weight, the amount of 55% of the property market value shall be reduced by the amount of the more senior liens not held by the bank.

71². Where liens not held by the bank rank *pari passu* with the lien held by the bank, to determine the part of the bank’s exposure that is eligible for the 60% risk weight, the amount of 55% of the property market value, reduced by the amount of any more senior liens not held by the bank, shall be reduced by the product of:

1) 55% of the property market value, reduced by the amount of more senior liens, if any, both held by the bank and held by other banks; and

2) the amount of liens not held by the bank that rank *pari passu* with the lien held by the bank divided by the sum of all *pari passu* liens.

71³. Where, in accordance with points 68³-68⁶, the National Bank of Moldova, has set a higher risk weight or a lower percentage of the property value than those referred to in points 71-71², banks shall use the risk weight or percentage set in accordance with points 68⁴-68⁷. The remaining part of the exposure referred to in the first paragraph, if any, shall be risk weighted as an exposure to the counterparty that is not secured by commercial immovable property.

72. An exposure as referred to in point 66, sub-point 2) letter b), shall be assigned the risk weight set in accordance with the respective exposure-to-value risk weight bucket in Table 6³.

72¹. For the purposes of point 72, where, in accordance with points 68⁴-68⁷, the National Bank of Moldova, has set a higher risk weight or a lower exposure-to-value percentage than those referred to in point 72, banks shall use the risk weight or percentage set in accordance with points 68⁴-68⁷.

Table 6³

ETV	ETV ≤ 60%	60% < ETV ≤ 80%	ETV > 80%
Risk weight	70%	90%	110%

72². By way of derogation from point 72, banks may apply the treatment referred to in points 72-72¹ to exposures secured by commercial immovable property which is situated within the territory of a Member State of the European Union, where the competent authority of that Member State of the European Union has published loss rates for such exposures which, based on the aggregate data reported by banks in that Member State of the European Union for that national immovable property market, do not exceed any of the following limits for losses aggregated across such exposures existing in the previous year:

1) the aggregated amount reported by banks under point 1, sub-point 4) of Annex 2¹, divided by the aggregated amount reported by banks under point 1, sub-point 6) of Annex 2¹, does not exceed 0,3%;

2) the aggregated amount reported by banks under point 1, sub-point 5) of Annex 2¹, divided by the aggregated amount reported by banks under point 1, sub-point 6) of Annex 2¹, does not exceed 0,5%.

72³. Banks may apply the derogation referred to in point 72² and in cases where the competent authority of a third country which applies supervisory and regulatory arrangements at least equivalent to those applied in the Republic of Moldova publishes corresponding loss rates for exposures secured by commercial immovable property situated within the territory of that third country.”.

1.47. Chapter IV shall be supplemented with Section 13¹ with the following content:

“Section 13¹

Land acquisition, development and construction exposures

72⁴. An ADC exposure shall be assigned a risk weight of 150%.

72⁵. ADC exposures to residential property may be assigned a risk weight of 100%, provided that the banks apply sound origination and monitoring standards which meet the requirements laid down in Article 38 of Law No 202/2017 and where at least one of the following conditions is met:

1) legally binding pre-sale or pre-lease contracts for which the purchaser or tenant has made a substantial cash deposit which is subject to forfeiture if the contract is terminated or where the financing is ensured in an equivalent manner, or legally binding sale or lease contracts, including where the payment is made by instalments as the construction works progress, amount to a significant portion of total contracts;

2) the obligor has substantial equity at risk, which is represented as an appropriate amount of obligor-contributed equity to the residential property value upon completion.”.

1.48. In point 73, sub-point 1) and 2), after the words “credit risk adjustments”, the text “and amounts deducted in accordance with Regulation No 109/2018” shall be added, and at the end the words “and deductions” shall be added.

1.49. Point 73¹ shall be supplemented with the following content:

“73¹. For the purpose of calculating the specific credit risk adjustments referred to in the point 73 for an exposure that is purchased when already in default, banks shall include in the calculation any positive difference between the amount owed by the obligor on that exposure and the sum of the additional own funds reduction if that exposure were fully written off and any already existing own funds reductions related to that exposure.”

1.50. In point 74, the text “the past due item, eligible collateral and guarantees” shall be replaced with the text “a defaulted exposure, collateral and guarantees shall be eligible”.

1.51. Point 75 shall read as follows:

“75. For non-IPRE exposures secured by residential property or commercial immovable property in accordance with Sections 12 and 13, the exposure value resulting after specific credit risk adjustments shall be assigned a risk weight of 100% if a default has occurred in accordance with Chapter III, Section 3”.

1.52. Chapter IV Shall be supplemented with the Sections 14¹ and 14² with the following content:

“Section 14¹

Subordinated debt exposures

75¹. The following exposures shall be treated as subordinated debt exposures:

- 1) debt exposures which are subordinated to claims of ordinary unsecured creditors;
- 2) own funds instruments to the extent that those instruments are not considered to be equity exposures in accordance with points 84-84²; and
- 3) exposures arising from the bank’s holding of eligible liabilities instruments that meet the conditions set out in Regulation No 109/2018.

75². Subordinated debt exposures shall be assigned a risk weight of 150%, unless those subordinated debt exposures are deducted from own funds or subject to the treatment set out in in Regulation No 109/2018.

