

## **DECISION**

# **ON INTERIM MEASURES TO MITIGATE NEGATIVE IMPACT OF THE COMMUNICABLE DISEASE COVID-19 EPIDEMIC AND THE SITUATION IN UKRAINE ON THE FINANCIAL SYSTEM**

**(OGM 135/22 of 8 December 2022, 69/23 of 7 July 2023)**

### **I. BASIC PROVISION**

1. This decision establishes the interim measures for mitigating negative effects of the communicable disease COVID-19 epidemic and the situation in Ukraine on the operations of credit institution and maintaining stability of the financial system as a whole.

### **II. INTERIM MEASURES**

2. Until 31 October 2023, credit institutions shall be prohibited from paying out dividends to shareholders, except if they are paid out in the form of shares of the credit institution.

Notwithstanding paragraph (1) of this item, a credit institution which meets the prescribed regulatory requirements, requirements determined by the supervisory process, and the defined internal limits, may, subject to prior consent from the Central Bank of Montenegro, pay out the full amount or a part of the dividend in cash on the basis of the profit recorded in 2019, 2020, and/or 2021 in the amount that shall not affect the fulfilment of the abovementioned requirements and limits, except in cases set out in Article 180 of the Law on Credit Institutions (OGM 72/19, 8/21).

A credit institution referred to in paragraph (2) of this item shall, prior to deciding on a dividend payout in accordance with this item, submit to the Central Bank of Montenegro the application for obtaining the authorisation for a dividend payout, supported by the following documentation:

- 1) adequate justification of the dividend amount planned for payout;
- 2) the plan of dividend payout dynamics, containing the calculation of the effects of the planned payout on the performance indicators, and
- 3) capital plan for the next three years, including the results of the conducted stress testing, based on at least three scenarios of varying degrees of severity specific to the risk profile of the credit institution.

Documentation referred to in paragraph (3) of this item must prove that, after the dividend payout, the credit institution's operations and its adequate liquidity and solvency shall be secured, and/or that the requirements and limits referred to in paragraph (2) of this item will not be violated, and that those requirements and limits will be met in full.

A credit institution shall, after obtaining the consent for a dividend payout referred to in paragraph (3) of this item from the Central Bank of Montenegro, pay out the dividend in accordance with the submitted plan of dividend payout dynamics, and, in the case of any deviation from that plan, immediately notify the Central Bank thereof.

3. Until 30 June 2023, when valuing available-for-sale debt instruments determined in accordance with IFRS 9, which are included in the other comprehensive income, a credit institution may exclude, from the calculation of Common Equity Tier 1 capital items, a 100% of unrealised losses incurred after this Decision enters into force.

The amount to be excluded by applying the measure referred to in paragraph 1 of this item shall be determined for the purposes of calculating the Common Equity Tier 1 capital during the period of validity of that measure, and the base for its calculation shall be the difference between the market value of debt financial instruments as at 24 February 2022 and the market value of those instruments as of the day of the calculation of that capital. Debt financial instruments to which the measure referred to in paragraph 1 of this item applies shall be debt financial instruments issued by central governments referred to in Article 131 of the Decision on Capital Adequacy of Credit Institutions (OGM 128/20,140/21) and regional governments and local authorities referred to in Article 132 of the Decision on Capital Adequacy of Credit Institutions.

A credit institution referred to in paragraph 1 of this item shall, no later than three days before adopting the decision to apply the measure referred to in that paragraph, notify the Central Bank of Montenegro of the application of that measure.

If a credit institution, during the validity of the measure referred to in paragraph 1 of this item, ceases to apply that measure, it shall notify the Central Bank of Montenegro thereof no later than three days after the decision on the cessation of application of the measure has been adopted, and may not apply it again.

The credit institution applying the measure referred to in paragraph 1 of this item shall disclose publicly the information on the application of that measure in the manner and within the deadlines set by the regulation governing the public disclosure of data on the credit institution.

4. During the effectiveness of this Decision, a credit institution may, in the process of assessing the credit capacity of loan beneficiary and classifying asset items into the corresponding classification category or subcategory, exclude all or individual criteria set in accordance with Article 12 paragraph (3) of the Decision on minimum standards for risk management in credit institutions (OGM 134/21) that refer to 2020.
5. The fee that the credit institutions are required to pay to the Central Bank of Montenegro for the use of the prescribed amount of reserve requirement that is not repaid the same day shall be reduced by 50%, from 12% to 6% at annual level.

### **III. REPORTING TO THE CENTRAL BANK OF MONTENEGRO**

6. A credit institution that applies the measure referred to in item 3 of this Decision, shall submit report once a month, no later than by the 15th of the month for the previous month, to the Central Bank of Montenegro using the ANG-FVOCI template which is attached to and makes an integral part of this Decision.

### **IV. TRANSITIONAL AND CLOSING PROVISIONS**

7. A credit institution shall report to the Central Bank of Montenegro, no later than 15th day in the month for the previous month, on the loans restructured in accordance with the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic on the Financial System (OGM 80/20, 105/20, 24/21, 33/21, 45/21, 53/21, 116/21) and the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic and the Situation in Ukraine on the Financial System (OGM 138/21, 54/22, 62/22) in electronic form, using the template COV-RM which is attached to and makes an integral part of this Decision.
8. A credit institution that intends to apply the measure referred to in item 3 of this Decision, and which, until the beginning of the application of this Decision, was applying the measure referred to in item 4a of the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic and the Situation in Ukraine on the Financial System (OGM 138/21, 54/22, 62/22) shall not be required to submit the notification referred to in item 3 paragraph 4 of this Decision to the Central Bank of Montenegro for the purposes of the next calculation of Common Equity Tier 1 capital.
9. This decision shall remain in effect until the passing of the decision of the Central Bank of Montenegro on its cessation.
10. The Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic and the Situation in Ukraine on the Financial System (OGM 138/21, 54/22, 62/22) shall cease to have effect as of the day this Decision enters into force.
11. This Decision shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro.

