

DECISION
on amending certain normative acts of the National Bank of Moldova
(the treatment of counterparty credit risk and its reporting
in the context of the Internal Ratings Based Approach (IRB))

No 227 of 23 September 2026
(in force as of 1 January 2027)

Official Gazette of the Republic of Moldova, No 490–493, Article 842 of 1 October 2026

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Pursuant to Article 60(4), Article 73(1), and Article 84 of the Law on the activity of banks No 202/2017 (Official Gazette of the Republic of Moldova, 2017, No 434–439, Article 727), as subsequently amended and supplemented, the Executive Board of the National Bank of Moldova

DECIDES:

This Decision:

- partially transposes (transposes: Article 272 (point 4, last sentence, point 7a, point 10 and points 14–23); Article 273 (2), (8), last sentence and (9); Article 274(4); Article 277(5); Article 279a(3), letter a); Article 279c(1); Article 280f(2); Article 295 letter (c), last sentence; Article 299(2), letter (g) and Articles 283–294) Regulation (EU) 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, published in the Official Journal of the European Union L 176 of 27 June 2013, CELEX: 32013R0575, as last amended by Commission Delegated Regulation (EU) 2025/1496 of 12 June 2025;

- transposes Commission Delegated Regulation (EU) 2021/931 of 1 March 2021 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the method for identifying derivative transactions with one or more than one material risk driver for the purposes of Article 277(5), the formula for calculating the supervisory delta of call and put options mapped to the interest rate risk category and the method for determining whether a transaction is a long or short position in the primary risk driver or in the most material risk driver in the given risk category for the purposes of Article 279a(3)(a) and (b) in the standardised approach for counterparty credit risk, published in the Official Journal of the European Union L 204 of 10 June 2021, CELEX: 32021R0931, as last amended by Commission Delegated Regulation (EU) 2025/855 of 28 January 2025;

- transposes Commission Delegated Regulation (EU) 2015/585 of 18 December 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the specification of margin periods of risk, published in the Official Journal of the European Union L 98 of 15 April 2015, CELEX: 32015R0585;

- partially transposes (transposes: Templates C 34.02, C 34.05, C 34.07 and C 34.11 of Annex I to Commission Implementing Regulation (EU) 2024/3117 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) 2021/451, published in the Official Journal of the European Union L 2024/3117 of 27 December 2024, CELEX: 32024R3117, as last amended by Commission Implementing Regulation (EU) 2025/2475 of 8 December 2025.

1. The Regulation on the treatment of counterparty credit risk, approved by Decision No 220/2025 of the Executive Board of the National Bank of Moldova (Official Gazette of the Republic of Moldova, 2025, No 515–518, Article 895), shall be amended as follows:

1.1. the harmonisation clause shall read as follows:

“This Regulation:

1. transposes Article 4(1), point 34; Articles 271–311 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, published in the Official Journal of the European Union L 176 of 27 June 2013, CELEX: 32013R0575, as last amended by Regulation (EU) 2025/1215 of the European Parliament and of the Council of 25 June 2025;

2. transposes Commission Delegated Regulation (EU) 2021/931 of 1 March 2021 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the method for identifying derivative transactions with one or more than one material risk driver for the purposes of Article 277(5), the formula for calculating the supervisory delta of call and put options mapped to the interest rate risk category and the method for determining whether a transaction is a long or short position in the primary risk driver or in the most material risk driver in the given risk category for the purposes of Article 279a(3)(a) and (b) in the standardised approach for counterparty credit risk, CELEX 02021R0931, as last amended by Commission Delegated Regulation (EU) 2025/855 of 28 January 2025;

3. transposes Commission Delegated Regulation (EU) 2015/585 of 18 December 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the specification of margin periods of risk, CELEX 02014R0183, as amended by Commission Delegated Regulation (EU) 2022/954 of 12 May 2022.”;

1.2. point 3:

1.2.1. the term “contractual cross-product netting agreement” shall be supplemented with the following text: “For the purposes of this definition, “different product categories” means: repurchase transactions, securities and commodities lending and borrowing transactions; margin lending transactions: the contracts listed in Annex No 1 to the Regulation on the treatment of market risk under the standardised approach, approved by Decision No 114/2018 of the Executive Board of the National Bank of Moldova (hereinafter referred to as Regulation No 114/2018);”;

1.2.2. after the term “margin agreement” the terms “*one way margin agreement*” and “*pre-funded contribution to the default fund of a CCP*” shall be supplemented with the following wording:

“*one way margin agreement* – a margin agreement under which the bank is obligated to provide variation margin to a counterparty but is not entitled to receive variation margin from that counterparty, or vice versa;

“*pre-funded contribution to the default fund of a CCP* – a contribution to the default fund of a CCP that is paid by a bank;”;

1.2.3. after the term “cross-product netting” the following terms shall be supplemented: “*distribution of exposures*”, “*distribution of market value*”, “*risk-neutral distribution*”, “*effective distribution*”, “*expected exposure (EE)*”, “*effective expected exposure at a specific date (effective EE)*”, “*current exposure*”, “*maximum exposure*”, “*expected positive exposure (EPE)*”, “*effective expected positive exposure (effective EPE)*” with the following wording:

distribution of exposures – the forecast of the probability distribution of market values, obtained by setting the forecast negative net market values to 0;

distribution of market values – the forecast of the probability distribution of the net market values of transactions within a netting set at a future date (forecasting horizon), based on the realised market values of those transactions as of the forecast date;

risk-neutral distribution – a distribution of market values or exposures over a future period, calculated based on implied market values, such as implied volatilities;

effective distribution – a distribution of market values or exposures over a future period, calculated based on historical or realised values, such as volatilities calculated based on past variations in prices or rates;

expected exposure (EE) – the average of the distribution of exposures at a specific future date, prior to the maturity date of the transaction with the longest duration in the netting set;

effective expected exposure at a specific date (effective EE) – is the maximum value of the expected exposure as of that date or any earlier date. The effective expected exposure on a specific date may also be defined as the greater of the expected exposure on that date and the effective expected exposure on any earlier date;

current exposure – is the larger of zero and the market value of a transaction or a portfolio of transactions within a netting set with a counterparty that would be lost if the counterparty defaulted, assuming that the value of those transactions cannot be recovered, not even partially, in the event of insolvency or liquidation;

maximum exposure – an upper percentile of the distribution of exposures at a specific future date, prior to the maturity date of the longest-dated transaction in the netting set;

expected positive exposure (EPE) – the weighted average over time of expected exposures, where the weights are the proportions of the entire period corresponding to each expected exposure.

When calculating the own funds requirement, banks shall use the average for the first year or, if all contracts in the netting set mature in less than one year, over the period during which the contract with the longest maturity in the netting set reaches maturity;

effective expected positive exposure (effective EPE) - the weighted average of the expected effective exposures over the first year of a netting set or, if all contracts in the netting set mature in less than one year, over the term of the contract with the longest maturity in the netting set, where the weights are the proportions of the total period corresponding to each expected exposure;”;

1.2.4. after the term “bankruptcy remote,” the terms “initial margin or “IM”” and “indirect clearing arrangement” shall be supplemented with the following wording:

“initial margin or “IM” – any collateral, other than variation margin, collected from or provided to an entity to cover the current and potential future exposure of a transaction or a portfolio of transactions during the period necessary to settle those transactions or to hedge the market risk associated with them, as a result of a failure by the counterparty to a transaction or portfolio of transactions to meet its payment obligations;

indirect clearing arrangement – an arrangement in which a counterparty becomes a clearing member or a client, or establishes indirect clearing arrangements with a clearing member, provided that such arrangements do not increase counterparty risk and ensure that the counterparty’s assets and positions are protected.”;

1.2.5. after the term “counterparty credit risk (CCR),” the following terms shall be supplemented: “*rollover risk*”, “*general wrong-way risk*”, “*specific wrong-way risk*” and “*effective maturity*”, with the following wording:

“rollover risk – the extent to which expected positive exposure is underestimated when future transactions with a counterparty are expected to occur on an ongoing basis. The additional exposure generated by these future transactions is not included in the calculation of expected positive exposure;

general wrong-way risk – arises when the probability of a counterparty defaulting is positively correlated with general market risk factors;

specific wrong-way risk – arises when the future exposure to a specific counterparty is positively correlated with the counterparty’s probabilities of default (PD), as a result of the type of transactions conducted with that counterparty. The bank is considered to be exposed to specific wrong-way risk if the future exposure to a particular counterparty is expected to be significant when the probability of default by the counterparty is also high;

effective maturity – under the internal model method, for a netting set with a maturity of more than one year, this is the ratio of the sum of expected exposures over the lifetime of the transactions in the netting set, discounted at the risk-free rate, to the sum of expected exposures over one year in the netting set, discounted at the risk-free rate. The effective maturity may be adjusted to account for rollover risk by replacing the expected exposure with the effective expected exposure for forecasting horizons of less than one year;”;

1.2.6. the term “netting set” shall be supplemented with the following text: “Under the internal model method set forth in Chapter IX, all netting sets involving a single counterparty may be treated as a single netting set if the simulated negative market values of each netting set are set to 0 in the estimation of expected exposure (EE);”;

1.3. in point 6, the text “Annex No 1 to the Regulation on the treatment of market risk under the standardised approach, approved by Decision No 114/2018 of the Executive Board of the National Bank of Moldova (hereinafter “Regulation No 114/2018”)” shall be replaced with the text “Annex No 1 to Regulation No 114/2018”;

1.4. in points 8 and 9, after the text “in Chapters III–V,” the text “and IX” shall be supplemented;

1.5. shall be supplemented with point 9¹, which reads as follows:

“9¹. If it obtains approval from the National Bank of Moldova in accordance with points 158-161, the bank may determine the exposure value for the following items using the internal model method set forth in Chapter IX:

9¹.1. the contracts listed in Annex No 1 to Regulation No 114/2018;

9¹.2. repurchase transactions;

9¹.3. securities or commodities lending or borrowing transactions;

9¹.4. margin lending transactions;

9¹.5. long settlement transactions.”;

1.6. point 18 shall be supplemented with the text “When calculating own funds requirements for transactions with long settlement periods, the bank using the internal model approach may assign risk weights in accordance with the approach set forth in the Regulation on the treatment of credit risk for banks under the standardised approach, approved by Decision No 111/2018 of the Executive Board of the National Bank of Moldova (hereinafter “Regulation No 111/2018”), on a permanent basis and regardless of the significance of these positions.”;

1.7. shall be supplemented with point 18¹, which reads as follows:

“18¹. In the case of the methods set forth in Chapters III–V and IX, banks shall treat transactions for which a specific wrong-way risk has been identified in accordance with points 222, 224–226.”;

1.8. in point 26, the word “Annex” shall be replaced with the text “Annex No 1”;

1.9. point 43 shall read as follows:

“43. If a netting set is subject to multiple margin agreements, or if the same netting set includes both transactions subject to a margin agreement and transactions not subject to a margin agreement, the bank shall calculate its exposure value as follows:

43.1. the bank shall determine the relevant hypothetical sub-netting sets, consisting of the transactions included in the netting set, as follows:

