

**NATIONAL BANK OF MOLDOVA  
HAS DECIDED**

**on approval of the Regulation  
on assets and conditional commitments classification**

**No. 231 of 27.10.2011**  
*(in effect as of 01.01.2012)*

Official Monitor No. 216-221, Art.2007 of 09.12.2011

**REGISTERED:**  
at Ministry of Justice  
of the Republic of Moldova  
No. 856 of 1 December 2011  
Minister \_\_\_\_\_ Oleg EFRIM \_

According to the provisions of art.5, 11, 44 of the Law No. 548-XIII as of 21 July 1995 on National Bank of Moldova (Official Monitor of the Republic of Moldova, 1995, No. 56-57, art. 624), with further amendments and completions, and art.25, 28, 33, 40 of the Law on Financial Institutions No. 550-XIII from 21 July 1995 (republished in the Official Monitor of the Republic of Moldova, 2011, No. 78-81, art.199), with further amendments and completions, the Council of Administration of the National Bank of Moldova

**DECIDES:**

- 1.** To approve the Regulation on assets and conditional commitments classification, according to the Annex No. 1.
- 2.** To abrogate some decisions of the National Bank of Moldova, according to the Annex No. 2.
- 3.** Within three months from the effective date of this Decision, banks shall adjust their activity in accordance with the Regulation referred to in paragraph 1 of this Decision.
- 4.** Assets, written off from the allowances for assets losses account as of 31 December 2011, have been reflected in the off-balance sheet accounts, with their restoration in the balance sheet shall be classified as "compromised".
- 5.** This Decision shall be published in the Official Monitor of the Republic of Moldova and shall enter into force on 1 January 2012.

**CHAIRMAN  
of the COUNCIL of ADMINISTRATION  
of NATIONAL BANK OF MOLDOVA**

**Dorin DRĂGUȚANU**

**Chișinău, 27 October 2011.  
No. 231.**

**REGULATION**  
**on assets and conditional commitments classification**

**I. APPLICATION AND DEFINITIONS**

1. This Regulation on assets and conditional commitments classification (hereinafter-Regulation) shall be applied by banks for prudential purposes upon classification and provisioning to the allowance for losses on on-balance assets/conditional commitments subject to credit risk and namely:

1) on the following assets:

a) „Nostro” accounts with banks (including the overnight placements that do not exceed the repayment term stipulated in the legal act concluded between the parties, the funds representing reserves for settlements with international payment systems);

b) placements with banks (including the funds representing reserves for settlements with international payments systems);

c) securities at amortized cost;

d) banks' equity holdings;

e) credits (including the overnight placements that have exceeded the repayment term stipulated in the legal act concluded between the parties, factoring, bills, discounted bills, credit cards, temporary allowed overdrafts, unauthorized overdrafts exceeding the amount of MDL 100, financing of trade transactions, REPO agreements, guarantee-placements with banks, financial lease receivables and other direct credit substitutes (assets with property similar to credits for which risk assessment is done similar to credits);

f) receivables on capital investments and intangible assets;

g) receivables for documentary settlements;

h) receivables for settlements with individuals and legal entities;

i) assets (goods) transmitted in possession/purchased in exchange for debt repayment;

j) interest and other amounts calculated and reflected in the accounts of the bank to be received;

2) the following bank's conditional commitments for granting and future investment of funds (except for those that, according to point 4 of Annex No. 1 to the Regulation on the treatment of banks' credit risk using standardized approach, approved by the Decision of the Executive Board of the National Bank of Moldova No. 111/2018) (hereinafter - Regulation No. 111/2018), are classified as low-risk category) (hereinafter – conditional commitment):

a) obligation to purchase securities/banks' equity holdings;

b) letters of credit and guarantees issued (except letters of credit and guarantees covered with money);

c) obligation for granting future credits;

c<sup>1</sup>) obligations for future deposit placements;

d) drafts accepted;

e) bills sold with bank's endorsement.

*(Letter f) repealed by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

The notions and the essence of assets and conditional commitments categories to which is applied this Regulation shall be determined in accordance with the law and the International Financial Reporting Standards.

