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The National Bank of Moldova recommends banks to refrain from paying dividends

The Executive Board of the National Bank of Moldova approved unanimously, in an extraordinary meeting, a decision by which recommends the licensed banks to refrain from distributing dividends to shareholders and other forms of capital distribution, at least until 30 September 2020. The decision comes in the context of mitigating the effects caused by the COVID-19 pandemic in order to keep banks well-capitalized and stable.

At the same meeting, there were approved measures to relax the requirements for capital buffers. Thus, the NBM allows banks to use temporarily (until a later date is communicated) the capital conservation buffer previously established.

The preserved capital may be used to absorb eventual worsening of the loan portfolio quality and to support the financing of the business environment and of the population.

In this context, banks are encouraged to continue promoting appropriate policies for recognition and coverage of non-performing exposures and to carry out sound capital and liquidity planning, as well a robust risk management.

These measures are in line with the best international practices and are similar to the decisions promoted last period by most central banks of the European Union and of the region.

Starting with 17 March, along with the state of emergency declaration in the country, the National Bank adopted a series of measures aimed at mitigating the impact of the coronavirus epidemic on the banking sector, population and business environment.

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distributing dividends [1]

to refrain from distributing dividends to shareholders [2]

dividents [3]

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