

Pursuant to Article 44 paragraph 2 item 3 of the Central Bank of Montenegro Law (OGM 40/10, 06/13, 70/17, 125/23), Article 115 paragraph (7) and Article 134 paragraph (9) of the Law on Credit Institutions (OGM 72/19, 8/21), the Council of the Central Bank of Montenegro, at its meeting held on 31 May 2024, passed the following

DECISION

AMENDING THE DECISION ON CAPITAL ADEQUACY OF CREDIT INSTITUTIONS

Article 1

In the Decision on Capital Adequacy of Credit Institutions (OGM 128/20,140/21, 144/22) in Article 5 after paragraph (8) a new paragraph shall be added worded as follows:

“(9) Other reserves referred to in paragraph (1) item 5) of this Article shall be the reserves for acquired treasury shares, other reserves established in the previous period and provisions for estimated losses under regulatory requirement.”.

Article 2

In Article 18 item 15) shall be amended as follows:

“15) required provisions for estimated and potential losses for balance sheet and off-balance sheet items classified as good assets, as established in accordance with the Central Bank’s regulation governing asset classification and calculation of provisions for potential loan losses of a credit institution.”.

Article 3

Credit institutions shall calculate Common Equity Tier 1 capital in accordance with this Decision starting from 31 December 2024.

Article 4

When calculating Common Equity Tier 1 capital, credit institutions may exclude negative effects of the application of the provisions of this Decision, established as of the calculation of Common Equity Tier 1 capital, in the amount of:

- 1) 70% starting from 31 December 2024;
- 2) 35% starting from 30 June 2025;
- 3) 0% starting from 31 December 2025.

Negative effects referred to in paragraph (1) of this Article shall be the difference between the provisions for estimated losses under regulatory requirement included in other reserves referred to in Article 1 of this Decision and required provisions as established in accordance with Article 2 of this Decision.

Article 5

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

**CHAIRPERSON
GOVERNOR,**

Irena Radović, m.p.

Decision number: 0101-4288-3/2024
Podgorica, 31 May 2024