*(Point 1 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 1 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

*(Point 1 amended by the Decision of the NBM No. 240 of 9.12.2013, in force as of 24.01.2014)*

2. For the purposes of this Regulation, the following definitions apply:

a) **past-due asset** - assets whose payment for reimbursement / settlement has been made more than 30 days after payment due under the contract. If an asset is expired and its balance is considered past-due;

b) **renegotiated asset** - outstanding / unextinguished asset (initially asset), to which, later, under an agreement, were modified terms of past-due payments. For qualifying assets as renegotiated, during the renegotiation of any asset may be set preferential terms by reducing the interest rate and /or the original asset amount (the amount specified in the contract), taking into account the worsening financial situation of the counterparty.

c) **prolonged asset** – an asset which term for reimbursement/settlement, established under the contract is extended by agreement. For qualifying an asset as prolonged, the agreement must be signed before the qualification of the asset as expired under the terms of payment specified in the original contract. Determining the expiration of the asset shall be carried out under the original contract and the term "past-due asset";

d) **counterparty** - the person who is part of the contract with the bank and has certain obligations related to the bank's assets/conditional commitments subject to credit risk;

e) **payment** - the interest or the original amount of the asset and interest, or part of the asset and interest, or part of the asset paid in accordance with the terms and conditions for repayment/settlement of the asset under the contract;

f) **allowance for assets losses and conditional commitments** - reserves to absorb estimated losses due to valuation of assets / conditional commitments subject to credit risk.

g) **financial statement** – harmonized totality of indicators characterizing the patrimonial and financial statement, the existence, and the flow of own capital and that of funds of the entity over a management period, including the complete and/or condensed financial statements set out in the Accounting and Financial Reporting Law No. 287/2017.

*(Point 2 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 2 supplemented by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

*(Point 2 amended by the Decision of the NBM No. 301 of 20.12.2012, in force as of 27.12.2012)*

## II. ALLOWANCE FOR ASSETS LOSSES AND CONDITIONAL COMMITMENTS

3. Banks are required to establish allowance for assets/conditional commitments losses in the amount provided for in Chapter IV of this Regulation.

4. Banks shall classify the assets and conditional commitments at least on a monthly basis on the last day of the reporting period in accordance with this Regulation and own policy and procedures developed by each bank in compliance with this Regulation.

*(Point 4 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

5. The new assets and conditional commitments shall be classified, respectively, at the time of assets occurrence in the bank's balance sheet, while conditional commitments – upon the moment of the contract signing on which basic appears or will appear liabilities recorded in the balance sheet at off-balance accounts. Based on the classification, the required amount of

allowance for assets and conditional commitments losses shall be determined in accordance with Chapter IV.

6. Allowance for assets and conditional commitments losses calculated under this Regulation is not reflected in accounting records by income or expense accounts.

7. The difference between the amount of the allowance for assets and conditional commitments losses calculated under this Regulation and balance sheet value of their impairment losses, formed according to International Financial Reporting Standards, is deducted from common equity Tier 1 capital.

*(Point 7 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

### **III. CLASSIFICATION OF ASSETS AND CONDITIONAL COMMITMENTS**

8. Prior to the assessment of bank's assets and conditional commitments, the value thereof shall be decreased by the guarantees referred to in point 36, subpoints 3) and 6) of the Regulation on Large Exposures, approved by the Decision of the Executive Board of the National Bank of Moldova No. 109/2019 (hereinafter - Regulation No. 109/2019), if the conditions set out in these subpoints are met.

*(Point 8 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 8 amended by the Decision of the NBM No. 240 of 9.12.2013, in force as of 24.01.2014)*

9. At the assessments of the assets and conditional commitments, the bank shall take into account at least the followings:

a) current financial situation of the counterparty assessed from the point of view of the capacity to honor its commitments;

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

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

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

For legal entities, the bank will obtain quarterly/semi-annual financial statements within 60 days and annual financial statements within 120 days from the last day of the reporting period.

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

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

b) the contractual term's compliance;

c) counterparty's ability to pay based on developments of the financial history and/or future estimations of the funds flow.

d) current trading value of the pledged object and its liquidity degree in the market of the Republic of Moldova.

e) business environment of the counterparty, economic sector situation where activates and the position within this sector;

f) credit history on compliance by the counterparty of the obligations assumed by credit contracts;

g) business plan compliance and technical-economic argument (including further modifications and completions);

h) financial situation and the ability to pay of the person making a personal guarantee (surety) or of the insurer, except for loans granted to individuals in a cumulative amount (amount specified in the contract) of up to MDL 400, 000 and loans granted to legal entities, individuals engaged in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as to individual family doctors' offices in a cumulative amount (amount specified in the contract) of up to MDL 1 million.

