

[unofficial translation]

Pursuant to Article 44 paragraph (2) item 3) of the Central Bank of Montenegro Law (OGM 40/10, 6/13, 70/17, 125/23), Article 211 of the Law on Credit Institutions (OGM 72/19, 8/21, 24/25), and Article 51 paragraph (12) of the Law on Consumer Credits (OGM 15/25), the Council of the Central Bank of Montenegro, at its meeting held on 20 November 2025, passed the following

DECISION
SUPPLEMENTING THE DECISION ON THE CALCULATION AND REPORTING OF
THE EFFECTIVE INTEREST RATE ON LOANS AND DEPOSITS

Article 1

In the Decision on the Calculation and Reporting of the Effective Interest Rate on Loans and Deposits (OGM 138/21, 27/24, 35/24) in Article 10, after paragraph (1), a new paragraph shall be added worded as follows:

“By way of derogation from paragraph (1) of this Article, the elements and the detailed manner of calculating the effective interest rate on consumer loans shall be determined in the Methodology for calculating and reporting of the effective interest rate on consumer loans, which is given in Annex 1a attached to this Decision and making integral part thereof.”

Article 2

This Decision shall enter into force on the day following that of its publication in the “Official Gazette of Montenegro”, and it shall apply as of 28 November 2025.

THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

Decision number: 0101- 9051 -5 /2025
Podgorica, 20 November 2025

CHAIRPERSON
G O V E R N O R

Irena Radović, m.p.

ANNEX 1a**Methodology for calculating and reporting of the effective interest rate on consumer loans****I. Calculation of equivalence of tranche drawdowns in relation to repayment and charges**

The basic equation, which establishes the effective interest rate (EIR), equates, on an annual basis, the total current value of tranche drawdowns and the total present value of repayments and charges:

$$\sum_{k=1}^m C_k (I + X)^{-t_k} = \sum_{l=1}^{m'} D_l (I + X)^{-s_l}$$

Whereby:

- X represents EIR,
- m represents the number of the last tranche drawdown,
- k represents the number of tranche drawdown, thus $1 \leq k \leq m$,
- C_k represents the amount of tranche drawdown k ,
- t_k represents the interval, expressed in years and fractions of a year, between the day of the first tranche drawdown and the day of each subsequent tranche drawdown, thus $t_1 = 0$,
- m' represents the number of the last repayment or payment of charges,
- l represents the number of repayment or payment of charges,
- D_l represents the amount of repayment or payment of charges,
- s_l represents the interval, expressed in years and fractions of a year, between the date of the first tranche drawdown and the date of each repayment or payment of charges.

During the calculation, the following shall be taken into account:

- 1) the amounts paid by both parties at different times shall not necessarily be equal and shall not necessarily be paid at equal intervals;
- 2) the starting date shall be that of the first tranche drawdown;
- 3) intervals between dates used in calculations shall be expressed in years or fractions of a year. A year is presumed to have 365 days, or 366 days, 52 weeks or 12 equal

months. An equal month is presumed to have 30.41666 days (i.e. 365/12), regardless of whether or not it is a leap year.

If the intervals between the dates used in the calculations cannot be expressed as whole numbers of weeks, months or years, the periods shall be expressed as a whole number of one of those periods together with the number of days. If days are used:

- a) every day shall be counted, including weekends and holidays;
 - b) equal periods, and then days, shall be counted backwards to the date of the initial tranche drawdown;
 - c) the length of the day period shall be obtained by excluding the first day and including the last day, and shall be expressed in years by dividing that period by the number of days (365 or 366) of the whole year, counting backwards from the last day to the same day of the previous year;
- 4) the calculation result shall be expressed with an accuracy of at least one decimal place. If the figure in the following decimal place is greater than or equal to 5, the figure in the previous decimal place shall be increased by one;
 - 5) the equation can be rewritten using a single sum and the concept of flows (A_k), which will be positive or negative, i.e. paid or received during periods 1 to n , expressed in years, i.e.:

$$S = \sum_{k=1}^n A_k (1 + X)^{-t_k},$$

where S represents the current balance of flows. If the aim is to maintain the equivalence of flows, the value will be zero.

II. Additional assumptions for the calculation of EIS

For calculating the effective interest rate, where applicable, the following additional assumptions shall be used:

- 1) if the consumer loan agreement gives the consumer the right to drawdown the tranche, the total amount of loan shall be deemed to be drawn down immediately and in full;
- 2) if the loan agreement provides for different ways of tranche drawdown with different charges or interest rates, it is considered that the total loan amount is drawn down at the highest fee and the highest interest rate applied to the most common tranche drawdown mechanism for this type of loan agreement;
- 3) if the loan agreement gives the consumer freedom to draw down the tranche in general but imposes, among the different ways of tranche drawdown, a limitation with regard to the loan amount and the period of time, the loan amount shall be deemed

