

Tax & Legal Alert

ROMANIA 7 April 2009

New rules for recording credit risk provisions

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This Tax & Legal Alert is produced by
PricewaterhouseCoopers' tax department

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NBR Regulation nr. 3/2009 has been published, regulating the classification of loans and deposits as well as the setting-up, settlement and use of specific credit risk provisions (The "Regulation").

The Regulation comes into force on 1 April 2009, but credit institutions may apply it only from the month following that in which the NBR validates their internal crediting norms. Once all banks have switched to the new Regulation, the old one (NBR Regulation nr. 5/2002 and its methodological norms) will be abolished.

The Regulation introduces definitions for the terms "lender" and "lender's group", extends the number of "A category" countries and the number of Multilateral Development Banks.

One amendment introduced is that credit institutions can reduce the provisions set up for loans classified as "losses" (i.e. the debt service has exceeded 90 days and / or legal procedures have been instituted) by a maximum of 25% of the guarantees' value. Guarantees for interest related to such loans are not considered when setting up these provisions.

[Source: Official Gazette no. 200 dated 30 March 2009]

For more information, please contact Peter de Ruiter, Mihaela Mitroi, Ionut Simion and Daniel Anghel.