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

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

i) other factors that may affect the compliance by the counterparty of the contractual terms.

*(Point 9 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 9 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**10.** In case of conditional commitments, following the determination of the value thereof pursuant to point 8, the factor of credit transformation shall be applied in accordance with the requirements of points 6 and 7 of Regulation No. 111/2018.

*(Point 10 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

**11.** Following the application of provisions of points 8 and 10, the bank's assets and conditional commitments shall be assessed and further included in one of the categories set out in points 13-17.

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

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

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

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

*(Point 12 as amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

**13.** Standard asset / conditional commitment.

Asset /conditional commitment shall be considered standard in the event that none of the definitions set out in points 14-17 is applicable and if the following factors persist:

a) have no expired payments;

b) all the contractual terms, including requirements of collaterals, are observed;

c) has not been renegotiated;

d) financial situation of the counterparty and estimated future funds flows shows a high capacity for implementing its commitments and performance of current and future obligations;

e) the bank has the updated information on the counterparty's financial situation and the person who provides a personal guarantee (surety) for the counterparty's debts, except where the surety provides:

- an additional guarantee that does not represent the main type of credit guarantee;
- a guarantee for loans granted to individuals in a cumulative amount (amount specified in the contract) of up to MDL 400, 000;

- a guarantee for loans granted to legal entities, individuals engaged in entrepreneurial activity, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as individual family doctors' offices in a cumulative amount (amount specified in the contract) of up to MDL 1 million;

f) there is no reason to consider that the bank currently or in future will be at risk of losses.

*(Point 13 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 13 supplemented by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

*(Point 13 amended by the Decision of the NBM No. 301 of 20.12.2012, in force as of 27.12.2012)*

#### **14. Supervised asset/conditional commitment.**

Asset/conditional commitment engagement shall be considered supervised in the event that the counterparty's/person making a personal guarantee (surety) ability to pay is good, the degree of liquidity of the pledged point (set out) has stable characteristics, bank has received all the information and data necessary to assess the financial situation, but at least one of the following factors persist:

a) there are potential problems related to the financial situation of the counterparty, and in case of credit its guarantee;

a<sup>1</sup>) if a seizure or restriction is applied to the guarantee, other than those applied in favor of the bank. This provision does not apply if there are sufficient guarantees for an asset other than those that are seized or restricted. The verification of the existence of seizures/restrictions on the guarantee is conducted periodically, as follows: for real estate – at least annually, for other types of guarantees – in accordance with the bank's internal policies and procedures;

b) there are potential problems on the performance of the counterparty's obligations because of irregular cash flows (except those with seasonal) and difficult to control, although their creditworthiness is not deteriorated;

*(Letter c) excluded by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

d) the payments recovery is delayed from 31 to 90 days;

e) there have been several changes in terms of paying up the default payments set under the contract;

e<sup>1</sup>) the asset is used for purposes other than those specified in the contract, in an amount that does not exceed 5% of the initial value of the asset (amount specified in the contract), except for the loans referred to in point 33;

f) the business plan and technical-economic argument has not been observed (including further modifications and completions);

g) other similar factors that constitute reasons for classifying the asset as supervised.

*(Point 14 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 14 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

#### **15. Substandard asset/conditional commitment.**

Asset/conditional commitment shall be considered substandard if under the conditions of the existing of bank's certainty on servicing and repayment of the asset, exists a higher risk of losses than the usual one and, at least, one of the following factors is caused by:

a) the financial situation of the counterparty is getting worse;

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

c) the bank has not received sufficient updated information on the counterparty's financial situation of the counterparty and of the person making a personal guarantee (surety) for the counterparty's debts, on the debt repayment sources, the justification for the use of credit according to the purpose specified in the credit contract, as well as other documents related to counterparty activity;

c<sup>1</sup>) the asset is used for other purposes than those specified in the contract, in an amount exceeding 5% of the initial asset value (the amount specified in the contract), except for the loans provided in point 33;

c<sup>2</sup>) the repayment schedule of the principal amount of the asset does not correspond to the specifics of the debtor's business or the purpose of the asset and there is no justification for this;

d) cash flows of the counterparty/person making a personal guarantee (surety) are estimated to be insufficient for regular performance of its obligations/execution of the guarantee;

d<sup>1</sup>) the counterparty shall accept overdue payments from 31 days to 90 days at least twice during the last 6 months up to the classification date;

e) the payments recovery is delayed from 91 to 180 days.

f) other similar factors that constitute reasons for classifying the asset as substandard.