Section 14²

Exposures in the form of covered bonds

75³. To be eligible for the preferential treatment set out in points 75¹⁴ and 75¹⁵, covered bonds shall meet the requirements set out in points 75¹⁰-75¹³ and shall be collateralised by any of the following eligible assets:

- 1) exposures to or guaranteed by central governments, the National Bank of Moldova, the European Central Bank and central banks of the European Union member states, public sector entities, regional governments or local authorities in the Republic of Moldova and the European Union;
- 2) exposures to or guaranteed by third country central governments, third-country central banks, multilateral development banks, international organisations that qualify for the credit quality step 1 as set out in this Chapter, and exposures to or guaranteed by third-country public sector entities, third-country regional governments or third-country local authorities that are risk weighted as exposures to banks or central governments and central banks in accordance with this Regulation and that qualify for the credit quality step 1, and exposures within the meaning of this point that qualify as a minimum for the credit quality step 2, provided that they do not exceed 20% of the nominal amount of outstanding covered bonds of the issuing banks;
- 3) exposures to banks that qualify for credit quality step 1 or credit quality step 2, or exposures to banks that qualify for credit quality step 3 where those exposures are in the form of:
 - a) short-term deposits with an original maturity not exceeding 100 days, where used to meet the cover pool liquidity buffer requirement under the national regulatory framework for covered bonds;or

b) derivative contracts that meet the requirements of covered bonds, where permitted by the competent authorities;

4) loans secured by residential property up to the lesser of the principal amount of the liens that are combined with any prior liens and 80% of the market value of the pledged properties;

5) residential loans fully guaranteed by an eligible protection provider referred to in Regulation No 112/2018, qualifying for the credit quality step 2 or above as set out in this Regulation, where the portion of each of the loans that is used to meet the requirement set out in this point for collateralisation of the covered bond does not represent more than 80% of the market value of the corresponding residential property located in France, and where a loan-to-income ratio respects at most 33% when the loan has been granted. There shall be no mortgage liens on the residential property when the loan is granted, and for the loans granted the borrower shall be contractually committed not to grant such liens without the consent of the bank that granted the loan. The loan-to-income ratio represents the share of the gross income of the borrower that covers the reimbursement of the loan, including the interests. The protection provider shall be either a non- bank financial institution authorised and supervised by the competent authorities and subject to prudential requirements comparable to those applied to banks in terms of robustness or a bank or an insurance undertaking. It shall establish a mutual guarantee fund or equivalent protection for insurance undertakings to absorb credit risk losses, whose calibration shall be periodically reviewed by the competent authorities. Both the bank and the protection provider shall carry out a creditworthiness assessment of the borrower;

6) loans secured by commercial immovable property up to the lesser of the principal amount of the liens that are combined with any prior liens and 60% of the market value of the pledged properties. Loans secured by commercial immovable property are eligible where the loan-to-value ratio of 60% is exceeded up to a maximum level of 70% if the value of the total assets pledged as collateral for the covered bonds exceed the nominal amount outstanding on the covered bond by at least 10%, and the bondholders' claim meets the legal certainty requirements set out in Regulation No 112/2018. The bondholders' claim shall take priority over all other claims on the collateral;

7) loans secured by maritime liens on ships up to the difference between 60% of the value of the pledged ship and the value of any prior maritime liens.

75⁴. For the purposes of point 75, exposures caused by the transmission and management of the payments of the obligors of loans secured by pledged properties of debt securities or by the transmission and management of liquidation proceeds in respect of such loans shall not be comprised in calculating the limits referred to in that point.

75⁵. For the purposes of point 75³ subpoint 3), the following shall apply:

1) for exposures to banks that qualify for credit quality step 1, the exposure shall not exceed 15% of the nominal amount of outstanding covered bonds of the issuing bank;

2) for exposures to banks that qualify for credit quality step 2, the exposure shall not exceed 10% of the nominal amount of outstanding covered bonds of the issuing bank;

3) for exposures to banks that qualify for credit quality step 3 that take the form of short-term deposits, as referred to in point 75³ sub-point 3) letter a), or the form of derivative contracts, as referred to in point 75³ sub-point 3) letter b), the total exposure shall not exceed 8% of the nominal amount of outstanding covered bonds of the issuing bank;

4) the total exposure to credit institutions that qualify for credit quality step 1, 2 or 3 shall not exceed 15% of the nominal amount of outstanding covered bonds of the issuing bank and the total exposure to banks that qualify for credit quality step 2 or 3 shall not exceed 10% of the nominal amount of outstanding covered bonds of the issuing bank.

75⁶. Point 75⁵ shall not apply to the use of covered bonds as eligible collateral.

75⁷. For the purposes of point 75³ sub-point 4) the limit of 80% shall apply on a loan-by-loan basis, shall determine the portion of the loan contributing to the coverage of liabilities attached to the covered bond, and shall apply throughout the entire maturity of the loan.

75⁸. For the purposes of point 75³ sub-points 6) and 7), the limits of 60% or 70% shall apply on a loan-by-loan basis, shall determine the portion of the loan contributing to the coverage of liabilities attached to the covered bond, and shall apply throughout the entire maturity of the loan.

75⁹. The situations referred to in point 75³ sub-points 1)-6) shall also include collateral that is exclusively restricted by legislation to the protection of the bond-holders against losses.

75¹⁰. For immovable property and ships collateralising covered bonds that comply with this Regulation, the requirements set out in Annex 2 shall be met. The monitoring of property values in accordance with Annex 2, point 3, letter a) shall be carried out frequently and at least annually for all immovable property and ships.

75¹¹. In addition to being collateralised by the eligible assets listed in point 75³, covered bonds shall be subject to a minimum level of 5% of overcollateralisation within the legislative framework for covered bonds.

75¹². For the purposes of point 75¹¹, the total nominal amount of all cover assets shall be at least of the same value as the total nominal amount of outstanding covered bonds (“nominal principle”), and shall consist of eligible assets as set out in point 75³.