43.1.1. all transactions subject to a margin agreement and to which the same margin risk period, determined in accordance with points 181-186 applies shall be allocated to the same sub-netting set;

43.1.2. all transactions that are not subject to a margin agreement shall be allocated to the same sub-netting set, which is distinct from the sub-netting sets established in accordance with sub-point 43.1.1;

43.2. the bank calculates the replacement cost of the netting set in accordance with point 50, taking into account all transactions within the netting set, regardless of whether or not they are subject to a margin agreement, and applies all of the following requirements:

43.2.1. the current market value (CMV) is calculated for all transactions within a netting set, before deducting any collateral held or provided, provided that positive and negative market values are offset when calculating the CMV;

43.2.2. NICA, the volatility-adjusted value of variation margin (VM), the margin threshold (TH), and the minimum transfer amount (MTA), as applicable, shall be calculated separately as the sum of the same input data applicable to each individual margin contract within the netting set;

43.3. the bank calculates the potential future exposure of the netting set referred to in points 66–68 by applying the following requirements:

43.3.1. it calculates the multiplier specified in point 66, based on the input data CMV, NICA, and VM, as applicable, in accordance with sub-point 43.2;

43.3.2. it calculates $\sum_a AddOn^{(a)}$ in accordance with points 66–68, separately for each hypothetical sub-netting set referred to in sub-point 43.1”;

1.10. shall be supplemented with point **58¹**, which reads as follows:

“**58¹**. The method for identifying transactions with a single material risk driver and those with more than one material risk driver, as well as for identifying the most material of those risk drivers for the purposes of point 57, is set out in Annex No 2.”;

1.11. shall be supplemented with point **71¹**, which reads as follows:

“**71¹**. The regulations governing the formulas that banks use for calculating the supervisory delta of call and put options mapped under the interest rate risk category or the commodity risk category compatible with market conditions in which interest rates or commodity prices may be negative, and the supervisory volatility appropriate for those formulas, as well as the method for determining whether a transaction is a long or short position in the primary risk driver or the most material risk driver in the given risk category for the transactions referred to in point 57 are set forth in Annex No 2.”;

1.12. point 75 shall read as follows:

“**75**. Banks shall calculate the maturity adjustment factor as follows:

75.1. for transactions included in the netting sets referred to in point 49, banks shall calculate the maturity adjustment factor using the following formula:

$$MF = \sqrt{\min \{ \max \{ M, 10 / \text{OneBusinessYear} \} , 1 \}}$$

where:

MF = maturity adjustment factor;

M = the residual maturity of the transaction, which is equal to the period of time required for all contractual obligations arising from the transaction to be terminated; for this purpose, any option feature of a derivative contract is considered a contractual obligation; the residual maturity is expressed in years, using the relevant business day convention; if a transaction has as its underlying instrument another derivative contract that may give rise to contractual obligations in addition to those arising from the transaction, the residual maturity of the transaction is equal to the period of time required for all contractual obligations related to the underlying instrument to be terminated; if a transaction is structured such that the remaining exposure to be repaid is settled after certain specified payment dates and the terms are revised so that the market value of the transaction is zero on those specified dates, the residual maturity of the transaction is equal to the period remaining until the date of the next revision of the terms; and

OneBusinessYear = one year expressed in business days using the relevant business day convention;

75.2. for transactions included in the netting sets referred to in points 50 and 51, the maturity adjustment factor is defined as:

$$MF = \frac{3}{2} \sqrt{\frac{MPOR}{\text{OneBusinessYear}}}$$

where:

MF = the maturity adjustment factor;

MPOR = the margin period of risk for the netting set, determined in accordance with points 181–186; and

OneBusinessYear = one year expressed in business days using the relevant business day convention.”;

1.13. in point 98, the calculation formulas shall read as follows:

$$\text{“AddOn}_j^{\text{Other}} = \epsilon_j \cdot \text{SF}^{\text{Other}} \cdot | \text{EffNot}_j^{\text{Other}} | \text{”},$$

$$\text{“EffNot}_j^{\text{Other}} = \sum_{1 \in \text{Risk Hedging Set } j} \text{Risk Position}_1 \text{”}$$

1.14. shall be supplemented with sub-point **106.3**, which reads as follows:

“106.3. contractual cross-product netting agreements, in the case of banks that have received approval to use the method set forth in Chapter IX for transactions falling within the scope of that method.”;

1.15. shall be supplemented with sub-point **122¹** which reads as follows:

“**122¹**. If the bank uses the approach based on its own estimates of volatility adjustments in accordance with the provisions of Title III of Regulation No 112/2018 for financial instruments or commodities that are not eligible under the provisions of Regulation No 112/2018, it shall calculate the volatility adjustments for each individual item. If the bank has obtained approval to use the internal models approach defined in Regulation No 112/2018, the bank may also apply this approach for the trading book.”;

1.16. shall be supplemented with Chapter IX which reads as follows:

“Chapter IX Internal Model Method

Section 1

Approval for the use of the Internal Model Method

158. If the National Bank of Moldova determines that the bank has met the requirement set forth in point 161, it shall permit that bank to use the Internal Model Method to calculate the exposure value for any of the following transactions:

158.1. the transactions referred to in sub-point 9¹.1;

158.2. the transactions referred to in sub-points 9¹.2 - 9¹.4;

158.3. the transactions referred to in sub-points 9¹.1 - 9¹.4.

159. If the bank has received approval under point 25 to use the Internal Model Method to calculate the exposure value for any of the transactions referred to in sub-points 158.1–158.3, it may also use the Internal Model Method for the transactions referred to in sub-point 91.5. The granting and denial of prior approval for the use of the Internal Model Method shall be carried out in accordance with the procedure set forth in points 25-33.

160. Notwithstanding points 8 and 9, the bank may decide not to apply this method to exposures that are immaterial in terms of size and risk. In such a case, the bank shall apply to those exposures one of the methods set forth in Chapters III–V, provided that the relevant requirements for each approach are met.

161. The National Bank of Moldova permits a bank to use the Internal Model Method for the calculations referred to in points 158-160 only if the bank has demonstrated that it meets the requirements set forth in this chapter and has verified that the counterparty credit risk management systems used by the bank are sound and properly implemented.

162. The National Bank of Moldova may allow banks, for a limited period, to apply the Internal Model Method sequentially to different types of transactions. During this period of sequential application, banks may use the methods set forth in Chapter III or Chapter V for the type of transaction for which they do not use the Internal Model Method.

163. For all transactions in over-the-counter derivatives and for transactions with long settlement periods for which it has not received approval, pursuant to points 158-160, to use the

Internal Model Method, the bank shall use the methods set forth in Chapter III. Within a group, these methods may be used in combination on a permanent basis.

164. A bank that has received approval, pursuant to points 158-160, to use the Internal Model Method may not revert to using the methods set forth in Chapter III or Chapter V, unless it has the approval of the National Bank of Moldova to do so. The National Bank of Moldova shall grant such approval if the bank demonstrates that it has valid reasons for doing so.

165. If the bank ceases to comply with the requirements set forth in this chapter, it shall immediately notify the National Bank of Moldova and take one of the following actions:

165.1. submit to the National Bank of Moldova a rapid recovery plan to ensure compliance with the requirements;

165.2. demonstrate, in a manner deemed satisfactory by the National Bank of Moldova, that the effect of the noncompliance is insignificant.

Section 2

Exposure value

166. If the bank has received, in accordance with points 158-160, approval to use the Internal Model Method to calculate the exposure value for all or only some of the transactions referred to in that point, it must measure the exposure value of those transactions at the level of the netting set. The model used by the bank for this purpose must:

166.1. specify the expected distribution of changes in the market value of the netting set that can be attributed to concurrent changes in relevant market variables, such as interest rates and exchange rates;

166.2. calculate the exposure value for the netting set at each future date, based on concurrent changes in market variables.

167. In order for the model to reflect the effects of margining, the collateral valuation model must meet the quantitative, qualitative, and data requirements for the Internal Model Method, in accordance with this section, and the bank may include in the projected distributions of changes in the market value of the netting set only eligible financial collateral as defined in Regulation No 112/2018 and in points 120 and 121.

168. The own funds requirement for counterparty credit risk for exposures to counterparty credit risk for which the bank applies the Internal Model Method must be the greater of the following requirements:

168.1. the own funds requirement for these exposures, calculated based on the effective expected positive exposure, using current market data;

168.2. the own funds requirement for these exposures, calculated based on the effective expected positive exposure, using a single stress calibration consistently for all counterparty credit risk exposures for which the bank applies the Internal Model Method.

169. Except for counterparties identified as having a specific wrong-way risk that falls within the scope of points 224 and 225, banks must calculate the exposure value as the product of alpha (α) and the effective expected positive exposure, as follows:

$$\text{Exposure value} = \alpha \cdot \text{effective expected positive exposure}$$

where:

$\alpha = 1.4$, unless the National Bank of Moldova requires a higher value of α when it considers that the risks associated with the exposure are greater than those anticipated under the standard calibration conditions or in situations of market volatility or instability, or allows banks to use their own estimates in accordance with point 174;

The effective expected positive exposure is calculated by estimating the expected exposure (EE_t) as the average exposure at a future date t , with the average determined based on the possible future values of the relevant market risk factors. The model estimates the expected exposure at a series of future dates t_1 , t_2 , t_3 , etc.

170. The effective expected exposure (EE) shall be calculated recursively as follows:

Effective expected exposure $EE_{tk} = \max \{ \text{Effective expected exposure } EE_{tk-1}, EE_{tk} \}$

where:

the current time is t_0 ;

the effective EE_{t_0} is equal to the current exposure.

171. The effective expected positive exposure is the average effective expected exposure over the first year of the future exposure. If all contracts in the netting set mature in less than one year, the expected positive exposure is the average expected exposure up to the date on which all contracts in the netting set mature. The effective expected positive exposure is calculated as the weighted average of the effective expected exposures:

$$\text{Effective EPE} = \frac{1}{\min \{1\text{year}, \text{maturity}\}} \cdot \sum_{k=1}^{\min \{1\text{year}, \text{maturity}\}} \text{Effective } EE_{t_k} \cdot \Delta t_k$$

where the weights

$$\Delta t_k = t_k - t_{k-1}$$

allow for the calculation of future exposure at dates that are not equally distributed over time.

172. Banks shall calculate expected exposure or maximum exposure based on a distribution of exposures that takes into account the possibility that exposures may not be normally distributed.

173. A bank may use a distribution estimate calculated using the Internal Model Method that is more conservative than the product of alpha and the effective expected positive exposure, calculated in accordance with the equation in point 169 for each counterparty.

174. Notwithstanding point 169, the National Bank of Moldova may allow banks to use their own estimates of alpha if:

174.1. alpha is equal to the ratio of the internal capital resulting from a full simulation, for all counterparties, of the counterparty's credit risk exposure (in the numerator) to the internal capital based on the expected positive exposure (in the denominator);

174.2. in the denominator, the expected positive exposure is treated as if it were a fixed amount remaining to be repaid.

When estimated in accordance with this point, alpha must not be less than 1.2.