*(Point 15 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 15 completed by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

#### **16. Doubtful (uncertain) asset/conditional commitment.**

Asset/conditional commitment shall be considered doubtful (uncertain) if there is a higher risk of losses caused by at least one of the following factors:

a) there are problems, including those related to the financial situation and business environment of the counterparty, as well as the deterioration of the debt repayment sources, which doubt and lower the probability of meeting the entire current/future claims of the bank regarding the asset/conditional commitment under the created circumstances and conditions;

b) the losses probability is extremely high, but there are certain important, concrete and well-reasoned factors that will be soon brought into effect and that may contribute to the total or partial satisfaction of current / future claims of the bank regarding the asset/conditional commitment;

b<sup>1</sup>) the counterparty admits overdue payments of 91 days or more at least twice during the last 9 months up to the classification date;

c) payments recovery is delayed from 181 to 360 days;

d) during the contractual relations related to the respective asset/conditional commitment, the insolvency process has been initiated;

e) the asset/conditional commitment is the object of litigation in court.

f) other similar factors that constitute reasons for classifying the asset as doubtful (uncertain).

The classification of this asset/conditional commitment in the category "compromise (losses)" is delayed until a more precise determination of the status of such asset/conditional commitment.

*(Point 16 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 16 completed by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

#### **17. Compromised (losses) asset/conditional commitment.**

An asset/conditional commitment shall be considered compromised (losses) if at the moment of classification, the bank's current/future claims related to asset/conditional commitment cannot be satisfied, there are no arguments in favor of the fact that the asset can be recovered and, at least one of the following factors persists:

a) the counterparty is in liquidation process (except the banks in the liquidation process from the Republic of Moldova and of the counterparties whose debts are guaranteed with real estate);

b) the pledged point is missing;

c) payments recovery is delayed from 361 days and more;

d) other similar factors that constitute reasons for believing firmly that the asset recovery is not possible.

*(Point 17 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**18.** In the event assets/conditional commitment may be classified differently according to the given criteria, these shall be referred to a more severe category.

**19.** The extension and the renegotiation of an asset cannot determine its classification in a better category than that which was on the extension and renegotiation date.

**20.** Assets/conditional commitments classified as substandard, doubtful, and compromised are considerate nonperforming.

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

In the case of debtors who are part of a group of connected clients (as defined by the concept of "group of connected clients" in Regulation No.109/2019) with the counterparty, the assets/conditional commitments granted to the debtors in this group shall be classified in the most severe category in which the counterparty's debts are classified, if the following criteria are cumulatively met:

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

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

*(Point 21 as amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 21<sup>1</sup> repealed by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 21<sup>1</sup> introduced by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

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

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

2) Supervised – corresponds to credit quality level 3;

3) Substandard – corresponds to credit quality level 4;

4) Doubtful – corresponds to credit quality level 5;

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

*(Point 22 as amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 1.07.2025)*

**23.** If the rating assigned to a country/counterparty differs among ECAI, the rating of the ECAI that assigned the lowest rating shall be taken into consideration.

*(Point 23 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 23 supplemented by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**24.** The country that was not assessed by ECAI under the conditions of point 22 will be evaluated by the bank itself based upon its internal policies and procedures.

*(Point 24 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

**25.** In the event the classification of the asset/conditional commitment pursuant to points 13-17 and 22 differs, the respective asset/conditional commitment shall be referred to a more severe category.

*(Point 25 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 25 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**26.** Considering an asset as an expired asset does not result in debt cancellation of asset of the debtor or other counterparties and does not affect the bank's obligation to require such payment or performance of other asset related receivables.