75¹³. Eligible assets listed in point 75³ may be included in the cover pool as substitution assets as defined in the regulatory framework for covered bonds, subject to the limits on credit quality and exposure size set out in points 75³-75⁵.

75¹⁴. Covered bonds for which a directly applicable credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 6⁴ which corresponds to the credit assessment of the ECAI in accordance with assessments carried out by the National Bank of Moldova according to the provisions of point 100.

Table 6⁴

Credit quality step	1	2	3	4	5	6
Risk weight	10%	20%	20%	50%	50%	100%

75¹⁵. Covered bonds for which a directly applicable credit assessment by a nominated ECAI is not available shall be assigned a risk weight on the basis of the risk weight assigned to senior unsecured exposures to the bank which issues them. The following correspondence between risk weights shall apply:

1) if the exposures to the bank are assigned a risk weight of 20%, the covered bond shall be assigned a risk weight of 10%;

2) if the exposures to the bank are assigned a risk weight of 30%, the covered bond shall be assigned a risk weight of 15%;

3) if the exposures to the bank are assigned a risk weight of 40%, the covered bond shall be assigned a risk weight of 20%;

4) if the exposures to the bank are assigned a risk weight of 50%, the covered bond shall be assigned a risk weight of 25%;

5) if the exposures to the bank are assigned a risk weight of 75%, the covered bond shall be assigned a risk weight of 35%;

6) if the exposures to the bank are assigned a risk weight of 100%, the covered bond shall be assigned a risk weight of 50%;

7) if the exposures to the bank are assigned a risk weight of 150%, the covered bond shall be assigned a risk weight of 100%.”.

1.53. Section 15-a of Chapter IV is repealed.

1.54. Point 80 shall read as follows:

“Risk-weighted exposure amounts for securitisation positions shall be determined in accordance with regulatory acts of the National Bank of Moldova on the prudential treatment of securitisations.”

1.55. Section 18 shall read as follows:

“Section 18

Exposures in the form of units or shares in CIUs

82. Banks shall calculate the risk-weighted exposure amount for their exposures in the form of units or shares in a CIU by multiplying the risk-weighted exposure amount of the CIU's exposures, calculated in accordance with the approaches referred to in the point 82¹, with the percentage of units or shares held by those institutions.

82¹. Where the conditions set out in points 82⁴-82⁷ are met, banks may apply the look-through approach in accordance with point 82¹⁴, or the mandate-based approach in accordance with points 82¹⁵-82¹⁷.

82². Subject to point 82²¹, banks that do not apply the look-through approach or the mandate-based approach shall assign a risk weight of 1000% (“fall-back approach”) to their exposures in the form of units or shares in a CIU.

82³. Banks may calculate the risk-weighted exposure amount for their exposures in the form of units or shares in a CIU by using a combination of the approaches referred to in these points 82¹-82², provided that the conditions for using those approaches are met.

82⁴. Banks may determine the risk-weighted exposure amount of a CIU's exposures in accordance with the approaches set out in points 82¹⁴-82¹⁹ where the following conditions are cumulatively met:
1) the CIU is an undertaking for collective investment in transferable securities pursuant to Law No 171/2012;

2) the CIU's prospectus or equivalent document includes the following:

a) the categories of assets in which the CIU is authorised to invest;

b) where investment limits apply, the relative limits and the methodologies to calculate them;

3) reporting by the CIU or the CIU management company to the bank complies with the following requirements:

a) the exposures of the CIU are reported at least as frequently as those of the bank;

b) the granularity of the financial information is sufficient to allow the bank to calculate the CIU's risk-weighted exposure amount in accordance with the approach chosen by the bank;

c) where the bank applies the look-through approach, information about the underlying exposures is verified by an independent third party.

82⁵. By way of derogation from point 82⁴ sub-point 1), multilateral and bilateral development banks and other banks that co-invest in a CIU with multilateral or bilateral development banks may determine the risk-weighted exposure amount of that CIU's exposures in accordance with the approaches set out in points 82¹⁴-82¹⁹, provided that the conditions set out in point 82⁴ sub-points 2) and 3) are met and that the CIU's investment mandate limits the types of assets that the CIU can invest in to assets that promote sustainable development in developing countries.

82⁶. Banks shall immediately notify the National Bank of Moldova in writing of the CIUs to which they apply the treatment referred to in point 82⁵.

82⁷. By way of derogation from point 82⁴ sub-point 3) letter a), where the bank determines the risk-weighted exposure amount of a CIU's exposures in accordance with the mandate-based approach, the reporting by the CIU or the CIU management company to the bank may be limited to the investment

mandate of the CIU and any changes thereof and may be done only when the bank incurs the exposure to the CIU for the first time and when there is a change in the investment mandate of the CIU.

82⁸. Banks that do not have adequate data or information to calculate the risk-weighted exposure amount of a CIU's exposures in accordance with the approaches set out in points 82¹⁴-82¹⁹ may rely on the calculations of a third party, provided that the following conditions are cumulatively met:

1) the third party is one of the following:

a) the depository bank or the non-bank financial depository institution of the CIU, provided that the CIU exclusively invests in securities and deposits all securities at that depository bank or the non-bank financial depository institution;

b) for CIUs not covered by letter a), the CIU management company, provided that the company meets the condition set out in point 82⁴ sub-point 1);

2) the third party carries out the calculation in accordance with the approaches set out in points 82¹⁴-82¹⁹, as applicable;

3) an external auditor has confirmed the correctness of the third party's calculation.

82⁹. Institutions that rely on third-party calculations shall multiply the risk-weighted exposure amount of a CIU's exposures resulting from those calculations by a factor of 1,2.