175. For the purpose of estimating alpha in accordance with point 174, the bank must ensure that the numerator and denominator are calculated in a manner consistent with the modelling methodology, parameter specifications, and portfolio composition. The approach used to estimate alpha must be based on the bank's internal capital approach, be well formalised, and be subject to independent validation. In addition, the bank must review its estimates of alpha at least quarterly and even more frequently if the portfolio composition changes over time. The bank must also assess the risk associated with the model.

176. The bank must demonstrate, in a manner deemed satisfactory by the National Bank of Moldova, that its internal estimates of alpha reflect, in the numerator, the significant sources of dependence in the distribution of market values of transactions or portfolios of transactions for all counterparties. Internal estimates of alpha must take into account the granularity of the portfolios.

177. When supervising the use of estimates in accordance with point 174, the National Bank of Moldova must take into account the considerable variation in alpha estimates resulting from potential specification errors in the models used for the numerator, particularly if convexity is present.

178. Where appropriate, the volatilities and correlations of market risk factors used in the joint modelling of market risk and credit risk must be conditioned on the credit risk factor to reflect potential increases in volatility or correlation in the event of an economic downturn.

Section 3

Exposure value for netting sets subject to a margin agreement

179. If the netting set is subject to a margin agreement and daily mark-to-market valuation, the bank shall calculate the effective expected positive exposure in accordance with this point. If, when estimating expected exposure, the model reflects the effects of margining, the bank may, with the approval of the National Bank of Moldova, use the model's measurement of expected exposure directly in the equation in point 170. The National Bank of Moldova grants such approval only if it verifies that, when estimating expected exposure, the model accurately reflects the effects of margining. A bank that has not received such approval shall use one of the following measures of effective expected positive exposure:

179.1. the effective expected positive exposure, calculated without taking into account any collateral held or provided through margining, plus any collateral provided to the counterparty independently of the daily valuation and margining process or of the current exposure;

179.2. the effective expected positive exposure, calculated as the potential increase in exposure over the margin period of risk, plus the greater value of:

179.2.1. the current exposure, including any collateral held or provided at that time, other than collateral that is the subject of a margin call or a dispute;

179.2.2. the largest net exposure, including collateral under the margin agreement, that does not trigger a margin call. This amount must take into account all applicable thresholds, minimum transfer amounts, independent amounts, and initial margins applicable under the margin agreement.

180. For the purposes of sub-point 179.2, banks shall calculate the percentage as the expected positive change in the mark-to-market value of transactions over the margin period of risk. Changes in the value of collateral must be taken into account by using the volatility adjustments prescribed in accordance with the provisions of Title IV of Regulation No 112/2018, or by using their own estimates for the volatility adjustments of the extended financial collateral method, but without assuming the payment of any collateral during the margin period of risk. The margin period of risk may not be shorter than the minimum periods specified in points 181–186.

181. For transactions subject to daily margin adjustment and daily mark-to-market valuation, the margin period of risk used to model the exposure value for margin agreements shall not be less than:

181.1. 5 business days for netting sets consisting solely of repurchase agreements, securities or commodities lending and borrowing transactions, and margin lending transactions;

181.2. 10 business days for all other netting sets.

182. The provisions of point 181 are subject to the following exceptions:

182.1. for all netting sets in which the number of transactions exceeds 5,000 at any time during a quarter, the margin period of risk for the following quarter must not be less than 20 business days. This exception does not apply to banks' transaction exposures;

182.2. for netting sets containing one or more transactions involving either illiquid collateral or an over-the-counter derivative that cannot be readily replaced, the margin period of risk shall not be less than 20 business days.

183. The bank determines that the collateral is illiquid or that over-the-counter derivatives cannot be easily replaced in the context of market crisis conditions, characterised by the absence of continuously active markets in which a counterparty would obtain, within two days or less, multiple price quotes that would not cause market movements or would not represent a price reflecting a market discount (in the case of collateral) or a market premium (in the case of an over-the-counter derivative).

184. The bank must determine whether the transactions or securities it holds as collateral are concentrated with a particular counterparty and whether it is able, in the event that the counterparty exits the market abruptly, to replace those transactions or securities.

185. If the bank has been involved in more than two disputes regarding margin calls for a specific netting set in the last two quarters, which lasted longer than the margin period of risk applicable under points 181–184, it must use, for the next two quarters, a margin period of risk at least twice as long as the period specified in points 181–184 for that netting set.

186. For margin restatement on an N-day basis, the margin period of risk must be at least equal to the period specified in points 181–184, F, plus N days minus one day. That is:

$$\text{Margin period of risk} = F + N - 1$$

187. If the internal model includes the effect of margining on changes in the market value of the netting set, in calculating the exposure value for over-the-counter derivatives and securities financing transactions, the bank models collateral other than cash in the same currency as the exposure itself, together with the exposure.

188. If the bank cannot model collateral together with the exposure, it shall not recognise, in the calculation of the exposure value for over-the-counter derivatives, the effect of collateral other than cash in the same currency as the exposure itself, unless the bank uses volatility adjustments pursuant to the volatility-adjusted approach regulated in accordance with the provisions of Regulation No 112/2018.

189. If the bank cannot model collateral together with the exposure, it shall not recognise, in its calculations of the exposure value for financing transactions involving financial instruments, the effect of collateral other than cash in the same currency as the exposure itself.

190. A bank using the Internal Model Approach shall disregard in its models the effect of a reduction in the exposure value resulting from any clause in a collateral agreement that requires the collateral to be called in the event that the counterparty's credit quality deteriorates.

Section 4

Counterparty credit risk management – policies, processes and systems

191. The bank establishes and maintains a framework for managing counterparty credit risk, consisting of:

191.1. policies, processes and systems that ensure the identification, measurement, management, approval and internal reporting of counterparty credit risk;

191.2. procedures that ensure compliance with these policies, processes and systems.

192. These policies, processes and systems must be conceptually sound, properly implemented, and formalised. The relevant documentation includes explanations of the empirical techniques used to measure counterparty credit risk.

193. The counterparty credit risk management framework required in points 191-192 takes into account the market, liquidity, legal, and operational risks associated with counterparty credit risk. In particular, the framework ensures that the bank complies with the following principles:

193.1. it does not enter into transactions with a counterparty without assessing the counterparty's creditworthiness;

193.2. it takes credit risk into account appropriately at and prior to settlement;

193.3. it manages these risks as comprehensively as possible at the counterparty level, by aggregating exposures to counterparty credit risk with other credit exposures, as well as at the bank-wide level.

194. A bank that uses the Internal Model Method shall ensure that its own counterparty credit risk management framework takes into account, in a manner deemed satisfactory by the National Bank of Moldova, the liquidity risks associated with all of the following items:

194.1. potential margin calls received in the context of exchanges of variation margin or other types of margin, such as initial or independent margin, under conditions of a negative market shock;

194.2. potential calls received for the return of excess collateral provided by the counterparty;

194.3. calls resulting from a potential downgrade of the institution's own external credit quality assessment.

195. The bank ensures that the nature and duration of the reuse of collateral are consistent with its liquidity needs and do not jeopardise its ability to promptly provide or return collateral.

196. A bank's management body must be actively involved in managing counterparty credit risk, for which it must ensure that adequate resources are allocated. The management body must be aware, through a formal process, of the limitations of the model used and the assumptions on which it is based, as well as the impact of these limitations and assumptions on the reliability of the results. Management must also be aware of market and operational uncertainties, as well as how these are accounted for by the model.

197. Daily reports on the bank's exposures to counterparty credit risk, prepared in accordance with sub-point 202.2, must be reviewed by a level of management with sufficient seniority and authority to impose reductions in both the individual positions taken by credit officers or trading staff and the bank's overall exposure to counterparty credit risk.

198. The counterparty credit risk management framework established by the bank in accordance with points 191 and 192 must be used in close conjunction with internal credit and trading limits. Credit and trading limits must be aligned with the bank's risk measurement model in a manner that is consistent over time and clearly understood by credit officers, trading staff and the management body. The bank must have a formal process for reporting breaches of risk limits to the appropriate level of management.

199. The bank's measurement of counterparty credit risk must include daily and intraday measurement of the utilisation of credit lines. The bank must measure current gross and net exposure after taking into account collateral. At the portfolio and counterparty levels, the bank must calculate and monitor the maximum exposure or potential future exposure at a confidence interval of its choosing. The bank must take into account significant or concentrated positions, including those involving groups of related counterparties, by industry sector, and by market.

200. The bank must establish and maintain a systematic and rigorous stress testing program. The results of these stress tests must be reviewed regularly, at least quarterly, by the management body and must be reflected in the policies and limits regarding counterparty credit risk established by the management body. If stress tests reveal a particular vulnerability to a given set of circumstances, the bank must take prompt measures to manage these risks.

Section 5

Organisational structures for management and the review of the counterparty credit risk management system

201. A bank that uses the Internal Model Method shall establish and maintain:

201.1. a risk control unit that complies with point 202;

201.2. a collateral management unit that complies with point 203.

202. The risk control unit is responsible for designing and implementing its counterparty credit risk management system, including the initial and ongoing validation of the model, and fulfils the following functions and requirements:

202.1. is responsible for designing and implementing the bank's counterparty credit risk management system;

202.2. prepares daily reports on the results of the bank's risk measurement model and analyses these results. This analysis includes an assessment of the relationship between the measured values of counterparty credit risk exposures and trading limits;

202.3. verifies the integrity of input data and prepares and analyses reports on the results of the bank's risk measurement model, including an assessment of the relationship between credit risk exposure measurements and credit and trading limits;

202.4. is independent of the units responsible for originating, renewing, or trading exposures and is not subject to any undue influence;

202.5. has sufficient staff;

202.6. reports directly to the bank's management body;
202.7. its activities are integrated into the bank's daily credit risk management process;
202.8. its results form an integral part of the process of planning, monitoring, and controlling the bank's credit risk profile and overall risk profile.

203. The collateral management unit shall perform the following tasks and functions:

203.1. calculate and execute margin calls, manage disputes regarding margin calls, and report daily and accurately the levels of independent amounts, initial margins, and variation margins;

203.2. verify the integrity of the data used to calculate margin calls and ensure that such data is consistent and regularly reconciled with all relevant data sources within the bank;

203.3. monitor the degree of reuse of collateral and any changes to the bank's rights over the collateral it provides or related thereto;

203.4. report to the appropriate level of management on the types of assets pledged as collateral that are reused and the terms of such reuse, including the instrument, credit quality, and maturity;

203.5. monitor the concentration of the types of assets accepted as collateral by the bank;

203.6. report to the management body on the management of collateral on a regular basis, at least quarterly, including information on the type of collateral received or provided and on the scope, duration, and cause of disputes regarding margin calls. This internal reporting also reflects trends in the relevant numerical indicators.

204. The management body must allocate sufficient resources to the collateral management unit referred to in sub-point 201.2, to ensure that its systems achieve an adequate level of operational performance, as measured by the timeliness and accuracy of the bank's margin calls and by the timeliness of the bank's response to margin calls from its counterparties. The management body must ensure that the unit has adequate staff to process requests and disputes promptly, even under conditions of a severe market crisis, and to enable the bank to limit the number of significant disputes arising from the volume of transactions.

