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Excerpt from the Norms on the way of determining the value of assets accepted by the National Bank as guarantees while extending credits to banks, approved by DCA of the NBM no.263 of December 3, .2009

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from the Norms on the way of determining the value of assets accepted by the National Bank as guarantees while extending credits to banks

APPROVED
by the Decision of the Council of Administration
of the National Bank of Moldova
no.263 of 3.12.2009,
in force on 11.12.2009

5. The following haircuts are applied to state securities and Certificates of the National Bank accepted as guarantee on extended credits, depending on their term until maturity, as shown below:

Effective term until maturity[1]	Maximum haircuts
Up to 6 months	2.0%
From 6 months to 1 year	4.0%
From 1 to 3 years	7.0%
From 3 to 5 years	9.0%
With the maturity more than 5 years	It is determined dependant on the issuance conditions of government bonds.

[1] It is considered that the month has 30 days and the year – 365 days

(Item 5 amended by the Decision of the CA of the NBM no.111 of 30.05.2013, in force on 01.06.2013)

6. The haircuts can be used for other monetary policy operations as well, including state securities REPO buying transactions within open market operations. The haircuts are published on the official Web site of the National Bank with the view of organizing the monetary policy operations under transparent conditions.

11. The value of non-marketable guarantees accepted by the National Bank shall be determined through the assessment of each instrument accepted as guarantee, as follows:
a) for promissory notes or bills of exchange from within the bank's portfolio:

— for promissory notes issued by resident banks – not more than 60% of the nominal value, depending on the financial situation of the bank requesting credit, the financial situation of the bank-issuer and of all endorsers;
— for promissory notes and bills of exchange of resident economic agents that include at least two endorsers, of which the endorser of a bank – not more than 40% of the nominal value, depending on the financial situation of the bank requesting credit, the financial situation of the endorsed bank, on condition that the bill of exchange is issued by a joint-stock company that disposes of an essential volume of fixed funds and material stocks, and its balance sheet and the profit and loss statement is confirmed by an independent audit company;

b) for documents of title issued in respect of staple commodities or other goods duly insured against risk or loss that contain the endorser of a bank – not more than 20% of the nominal value, depending on the financial situation of the bank requesting credit, the financial situation of the endorsed bank, on condition that the title is issued by a joint-stock company with the balance sheet and the profit and loss statement confirmed by an independent audit company;
c) for deposits and other accounts with the National Bank or other financial institution accepted by the National Bank:

- for term deposits placed by banks with the National Bank – at deposit's balance sheet value - 100% of the value;
- for deposits with licensed banks – at the value determined by the National Bank, but no more than 80% of the amount of deposits, depending on the financial situation of the bank requesting credit and of the bank where the deposit is placed, the foreign currency of deposit, the term until maturity of deposit, the type of interest rate, the absence of conditions/restrictions on the execution of deposit and other conditions;
- for required reserves of banks maintained on special accounts with the National Bank, maximum 80% can be taken as collateral from the amount of required reserves as at the date of the pledge, taking into consideration the following factors and risks:
  - the diminution of funds attracted by the bank;
  - the diminution of the required reserves ratio established by the National Bank;
  - the appreciation of MDL against USD or EUR (for the required reserves in FCC);

The required reserves in MDL and FCC will be assessed at the balance sheet value – 100% of the value.
In the event of a pronounced trend of appreciation of MDL against USD or EUR, a coefficient of reducing the value of collateral constituted from required reserves in FCC can be applied.

- For required reserves in MDL maintained on LORO account with the National Bank, maximum 70% can be taken as collateral from the amount of required reserves as at the date of the pledge, evaluated at 100% of the value, taking into consideration the following factors and risks:
  - the diminution of funds attracted by the bank;
  - the diminution of the required reserves ratio established by the National Bank;
  - the necessity of ensuring the performance of payment in time.

See also

Tags
the value of assets accepted by the National Bank as guarantees [1]

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