82¹⁰. By way of derogation from the point 82⁹, where the bank has unrestricted access to the detailed calculations carried out by the third party, the factor of 1,2 shall not apply. The bank shall provide those calculations to its competent authority upon request.

82¹¹. Where a bank applies the approaches referred to in points 82¹⁴-82¹⁹ for the purpose of calculating the risk-weighted exposure amount of a CIU's exposures ('level 1 CIU'), and any of the underlying exposures of the level 1 CIU is an exposure in the form of units or shares in another CIU ('level 2 CIU'), the risk-weighted exposure amount of the level 2 CIU's exposures may be calculated by using any of the three approaches described in points 82¹-82³. The bank may use the look-through approach to calculate the risk-weighted exposure amounts of CIUs' exposures in level 3 and any subsequent level only where it used that approach for the calculation in the preceding level. In any other scenario the bank shall use the fall-back approach.

82¹². The risk-weighted exposure amount of a CIU's exposures calculated in accordance with the look-through approach and the mandate-based approach set out in points 82¹⁴-82¹ shall be capped at the risk-weighted amount of that CIU's exposures calculated in accordance with the fall-back approach.

82¹³. By way of derogation from point 82, banks that apply the look-through approach in accordance with point 82¹⁴ may calculate the risk-weighted exposure amount for their exposures in the form of units or shares in a CIU by multiplying the exposure values of those exposures, calculated in accordance with points 5-10, with the risk weight RW_i^* calculated in accordance with the formula set out in points 82²²-82²⁵, provided that the following conditions are met:

1) the banks measure the value of their holdings of units or shares in a CIU at historical cost but measure the value of the underlying assets of the CIU at fair value if they apply the look-through approach;

2) a change in the market value of the units or shares for which banks measure the value at historical cost changes neither the amount of own funds of those banks nor the exposure value associated with those holdings”.

1.56. Chapter IV Shall be supplemented with Sections 18¹ – 18³ with the following content:

“Section 18¹

Approaches for calculating risk-weighted exposure amounts of CIUs

82¹⁴. Where the conditions set out in points 82⁴-82⁷ are met, banks that have sufficient information about the individual underlying exposures of a CIU shall look through to those exposures to calculate the risk-weighted exposure amount of the CIU, risk weighting all underlying exposures of the CIU as if they were directly held by those banks.

82¹⁵. Where the conditions set out in 82⁴-82⁷ are met, institutions that do not have sufficient information about the individual underlying exposures of a CIU to use the look-through approach may calculate the risk-weighted exposure amount of those exposures in accordance with the limits set in the CIU's mandate and relevant law.

82¹⁶. Banks shall carry out the calculations referred to in point 82¹⁵ under the assumption that the CIU first incurs exposures to the maximum extent allowed under its mandate or relevant law in the exposures attracting the highest own funds requirement and then continues incurring exposures in descending order until the maximum total exposure limit is reached, and that the CIU applies leverage to the maximum extent allowed under its mandate or relevant law, where applicable.

82¹⁷. Banks shall carry out the calculations referred to in point 82¹⁵ in the first point in accordance with the methods set out in this Regulation, and in regulatory acts of the National Bank of Moldova on the prudential treatment of securitisations and on the treatment of counterparty credit risk.

82¹⁸. By way of derogation calculation of total risk-weighted exposure in Regulation No 109/2018, banks that calculate the risk-weighted exposure amount of a CIU's exposures in accordance with points 82¹⁴ or points 82¹⁵-82¹⁷ may calculate the own funds requirement for the credit valuation adjustment risk of derivative exposures of that CIU as an amount equal to 50% of the own funds requirement for those derivative exposures calculated in accordance with regulatory acts of the National Bank of Moldova regarding the treatment of counterparty credit risk.

82¹⁹. By way of derogation from the point 82¹⁸, a bank may exclude from the calculation of the own funds requirement for credit valuation adjustment risk derivative exposures which would not be subject to that requirement if they were incurred directly by the bank.

Section 18²

Exclusions from the approaches for calculating risk-weighted exposure amounts of CIUs

82²⁰. Banks may exclude from the calculations referred to in points 82-82⁷ Common Equity Tier 1, Additional Tier 1, Tier 2 instruments and eligible liabilities instruments held by a CIU which banks shall deduct in accordance with the Regulation No 109/2018.

82²¹. Banks may exclude from the calculations referred to in points 82-82⁷ equity exposures underlying exposures in the form of units or shares in CIUs to entities whose credit obligations are assigned a 0% risk weight under this Chapter, including those publicly sponsored entities where a 0% risk weight can be applied, and equity exposures referred to in point 86³, and instead apply the treatment set out in points 84-86⁵ to those equity exposures.

Section 18³

Treatment of off-balance-sheet exposures to CIUs

82²². Banks shall calculate the risk-weighted exposure amount for their off-balance-sheet items with the potential to be converted into exposures in the form of units or shares in a CIU by multiplying the exposure values of those exposures calculated in accordance with points 5-10, with the following risk weight:

1) for all exposures for which institutions use one of the approaches set out in points 82¹⁴-82¹⁹:

$$RW_i^* = \frac{RWAE_i}{E_i^*} \cdot \frac{A_i}{EQ_i}$$

where:

unde:

RW_i^* = the risk weight;

- i = the index denoting the CIU;
 - $RWAE_i$ = the amount calculated in accordance with points 82¹⁴-82¹⁹ for a CIU_i;
 - E_i^* = the exposure value of the exposures of CIU_i;
 - A_i = the accounting value of assets of CIU_i; and
 - EQ_i = the accounting value of the equity of CIU_i;
- 2) for all other exposures,
- $RW_i^* = 1000\%$.