#### **IV. REQUIRED PROVISIONING TO THE ALLOWANCE FOR ASSETS AND CONDITIONAL COMMITMENTS LOSSES**

**27.** The required amount for the allowance for assets losses/conditional commitments shall be established by applying the following percentages to the sum of assets/conditional commitments in each classification category pursuant to points 13-17 or 22:

1) Standard	2%
2) Supervised	5%
3) Substandard	30%
4) Doubtful	60%
5) Compromised (Losses)	100%

*(Point 27 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 27 supplemented by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

#### **V. POLICIES ON CREDIT RISK MANAGEMENT**

*(Chapter V (points 28-29) repealed by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

#### **VI. PECULIARITIES REGARDING THE CLASSIFICATION OF CERTAIN ASSETS AND CONDITIONAL COMMITMENTS**

**30.** Asset/conditional commitment (except the asset/conditional commitment related to the credit cards and the asset/conditional commitment representing reserves for settlement of international payment system, credit lines, including revolving, provided that on the extension date all payments are paid and the financial situation attests to the debtor's ability to fulfill their commitments) that where extended and renegotiated shall be classified:

1) In case of extension – not above the “supervised” category for assets that on the extension date are classified in the “standard” or “supervised” category and not above the assets category at the extension date for assets, which at the same date are classified in the “substandard” or “doubtful (uncertain)” category, if the interest calculated at the extension date was paid to the bank. Thus, it is classified for a period of six months after the extension, if the interest and the basic amount of the asset/conditional commitment will be paid regularly (at least monthly). Subsequently, for assets that on extension date are classified as "supervised", if the interest and the basic amount of the conditional asset/ commitment will be paid regularly (at least monthly) and the financial performance shows a high capacity of the debtor to fulfill its commitments, this could be classified more favorably, while for those classified as “standard” or “doubtful”, if the interest and the basic amount of the conditional asset/ commitment will be paid regularly (at least monthly), this could be classified more favorably, depending on the circumstances, but not above the “supervised” category. Otherwise, a more severe classification shall be made.

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

2) In case of renegotiation – not above the "substandard" category for the asset which at the renegotiation data are classified in the "standard" or "supervised" category and not above the asset category for asset's renegotiation data on the same data are classified in the category "substandard" or "dubious (uncertain)", if the interest calculated at the renegotiation data has been paid or shall be paid within 3 months after the date of renegotiation. Thus, it is classified for a period of 6 months after renegotiation, if the interest and the basic amount of the asset / conditional commitment will be paid regularly (at least monthly). Subsequently, the assets on the renegotiation data are classified in the "substandard" or "dubious (uncertain) category, if the interest and the basic amount of the asset / conditional commitment will be paid regularly (at least monthly), this may be classified as positive depending on the circumstances, but not above the "supervised" category. Otherwise, a more severe classification shall be made.

*(Point 30 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 30 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

*(Point 30 supplemented by the Decision of the NBM No. 301 of 20.12.2012, in force as of 27.12.2012)*

**31.** Asset / conditional commitment with repayment / settlement of sight shall not be classified above the "supervised" category from date on which the period of the first interest payment has expired or date on which the bank demands repayment / settlement of the asset / conditional commitment and the requirement is not satisfied.

In the event the asset is subsequently extended or renegotiated the classification pursuant to point 30 shall be performed.

**32.** If payments on a past-due asset classified as "substandard" or tougher have been made and the asset becomes due, then such asset may be classified as standard or under supervision depending on the circumstances. In the event that no payment has been made on such asset for another 30 days, it shall be classified above the "substandard" category, depending on the circumstances.

*(Point 32 completed by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

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

1) Credits/receivables for which payment is made at least once a month:

a) in the event that the debtor has made no payment up to 30 days, the credit/receivables shall not be classified above the "supervised" category;

b) in the event that the debtor has made no payment from 31 up to 60 days, the credit/receivables shall not be classified above the "substandard" category;

c) in the event that the debtor has made no payment from 61 up to 90 days, the credit/receivables shall not be classified above the “doubtful” category;

d) in the event that the debtor has made no payment for over 90 days, the credit/receivables shall not be classified above the “losses” category;.

2) Credits/ receivables for which payments are made less than once per month shall be classified in a category lower than that referred in point 1, except for those already classified under “losses” category.

