

Pursuant to Article 44 paragraph (2) item 3) of the Central Bank of Montenegro Law (OGM, 40/10, 6/13, 70/17) and Article 176 paragraph (2) of the Law on Credit Institutions (OGM, 72/19), the Council of the Central Bank of Montenegro, at its meeting held on 21 December 2020, passed the following

**DECISION
ON MINIMUM STANDARDS FOR INVESTMENT OF CREDIT INSTITUTIONS IN
IMMOVABLE PROPERTY AND FIXED ASSETS**

Subject matter

Article 1

This Decision prescribes the minimum standards for investment of credit institutions in immovable property and fixed assets.

Immovable property and fixed assets

Article 2

(1) Immovable property, within the meaning of this Decision, means land, buildings and other immovable property that the credit institution records in its business books as funds held for sale or as other assets in accordance with the decision governing chart of accounts of credit institutions.

(2) Fixed assets, within the meaning of this Decision, means asset items that a credit institution records in its business books in the accounts 1801 to 1830 in accordance with the decision governing chart of accounts of credit institutions.

Limitation of investments

Article 3

(1) Total investments of a credit institution in immovable property and fixed assets shall not exceed the amount of credit institution's Common Equity Tier 1 capital, calculated before including the amount referred to in paragraph (2) item 1) of this Article.

(2) By way of derogation from paragraph (1) of this Article, a credit institution may have investments in immovable property and fixed assets exceeding the amount of its Common Equity Tier 1 capital, provided that the following requirements have been met:

- 1) A credit institution treats the investment in immovable property and fixed assets exceeding the amount of credit institution's Common Equity Tier 1 capital calculated as a deductible item in the calculation of credit institution's Tier 1 capital;

- 2) after the deduction from credit institution`s Common Equity Tier 1 capital in line with item 1) of this paragraph, the level of own funds and the solvency ratio shall be higher than the prescribed minimum.

Treatment of acquired immovable property

Article 4

(1) When calculating the total amount of investment in immovable properties and fixed assets, for the immovable property acquired as an exchange for receivables in debt restructuring process, bankruptcy proceedings, liquidation proceedings of the credit institution`s debtor, in the process of reorganisation of debtor in accordance with regulations governing bankruptcy proceedings or in the process of execution for the purpose of settling credit institution`s receivables, the credit institution shall include into the calculation the value of such an immovable property at minimum in the following percentages:

- 1) 0%, if not more than four years have passed since the day of acquisition of the immovable property;
- 2) 30%, if more than four, but not more than five years have passed since the day of acquisition of the immovable property;
- 3) 50%, if five, but not more than six years have passed since the day of acquisition of the immovable property;
- 4) 75%, if more than six years have passed since the day of acquisition of the immovable property.

Reporting to the Central Bank of Montenegro

Article 5

(1) A credit institution shall submit to the Central Bank of Montenegro data on the type, time of acquisition and value of immovable property acquired, filled out in the Template SN which is attached to this Decision and makes its integral part thereof.

(2) Data referred to in paragraph (1) of this Article shall be submitted twice a year as follows:

- 1) by end of February of the current year (data as at 31 December of the previous year); and
- 2) by end of July of the current year (data as at 30 June of the current year).

Repealed regulations

Article 6

As from the commencement date of application of this Decision, the Decision on minimum standards for investment of banks in immovable property and fixed assets (OGM, 24/09, 66/10, 58/11, 61/12, 13/13, 51/13, 16/15, 82/17) shall be repealed.

Entry into force

Article 7

This Decision shall enter into force on the 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 Credit Institutions (OGM, 72/19).

THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

No. 0101-7571-4/2020
Podgorica, 21 December 2020

**CHAIRMAN
G O V E R N O R**

Radoje Žugić, m.p.

TEMPLATE SN

Name of credit institution

OVERVIEW OF ACQUIRED IMMOVABLE PROPERTIES

No	Type of immovable property ¹	Acquisition date ²	As of _____ Value ³
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
TOTAL:			

/name and last name/signature/phone no. of authorised person/

¹ Type of immovable property (land, commercial property, residential property).

² Date when the credit institution's ownership of the property is entered in the cadastre register.

³ Value of property determined in accordance with IAS/IFRS.