82²³. Banks shall calculate the exposure value of a minimum value commitment that meets the conditions set out in point 82²⁵ as the discounted present value of the guaranteed amount using a discount factor that is derived from a risk-free rate pursuant to regulatory acts of the National Bank of Moldova related to market risk, as applicable. Banks may reduce the exposure value of the minimum value commitment by any losses recognised with respect to the minimum value commitment under the applicable accounting standard.

82²⁴. Banks shall calculate the risk-weighted exposure amount for off-balance-sheet exposures arising from minimum value commitments that meet all the conditions set out in point 82²⁵ by multiplying the exposure value of those exposures by a conversion factor of 20% and the risk weight derived under points 82-82⁷.

82²⁵. Banks shall determine the risk-weighted exposure amount for off-balance-sheet exposures arising from minimum value commitments in accordance with points 82²³-82²⁴ where all the following conditions are met:

1) the off-balance-sheet exposure of the bank is a minimum value commitment for an investment into units or shares of one or more CIUs under which the bank is only obliged to pay out under the minimum value commitment where the market value of the underlying exposures of the CIU or CIUs is below a predetermined threshold at one or more points in time, as specified in the contract;

2) the CIU is any of the following:

a) a UCITS as defined in Law No 2/2020; or

b) an AIF which solely invests in transferable securities or in other liquid financial assets, where the mandate of the AIF does not allow a leverage higher than that allowed under Law No 2/2020;

3) the current market value of the underlying exposures of the CIU underlying the minimum value commitment without considering the effect of the off-balance-sheet minimum value commitments covers or exceeds the present value of the threshold specified in the minimum value commitment;

4) when the excess of the market value of the underlying exposures of the CIU or CIUs over the present value of the minimum value commitment declines, the bank, or another undertaking in so far as it is covered by the supervision on a consolidated basis to which the bank itself is subject in accordance with this Regulation and Law No 202/2017 or Law No 250/2017, can influence the composition of the underlying exposures of the CIU or CIUs or limit the potential for a further reduction of the excess in other ways;

5) the ultimate direct or indirect beneficiary of the minimum value commitment is typically a retail client”.

1.57. Section 19-a of Chapter IV shall read as follows:

“Section 19

Equity exposures

84. The following exposures shall be considered equity exposures:

1) any exposure that meets all of the following conditions:

a) it is irredeemable in the sense that the return of invested funds can be achieved only by the sale of the investment or sale of the rights to the investment or by the liquidation of the issuer;

b) it does not embody an obligation on the part of the issuer;

c) it conveys a residual claim on the assets or income of the issuer;
2) instruments that would qualify as Tier 1 items if issued by a bank;
3) instruments that embody an obligation on the part of the issuer and meet any of the following conditions:

a) the issuer is able to defer the settlement of the obligation indefinitely;
b) the obligation requires, or permits at the issuer's discretion, settlement by issuance of a fixed number of the issuer's equity shares;

c) the obligation requires, or permits at the issuer's discretion, settlement by issuance of a variable number of the issuer's equity shares and, ceteris paribus, any change in the value of the obligation is attributable to, comparable to, and in the same direction as, the change in the value of a fixed number of the issuer's equity shares;

d) the holder of the instrument has the option of requiring that the obligation be settled in equity shares, unless one of the following conditions is met:

- in the case of a traded instrument, the bank has demonstrated to the satisfaction of the National Bank of Moldova that the instrument is traded on the market more like the debt of the issuer than like its equity;

- in the case of non-traded instruments, the bank has demonstrated to the satisfaction of the National Bank of Moldova that the instrument should be treated as a debt position;

4) debt obligations and other securities, partnerships, derivatives or other vehicles structured in such a way that the economic substance is similar to the exposures referred to in sub-points 1)-3), including liabilities from which the return is linked to that of equities;

5) equity exposures that are recorded as a loan but arise from a debt-equity swap made as part of the orderly realisation or restructuring of the debt.

84¹. For the purposes of point 84 sub-point 3) letter c), obligations include those that require or permit settlement by issuance of a variable number of the issuer's equity shares, for which the change in the monetary value of the obligation is equal to the change in the fair value of a fixed number of equity shares multiplied by a specified factor, where both the factor and the referenced number of shares are fixed.

84². For the purposes of point 84, sub-point 3) letter d), where one of the conditions laid down in that point is met, the bank may decompose the risks for regulatory purposes, subject to the prior permission of the National Bank of Moldova.

84³. Equity investments shall not be treated as equity exposures in any of the following cases:

1) the equity investments are structured in such a way that their economic substance is similar to the economic substance of debt holdings which do not meet the criteria set out in points 84-84²;

2) the equity investments constitute securitisation exposures.

85. Equity exposures, other than those referred to in points 86-86⁴, shall be assigned a risk weight of 250%, unless those exposures are required to be deducted or risk weighted in accordance with the Regulation No 109/2018.

86. The following equity exposures to unlisted companies shall be assigned a risk weight of 400%, unless those exposures are required to be deducted or risk weighted in accordance with the Regulation No 109/2018:

1) investments for short-term resale purposes;

2) investments in venture capital firms or similar investments which are acquired in anticipation of significant short-term capital gains.

86¹. By way of derogation from point 86, long-term equity investments, including investments in equities of corporate clients with which the bank has or intends to establish a long-term business relationship and debt-equity swaps for corporate restructuring purposes shall be assigned a risk weight in accordance with point 85 or 86², as applicable. For the purposes of this section, a long-term equity

investment is an equity investment that is held for three years or longer or incurred with the intention to be held for three years or longer as approved by the bank's governing body.