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

*(Point 33 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 33 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**33<sup>1</sup>.** Loans/receivables amounting (the amount specified in the contract) up to MDL 400,000 in the case of individuals who do not engage in entrepreneurial activities, and up to MDL 1 million for legal entities, individuals who engage in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as individual family doctors' offices, except for the loans specified in point 33, which are totally or partially secured by financial guarantees granted within special projects by international financial organizations and/or by legal entities which main activity is to guarantee loans and which patrimony consists mostly of shares of authorized banks or state:

a) if the debtor was late to make the payments from 31 to 60 days, the credit/receivables shall not be classified above the "supervised" category;

b) if the debtor was late to make the payments from 61 to 90 days, the credit/receivables shall not be classified above the "substandard " category;

c) if the debtor was late to make the payments from 91 to 180 days, the credit/receivables shall not be classified above the "doubtful" category;

d) if the debtor was late to make the payments for more than 181 days, the credit/receivables shall not be classified above the "compromised/losses" category;

*(Point 33<sup>1</sup> amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 33<sup>1</sup> amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**34.** Along with the observance of the reimbursement term of credits/receivables, the classification process shall also imply the evaluation of internal insuring procedures with regard to granting/occurrence, supervision and reimbursement of credits/receivables provided to legal entities and individuals. Additionally, the classification of credits/receivables extended to legal entities, individuals engaged in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and the offices established by them, as well as individual family doctors' offices, their financial situation is also taken into account, and in the case of individuals who do not engage in entrepreneurial activities and who have registered overdue payments in the last 6 months - their confirmed income (the concept provided for in the Regulation on responsible lending to consumers by banks, approved by Decision of the Executive Board of the National Bank of Moldova No.101/2022). In the event substantial drawbacks are tracked out, the credit/ receivables shall be classified in a category lower than those provided for under sub paragraphs 1 and 2 point 33, depending on the circumstances.

*(Point 34 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

**35.** Credits granted and bank's conditional commitments to grant funds in the future to a debtor (except for banks), whose debts exceed 8 times its own capital (in case there

are no other potential or real problems with regard to its financial position or credit insurance) shall be not classified above the “supervised” category.  
*(Point 35 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**35<sup>1</sup>.** The credits granted and conditional commitments of future granting of financial resources to a debtor (with exception of banks), whose debts exceed 30 times the equity of the debtor and there are no other potential or real problems with regard to his/her financial position or credit guarantee, shall be not classified above the “substandard” category. The respective provisions shall not apply to the following situations:

a) for credits and conditional commitments, the cumulative value of which (amount specified in the contract) is smaller or equal to MDL 1,000,000;

b) for credits and/or conditional commitments insured in proportion of at least 50 percent of the exposure value against the debtor, with real guarantees owned by the debtor or by the controlling shareholder, or by the beneficial owner of the debtor, where the debtor is a legal entity (pledge of real estate goods, of fixed and current assets, excluding liabilities or other property rights).

*(Point 35<sup>1</sup> supplemented by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 35<sup>1</sup> introduced by the Decision of the NBM No. 45 of 01.10.2015, in force as of 13.05.2016)*

**36.** In case of the bank’s achievement of conditional commitments by the bank to a third party (such as guarantees, letters of credit and other payments made by the bank to a third party if the bank’s client does not meet its payment commitments pursuant to the provisions of the agreement between the client and the third party or on the basis of other conditions) and recording of the respective claim as a bank’s asset (except for contingent engagements issued within credit lines), it shall not be classified above the “substandard” category.

**37.** Upon classification of securities and the bank's holdings in the capital of undertakings, the assessment shall be made taking into consideration the financial position and other quantitative and qualitative factors (ex. the management’s quality, transparency of information, field of activity, market outlets, etc.) of the security issuer and of the undertaking in which the bank has holdings, respectively. The amount of the investment securities subject to classification shall include, upon the case, the premium or the discount.  
*(Point 37 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

**38.** Upon classification of conditional commitments, the person that will become the bank’s debtor or will have claims to the bank following the achievement of the contract related to the respective commitment shall be assessed.