205. The bank must regularly conduct an independent review of its counterparty credit risk management system through its internal audit process. This review must include both the activities of the risk control unit and those of the collateral management unit, as required in points 201–204, and must address, in particular, at least the following:

205.1. the adequacy of the formalisation of the counterparty credit risk management system and process required in points 191–200;

205.2. the organisation of the counterparty credit risk control unit required in sub-point 201.1;

205.3. the organisation of the collateral management unit required under sub-point 201.2;

205.4. the integration of counterparty credit risk measurements into day-to-day risk management;

205.5. the approval process for risk pricing models and the valuation systems used by staff in the front-office units responsible for initiating transactions and in the back-office units responsible for recording and monitoring initiated transactions;

205.6. the validation of any significant changes to the process for measuring counterparty credit risk;

205.7. the scope of counterparty credit risk as reflected by the risk measurement model;

205.8. the integrity of the management information system;

205.9. the accuracy and completeness of data regarding counterparty credit risk;

205.10. the accurate reflection of the legal terms of collateral agreements and netting agreements in exposure value measurements;

205.11. the verification of the consistency, timeliness, and reliability of the data sources used in running the models, including the independence of these data sources;

205.12. the accuracy and appropriateness of assumptions regarding volatility and correlation;

- 205.13. the accuracy of calculations regarding risk assessment and transformation;
- 205.14. the verification of model accuracy through frequent back-testing, as provided for in sub-points 238.1–238.4;
- 205.15. compliance by the counterparty credit risk control unit and the collateral management unit with the relevant regulatory requirements.

Section 6

Use test

206. Banks must ensure that the distribution of exposures generated by the model used to calculate the expected positive exposure is integrated into the daily counterparty credit risk management process and that the model's results are taken into account in the credit approval process, in counterparty credit risk management, internal capital allocation, and within the governance framework.

207. The bank must satisfactorily demonstrate to the National Bank of Moldova that it has used, for at least one year prior to receiving, in accordance with points 158-165, the National Bank of Moldova's approval to use the internal model approach, a model to calculate the distribution of exposures on which the calculation of expected positive exposure is based, which broadly meets the requirements set forth in this section.

208. The model used to generate a distribution of counterparty credit risk exposures must be an integral part of the counterparty credit risk management framework required in points 191–200. This framework must include the measurement of credit line utilisation by aggregating counterparty credit risk exposures with other credit exposures and allocating internal capital.

209. In addition to expected positive exposure, the bank must measure and manage current exposures. As appropriate, the bank must measure current gross exposure and current exposure net of collateral. The use test is considered to have been performed if the bank uses other measures of counterparty credit risk, such as maximum exposure, based on the distribution of exposures generated by the model used to calculate expected positive exposure.

210. The bank must have systems in place that can estimate expected exposure on a daily basis, if necessary, unless it satisfactorily demonstrates to the National Bank of Moldova that its exposures to counterparty credit risk justify a lower calculation frequency. The bank must estimate expected exposure for a time profile of forecasting horizons that adequately reflects the time structure of future cash flows and the maturity of contracts, commensurate with the size and composition of the exposures.

211. Exposure shall be measured, monitored, and verified over the entire term of all contracts in the netting set, not merely over a one-year horizon. The bank must have procedures in place to identify and control counterparty risks if the exposure extends beyond the one-year horizon. The projected increase in exposure must serve as an input to the bank's internal capital model.

Section 7

Stress testing

212. The bank must have a comprehensive stress testing program for counterparty credit risk, which must also be used to assess capital requirements for counterparty credit risk and must comply with the requirements set forth in points 213-221.

213. Stress testing identifies possible events or future changes in economic conditions that could have adverse effects on a bank's credit exposures and assesses the bank's ability to withstand such changes.

214. The results obtained from the stress tests conducted as part of the program must be compared with risk limits and must be considered by the bank as part of the process provided for under the provisions of the Regulation on Banking Activity Management Framework, approved by Decision No 322/2018 of the Executive Board of the National Bank of Moldova.

215. The program must fully capture the aggregate transactions and exposures for all forms of counterparty credit risk at the level of specific counterparties, over a period sufficient to conduct periodic stress tests.

216. The program must provide for at least monthly stress testing of exposures with respect to key market risk factors, such as interest rates, exchange rates, equity securities, credit spreads, and commodity prices, for all of the bank's counterparties, in order to identify excessive concentrations of specific directional risks and enable the bank to reduce them, if necessary. Stress testing of exposures, including single-factor, multi-factor, and material non-directional risks, as well as concurrent stress testing of exposures and creditworthiness, must be performed, with respect to counterparty credit risk, at the level of a single counterparty, a group of counterparties, and, on an aggregate basis, at the bank level.

217. The program must conduct multifactorial stress test scenarios at least quarterly and assess material non-directional risks, including yield curve exposure and basis risk. Multifactorial stress tests must address at least the following scenarios in which:

217.1. severe economic or market events have occurred;

217.2. overall market liquidity has declined significantly;

217.3. a major financial intermediary is liquidating positions.

218. The severity of shocks to risk-bearing factors must be commensurate with the purpose of the stress test. When assessing solvency under stress conditions, shocks to risk-bearing factors must be severe enough to capture extreme market conditions observed in the past, as well as extreme but plausible market conditions. Stress tests must assess the impact of these shocks on own funds, own funds requirements, and earnings. For the purposes of daily portfolio monitoring, daily risk hedging, and daily concentration management, the stress testing program must also include less severe but more likely scenarios.

219. The program must include, where appropriate, reverse stress tests to identify extreme but plausible scenarios that could have significant adverse effects. Reverse stress tests must take into account the impact of material non-linearity in the portfolio.

220. The results of the stress tests conducted as part of the program must be reported to management on a regular basis, at least quarterly. The reports and analysis of the results must cover the largest exposures in the portfolio at the counterparty level, significant concentrations within portfolio segments (within the same industry sector or region), and relevant specific trends at the portfolio and counterparty levels.

221. The management body must take the lead in integrating stress testing into the bank's risk management framework and risk culture and ensure that the results are meaningful and are used to manage counterparty credit risk. The results of stress tests for significant exposures must be evaluated against guidelines indicating the bank's risk appetite and must be presented to the management body for discussion and action when excessive or concentrated risks are identified.

Section 8

Wrong-way risk

222. The bank must give due consideration to exposures that result in a significant level of specific and general wrong-way risk.

223. To identify general wrong-way risk, the bank must design stress tests and analyse scenarios for risk factors that are adversely correlated with the counterparty's creditworthiness. These simulations address the possibility of severe shocks occurring when the relationships between risk factors change. The bank must monitor the general wrong-way risk by product, region, industry sector, or other categories relevant to its business.

224. The bank must have procedures in place to identify, monitor, and control instances of specific wrong-way risk for each legal entity, beginning at the initiation of the transaction and continuing throughout its duration.

225. Banks shall calculate own funds requirements for counterparty credit risk associated with transactions for which a specific wrong-way risk has been identified, and where there is a

legal link between the counterparty and the issuer of the underlying instrument of the over-the-counter derivative or of the transactions referred to in sub-points 91.2–91.5, in accordance with the following principles:

225.1. instruments that present a specific wrong-way risk shall not be included in the same netting set as other transactions with the counterparty and shall each be treated as a separate netting set;

225.2. in any such separate netting set, the exposure value for credit default swaps based on a single signature is equal to the total expected loss on the remaining fair value of the underlying instruments, assuming that their issuer is in liquidation;

225.3. the loss given default for a bank using the Internal Model Method approach is 100% for such swap transactions;

225.4. for a bank that uses the approach set forth in Regulation No 111/2018, the applicable risk weight is that of an unsecured transaction;

225.5. for all other transactions based on a single signature from any such separate netting set, the exposure value is calculated based on the assumption of a jump-to-default of the underlying obligations if there is a legal link between the issuer and the counterparty. For transactions based on a group of signatures or an index, the jump-to-default of the respective underlying obligations, if material, shall apply where there is a legal link between the issuer and the counterparty;

225.6. to the extent that market risk calculations are used to determine own funds requirements for default risk, as provided for in Regulation No 114/2018, or for default risk using an internal default risk model, as provided for in Regulation No 114/2018, which already include an assumption regarding the loss given default (LGD), the LGD in the formula used shall be 100 percent.

226. Banks must submit periodic reports to their management body regarding both specific and general wrong-way risk, as well as the measures taken to manage these risks.

Section 9

Integrity of the modelling process

227. The bank shall ensure the integrity of the modelling process set forth in points 166-177 by adopting at least the following measures:

227.1. the model reflects the terms and specifications of transactions in a timely, complete, and prudent manner;

227.2. these terms include, at a minimum, the notional amounts, maturity, and reference assets of contracts, margin agreements, and netting agreements;

227.3. these terms and specifications are maintained in a database that is subject to a formal and periodic audit;

227.4. the process for recognising netting agreements requires that legal staff verify the legal enforceability of netting under those agreements;

227.5. the verification required under sub-point 227.4 is entered into the database referred to in sub-point 227.3 by an independent unit;

227.6. the transmission of data regarding the terms and specifications of transactions for integration into the expected positive exposure calculation model is subject to internal audit;

227.7. there are formal reconciliation processes between the model and the source data systems to continuously verify that, when calculating expected positive exposure, the terms and specifications of transactions are taken into account correctly or, at a minimum, conservatively.

228. Current market data are used to determine current exposures. The bank may calibrate its model for calculating expected positive exposure using either historical market data or implied market data to establish the parameters of the underlying stochastic processes, such as drift, volatility, and correlation. If the bank uses historical data, it must cover at least three years. The data must be updated at least quarterly or more frequently if necessary to reflect market conditions.

229. To calculate the effective expected positive exposure using a calibration to stress conditions, the bank must calibrate the effective expected positive exposure using either three

years of data that includes a period of stress in the credit spreads of its counterparties or market implied data from such a period of stress.

For this purpose, the bank must apply the requirements set forth in points 230–232.

230. The bank must demonstrate at least once per quarter, in a manner deemed satisfactory by the National Bank of Moldova, that the stress period used for the calculation provided for in this point coincides, for a representative sample of its counterparties whose credit spreads are traded, with a period of rising spreads for credit default swaps or other credit instruments (such as loans or corporate bonds). In cases where it does not have adequate data on a counterparty's credit spreads, the bank shall assign specific credit spread data to that counterparty based on region, internal rating, and business type.

231. The model for calculating expected positive exposure for all counterparties must use either historical or implied data, including data from the credit crisis period, in a manner consistent with the method used to calibrate that model with current data.

232. To assess the effectiveness of the stress calibration of effective expected positive exposure, the bank must create several reference portfolios that are vulnerable to the main risk factors to which it is exposed. Exposure to these reference portfolios is calculated using:

232.1. an appropriate stress methodology based on current market values and model parameters calibrated to stressed market conditions, and

232.2. the exposure generated during the stress period, using the method set out in this Section (the market value at the end of the stress period, volatilities and correlations over a three-year stress period).

233. The bank must adjust its stress calibration if the exposures of these reference portfolios deviate substantially from one another.