86². Banks that have received the prior permission of the National Bank of Moldova may assign a risk weight of 100% to equity exposures incurred under state programmes to stimulate specified sectors of the economy, up to the part of such equity exposures that in aggregate does not exceed 10% of the banks' own funds, that comply with all of the following conditions:

1) the legislative programmes provide significant subsidies or guarantees, including by multilateral development banks, public development banks or international organisations, for the investment to the institution;

2) the state programmes involve some form of government oversight;

3) the state programmes involve restrictions on the equity investment, such as limitations on the size and types of businesses in which the bank is investing, on allowable amounts of ownership interests, on the geographical location and on other relevant factors that limit the potential risk of the investment for the investing bank.

86³. Equity exposures to central banks shall be assigned a risk weight of 0%.

86⁴. An equity holding that is recorded as a loan but that has arisen from a debt-equity swap made as part of the orderly realisation or restructuring of the debt shall not be assigned a risk weight lower than the risk weight that would apply if the equity holding were treated as a debt exposure.

86⁵. For the purpose of obtaining the approval referred to in points 84² and 86², the bank shall submit a written request to the National Bank of Moldova, attaching the relevant information/documentation demonstrating that the conditions set out in points 84² and 86², respectively, are met.

86⁶. The maximum term for completing the procedure for resolving the request submitted in accordance with point 86⁵ is 30 working days, calculated from the date of submission of the request accompanied by all the information/documents that must be submitted to the National Bank of Moldova. The deadline may be extended by a maximum of 10 days, with the bank being informed at least 3 days prior to the expiry of the deadline for examining the request. If the information/documents submitted are insufficient to make a decision regarding the application for prior approval, the National Bank of Moldova is entitled to request the submission of additional information/documents. The bank shall submit the additional information/documents within the period indicated by the National Bank of Moldova, during which the time limit for examining the application is suspended.”.

1.58. Point 90 shall read as follows:

“Cash owned and held by the bank, or in transit, and equivalent cash items shall be assigned a 0% risk weight”.

1.59. Point 95 shall read as follows:

„**95.** Banks shall adjust the risk-weighted exposure amounts for non-defaulted exposures to an SME (RWEA), in accordance with the following formula:

$$RWEA^* = RWEA \cdot \frac{\min \{E^*; MDL 7,500,000\} \cdot 0,7619 + \max \{E^* - MDL 7,500,000; 0\} \cdot 0,85}{E^*}$$

where:

RWEA* = the RWEA adjusted by an SME supporting factor; and

E* is either of the following: = 1) the total amount owed to the bank, its subsidiaries, its parent undertakings and other subsidiaries of those parent undertakings, including any exposure in default, but excluding claims or contingent claims secured on residential property collateral, by the SME or the group of connected clients of the SME;

2) where the total amount referred to in sub-point 1) is equal to 0, the amount of claims or contingent claims against the SME or the group of connected clients of the SME that are secured on residential property collateral and that are excluded from the calculation of the total amount referred to in that sub-point.

1.60. Point 96:

1.60.1. sub-point 1) the text “. Exposures in default shall be excluded” shall be replaced by the text “, but excluding ADC exposures”;

1.60.2. sub-point 3) shall read as follows:

“banks shall take reasonable steps to correctly determine E* and obtain the information required under sub-point 2)”.

1.61. Chapter V¹ shall be supplemented with the following content:

“Chapter V¹

Adjustment to own funds requirements for credit risk for exposures to entities that operate or finance physical structures or facilities, systems and networks that provide or support essential public services

97¹. Own funds requirements for credit risk shall be multiplied by a factor of 0,75, provided that the exposure complies with all the following criteria:

1) the exposure is assigned to the exposure class referred to point 11 sub-point 7), with the exclusion of exposures in default;

2) the exposure is to an entity which was created specifically to finance or operate physical structures or facilities, systems and networks that provide or support essential public services, in accordance with Law No 223/2025 relating the identification, designation, and protection of critical national infrastructure;

3) the source of repayment of the obligation is represented for not less than two thirds of its amount by the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise, or by subsidies, grants or funding provided by one or more of the entities listed in point 97² sub-point 2) letters a) and b);

4) the obligor can meet its financial obligations even under severely stressed conditions that are relevant for the risk of the project;

5) the cash flows that the obligor generates are predictable and cover all future loan repayments during the duration of the loan;

6) the obligor’s refinancing risk is low or adequately mitigated, taking into account any subsidies, grants or funding provided by one or more of the entities listed in point 97² sub-point 2) letters a) and b);

7) the contractual arrangements provide lenders with a high degree of protection including the following:

a) where the revenues of the obligor are not funded by payments from a large number of users, the contractual arrangements shall include provisions that effectively protect lenders against losses resulting from the termination of the project by the party which agrees to purchase the goods or services provided by the obligor;

b) the obligor has sufficient reserve funds fully funded in cash or other financial arrangements with highly rated guarantors to cover the contingency funding and working capital requirements over the lifetime of the assets referred to in sub-point 2);

c) the lenders have a substantial degree of control over the assets and the income generated by the obligor;

d) the lenders have the benefit of security to the extent permitted by applicable law in assets and contracts critical to the infrastructure business or have alternative mechanisms in place to secure their position;

e) equity is pledged to lenders such that they are able to take control of the entity upon default;

f) the use of net operating cash flows after mandatory payments from the project for purposes other than servicing debt obligations is restricted;

g) there are contractual restrictions on the ability of the obligor to perform activities that may be detrimental to lenders, including the restriction that new debt cannot be issued without the consent of existing debt providers;