**39.** The classification of assets/conditional commitments:

1) In the event that the debtor obtained a credit in foreign currency or attached to foreign currency but does not have income in such currency in a sufficient amount for servicing and repayment of commitment in foreign currency or attached to foreign currency according to the provisions of the contract, then the credit shall be classified according to internal regulations specifying the application within the classification of a lower level of indebtedness, a tighter analysis of forecast cash flows, etc. In case of absence of such regulations, the respective credit shall be classified by a level in a more severe category, compared with cases when the debtor has income in foreign currency.

2) In the event that the interest regarding the asset is required for payment quarterly, the asset shall not be classified above the “supervised” category, once in semester – not above the “substandard” category, yearly – not above the “doubtful” category. The respective classification shall be applied in the event that the bank gives the debtor a grace period on paying interest of more than a quarter.

The respective provision does not extend to assets intending to finance seasonal agricultural activities (frequency of interest payments shall not be higher than 6 months), the investment characterized by lengthy production cycle of profits (interest payment frequency must not be less than 6 months), as well as of the assets which source are funds obtained as loan from international financial organizations, in the event that is established a certain periodicity of interest payment regarding to this funds. The mentioned assets shall be classified according to internal regulations specifying the application within the classification of a less leverage degree, of a more stringent analysis of forecasts funds flows, etc.

3) The new granted credit shall be classified not above the "substandard" category, if previous of the granted decision (for no more than 30 days) the bank had no information on residents concerning the credit history of the credit history bureaus of the licensed banks in the Republic of Moldova, the report from the credit bureau of the country of origin, if such an institution exists in the country of origin, or other available information on the credit history of the debtor in the case of non-residents and, depending on the case, other relevant information related to the debtor's compliance with its contractual obligations over the last three years (certificates from other banks, extracts from the opened accounts to other banks and other information that makes possible to evaluate the historical compliance with contractual obligations), as well as in the event that the debtor has refused to provide other relevant information on its credit history. Such classification shall be performed by the bank prior the obtaining of the respective information, as well as if the event that the bank does not have updated information (to modify any contractual obligations or at least annually) concerning the credit history content on the compliance by the debtor of the assumed obligations under previous credit agreements.

4) The credit granted and guaranteed only with surety shall be classified not above the "substandard" category, if the person providing surety does not dispose of sufficient goods (e.g. funds, fixed and current assets) to guarantee the obligation or does not attest the credit repayment ability. The respective provisions do not apply to loans granted to individuals in the cumulative amount (amount specified in the contract) up to MDL 400,000 and loans granted to legal entities, individuals engaged in entrepreneurial activities, individual enterprises, peasant households, individuals engaged in professional activities in the justice sector and offices established by them, as well as individual family doctors' offices in the cumulative amount (amount specified in the contract) up to MDL 1 million.

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

*(Point 39 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 39 supplemented by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**40. Assets, excluding movable and immovable assets with related equipment, which is part of a complex patrimony, transmitted into possession/purchased for liabilities reimbursement are classified as following:**

1) not above the "substandard" category for a period of 12 months from the date of their recognition in the accounts as assets held for sale;

2) not above the "doubtful" category, if the bank has not sold those assets within 12 months from the date of recognition in their accounts, but the classification period of assets held for sale has been extended;

3) not above the of "compromised/losses" category if the bank has not sold those assets within 12 months and the classification period of asset held for sale has not been extended;

4) under "compromise/losses" category if the bank has not sold those assets within the extended period for the classification of asset held for sale;

5) under "compromise/losses" category, if the owner of those assets is a legal person in process of insolvency / liquidation, except excluded assets or in process of exclusion from the assets of the debtor, which are classified according to the circumstances provided for in paragraphs 1) -4) of this point;

6) under points 33-34, if the asset is sold with the payment of its value and rates as reflected in the accounts as receivable.

*(Point 40 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 40 supplemented by the Decision of the NBM No. 301 of 20.12.2012, in force as of 27.12.2012)*

**40<sup>1</sup>.** Movable and immovable assets with related equipment, which is part of a complex patrimony, transmitted into possession/purchased for liabilities reimbursement are classified as following:

1) not above the "substandard" category for a period of 24 months from the date of recognition of the asset in the accounts, with an independent evaluation of the respective asset, at least yearly;

2) not above the "doubtful" category, on the expiry of 24 months from the date of recognition of the asset in the accounts, with an independent evaluation of the respective asset, at least yearly;

3) in "compromised/losses" category, if the owner of those assets is a legal entity in insolvency/liquidation process, except excluded assets or in process of exclusion from the assets of the debtor, which are classified according to the circumstances provided for in paragraphs 1) -2) of this point;

4) according to points 33-34, if the asset is sold and the payment is made in installments and reflected in the accounts as receivables.