### **THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO**

As at

TEMPLATE ANG - FVOCI

(credit institution's name)

amounts in EUR (absolute amounts to two decimals)

No.	Name of the issuer of the debt financial instrument	ISIN	Price at which the debt financial instrument was purchased	Market value of debt financial instruments as at 24 February 2022	Market value of debt financial instruments as at the last day of the month	Unrealised losses as at the last day of the month
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
...						
	<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Report on restructured loans**

As at

Template COV- RM

(credit institution's name)

In EUR thousand

1.	<b>RESTRUCTURED LOANS OF NATURAL PERSONS referred to in item 2 of this Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic and the Situation in Ukraine on the Financial System (OGM 138/21, 54/22, 62/22) whose salary has been reduced by at least 10%</b>	Total number of debtors	Number of sub-account	Amount
1.1.	Cash unsecured loans of natural persons			
1.2.	Other loans of natural persons			
<b>1.3.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

2.	<b>RESTRUCTURED LOANS OF NATURAL PERSONS referred to in item 2 of this Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic and the Situation in Ukraine on the Financial System (OGM 138/21, 54/22, 62/22) who have not been paid a net salary more than three months before submitting the application for restructuring</b>	Total number of debtors	Number of sub-account	Amount
2.1.	Cash unsecured loans of natural persons			
2.2.	Other loans of natural persons			
<b>2.3.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

3.	<b>RESTRUCTURED LOANS OF NATURAL PERSONS referred to in item 2 of this Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic and the Situation in Ukraine on the Financial System (OGM 138/21, 54/22, 62/22) whose employment has been terminated</b>	Total number of debtors	Number of sub-account	Amount
3.1.	Cash unsecured loans of natural persons			
3.2.	Other loans of natural persons			
<b>3.3.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

4.	<b>RESTRUCTURED CASH UNSECURED LOANS OF NATURAL PERSONS referred to in item 3 of the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic and the Situation in Ukraine on the Financial System (OGM 138/21, 54/22, 62/22)</b>	Total number of debtors	Number of sub-account	Amount
4.1.	Natural persons			

5.	<b>RESTRUCTURED LOANS referred to in the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic on the Financial System (OGM 80/20, 105/20, 24/21, 33/21, 45/21, 53/21, 116/21)</b>	<b>Total number of debtors</b>	<b>Number of sub-account</b>	<b>Amount</b>
5.1.	<b>Restructured loans of THREATENED INDUSTRIES referred to in item 4 of the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic on the Financial System (OGM 80/20, 105/20, 24/21, 33/21, 45/21, 53/21, 116/21)</b>	0	0	0
5.1.1.	Tourism sector and agriculture, forestry and fishing			
5.1.2.	Other categories of the threatened industries referred to in Annex 2 to the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic on the Financial System (OGM 80/20, 105/20, 24/21, 33/21, 45/21, 53/21, 116/21)			
5.1.3.	Loan beneficiaries whose total revenue in 2020 was at least 50% lower compared to 2019 (specified in accordance with item 2 paragraphs 1 and 11 of the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic on the Financial System (OGM 80/20, 105/20, 24/21, 33/21, 45/21, 53/21, 116/21))			
5.2.	<b>Restructured loans of NATURAL PERSONS referred to in item 4a of the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic on the Financial System (OGM 80/20, 105/20, 24/21, 33/21, 45/21, 53/21, 116/21)</b>	0	0	0
5.2.1.	Cash unsecured loans of natural persons			
5.2.2.	Other loans of natural persons			
5.3.	<b>Restructured OTHER LOANS referred to in item 5 of the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic on the Financial System (OGM 80/20, 105/20, 24/21, 33/21, 45/21, 53/21, 116/21)</b>	0	0	0
5.3.1.	Natural persons			
5.3.2.	Legal persons			
5.4.	<b>Restructured CASH UNSECURED LOANS OF NATURAL PERSONS referred to in item 6 of the Decision on Interim Measures to Mitigate Negative Impact of the Communicable Disease COVID-19 Epidemic on the Financial System (OGM 80/20, 105/20, 24/21, 33/21, 45/21, 53/21, 116/21)</b>			
5.5.	<b>Total</b>	0	0	0

6.	<b>Application of item 5 of this Decision during the classification of debtors' exposures</b>	<b>Total number of debtors</b>	<b>Number of sub-account</b>	<b>Amount</b>
6.1.	Natural persons – balance sheet exposures			
6.2.	Natural persons – off-balance sheet exposures			
6.3.	Legal persons – balance sheet exposures			
6.4.	Legal persons – off-balance sheet exposures			
6.5.	<b>Total</b>	0	0	0

7.	TOTAL RESTRUCTURED LOANS (1+2+3+4)	0	0	0
8.	TOTAL RESTRUCTURED LOANS (5+7)	0	0	0

**Note:**

Loans shown under # 1.1, 2.1 and 3.1 do not include loans shown under # 4.1.