8) the obligation is senior to all other claims other than statutory claims and claims from derivatives counterparties;

9) where the obligor is in the construction phase, the following criteria shall be fulfilled by the equity investor, or where there is more than one equity investor, the following criteria shall be fulfilled by a group of equity investors as a whole:

a) the equity investors have a history of successfully overseeing infrastructure projects, the financial strength and the relevant expertise;

b) the equity investors have a low risk of default, or there is a low risk of material losses for the obligor as a result of their default;

c) there are adequate mechanisms in place to align the interest of the equity investors with the interests of lenders;

10) the obligor has adequate safeguards to ensure completion of the project according to the agreed specification, budget or completion date; including strong completion guarantees or the involvement of an experienced constructor and adequate contract provisions for liquidated damages;

11) where operating risks are material, they are properly managed;

12) the obligor uses tested technology and design;

13) all necessary permits and authorisations have been obtained;

14) the obligor uses derivatives only for risk-mitigation purposes;

15) for exposures originated after 1 January 2025 the obligor has carried out an assessment that the assets being financed contribute positively to one or more of the environmental objectives and do not significantly harm any of the environmental objectives and other objectives set out in this Chapter.

97². For the purposes of point 97¹ sub-point 5), the cash flows generated shall not be considered predictable unless a substantial part of the revenues satisfies the following conditions:

1) one of the following criteria is met:

a) the revenues are availability-based;

b) the revenues are subject to a rate-of-return regulation;

c) the revenues are subject to a take-or-pay contract;

d) the level of output or the usage and the price shall independently meet one of the following criteria:

- it is regulated;

- it is contractually fixed;

- it is sufficiently predictable as a result of low demand risk;

2) where the revenues of the obligor are not funded by payments from a large number of users, the party which agrees to purchase the goods or services provided by the obligor shall be one of the following:

a) a central bank, a central government, a regional government or a local authority, provided that they are assigned a risk weight of 0% in accordance with Section 1 and 2 of Chapter IV or are assigned an ECAI rating with a credit quality step of at least 3;

- b) a public sector entity, provided that it is assigned a risk weight of 20% or below in accordance with Section 3 of Chapter IV or is assigned an ECAI rating with a credit quality step of at least 3;
- c) a multilateral development bank referred to in point 46;
- d) an international organisation referred to in point 47;
- e) a corporate entity which has been assigned an ECAI rating with a credit quality step of at least 3;
- f) an entity that is replaceable without a significant change in the level and timing of revenues.

97³. Banks shall report to the National Bank of Moldova every six months on the total amount of exposures to infrastructure project entities calculated in accordance with point 97¹, in accordance with the normative acts of the National Bank of Moldova related to the submission of COREP reports by banks for oversight purposes”.

1.62. Point 108 shall be supplemented with sub-point 7) with the following content:

“7) for exposures to banks, a bank shall not use an ECAI credit assessment that incorporates assumptions of implicit government support, unless the respective ECAI credit assessment refers to a bank owned by or set up and sponsored by central governments, regional governments or local authorities, for which only ECAI credit assessments exist which incorporate assumptions of implicit government support, exposures to such institutions shall be treated as exposures to unrated institutions in accordance with points 55-58. For the purposes of this sub-point, “implicit government support” means that the central government, regional government or local authority would act to prevent creditors of the bank from incurring losses in the event of the bank’s default or distress”.

1.63. In point 110, sub-points 1) and 2) shall have the following content:

„1) it produces a higher risk weight than would otherwise be the case and the exposure in question ranks *pari passu* or junior in all respects to the specific issuing program or facility or to senior unsecured exposures of that issuer, as relevant:

- a) is not a specialised lending exposure;
- b) ranks *pari passu* or junior in all respects to the specific issuing programme or facility or to senior unsecured exposures of that issuer, as relevant;

2) it produces a lower risk weight and the exposure in question ranks *pari passu* or senior in all respects to the specific issuing programme or facility or to senior unsecured exposures of that issuer, as relevant:

- a) is not a specialised lending exposure;
- b) ranks *pari passu* or senior in all respects to the specific issuing programme or facility or to senior unsecured exposures of that issuer, as relevant.

In all other cases, the exposure shall be treated as unrated.”.

1.64. Point 115 shall read as follows:

„**115.** Notwithstanding point 114, when an exposure denominated in a foreign currency arises through a bank's participation in a loan that has been extended by, or has been guaranteed against convertibility and transfer risk by, a multilateral development bank, a preferred creditor status of which is recognised in the market, the credit assessment on the obligor’s domestic currency item may be used to derive a risk weight for an exposure on that same obligor that is denominated in a foreign currency.”.

1.65. Point 115¹ shall be supplemented with the following content:

“**115¹.** For the purposes of point 115, where the exposure denominated in a foreign currency is guaranteed against convertibility and transfer risk, the credit assessment on the obligor’s domestic currency item may only be used for risk weighting purposes on the guaranteed part of that exposure.

The part of that exposure that is not guaranteed shall be risk weighted based on a credit assessment on the obligor that refers to an item denominated in that foreign currency”.

