

Pursuant to Article 44 paragraph (2) item 3) of the Central Bank of Montenegro Law (OGM 40/10, 6/13, 70/17, 125/23) and Article 200 paragraph (3) of the Law on Credit Institutions (OGM 72/19, 8/21, 24/25), the Council of the Central Bank of Montenegro, at its meeting held on 30 September 2025, passed the following

DECISION ON DETAILED CONDITIONS FOR PROVIDING FINANCIAL SUPPORT WITHIN A GROUP OF CREDIT INSTITUTIONS

Subject matter

Article 1

This Decision shall prescribe detailed conditions for providing financial support within a group of credit institutions (hereinafter: support).

Terms and Definitions

Article 2

- (1) Terms used in this Decision shall have the following meanings:
- 1) **provider of the support** means a credit institution that is a member of a group of credit institutions that intends to provide a financial support;
 - 2) **beneficiary of the support** means a credit institution, investment firm or a financial institution with head office in Montenegro or in a third country, that is a member of a group of credit institutions and that receives a financial support;
 - 3) **principal** means a principal of a loan or credit in case when a financial support is provided in a form of a loan or credit, that is a liability arising for the beneficiary of the support if it represents a guarantee, security or by implementing another form of support.
- (2) Terms “credit institution“, “group of credit institutions“, “competent authority“, “combined buffer requirement“, and “subsidiary undertaking” shall have the meanings as determined by the Law on credit institutions (hereinafter: the Law).

Reducing financial difficulties for beneficiary of the support

Article 3

It shall be considered that the financial support significantly reduces the financial difficulties of the support beneficiary if:

- 1) capital and liquidity needs of the beneficiary of the support, including the projection of those needs, are covered for a sufficiently long period, taking into account other relevant financial sources from which such needs could be met, as well as the time required to reduce financial difficulties and the duration of the support;
- 2) an analysis of the financial situation and internal and external causes of the financial difficulties, in particular of the business model and the risk management of the beneficiary of the support, and of past, present and expected market

conditions, is not conflicted with the possibility to reduce the financial difficulties for the beneficiary of the support;

- 3) the action plan of the beneficiary of the support sets out measures for eliminating financial difficulties of the beneficiary of the support, including, where appropriate, the revision of the business model, and risk management of the beneficiary of the support;
- 4) the underlying assumptions in the descriptions and projections from items 1) to 3) of this paragraph are coherent and plausible and take into account the stressed condition of the beneficiary of the support, current market conditions and potential adverse developments.

Preserving or restoring financial stability of the group or any signatory of the agreement and assessment of the interests of the provider of the support

Article 4

- (1) In determining whether the provision of support has the objective of preserving or restoring the financial stability of the group of credit institutions as a whole or any signatory of the agreement, the following items should be taken into consideration:
 - 1) the direct and indirect overall benefits for the group of credit institutions as a whole, i.e. the sum of the benefits for any signatory of the agreement, resulting from a restoration of the financial soundness of the beneficiary of the support and the overall risks for the financial position of the group to be expected should the support not be provided, and the risk of a default of the potential beneficiary of the support in this case, and
 - 2) the risks for the group of credit institutions resulting from the provision of support, including the default risk of the beneficiary of the support and the loss to the group of credit institutions given default after receiving the support.
- (2) In assessing whether the provision of support is in the interest of the provider of the support, the following items shall be taken into consideration:
 - 1) the direct and indirect overall benefits for the provider of the support resulting from a restoration of the financial soundness of the beneficiary of the support and the overall risks for the financial position of the provider of the support to be expected should the support not be provided, and the risk of a default of the beneficiary of the support in this case, and
 - 2) the risks for the provider of the support resulting from the provision of support, including the default risk of the beneficiary of the support and the loss to the provider of the support given default of the beneficiary of the support after receiving the support.
- (3) The analysis of the default risk of the beneficiary of the support under paragraphs (1) and (2) of this Article shall be based on the elements used for the assessment of the reduction of financial difficulties of the beneficiary of the support under Article 3 of this Decision, as well as with other available information.
- (4) The analyses from paragraphs (1) and (2) of this Article shall take into consideration the requirements of the sound capital and liquidity management, at the level of the

group of credit institutions as well as at the level of individual group member, as well as any existing internal policies and procedures to manage and restrict intra-group transactions, and shall include:

- 1) potential damage to the franchise, refinancing and reputation;
- 2) benefits from efficient use and fungibility of capital resources of the group of credit institutions and its financing conditions; and
- 3) where possible, estimate of the monetary value of the costs and benefits that are not quantified.