The independent evaluations referred to in paragraphs 1) and 2) are to be confirmed by an independent audit company in accordance with the International Standard on Auditing: ISA 805 "Special Considerations - Audit missions of individual components of the financial statements and specific elements, accounts or other aspects of the components of financial statements", preliminary to the classification of the respective assets.

*(Point 40<sup>1</sup> amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 40<sup>1</sup> introduced by the Decision of the NBM No. 301 of 20.12.2012, in force as of 27.12.2012)*

## **VII. GENERAL RESERVS FOR BANKING RISKS**

**41.** General reserves for banking risks represents the difference between the amount calculated under point 27 of allowances for assets / conditional commitments losses and the balance-sheet amount of allowances for losses of the same assets impairment and provisions for losses for the same conditional commitments formed according to the International Financial Reporting Standards.

*(Point 41 amended by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**42.** General reserve for banking risks shall be formed at least annually, at the end of the reporting year (as at December 31), from the undistributed profit of the current year or, in case of insufficiency, from the profits of previous years.

*(Point 42 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 42 as amended by the Decision of the NBM No. 301 of 20.12.2012, in force as of 27.12.2012)*

**43.** If the retained current year's and/or prior years' equity of the bank is insufficient to meet the required level of reserves for general banking risks, the deficit is considered as incomplete allowances for assets/conditional commitments losses that diminishes common equity Tier 1 capital and shall be disclosed in the Explanatory Notes to the financial statements.

*(Point 43 amended by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

*(Point 43 supplemented by the Decision of the NBM No. 131 of 21.05.2015, in force as of 03.08.2015)*

**44.** If reducing the size of allowance for assets/conditional commitments losses, calculated in accordance with this Regulation, to the size reflected the general reserve for banking risks account, the funds return is performed on the same account of retained earnings from which such reserves were formed.

## **VIII. OTHER PROVISIONS**

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

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

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

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

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

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

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

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

*(Point 45 in the wording of the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

**45<sup>1</sup>.** The counterparty's debt resulting from the consolidation of multiple debts shall be classified, at the date of consolidation, no higher than the most severe category in which at least one of the counterparty's debts was classified prior to consolidation.

*(Point 45<sup>1</sup> introduced by the Decision of the NBM No. 290 of 14.11.2024, in force as of 01.07.2025)*

**46.** Bank shall report on assets and conditional commitments classification and calculation of allowance for assets/conditional commitments in accordance with the requirements of the regulations of the National Bank for reporting.

**THE LIST**  
**of the National Bank of Moldova decisions to be abrogated**

1. The Decision of the Council of Administration of the National Bank of Moldova No. 224 of 30 August 2007 on the Regulation on assets and conditional commitments, allowances for asset losses and provisions for conditional commitments losses (Official Monitor of the Republic of Moldova, 2007, No. 149-152, Art.560).
2. The point VIII of the Decision of the Council of Administration of the National Bank of Moldova No. 171 of 11 September 2008 on amendment and completion of some normative acts of the National Bank of Moldova (Official Monitor of the Republic of Moldova, 2008, No. 180-181, Art. 536).
3. Point 2 of the Decision of the Council of Administration of the National Bank of Moldova No. 86 of 30 April 2010 on amendment and completion of some normative acts of the National Bank of Moldova (Official Monitor of the Republic of Moldova, 2010, No. 94-97, Art.357).
4. The Decision of the Council of Administration of the National Bank of Moldova No. 229 of 18 November 2010 on amendment and completion of the Regulation on assets and conditional commitments, allowances for assets losses and provisions for conditional commitments losses (Official Monitor of the Republic of Moldova, 2011, No. 1-4, Art. 59).
5. Point 1 of the Decision of the Council of Administration of the National Bank of Moldova No. 82 of 21 April 2011 on amendment and completion of some normative acts of the National Bank of Moldova (Official Monitor of the Republic of Moldova, 2011, No. 87-90, Art.569).