234. The bank must subject the model to a validation process that is clearly articulated in its policies and procedures. This validation must:

234.1. specify the type of testing required to ensure the integrity of the model and to identify conditions under which the assumptions underlying the model are inappropriate and may therefore lead to an underestimation of the expected positive exposure;

234.2. include a review of the model's comprehensiveness.

235. The bank must monitor relevant risks and have processes in place to adjust its estimates of effective expected positive exposure when these risks become significant. To comply with this point, the bank shall:

235.1. identify and manage its exposures to the specific wrong-way risk specified in point 3 and its exposures to the general wrong-way risk, specified in point 3;

235.2. for exposures with a risk profile that increases after one year, regularly compare the estimate of a relevant one-year exposure measure with the same exposure measure over the entire life of the exposure;

235.3. for exposures with a residual maturity of less than one year, regularly compare the replacement cost (current exposure) with the realised exposure profile and store the data that enable such a comparison.

236. The bank must have internal procedures in place to verify that, prior to including a transaction in a netting set, it is covered by a legally enforceable netting agreement that meets the requirements set forth in Chapter VI.

237. A bank that uses collateral to mitigate counterparty credit risk must have internal procedures in place to verify, prior to recognising the effect of the collateral in its calculations, that the collateral meets the legal certainty requirements set forth in Regulation No 112/2018.

Section 10

Requirements for the risk management system

238. The bank shall comply with the following requirements:

238.1. conduct a regular back-testing program, comparing the risk measurements generated by the model with actual risk measurements and hypothetical changes based on static positions with actual measurements;

238.2. perform an initial validation and a periodic review of its model for calculating counterparty credit risk exposure, as well as the risk measures generated by the model. The validation and review are independent of the model's development;

238.3. the management body must be involved in the risk control process and ensure that adequate resources are allocated for the control of credit risk and counterparty credit risk. In this regard, the daily reports prepared by the independent risk control unit established in accordance with sub-point 201.1, must be reviewed by a level of management with sufficient hierarchical standing and authority to impose both reductions in individual positions taken by trading staff and reductions in the bank's overall risk exposure;

238.4. the internal risk measurement model must be integrated into the bank's daily risk management process;

238.5. the risk measurement system must be used in close conjunction with internal trading and exposure limits. In this regard, exposure limits must be aligned with the bank's risk measurement model in a manner that is consistent over time and clearly understood by trading staff, credit officers, and the management body;

238.6. The bank must ensure that its risk management system is well formalised. In particular, it must have a formalised set of internal policies, controls, and procedures governing the operation of the risk measurement system, as well as measures to ensure compliance with these policies;

238.7. as part of the bank's internal audit process, an independent review of the risk measurement system must be conducted on a regular basis. This review covers both the activities of the units conducting transactions and those of the independent risk control unit. At regular intervals (at least once a year), a review of the overall risk management process must take place, specifically addressing at least all the elements mentioned in point 205;

238.8. the ongoing validation of counterparty credit risk models, including back-testing, must be reviewed periodically by the management body to determine the measures to be taken to remedy any deficiencies in the models.

239. The National Bank of Moldova takes into account the extent to which a bank meets the requirements set forth in point 238 when determining the alpha value specified in point 169. Only banks that fully comply with these requirements are eligible to apply the minimum multiplication factor.

240. The bank must formalise the process of initial and ongoing validation of its model for calculating counterparty credit risk exposure and the calculation of model-generated risk measures at a level of detail that allows a third party to replicate the analysis and, accordingly, the risk measures. Such documentation shall specify the frequency of back-testing and any ongoing validations, the manner in which validation is performed with respect to data flows and portfolios, as well as the analyses that are used.

241. The bank must define the criteria by which it evaluates its models for calculating counterparty credit risk exposure and the models that generate input data for the exposure calculation, and must have a written policy describing the process by which unacceptable model performance is to be identified and remedied.

242. The bank must define how representative counterparty portfolios are constructed for the purpose of validating a model for calculating counterparty credit risk exposure and the risk measures produced by that model.

243. To validate the models used to calculate counterparty credit risk exposure and the risk measurements performed by counterparties that produce the projected distributions, multiple statistics of the projected distribution are taken into account.

Validation requirements

244. As part of the initial and ongoing validation of its model for calculating counterparty credit risk exposure and the risk measurements it performs, the bank shall ensure that the following requirements are met:

244.1. prior to receiving approval from the National Bank of Moldova in accordance with points 158-160, the bank conducts a back-testing using historical data on changes in market risk factors. The back-testing takes into account, for a range of different initialisation data, a series of distinct forecasting horizons spanning at least one year and covering a wide range of market conditions;

244.2. a bank that uses the approach set forth in sub-point 179.2. periodically validates its model to verify that current realised exposures correspond to forecasts for all margin periods within a year. If some transactions in the netting set have a maturity of less than one year and if the netting set excluding those transactions has a higher sensitivity to risk factors, the validation shall take this into account;

244.3. the bank shall conduct a back-test of the performance of its model for calculating counterparty credit risk exposure and the relevant risk measurements produced by that model, as well as the forecasts of market risk factors. For transactions secured by collateral, the forecasting horizons considered shall include those that reflect the typical margin period of risk applied to transactions secured by collateral or margin agreements;

244.4. if the model validation indicates that the effective expected positive exposure is underestimated, the bank takes the necessary measures to remedy the model's inaccuracy;

244.5. the bank shall test the pricing models used to calculate counterparty credit risk exposure for a specific scenario of future shocks to market risk factors, as part of the initial and ongoing model validation process. Option pricing models take into account the nonlinearity of the option's value with respect to market risk factors;

244.6. the model for calculating counterparty credit risk exposure includes the specific transaction-level information necessary to aggregate exposures at the netting set level. The bank verifies that, within the model, transactions are assigned to the appropriate netting set;

244.7. the model for calculating counterparty credit risk exposure includes transaction-specific information to reflect the effects of margin agreements. The model takes into account both the current amount of margin and the margin that could be transferred between counterparties in the future. Such a model takes into account the nature of margin agreements, which may be unilateral or bilateral, the frequency of margin calls, the margin period of risk, the minimum threshold for off-margin exposure that the bank is willing to accept, and the minimum transfer amount. The model either estimates the market-driven change in the value of the collateral provided or applies the rules set forth in Regulation No 112/2018;

244.8. the model validation process includes static back-testing, based on historical data, of representative counterparty portfolios. The bank conducts such back-testing on a number of representative portfolios of counterparties, whether actual or hypothetical, at regular intervals. These representative portfolios are selected based on their sensitivity to significant risk factors and combinations of risk factors to which the bank is exposed;

244.9. the bank conducts back-testing designed to test the key assumptions of the model used to calculate counterparty credit risk exposure and the relevant risk measures, including the relationship captured by the model between trends in the same risk factor and the relationships captured by the model between risk factors;

244.10. the performance of the models for calculating counterparty credit risk exposure and the risk measures produced by them is subject to an appropriate back-testing practice. The back-testing program may identify poor performance of the risk measures produced by a model for calculating expected positive exposure;

244.11. the bank validates the models for calculating counterparty credit risk exposure and all risk measures over time horizons commensurate with the maturity of the transactions for which the exposure is calculated using the Internal Model Method in accordance with points 158–165;

244.12. the bank regularly tests the pricing models used to calculate counterparty exposure against appropriate independent benchmarks as part of the ongoing model validation process;

244.13. the ongoing validation of the bank's model for calculating counterparty credit risk exposure and the relevant risk measures includes an assessment of the adequacy of recent performance;

244.14. the frequency with which the parameters of a model for calculating counterparty credit risk exposure are updated is assessed by the bank as part of the initial and ongoing validation process;

244.15. the initial and ongoing validation of models for calculating counterparty credit risk exposure verifies whether the exposure calculations at the counterparty and netting set levels are appropriate.

245. With the prior approval of the National Bank of Moldova, a more prudent measure than the quantitative indicator used to calculate the regulated exposure amount for each counterparty may be used in place of the product of alpha and the effective expected positive exposure. The degree of relative conservatism shall be assessed upon the initial approval by the National Bank of Moldova and during the periodic assessment conducted by the National Bank of Moldova of the models used to calculate expected positive exposure. The Bank shall regularly validate the degree of conservatism. The ongoing assessment of the model's performance must cover all counterparties for which it is used.

246. If back-testing indicates that a model is not sufficiently accurate, the National Bank of Moldova shall revoke approval for its use or impose appropriate measures to ensure that the model is promptly improved.”;

1.17. the word “Annex” shall be replaced with the text “Annex No 1,” and point 3 of the Annex shall be supplemented with the text “and IX”;

1.18. shall be supplemented with Annexes No 2 and No 3, which shall read as follows:

*“Annex No 2
to the Regulation on the treatment of
counterparty credit risk for banks*

**REGULATORY TECHNICAL STANDARDS
specifying the method for identifying derivative transactions with one or
more than one material risk driver within the meaning of point 58¹, the formula for
calculating the
supervisory delta of call and put options mapped to the interest rate risk category and the
method
for determining whether a transaction is a long or short position in the primary risk driver
or in the most material risk driver in the given risk category
within the meaning of point 71¹ in the standardised approach
for counterparty credit risk**

**Chapter I
METHOD FOR IDENTIFYING TRANSACTIONS WITH A SINGLE MATERIAL RISK
DRIVER,
TRANSACTIONS WITH MORE THAN ONE MATERIAL RISK DRIVER,
AND FOR IDENTIFYING THE MOST MATERIAL
OF THOSE RISK DRIVERS**

***Section 1*
Method for identifying the risk drivers
of a derivative transaction**

1. In order to identify transactions with a single material risk driver and transactions with more than one material risk driver, banks must identify, at the inception of each transaction, all risk drivers of the transaction by identifying the risk drivers on which the cash flows of that transaction depend, taking into account at least the risk drivers mentioned in Regulation No 114/2018. The risk drivers identified by banks are the risk drivers of the transaction.

2. Banks must not consider the interest rate risk drivers used to discount the transaction's cash flows to be the transaction's risk drivers.

Section 2

Method for identifying transactions with a single material risk driver

3. After identifying all risk drivers of a transaction in accordance with points 2 and 3, banks must identify, at the initiation of each transaction, those transactions that have only one material risk driver by following these steps:

3.1. if the transaction's cash flows depend exclusively on a single risk driver belonging to one of the risk categories referred to in point 55 of this Regulation, banks shall identify that risk driver as the sole material risk driver of the transaction in question;

3.2. if the cash flows of the transaction depend on more than one risk driver, and the banks have identified only one risk driver of that transaction as material, either using the method set forth in point 8 or the method set forth in point 9 of this Annex, the banks shall identify that risk driver as the sole material risk driver of that transaction.

4. Notwithstanding point 3, for the cross-currency interest-rate swaps referred to in point 2(a) of Annex No 1 to Regulation No 114/2018, banks may identify the foreign exchange risk driver as the sole material risk driver of the transaction in question.

Section 3

Method for identifying transactions with more than one material risk driver

5. For the purposes of point 57 of this Regulation, banks shall identify all transactions, other than those referred to in points 3 and 4, as transactions with more than one material risk driver.