- to be drawn down on the earliest date provided for in the loan agreement and in accordance with those drawdown limits;
- 4) if different interest rates and charges are offered for a limited period or a limited amount, the interest rates and charges shall be considered to be the highest during the entire duration of the loan agreement;
 - 5) for loan agreements for which a fixed interest rate has been agreed in relation to the initial period, at the end of which a new interest rate is determined and subsequently periodically adjusted according to an agreed indicator or internal reference rate, the calculation of EIR shall be based on the assumption that, at the end of the fixed interest rate period, the interest rate is the same as at the time of EIR calculation, based on the value of the agreed indicator or internal reference rate at that time, but that it is not lower than the fixed interest rate;
 - 6) if the ceiling applicable to a consumer housing loan agreement has not yet been determined, that ceiling is assumed to be EUR 170,000. In the case of other consumer loan agreements, except for contingent liabilities or guarantees, overdrafts, debit cards with deferred payment or credit cards, this ceiling shall be assumed to be EUR 1,500;
 - 7) in the case of a loan agreement that does not represent an overdraft facility, a loan agreement with joint equity capital, contingent liabilities or guarantees and open-end loan agreements from the assumptions referred to in items 9) to 12) of this paragraph:
 - a) if the date or amount of principal repayment to be made by the consumer cannot be determined with certainty, it is assumed that the payment is made on the earliest date provided for in the loan agreement and in the lowest amount provided for in the loan agreement;
 - b) if the period between the date of the initial tranche drawdown and the date of the first payment to be made by the consumer cannot be determined with certainty, the shortest period shall be assumed;
 - 8) where the date or amount of a payment to be made by the consumer cannot be ascertained on the basis of the loan agreement or the assumptions set out in item 7) and items 9) to 12) of this paragraph, it shall be assumed that the payment is made in accordance with the dates and conditions required by the creditor, and when these are unknown:
 - a) interest is paid together with principal repayments;
 - b) non-interest charges expressed as a single sum are paid at the date of the conclusion of the loan agreement;
 - c) non-interest charges expressed as separate payments are paid at regular intervals, commencing with the date of the first repayment of principal, and if the amount of such payments is not known, their amounts shall be assumed to be equal;
 - d) the final payment clears the remaining principal, interest and other charges, if any;
 - 9) in case of an overdraft facility, the total amount of the loan shall be deemed to be drawn down in full and for the whole duration of the loan agreement. If the duration

of the overdraft facility is not known, EIR shall be calculated based on the assumption that the duration of the loan is three months;

- 10) in the case of an open-end loan agreement, other than an overdraft facility, it shall be assumed that:
- a) for loan agreements aimed at acquiring or retaining rights to immovable property, the loan is granted for a period of 20 years, starting from the date of the initial tranche drawdown, and the last annuity paid by the consumer settles the remaining principal, interest and other fees, if any. In the case of a loan agreement whose purpose is not to acquire or retain rights to immovable property or where the loan is drawn down by debit cards with deferred payment or credit cards, that period shall be one year;
 - b) the consumer repays the principal in equal monthly payments, commencing one month after the date of the initial tranche drawdown. However, in cases where the principal must be repaid only in full, in a single payment, within each repayment period, successive tranche drawdowns and repayments of the entire principal by the consumer shall be assumed to occur over the period of one year. Interest and other charges shall be applied in accordance with those tranche drawdowns and principal repayments and as provided in the loan agreement.

An open-end loan agreement, within the meaning of this item, is a loan agreement without fixed duration, which includes loans that must be repaid in full or after a period of time, and once repaid, become available to be drawn down again (open-ended loan, revolving loan, etc.);

- 11) in the case of contingent liabilities or guarantees, the total amount of the loan shall be deemed to be drawn down in its entirety as a single amount on the earlier of the following dates:
- a) the latest date of tranche drawdown allowed on the basis of the loan agreement, which is a possible source of future obligation or guarantee; or
 - b) in the case of revolving loan agreements, at the end of the initial period before the renewal of the agreement;
- 12) in the case of a loan agreement with joint equity capital, it shall be deemed that:
- a) consumer payments are made no later than on the date specified in the credit agreement;
 - b) the percentage increases in the value of the immovable property secured by the loan agreement with common equity capital and the inflation index rate from the agreement are equal to the percentage of the current target inflation rate of the central bank at the time of the conclusion of the loan agreement, depending on which is higher, or 0% if these percentages are negative.

A loan agreement with joint equity capital, within the meaning of this item, is a loan agreement in which the repayment of the principal is based on a contractually determined percentage of the value of the immovable property at the time of repayment of the principal or repayment of the loan amount.

III. Application of the Methodology for calculating and reporting the effective interest rate on loans and deposits

The provisions of the Methodology for calculating and reporting of the effective interest rate on loans and deposits referred to in Annex 1 of this decision shall be applied *mutatis mutandis* to issues related to the calculation of EIR on consumer loans that are not regulated by this methodology.