1.66. Annex 1 shall read as follows:

“Annex 1
to the Regulation on the treatment of banks’ credit risk
using a standardised approach

Classification of off-balance sheet items according to risk buckets

Bucket	Items
1.	1) Credit derivatives and general guarantees of indebtedness, including standby letters of credit serving as financial guarantees for loans and securities, and acceptances, including endorsements with the character of acceptances, as well as any other direct credit substitutes; 2) Sale and repurchase agreements and asset sales with recourse where the credit risk remains with the bank; 3) Securities lent by the bank or securities posted by the bank as collateral, including instances where those arise out of repo-style transactions; 4) Forward asset purchases, forward deposits and partly paid shares and securities, which represent commitments with certain drawdown; 5) Off-balance-sheet items constituting a credit substitute where not explicitly included in any other category; 6) Other off-balance-sheet items carrying similar risk.
2.	1) Note issuance facilities (NIFs) and revolving underwriting facilities (RUFs) regardless of the maturity of the underlying facility; 2) Performance bonds, bid bonds, warranties and standby letters of credit related to particular transactions and similar transaction-related contingent items, excluding trade finance off-balance-sheet items referred to in bucket 4; 3) Other off-balance-sheet items carrying similar risk.
3.	1) The undrawn amount of commitments, regardless of the maturity of the underlying facility, unless they fall under another category; 2) Other off-balance-sheet items carrying similar risk.
4.	1) Trade finance off-balance-sheet items: a) warranties, including tender and performance bonds and associated advance payment and retention guarantees, and guarantees not having the character of credit substitutes; b) irrevocable standby letters of credit not having the character of credit substitutes; c) short-term, self-liquidating trade letters of credit arising from the movement of goods, in particular documentary credits collateralised by the underlying shipment, in case of an issuing bank or a confirming bank; 2) Other off-balance-sheet items carrying similar risk.

5.	1) The undrawn amount of unconditionally cancellable commitments; 2) The undrawn amount of retail credit lines for which the terms permit the bank to cancel them to the full extent allowable under consumer protection and related legal acts; 3) Undrawn credit facilities for tender and performance guarantees which may be cancelled unconditionally at any time without prior notice, or that do effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness; 4) Other off-balance-sheet items carrying similar risk.
----	--

”.

1.67. In Annex 2:

1.67.1. point 3 letter b), after the first sentence, shall be supplemented with the following text
“Considerations related to environmental, social, and governance risk, including those related to limitations imposed by regulatory objectives and, if relevant for internationally active banks, the legal and regulatory objectives of third countries, are considered an indication that the value of the immovable property may have declined significantly compared to the general market price level.”.

1.67.2. point 4 shall read as follows:

“**4.** Banks may use statistical or other mathematical methods (“models”) to monitor the value of the property and to identify property that needs revaluation, provided that those methods are developed independently from the credit decision process and all of the following conditions are met:

1) the banks set out, in their policies and procedures, the criteria for using models to monitor the values of collateral and to identify the properties that should be revaluated; those policies and procedures shall account for such models’ proven track record, property-specific variables considered, the use of minimum available and accurate information, and the models’ uncertainty;

2) the institutions ensure that the models used are:

a) property- and location-specific at a sufficient level of granularity;

b) valid and accurate, and subject to robust and regular back-testing against the actual observed transaction prices;

c) based on a sufficiently large and representative sample, based on observed transaction prices;

d) based on up-to-date data of high quality;

3) the banks are ultimately responsible for the appropriateness and performance of the models;

4) banks ensure that the documentation of the models is up to date;

5) banks have in place adequate IT processes, systems and capabilities and have sufficient and accurate data for any model-based monitoring of the value of immovable property collateral and identification of property in need of revaluation;

6) the estimates of models are independently validated and the validation process is generally consistent with the principles for validating internal estimates, where applicable.”.

1.67.3. In point 6, after first the sentence, the text “Banks shall have in place procedures to monitor the adequacy of the insurance” shall be supplemented.

1.68. Annex 2¹ shall be supplemented with the following content:

“Annex 2¹

to the Regulation on the treatment of banks’ credit risk
using a standardised approach

Specific reporting obligations

1. Institutions shall report to their competent authorities on an annual basis the following aggregate data for each national immovable property market to which they are exposed:

1) losses stemming from exposures for which a bank has recognised residential property as collateral, in each case up to the lower of the pledged amount and 55% of the property value of the residential property, unless otherwise decided under points 68⁴-68⁷, where applicable;

2) overall losses stemming from exposures for which a bank has recognised residential property as collateral, in each case up to the lower of the pledged amount and 100% of the property value of the residential property;

3) the exposure value of all outstanding exposures for which a bank has recognised residential property as collateral, in each case up to the lower of the pledged amount and 100% of the property value of the residential property;

4) losses stemming from exposures for which a bank has recognised commercial immovable property as collateral, in each case up to the lower of the pledged amount and 55% of the property value of the commercial immovable property, unless otherwise decided under points 68⁴-68⁷, where applicable;

5) overall losses stemming from exposures for which a bank has recognised commercial immovable property as collateral in each case up to the lower of the pledged amount and 100% of the property value of the commercial immovable property;

6) the exposure value of all outstanding exposures for which a bank has recognised commercial immovable property as collateral, in each case up to the lower of the pledged amount and 100% of the property value of the commercial immovable property.

2. The data shall be reported separately for each immovable property market to which the relevant bank is exposed.

3. Banks shall report the data referred to in point 1 to the National Bank of Moldova in accordance with the regulatory acts of the National Bank of Moldova relating to the submission by banks of COREP reports for supervisory purposes.”.

2. This Decision shall enter into force on 1 July 2027, with the exception of sub-points 1.5.8, 1.54, and 1.68 relating to securitisation positions and specific reporting requirements, which shall enter into force on 1 January 2028.

3. Until the date of entry into force of the Treaty of Accession of the Republic of Moldova to the European Union, banks shall apply a risk weight multiplier of 1.0 to the provisions specified in points 64⁴-64⁶.

**Deputy Chairman
of the Executive Board**

Petru ROTARU

**Chişinău, 26 February 2026.
No. 38.**