Section 4

Method for identifying material risk drivers and the most material of those risk drivers

6. After identifying all risk drivers of a transaction in accordance with points 1 and 2, and where the transaction's cash flows depend on more than one risk driver, banks shall identify the material risk drivers and the most material of those risk drivers by applying one of the methods set forth in points 7 - 9, as applicable.

7. Banks shall apply the following steps upon initiation of the transaction:

7.1. consider all risk drivers of the transaction identified in accordance with the procedure referred to in points 1 and 2 as material risk drivers;

7.2. for each risk category corresponding to those material risk drivers, identify, as the most material risk driver, the risk driver corresponding to the highest risk weight for that risk category, among those listed in points 78–98 of this Regulation.

8. Banks shall implement the following steps upon initiation of the transaction and, thereafter, at least quarterly:

8.1. calculate delta risk sensitivities, in accordance with the provisions of Regulation No 114/2018, for each risk driver identified in accordance with points 1 and 2;

8.2. calculate the weighted sensitivities using the formula set forth in Regulation No 114/2018, based on the sensitivities calculated in accordance with sub-point 8.1;

8.3. for each of the risk categories referred to in point 55 of this Regulation, calculate the risk-class-specific own funds requirement for market risk using the formula set forth in Regulation No 114/2018, based on all weighted sensitivities referred to in sub-point 8.2 of the risk drivers that have been classified in the respective risk category;

8.4. rank all risk-class-specific own funds requirements for market risk referred to in sub-point 8.3 from highest to lowest in absolute value, to obtain a monotonically decreasing sequence of terms, where term a_1 is the highest absolute value, a_2 is the next highest, and so on;

8.5. for each term a_i calculated and ranked in accordance with sub-point 8.4 and in the order resulting from the ranking, verify whether the following condition is met:

$$\frac{\sum_{j=1}^i a_j}{\sum_{k=1}^6 a_k} < Y\%$$

where:

i = the index designating the risk categories referred to in point 55 of this Regulation, ranked in accordance with sub-point 8.4 and in the order resulting from that ranking;

$Y\% = 60\%$;

8.6. shall consider the following to be material:

8.6.1. risk drivers corresponding to the risk categories for which the condition set forth in sub-point 8.5 is met;

8.6.2. risk drivers corresponding to the first risk category for which that condition is not met;

8.7. verify, for each of the risk categories corresponding to risk drivers that are not material in accordance with sub-point 8.6, whether the corresponding term a_i meets the following condition:

$$\frac{a_i}{\sum_{k=1}^6 a_k} \geq Z\%$$

where:

i = the index designating the risk categories referred to in point 55 of this Regulation, ranked in accordance with sub-point 8.4 and in the order resulting from that ranking, and corresponding to risk drivers that are not material in accordance with sub-point 8.6;

$Z\% = 30\%$;

8.8. in addition to the material risk drivers identified in accordance with sub-point 8.6, shall also consider as material risk drivers those risk drivers that correspond to the risk categories for which the condition set forth in sub-point 8.7 is met;

8.9. for each of the risk categories referred to in sub-points 8.6 – 8.8, shall consider the most material risk driver for that risk category to be the risk driver corresponding to the highest absolute value of the weighted sensitivities referred to in sub-point 8.2.

9. Banks that either meet the conditions set forth in Regulation No 109/2018 or are exempt from the reporting requirement under Regulation No 114/2018 may identify the most material risk driver by applying the following steps at the initiation of the transaction and, thereafter, at least quarterly:

9.1. calculate the risk weight adjustments by risk category referred to in points 78 – 98 of this Regulation, as applicable, for each risk driver identified in accordance with points 1 and 2. If multiple risk drivers identified in accordance with points 1 and 2 have been classified into the same risk category, banks shall, for the purposes of applying sub-point 9.2, retain the risk driver from the risk category that corresponds to the highest risk category add-on within that risk category;

9.2. apply the steps set forth in sub-points 8.4 – 8.8, with the terms used in those steps based on the risk category-specific add-ons calculated in accordance with sub-point 8.1;

9.3. identify, as the most material risk drivers within the relevant risk categories, the material risk drivers identified using the method referred to in sub-point 9.2.

Chapter II

FORMULA TO BE USED TO CALCULATE THE SUPERVISORY DELTA OF

**CALL AND PUT OPTIONS MAPPED TO THE INTEREST RATE RISK CATEGORY
AND THE SUPERVISORY
VOLATILITY
APPROPRIATE FOR THAT FORMULA AND THE METHOD
FOR
DETERMINING WHETHER A TRANSACTION IS A LONG OR SHORT POSITION IN
THE PRIMARY RISK DRIVER OR IN THE
MOST MATERIAL RISK DRIVER IN A GIVEN RISK CATEGORY**

Section 1

**The formula to be used to calculate the supervisory delta of call
and put options mapped to the interest rate risk category and the
supervisory volatility appropriate for that formula**

10. Banks calculate the supervisory delta (δ) of call and put options when they are mapped to the interest rate risk category that is consistent with market conditions in which interest rates may be negative, as follows:

$$\delta = sign \cdot N \left(type \cdot \frac{\ln \left(\frac{(P + \lambda)}{(K + \lambda)} \right) + 0.5 \cdot \sigma^2 \cdot T}{\sigma \cdot \sqrt{T}} \right)$$

where:

type = - 1 where the transaction is a put option

type = + 1 where the transaction is a call option

sign= - 1 where the transaction is a sold call option or a bought put option

sign= +1 where the transaction is a sold put option or a bought call option

$N(x)$ = the cumulative distribution function of a standard normal random variable that expresses the probability that a normally distributed random variable, with mean zero and variance 1, will be less than or equal to “x”;

P = the spot or forward price of the underlying instrument of the option;

K = the strike price of the option;

T = the option's expiration date, expressed in years using the relevant business day convention;

λ = the appropriate shift factor to convert both P and K to positive values, determined in accordance with point 11;

σ = the supervisory volatility of the option, determined in accordance with point 12.

11. For the purposes of point 10, banks shall calculate the shift factor (λ) for any call or put option as follows:

$\lambda_j = \max \{ threshold_j - \min \{ P_j, K_j \}, 0 \}$ if option j falls under the interest rate risk category;
 $\max \{ - (1 + threshold_j) \cdot \min \{ P_j, K_j \}, 0 \}$ if option j falls under the commodity risk category.

where:

P_j = the spot or forward price of the underlying instrument of option j ;

K_j = the strike price of option j ;

$threshold_j = 0.10\%$, if option j falls under the interest rate risk category;
0.1, if option j falls under the commodity risk category.

12. For the purposes of point 10, banks shall determine the supervisory volatility of an option based on the transaction's risk category and the nature of the option's underlying instrument in accordance with the following table:

Table

Risk category	Underlying instrument	Supervisory volatility
Interest rate	All	50 %
Commodity	Electricity	150 %
	Other commodities (excluding electricity)	70 %

Section 2

Methods for determining whether a transaction is a long or short position in the primary risk driver or in the most material risk driver in the given risk category

13. Banks shall determine whether a transaction is a long or short position in the primary risk driver or in the most material risk driver in the given risk category by applying one of the following methods:

13.1. calculate the delta risk sensitivities of the respective risk drivers in accordance with the provisions of Regulation 114/2018 and identify the transaction as a long position in a risk driver if the corresponding delta risk sensitivity is positive, or as a short position if the corresponding delta risk sensitivity is negative;

13.2. assess the dependence of the cash flow structure of the transactions on the relevant risk driver or the hedging purpose of the transaction with respect to the relevant risk driver and, based on this assessment, identify the transaction as a long position or a short position, respectively.

*Annex No 3
to the Regulation on the treatment of
counterparty credit risk for banks*

Regulatory technical standards for specifying margin periods of risk

1. The margin periods of risk (MPORs) associated with a netting set that banks may use for the purposes of points 134 and 135 of this Regulation shall be determined in accordance with points 2–4.

2. Where the relevant netting set includes transactions netted with a qualified central counterparty, as defined in point 3 of this Regulation, the MPOR that banks may use shall correspond to the longer of the following periods:

2.1. five business days;

2.2. the longest liquidation period for the contracts or transactions included in the netting set, as determined by the qualified central counterparty with which those contracts or transactions are cleared.

3. For the purposes of sub-point 2.2, if the liquidation period disclosed to the public includes an additional period for the novation of positions of a clearing member that is in compliance with its obligations, the period that the bank must use as the MPOR excludes that additional period.

4. Where the relevant netting set includes transactions that are not cleared with a qualified central counterparty, as defined in point 3 of this Regulation, the MPORs that banks may use shall have a duration of at least 10 business days.”.

2. The Instruction on the submission by banks of COREP reports for supervisory purposes, approved by Decision No 117/2018 of the Executive Board of the National Bank of Moldova (Official Gazette of the Republic of Moldova, 2018, No 183–194, Article 907), registered with the Ministry of Justice of the Republic of Moldova under No 1337/2018, as subsequently amended, is amended as follows:

2.1. in the harmonisation clause and in sub-point 8, point 14, the text “ , templates C 34.01–C 34.04, C 34.06, and C 34.08–C 34.10” shall be replaced with the following text “ , templates C 34.01–C 34.11”;

2.2. in the Annex 10^{1.1}:

2.2.1. in the “C 34.02 COUNTERPARTY CREDIT RISK: CCR EXPOSURES BY APPROACH (CCR 2)” report template, the “X” symbol shall be excluded from the following positions: columns 0020–0050, 0160, 0170, 0200, 0240 in any row, columns 0120, 0130, 0180, 0210, 0230–0250 in rows 0040–0070, column 0140 in row 0040, columns 0150, 0190, and 0220 in rows 0010–0110, as well as column 0200 in rows 0040–0070 and 0120;

2.2.2. in the table “How to complete the report C 34.02-COUNTERPARTY CREDIT RISK: CCR EXPOSURES BY APPROACH (CCR 2), Instructions regarding certain positions”:

2.2.2.1. the positions relating to columns 0120, 0130, 0140, 0150, 0160, 0190 and 0220 shall have the following content:

0120	CURRENT EXPOSURE The current exposure for each netting set shall be the value defined in point 3 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The bank shall report the sum of all current exposures for the netting sets in the corresponding row.	
0130	EFFECTIVE EXPECTED POSITIVE EXPOSURE (EEPE) Points 3, 168 and 171 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The EEPE for each netting set is defined in point 3 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks and is calculated in accordance with point 171 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The bank shall report the sum of all EEPEs applied to determine own funds requirements in accordance with point 168 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks, namely, either the EEPE calculated using current market data or the EEPE calculated using a stress calibration, choosing the method that results in a higher own funds requirement.	
0140	ALPHA USED FOR THE CALCULATION OF THE REGULATORY EXPOSURE VALUE	

