

DECISION
ON MACROPRUDENTIAL MEASURES RELATED TO RETAIL LOANS GRANTED
BY CREDIT INSTITUTIONS

(OGM 138/21 of 29 December 2021, 144/22 of 26 December 2022, 120/23 of 29 December 2023, 125/24 of 26 December 2024, 154/25 of 24 December 2025)

1. This decision introduces macroprudential measures to be applied to cash loans granted to natural persons by credit institutions, with the aim of maintaining the financial system stability and sustainability of retail credit facilities.

Cash loans referred to in paragraph 1 above shall be considered loans that are the subject to the law regulating consumer loans, other than housing loans.

2. Credit institutions may extend retail cash loans with the repayment period exceeding eight years and contract the extension of the repayment term specified in the master loan agreement so that the remainder repayment term exceeds eight years, provided that the loan is fully secured by:
 - 1) fiduciary duty or mortgage;
 - 2) pledge over movable property;
 - 3) financial instruments, guarantees/counter guarantees and other instruments of tangible and intangible collateralization that meet the requirements that can be used to mitigate credit risk, in accordance with the Central Bank decision regulating capital adequacy in credit institutions, or
 - 4) credit insurance policy covering default risk issued by an insurance firm with the registered office in Montenegro, and which the Central Bank of Montenegro deems to be an acceptable collateral.
3. A credit institution holding in its credit portfolio retail cash loans with the residual maturity over six years that exceed 50% of the credit institution's own funds may grant retail cash loans with the repayment period longer than six years or contract the extension of the repayment term specified in the master loan agreement, provided that they have been secured by collateral specified in point 2 above.

The calculation of the total amount under paragraph 1 above shall not include cash loans secured by the collateral specified in point 2 of this Decision.

4. Credit institutions holding non-performing cash loans whose share in total cash loans with agreed maturity exceeding six years that have not been secured by collateral referred to in point 2 above is lower than 3.5%, may approve cash loans or agree the extension of the repayment period for another two years following the due dates specified under points 2 and 3 above.

Credit institutions shall submit monthly information to the Central Bank of Montenegro on the amount of non-performing cash loans and their percentage share in total cash loans with agreed maturity exceeding six years that have not been secured by collateral specified in point 2 of this decision no later than by the 15th day of a month for the previous month.

5. Credit institutions that fail to comply with this decision shall be subject to measures specified under the law governing taking up and pursuit of credit institutions.
6. Until determining the amount of own funds in line with the decision regulating capital adequacy of credit institutions, a credit institution may grant cash loans referred to in point 3 above provided that the amount of cash loans with residual maturity exceeding six years is higher than 50% of own funds of the credit institution determined as at 31 December 2021, and no later than by 31 March 2022.
7. Repayment of loans granted pursuant to the Decision on Macroprudential Measures Related to Retail Banking Loans (OGM 58/19 and 107/20) shall continue in accordance with the contracts concluded based on that decision and/or annex to the contracts concluded in accordance with this decision.
8. Macroprudential measures specified herein shall remain in effect for five years following the application date hereof.
9. This Decision shall enter into force on the day following that of its publication in the Official Gazette of Montenegro.

THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO