

Pursuant to Article 44 paragraph 2 item 3 of the Central Bank of Montenegro Law (OGM 40/10, 06/13, 70/17) and Article 150 paragraph (8) of the Law on Resolution of Credit Institutions (OGM 72/19), the Council of the Central Bank of Montenegro, at its meeting held on 1 December 2020, passed the following

DECISION
**ON DETAILED CONDITIONS FOR GRANTING DEFERRAL OF PAYMENT OF EX-
POST CONTRIBUTIONS TO A CREDIT INSTITUTION INTO THE RESOLUTION
FUND**

Subject matter

Article 1

This Decision governs in more detail the conditions under which the Central Bank of Montenegro (hereinafter: the Central Bank), as resolution authority for credit institutions, may defer the obligation of a credit institution to pay ex-post contributions into the Resolution Fund in accordance with Article 150 paragraph (5) of the Law on Resolution of Credit Institutions (OGM 72/19) - (hereinafter: the Law).

Request for deferral

Article 2

- (1) The Central Bank shall review the deferral of payment of ex-post contributions only upon the request of a credit institution.
- (2) The request referred to in paragraph (1) of this Article must be in writing and explained in detail.
- (3) A credit institution shall submit, together with the request, all information and documents needed to assess the impact of payment of ex-post contributions on the financial position of the credit institution.
- (4) The information and documents that have already been with the Central Bank need not to be submitted together with the request, provided that such information are complete, accurate, authentic and updated.
- (5) During the review process, the Central Bank may request the credit institution to submit, within a specified deadline, additional information and documents important to inform a decision upon such request.

Assessment of fulfilment of the conditions for deferral

Article 3

(1) When identifying whether a credit institution that has submitted request referred to in Article 2 of this Decision meets the conditions for deferral, the Central Bank shall assess impact of the payment of ex-post contributions on the solvency or the amount of own funds and liquidity of credit institution in accordance with Articles 4 and 5 of this Decision.

(2) Where a credit institution is a part of a group, the Central Bank shall, in the assessment referred to in paragraph (1) of this Article, cover also the impact of payment of ex-post contributions on the level of own funds and liquidity of the entire group.

(3) The Central Bank may defer the payment of ex-post contributions to a credit institution where, based on the assessment referred to in paragraph (1) of this Article, it identifies that the payment of those contributions would lead in the following six months to probable violation of:

- 1) the minimum requirement for liquidity coverage laid down in Article 114 of the Law on Credit Institutions (OGM 72/19) - (hereinafter: the Law on Credit Institutions);
- 2) the required level of own funds laid down in Article 134 of the Law on Credit Institutions, or
- 3) the specific liquidity requirements of the credit institution laid down in Article 280 of the Law on Credit Institutions.

Assessment of the impact of deferral on own funds

Article 4

(1) When assessing the fulfilment of the conditions for deferral referred to in Article 3 of this Decision, the Central Bank shall identify the impact of payment of ex-post contributions on the level of own funds of the credit institution.

(2) The assessment referred to in paragraph (1) of this Article shall cover the analysis of impact of payment of ex-post contributions on the compliance of credit institution with minimum requirements for own funds laid down in the Law on Credit Institutions and the decision governing the capital adequacy of the credit institution.

(3) For the purposes of this assessment, the position of own funds of a credit institution shall be reduced by the amount of variable contribution.

(4) The analysis referred to in paragraph (1) of this Article shall cover at least the period until the next reporting date specified in the decision governing reporting on capital adequacy of credit institution.

Assessment of the impact of deferral on liquidity

Article 5

(1) When assessing the fulfilment of the conditions for deferral referred to in Article 3 of this Decision, the Central Bank shall identify the impact of payment of ex-post contributions on the liquidity of the credit institution.

(2) The assessment referred to in paragraph (1) of this Article shall cover the analysis of impact of payment of ex-post contributions on the ability of credit institution to meet minimum requirements for liquidity risk management laid down in Article 114 of the Law on Credit Institutions.

(3) For the purposes of the analysis referred to in paragraph (2) of this Decision, the Central Bank shall add liquidity outflow, which is equal to total amount to be paid in the moment when the ex-post contribution became due, the calculation of net liquidity outflow in accordance with the decision governing liquidity risk management in credit institutions.

(4) The Central Bank shall also assess the impact of outflows specified in accordance with paragraph (3) of this Decision on the specific liquidity requirements laid down in Article 280 of the Law on Credit Institutions.

(5) The analysis referred to in paragraph (2) of this Article shall cover at least the period until the next reporting date specified in the decision governing reporting on capital adequacy of credit institution.

Deferral period

Article 6

(1) The Central Bank shall identify the deferral period of the payment of ex-post contributions in accordance with the assessment of time required to avoid risks related to liquidity or solvency of a credit institution or its group, which may not be longer than six months.

(2) Upon the identification of deferral period referred to in paragraph (1) of this Article, the Central Bank shall monitor on regular basis during the deferral period the fulfilment of the conditions for deferral referred to in Article 3 of this Decision.

(3) By way of derogation from paragraph (1) of this Article, the Central Bank may, upon the request of the credit institution, extend the deferral period for payment of ex-post contributions for another six months at a maximum, if it identifies that the conditions for deferral referred to in Article 3 of this Decision still exist.

Entry into force

Article 7

This Decision shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro, and it shall apply from the date of application of the Law on Resolution of Credit Institutions (OGM 72/19).

THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

Decision number: 0101-7151-6/2020

Podgorica, 1 December 2020

CHAIRMAN
G O V E R N O R,

Radoje Žugić, m.p.