	Points 41, 99 and 102 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The value of alpha (α) shall be set at 1.4 in the rows corresponding to the original exposure method, the simplified SA-CCR and the SA-CCR in accordance with points 41, 99 and 102 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. For the purposes of the Internal Model Method (IMM), the value of α may be the standard value of 1.4 or a different value when the National Bank of Moldova requires a higher value of α in accordance with point 169 of Regulation No 220/ 2025 on the treatment of counterparty credit risk for banks, or when it permits banks to use their own estimates in accordance with point 174 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks.	
0150	EXPOSURE VALUE BEFORE APPLYING CREDIT RISK MITIGATION (CRM) TECHNIQUES The exposure value before credit risk mitigation for counterparty credit risk netting sets shall be calculated in accordance with the methods set forth in Regulation No 220/2025 on the treatment of counterparty credit risk for banks, taking into account the effect of netting, but without taking into account any other credit risk mitigation techniques (e.g., collateral corresponding to the margin). In the case of securities financing transactions (SFTs), the segment that is a security shall not be taken into account when determining the exposure value before credit risk mitigation when collateral is received, as it does not reduce the exposure value. In contrast, the SFT segment that is a security shall be taken into account in determining the exposure value before credit risk mitigation in the usual manner when collateral is provided. Furthermore, transactions secured by collateral shall be treated as unsecured, meaning that no margin effect applies. The exposure value before credit risk mitigation for transactions in which a specific wrong-way risk has been identified must be determined in accordance with points 222-226 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The exposure value before credit risk mitigation does not take into account the deduction of the loss resulting from the credit valuation adjustment made in accordance with points 13-15 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The bank shall report the sum of all exposure values before credit risk mitigation in the corresponding row.	
0160	EXPOSURE VALUE AFTER APPLYING CRM TECHNIQUES The exposure value after credit risk mitigation for counterparty credit risk netting sets shall be calculated in accordance with the methods set forth in Regulation No 220/2025 on the treatment of counterparty credit risk for banks, after applying the credit risk mitigation techniques applicable in accordance with Regulation	

	No 220/2025 on the treatment of counterparty credit risk for banks. The exposure value after credit risk mitigation for transactions in which a specific wrong-way risk has been identified shall be determined in accordance with points 222–226 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The exposure value after credit risk mitigation shall not take into account the deduction of the loss resulting from the credit valuation adjustment made in accordance with points 13-15 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The bank shall report the sum of all exposure values after credit risk mitigation in the corresponding row.	
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0190	Positions treated under the Internal Ratings Based Approach for credit risk (CR IRB) The counterparty credit risk exposure value corresponding to the positions that are treated under the IRB Approach for credit risk.	
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0220	Positions treated under the CR IRB Approach Risk-weighted amounts for counterparty credit risk exposures that are treated under the IRB Approach for credit risk. This amount corresponds to the amount that must be included in column 0260 of template C 08.01 for positions related to counterparty credit risk.	
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2.2.2.2. the positions relating to rows 0040, 0050, 0060, 0070 and 0120 shall have the following content:

0040	IMM (FOR DERIVATIVES AND SFTs) Derivatives, long settlement transactions and SFTs for which the bank has been permitted to calculate the exposure value using the Internal Model Method (IMM) in accordance with Chapter IX, Internal Model Method, of Regulation No 220/2025 on the treatment of counterparty credit risk for banks.	
0050	Netting sets for securities financing transactions Netting sets consisting solely of SFTs for which the bank has been authorised to determine the exposure value using the IMM. SFTs that are included in a contractual cross-product netting set and, therefore, reported in row 0070, shall not be reported in this row.	
0060	Netting sets for derivatives and long settlement transactions Netting sets comprising only the derivatives listed in Annex No 1 to Regulation No 114/2018 on the treatment of market risk under the standardised approach and long settlement transactions, as defined in point 3 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks, for which the bank has been authorised to determine the exposure value using the IMM.	

	Derivatives and long settlement transactions that are included in a contractual cross-product netting set and are therefore reported in row 0070 shall not be reported in this row.	
0070	From contractual cross-product netting sets Point 3 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. Netting sets containing transactions in different product categories (point 3 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks), namely derivatives and SFTs, for which there is a contractual cross-product netting agreement, as defined in point 3 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks, and for which the bank has been authorised to determine the exposure value using the IMM.	

0120	Of which: positions subject to specific wrong-way risk (SWWR) Points 222–226 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. Counterparty credit risk exposures for which a specific wrong-way risk has been identified in accordance with points 222–226 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks.	
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2.2.3. after the table titled “How to complete the report C 34.04-COUNTERPARTY CREDIT RISK: CCR EXPOSURES USING THE ORIGINAL EXPOSURE METHOD (OEM) (CCR 4)”, the following text shall be added:

“Report template

**C 34.05 COUNTERPARTY CREDIT RISK: CCR EXPOSURES
TREATED USING THE INTERNAL MODEL METHOD (IMM) (CCR 5)**

INSTRUMENTS	MARGINED									UNMARGINED							EXPOSURE VALUE
	NUMBERS OF TRANSACTIONS	NOTIONAL AMOUNTS	CURRENT MATURITIES (CMMV), POSITIVE	CURRENT MATURITIES (CMMV), NEGATIVE	CURRENT EXPOSURE	EEPE under stressed conditions	EXPONENTS	NUMBERS OF TRANSACTIONS	NOTIONAL AMOUNTS	CURRENT MATURITIES (CMMV), POSITIVE	CURRENT MATURITIES (CMMV), NEGATIVE	CURRENT EXPOSURE	EEPE under stressed conditions	EXPONENTS			

					TI VE							TI VE						
			001 0	002 0	003 0	004 0	005 0	0 0 6 0	00 70	00 80	009 0	010 0	011 0	012 0	013 0	0 1 4 0	01 50	01 60
0010	TOTAL																	
0020	of which: Positions subject to specific wrong-way risk (SWWR)																	
0030	Netting sets treated under the standardise d approach for credit risk		X	X	X	X	X	X		X	X	X	X	X	X	X	X	
0040	Netting sets treated under the CR IRB Approach		X	X	X	X	X	X		X	X	X	X	X	X	X	X	
0050	OVER- THE- COUNTE	INTERE- STRATE				X	X	X	X					X	X	X	X	X
0060	R (OTC) DERIVATI VES	FOR EIGN EXC HAN GE				X	X	X	X					X	X	X	X	X
0070		CRE DIT RIS K				X	X	X	X					X	X	X	X	X
0080		EQU ITY				X	X	X	X					X	X	X	X	X

0090		COMM ODI TIES					X	X	X	X					X	X	X	X	X
0100		OTH ERS					X	X	X	X					X	X	X	X	X
0110		TOT AL																	
0120	EX CH AN GE- TR AD ED DE RI VA TI VE S	INT ERE ST RAT E					X	X	X	X					X	X	X	X	X
0130		FOR EIG N EXC HAN GE					X	X	X	X					X	X	X	X	X
0140		CRE DIT RIS K					X	X	X	X					X	X	X	X	X
0150		EQU ITY					X	X	X	X					X	X	X	X	X
0160		CO MM ODI TIES					X	X	X	X					X	X	X	X	X
0170		OTH ERS					X	X	X	X					X	X	X	X	X
0180		TOT AL																	
0190	SEC URI TIE S FIN	UND ERLYN G INST RUM					X	X	X	X					X	X	X	X	X

	ANC ING TRA NSA	ENT – BON DS																		
0 2 0 0	CTI ONS	UND ERL YIN G INST RUM ENT – EQU ITIE S					X	X	X	X						X	X	X	X	X
0 2 1 0		UND ERL YIN G INST RUM ENT – OTH ERS					X	X	X	X						X	X	X	X	X
0 2 2 0		TOT AL																		
0 2 3 0	CONTRAC TUAL CROSS- PRODUCT NETTING SETS																			

How to complete the report

C 34.05 COUNTERPARTY CREDIT RISK: CCR EXPOSURES TREATED USING THE INTERNAL MODEL METHOD (IMM) (CCR 5)

Instructions on certain positions

Columns	
00010-0080	<u>MARGINED</u> See the instructions for row 0130 of template C 34.02.
00090-0160	<u>UNMARGINED</u> See the instructions for row 0140 of template C 34.02.

0010, 0090	<u>NUMBER OF TRANSACTIONS</u> See the instructions for column 0020 of template C 34.02.
0020, 0100	<u>NOTIONAL AMOUNTS</u> See the instructions for column 0030 of template C 34.02.
0030, 0110	<u>CURRENT MARKET VALUE (CMV) - POSITIVE</u> The sum of the current market values (CMV) for all transactions with a positive CMV that belong to the same asset class.
0040, 0120	<u>CURRENT MARKET VALUE (CMV) - NEGATIVE</u> The sum of the absolute current market values (CMV) for all transactions with a negative CMV that belong to the same asset class.
0050, 0130	<u>CURRENT EXPOSURE</u> See the instructions for column 0120 of template C 34.02.
0060, 0140	<u>EFFECTIVE EXPECTED POSITIVE EXPOSURE (EEPE)</u> See the instructions for column 0130 of template C 34.02.
0070, 0150	<u>EEPE UNDER STRESSED CONDITIONS</u> Point 167 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. EEPE under stressed conditions shall be calculated by analogy with EEPE [point 180 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks], but using a stress calibration in accordance with points 237 and 238 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks.
0080, 0160, 0170	<u>EXPOSURE VALUE</u> See the instructions for column 0170 of template C 34.02.

Row	Explanation
0010	<u>TOTAL</u> Points 158–165 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The bank shall report the relevant information on derivatives, long settlement transactions, and SFTs for which it has been authorised to determine the exposure value calculated using the Internal Model Method (IMM), in accordance with points 158-165 of Regulation No 220/2025 on the treatment of counterparty credit risk for banks.
0020	<u>Of which: positions subject to specific wrong-way risk (SWWR)</u> See the instructions for row 0120 of template C 34.02.
0030	<u>Netting sets treated under the standardised approach for credit risk</u> See the instructions for column 0180 of template C 34.02.
0040	<u>Netting sets treated under the CR IRB Approach</u> See the instructions for column 0190 of template C 34.02.
0050-0110	<u>OVER-THE-COUNTER (OTC) DERIVATIVES</u>

	The bank shall report the relevant information on netting sets comprising only over-the-counter (OTC) derivatives or long settlement transactions for which it has been authorised to determine the exposure value using the IRB, broken down by the different asset classes to which the underlying asset belongs (interest rate, foreign exchange, credit, equity, commodity or other).
0120-0180	<u>EXCHANGE-TRADED DERIVATIVES</u> The bank shall report the relevant information on netting sets comprising only exchange-traded derivatives or long settlement transactions for which it has been authorised to determine the exposure value using the IRB Approach, broken down by the different asset classes to which the underlying asset belongs (interest rate, foreign exchange, credit, equity, commodity or other).
0190-0220	<u>SECURITIES FINANCING TRANSACTIONS</u> The bank shall report the relevant information on netting sets comprising only SFTs for which it has been authorised to determine the exposure value using the IRB Approach, broken down by the type of underlying instrument in the SFT segment that is a security (bonds, equities or other).
0230	<u>CONTRACTUAL CROSS-PRODUCT NETTING SETS</u> See the instructions for row 0070 of template C 34.02.