Conditions for the support, including interests and other fees

Article 5

- (1) Support, including interest and other fees, shall be deemed to be provided under the conditions referred to in Article 196 paragraph (6) of the Law, if:
 - 1) when determining the fulfilment of the conditions, the following conditions are taken into consideration:
 - default risk of the beneficiary of the support,
 - priority in collection of receivables,
 - expected loss of the provider of the support in case of default of the beneficiary of the support, and
 - in case of a loan or a binding credit line, a maturity profile, based on the full availability of all relevant and up-to-date information by the beneficiary of the support and additional information available to the support provider;
 - 2) the relation of benefits, risks and costs that are taken into consideration when determining the best interest of every signatory of the agreement, including direct and indirect benefit that the provider of the support can acquire as a result of the provision of the support and benefits for the group arising from that support.
- (2) When determining the adequacy of the elements referred to in paragraph (1) item 1) indent 4 of this Article, the expected temporary effect on market prices arising from events occurring outside the group need not be taken into account if a credible projection of the market situation supports the assumption that the scope of that effect and its duration does not jeopardize the ability of the beneficiary of the support to meet all its obligations at the time of their maturity.
- (3) The assessment of the conditions referred to in paragraph (1) of this Article shall be based on a comparative analysis of the default risk of the beneficiary of the support in the event that support is provided, or not provided.
- (4) The analysis of the default risk referred to in paragraph (3) of this Article shall be based on the elements set out in Article 7 of this Decision, with the possibility of considering additional elements that the provider of support, based on the decision of the authority responsible for the supervision of the group on a consolidated basis and all available information, takes into account in the credit assessment when deciding on the granting of support.

- (5) The assessment referred to in paragraph (1) of this Article shall be applied so as to:
 - 1) include potential damage to franchise, refinancing and reputation as well as benefits from efficient use and fungibility of the group's capital resources and its refinancing conditions;
 - 2) to the greatest extent possible, the costs and benefits that have been taken into account when determining the best interest of each signatory to the agreement shall be quantified in monetary terms;
 - 3) the discount granted to the support beneficiary in comparison with market conditions must be quantified, including in relation to corrective factors for collateral or interest rates.
- (6) When assessing the best interest of each signatory to the agreement, all obligations under the financial support agreement and the ability of the support beneficiary to meet the obligations under the agreement based on its future business model and risk management shall be taken into account.

Fulfilment of obligation by the beneficiary of the support

Article 6

- (1) When assessing whether there is a reasonable prospect that the beneficiary of the support will pay the interest and other fees for the support and the principal will be reimbursed, an adequate analysis of all the risk factors which may influence the ability of the beneficiary of the support to meet these obligations or the default risk of the beneficiary of the support shall be conducted, considering in particular the following:
 - 1) whether the capital and liquidity needs of the beneficiary of the support, identified by a balance of capital and liquidity and by a projection of its capital and liquidity needs, are covered for a sufficient period of time, taking into account all relevant sources from which these needs could be financed;
 - 2) whether measures planned for a restructuring of the beneficiary of the support and a revision of its business model and risk management can efficiently support the restoration of the financial situation of the beneficiary of the support in accordance with the planned schedule and enable a full repayment of the principal, interest and fees in line with their due dates; and
 - 3) an analysis of the financial situation of the beneficiary of the support and of the internal and external causes for the financial difficulties, in particular of the business model and the risk management of the beneficiary of the support, and of past, present and expected market conditions, to support the conclusions under items 1) and 2) of this paragraph.
- (2) Assumptions given in the descriptions and projections from paragraph (1) of this Article must be coherent and plausible, and take into account the stressed condition of the beneficiary of the support, current market conditions and future potential adverse developments.

Liquidity and solvency of the provider of the support

Article 7

- (1) The condition that the provision of the support does not jeopardize liquidity and solvency of the provider of the support shall be considered met, if following the provision of the support it is reasonable to expect:
 - 1) the assets of the provider of support will at all times exceed its liabilities;
 - 2) the provider of support will:
 - be able to meet all its liabilities on their due date; and
 - not breach solvency or liquidity requirements prescribed by the Law, decision regulating the capital adequacy of credit institutions and other regulation of the Central Bank of Montenegro (hereinafter: the Central Bank), in a manner that would cause withdrawing of the license.
- (2) When conducting assessment of the fulfilment of the conditions from paragraph (1) of this Article, default risk of the beneficiary of the support and the loss for the provider of the support which comes as a result of the default by the beneficiary of the support shall be taken into consideration, as well as possible adverse effects.
- (3) The assessment referred to in paragraph (1) of this Article must be in line with the suitable prudential requirements in terms of adequate risk management of the provider of the support.

Threat to financial stability

Article 8

When assessing whether the provision of support poses a threat to the financial stability of Montenegro or of a third country in which another signatory to the agreement has a head office, taking into account the following:

- 1) the significance of the provider of the support for the financial stability of Montenegro, taking into account interdependencies between the provider of the support and other entities which are significant for financial stability;
- 2) the financial condition of the provider of the support and of the group members which are significant for its stability;
- 3) the probability of future developments having a negative impact on the provider of the support or on other signatories of the agreement, which are significant for the stability of the provider of the support, or on the financial stability of Montenegro or a third country in which the other signatory to the agreement has its head office; and
- 4) the risk that the provision of the support will divest the provider of the support of the liquidity or assets which will be necessary to support other group members that are important for the stability of the group and financial stability in the near future.

Fulfilment of capital requirements

Article 9

- (1) For the purpose of assessing the fulfilment of the capital requirements, the provider of support shall submit to the Central Bank, together with the request for approval to conclude the group financial support agreement, a reasoned statement confirming that,

even after providing the support, it will continue to meet the capital requirements and that the provision of support will not result in a reduction of its capital ratio to a level at which the combined buffer requirement would not be met.

- (2) Notwithstanding paragraph (1) of this Article, if the provider of the support does not meet the combined buffer requirement, or the provision of the support would result in a decrease in the capital ratio of the provider of the support to a level where the combined buffer requirement would not be met, it shall submit to the Central Bank, in addition to that requirement, the updated capital conservation plan in line with Article 170 paragraph (3) of the Law.
- (3) In the case referred to in paragraph (2) of this Article, when deciding on the request for approval to conclude an agreement on financial support within a group, the Central Bank shall take into account the following:
 - 1) the plausibility of the capital preservation plan,
 - 2) the plan and timeframe for the restoration of own funds in order to entirely fulfil the combined buffer requirement;
 - 3) the amount of capital for which the provider of the support fails to meet the combined buffer requirement or would fail to meet with the provision of the support and the significance of the lacking capital;
 - 4) the best interest of the provider of the support, including indirect benefits resulting from the stabilisation of the group of credit institutions as a whole;
 - 5) the combined buffer requirement; and
 - 6) the risks and benefits of the authorisation for financial stability.
- (4) If the provider of the support is a subsidiary undertaking of the beneficiary of the support, or if the provider of the support and the beneficiary of the support represent subsidiary undertakings of the same credit institution that is a group member, when assessing whether to authorise the financial support within a group when the capital requirements referred to in paragraph (1) of this Article are not fulfilled, taking into account the data submitted by the competent authority of the beneficiary of the support responsible for the consolidated supervision of the group at the CBCG's request, the Central bank shall consider whether the provision of the support is necessary to prevent:
 - 1) the failure of the beneficiary of the support, which would otherwise be likely;
 - 2) the destabilisation of the group of credit institutions as a whole resulting from the failure of the beneficiary of the support; and
 - 3) adverse effects on financial stability resulting from the destabilisation of the group of credit institutions.
- (5) If the Central Bank gives the provider of the support an authorization for concluding an agreement on financial support within a group, it shall be considered that it also approved capital conservation plan to the beneficiary of the support in the sense of Article 170 paragraph (4) of the Law.