2.2.4. in the “C 34.06 COUNTERPARTY CREDIT RISK: TOP TWENTY COUNTERPARTIES (CCR 6)” report template, the symbol “X” shall be excluded from column 0110;

2.2.5. in the How to complete the report C 34. 06 COUNTERPARTY CREDIT RISK: TOP TWENTY COUNTERPARTIES (CCR 6)

2.2.5.1. in the position relating to column 0040, the text “- households” shall be added;

2.2.5.2. the position relating to column 0110 shall contain the following content:

0110	<u>EXPOSURE VALUE AFTER CREDIT RISK MITIGATION</u> See the instructions for column 0160 of template C 34.02. The bank shall report the sum of the exposure values of the netting sets after credit risk mitigation if there are multiple netting sets for the same counterparty.	
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2.2.6. after the table titled “How to complete the report C 34.06 - **COUNTERPARTY CREDIT RISK: TOP TWENTY COUNTERPARTIES (CCR 6)**”, the following text shall be added:

“OVERVIEW OF COUNTERPARTY CREDIT RISK REPORTING: The IRB Approach-Exposures to counterparty credit risk by exposure class and PD scale

9¹. This template shall be reported by banks that use either the advanced IRB Approach, or the basic IRB Approach to calculate risk-weighted exposure amounts for all or part of their counterparty credit risk exposures in accordance with the provisions of Regulation No 111/2018 on the treatment of credit risk for banks under the standardised approach, regardless of the counterparty credit risk approach used to determine exposure values in accordance with the provisions of Regulation No 112/2018 on credit risk mitigation techniques used by banks and Regulation No 220/2025 on the treatment of counterparty credit risk for banks.

9². The template shall be reported separately for the total amount corresponding to all exposure classes, as well as separately for each of the exposure classes specified in the National Bank of Moldova's normative act regarding the treatment of credit risk for banks under the Internal Ratings Based Approach. This template shall exclude exposures cleared through a CCP.

9³. To clarify whether the bank uses its own estimates of loss given default (LGD) and/or conversion factors, the following information shall be provided for each reported exposure class:

“NO” = if the supervisory authority's estimates of loss given default (LGD) and conversion factors are used (Basic IRB)

“YES” = if the bank's own estimates of loss given default (LGD) and conversion factors are used (Advanced IRB)

Report template

C 34.07 COUNTERPARTY CREDIT RISK: IRB APPROACH - CCR EXPOSURES BY EXPOSURE CLASS AND PD SCALE (CCR 7)

IRB exposure classes

Own estimates of LGD and/or conversion factors:

PD scale		Exposure value	Exposure-weighted average PD (%)	Number of debtors	Exposure-weighted average LGD (%)	Exposure-weighted average maturity (years)	Risk-weighted exposure amounts	Risk-weighted exposure amount density
		0010	0020	0030	0040	0050	0060	0070
0010	From 0.00 to <0.15							
0020	From 0.00 to <0.10							
0030	From 0.10 to <0.15							
0040	From 0.15 to <0.25							
0050	From 0.25 to <0.50							
0060	From 0.50 to <0.75							
0070	From 0.75 to <2.50							
0080	From 0.75 to <1.75							
0090	From 1.75 to <2.5							
0100	From 2.50 to <10.00							

011 0	From 2.50 to <5.00							
012 0	From 5.00 to <10.00							
013 0	From 10.00 to <100.00							
014 0	From 10.00 to <20.00							
015 0	From 20.00 to <30.00							
016 0	From 30.00 to <100.00							
017 0	100.00 (default)							
018 0	Total							

How to complete the report

C 34.07 COUNTERPARTY CREDIT RISK: IRB APPROACH - CCR EXPOSURES BY EXPOSURE CLASS AND PD SCALE (CCR 7)

Instructions on certain positions

Columns	
0010	<u>Exposure value</u> Exposure value (see instructions for column 0170 of template C 34.02), broken down according to the given PD scale
0020	<u>Exposure-weighted average PD (%)</u> The average of the probabilities of default (PD) assigned to individual borrower rating classes, weighted by the corresponding exposure value, as defined for column 0010.
0030	<u>Number of debtors</u> The number of legal entities or debtors assigned to each band of the PD fixed scale that have been assigned separate ratings, regardless of the number of different loans or exposures granted. If separate ratings are assigned to different exposures to the same debtor, these exposures are counted separately. Such a situation may arise when distinct exposures to the same debtor fall into different debtor rating classes in accordance with the provisions of the Internal Ratings Based Approach.
0040	<u>Exposure-weighted average LGD (%)</u> The average loss given default (LGD) for each debtor rating class, weighted by the corresponding exposure value, as defined for column 0010. The reported LGD corresponds to the final LGD estimate used to calculate the risk-weighted amounts of exposures, obtained after taking into account any effects of credit risk mitigation and

	economic slowdown conditions, if applicable, as specified in Regulation No 112/2018 on credit risk mitigation techniques used by banks and in the Internal Ratings Based Approach. In particular, for banks that apply the IRB Approach but do not use their own LGD estimates, the risk-mitigating effects of the financial guarantee are reflected in the fully adjusted exposure value and, subsequently, in the LGD, in accordance with Regulation No 112/2018 on credit risk mitigation techniques used by banks. Where own LGD estimates are applied, the provisions of the Internal Ratings Based Approach must be taken into account. For exposures subject to the double default treatment, the LGD to be reported must correspond to the LGD selected in accordance with the provisions of the Internal Ratings Based Approach. For exposures in default under the Advanced IRB Approach, the provisions set forth in the Internal Ratings Based Approach shall apply. The reported LGD must correspond to the estimated LGD in default.
0050	<u>Exposure-weighted average maturity (years)</u> The average maturity of debtors, expressed in years and weighted by the corresponding exposure value, as defined for column 0010. Maturity shall be determined in accordance with the provisions of the Internal Ratings Based Approach.
0060	<u>Risk-weighted exposure amounts</u> The risk-weighted exposure amounts, as defined in Regulation No 109/2018 on own funds of banks and capital requirements, for positions whose risk weights are estimated based on the Internal Ratings Based Approach and for which the exposure value for exposures subject to counterparty credit risk is calculated in accordance with the provisions of Regulation No 112/ 2018 on credit risk mitigation techniques used by banks and Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The factors supporting small and medium-sized enterprises (SMEs) and infrastructure mentioned in Regulation No 111/2018 on the treatment of credit risk for banks under the standardised approach shall be taken into account.
0070	<u>Risk-weighted exposure amount density</u> The ratio of the total risk-weighted exposure amounts (reported in column 0060) to the exposure value (reported in column 0010)

Rows	
0010-0170	<u>PD scale</u> Counterparty credit risk exposures (determined at the counterparty level) shall be assigned to the appropriate bin in the fixed PD scale based on the estimated probability of default for each debtor assigned to that exposure class (taking into account

	any substitution effect resulting from the existence of collateral or a credit derivative). For each exposure, banks shall map it to the PD scale in the template, also taking into account the continuous scales. All exposures in default must be included in the bin corresponding to a probability of default of 100 %.”;
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2.2.7. after the How to complete the report **C 34.10 - COUNTERPARTY CREDIT RISK: CCP EXPOSURES (CCR 10)**, the following text shall be added:

“Report template

**C 34.11 COUNTERPARTY CREDIT RISK: RWEA FLOW STATEMENTS
FOR CCR EXPOSURES UNDER THE IRB APPROACH (CCR 11)**

		RISK-WEIGHTED EXPOSURE AMOUNTS	
		QUARTERLY FLOWS	ANNUAL FLOWS
		0010	0020
0010	Risk-weighted exposure amounts at the end of the previous reporting period		
0020	Asset size		
0030	Credit quality of counterparties		
0040	Model updates (IRB only)		
0050	Methodology and policy (IRB only)		
0060	Acquisitions and disposals		
0070	Exchange rate fluctuations		
0080	Other		
0090	Risk-weighted exposure amounts at the end of the current reporting period		

How to complete the report

**C 34.11 - COUNTERPARTY CREDIT RISK: RWEA FLOW STATEMENTS
FOR CCR EXPOSURES UNDER THE IRB APPROACH (CCR 11)**

Instructions on certain positions

Columns	
0010, 0020	<u>RISK-WEIGHTED EXPOSURE AMOUNTS</u> Risk-weighted exposure amounts, as defined in Regulation No 109/2018 on own funds of banks and capital requirements, for positions whose risk weights are estimated based on the

	requirements set forth in Regulation No 111/2018 on the treatment of credit risk for banks under the standardised approach and under the Internal Ratings Based Approach, and for which the bank has permitted the exposure value to be calculated using the IRB in accordance with the provisions of Chapter IX of Regulation No 220/2025 on the treatment of counterparty credit risk for banks. The factors supporting SMEs and infrastructure referred to in Regulation No 111/2018 on the treatment of credit risk for banks under the standardised approach shall be taken into account.
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Rows	
0010	<u>Risk-weighted exposure amounts at the end of the previous reporting period</u> Risk-weighted exposure amounts for counterparty credit risk exposures under the IRB approach as of the end of the previous reporting period.
0020	<u>Asset size</u> Changes (positive or negative) in the risk-weighted exposure amounts resulting from changes in the size and composition of the portfolio arising from normal business activities (including the origination of new business and loans reaching maturity), but excluding changes in the size of the portfolio due to acquisitions and disposals of entities.
0030	<u>Credit quality of counterparties</u> Changes (positive or negative) in the risk-weighted exposure amounts resulting from changes in the assessed credit quality of the bank's counterparties, as assessed under the credit risk framework, regardless of the approach used by the bank. This row also includes potential changes in the risk-weighted exposure amounts determined by IRB models, when the bank uses an IRB Approach.
0040	<u>Model updates (for IRB only)</u> Changes (positive or negative) in the risk-weighted exposure amounts resulting from the implementation of the model, changes to the model's scope, or any modifications intended to address deficiencies in the model. This row refers only to modifications to the IRB model.
0050	<u>Methodology and policy (for IRB only)</u> Changes (positive or negative) in the risk-weighted exposure amounts resulting from methodological changes in calculations caused by changes in regulatory policy, such as new regulations (for the IRB model only).
0060	<u>Acquisitions and disposals</u> Changes (positive or negative) in the risk-weighted exposure amounts resulting from changes in the size of the portfolio due to acquisitions and disposals of entities.
0070	<u>Exchange rate fluctuations</u> Changes (positive or negative) in the risk-weighted exposure amounts resulting from changes caused by currency conversion fluctuations.

0080	<u>Others</u> This category is used to reflect changes (positive or negative) in the risk-weighted exposure amounts that cannot be attributed to the categories listed above.
0090	<u>Risk-weighted exposure amounts at the end of the current reporting period</u> Risk-weighted exposure amounts for counterparty credit risk exposures under the IRB Approach as of the end of the current reporting period.”.

2.3. The reports referred to in sub-point 2.2 shall be submitted for the first time as at 31 March 2027, in the case of individual reporting, and as at 31 December 2027, in the case of consolidated reporting, respectively.

3. This Decision shall enter into force on 1 January 2027.

**CHAIRMAN
OF THE EXECUTIVE BOARD**

Anca-Dana DRAGU

No 227, Chisinau, 23 September 2026.