Fulfilment of liquidity requirements

Article 10

- (1) For the purpose of assessing the fulfilment of liquidity requirements, the provider of support shall, together with the request for approval to conclude a group financial support agreement, submit a reasoned statement confirming that, after the provision of support, it will continue to meet the liquidity requirements referred to in Articles 113 and 280 of the Law, and that the provision of support would not result in a breach of those requirements.
- (2) By way of derogation from paragraph (1) of this Article, where the provider of support does not meet the liquidity requirements referred to in Articles 113 and 280 of the Law, or where the provision of support would result in a violation of those requirements, it shall submit to the Central Bank, in addition to the request for approval to conclude a group financial support agreement, a plan for the timely restoration of compliance in accordance with Article 114 paragraph (5) of the Law.
- (3) In deciding on the request for approval to conclude a group financial support agreement, in the case referred to in paragraph (2) of this Article, the Central Bank shall take into account the following:
 - 1) the period during which the provider of the support does not comply with the relevant liquidity requirements;
 - 2) the amount of funds for which the credit institution that is the provider of the support fails to meet the liquidity requirements or would stop to meet after the provision of the support and the impact of the non-compliance;
 - 3) the acceptability of the plan from paragraph (2) of this Article and the period for eliminating the non-compliance, that is for meeting liquidity requirements;
 - 4) the best interest of the provider of the support, including indirect benefits resulting from the stabilisation of the group of credit institutions as a whole; and
 - 5) the risks and benefits of the authorisation for financial stability.
- (4) If the provider of the support is a subsidiary undertaking of the beneficiary of support, or if both the provider and the beneficiary of support are subsidiary undertakings of the same institution that is a member of the group, the Central Bank, when deciding on the request for approval to conclude a group financial support agreement in cases where the liquidity requirements referred to in paragraph (1) of this Article are not met, shall, based on the information provided at its request by the competent authority responsible for the consolidated supervision of the group of the beneficiary of support, assess whether the provision of support is necessary to prevent:
 - 1) the failure of the beneficiary of the support, which would otherwise be likely;
 - 2) the destabilisation of the group of credit institutions as a whole resulting from the failure of the beneficiary of the support, and
 - 3) adverse effects on financial stability resulting from the destabilisation of the group of credit institutions.

Requests referring to large exposures

Article 11

- (1) For the purpose of determining the fulfilment of conditions related to the large exposure requirements under the Law, it shall be assessed whether the provider of the support meets those requirements at the time the support is provided and whether the provision of support would result in a breach of those requirements.
- (2) If the provider of the support fails to comply with the requirements from paragraph (1) of this Article, or if the provision of such support would lead to non-compliance of those requirements, it shall submit to the Central Bank, in addition to the request for approval to conclude an agreement on providing financial support within a group, a plan for a timely restoration of compliance with those requirements.
- (3) In the case referred to in paragraph (2) of this Article, the Central Bank shall take into consideration the following:
 - 1) the period of time during which the provider of the support is not compliant with the relevant exposure limits;
 - 2) the significance of the non-compliance of large exposure requirements;
 - 3) the acceptability of the plan from paragraph (2) of this Article;
 - 4) the best interest of the provider of the support, including indirect benefits resulting from the stabilisation of the group of credit institutions as a whole; and
 - 5) the risks and benefits of the authorisation for financial stability.

Possibility of resolution of the provider of the support

Article 12

- (1) The provision of support shall be deemed not to jeopardize the resolvability of the provider of support if it does not affect the implementation of the resolution strategy, as set out in the provider's resolution plan, in accordance with the assessment of resolvability under Articles 14 and 15 of the Law on Resolution of Credit Institutions.
- (2) When assessing the possibility for resolution under paragraph (1) of this Article, a special attention is given to the impact of the provision of the support on:
 - 1) potential absorption of losses within the group following the fulfilment of resolution conditions;
 - 2) interconnectedness of the beneficiary of the support and the provider of the support;
 - 3) risk of contagion spreading within the group;
 - 4) complexity of the group which is increasing due to the provision of the support;
 - 5) capital and liquidity balance of the provider of the support.
- (3) The provider of support who is not fully informed about the selected resolution strategy shall conduct the assessment referred to in paragraph (1) of this Article on the basis of the available information on the resolution plan.

Entry into force
Article 13

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

Decision number: 0101-7590-3/2025
Podgorica, 30 September 2025

CHAIRPERSON
GOVERNOR

Irena Radović, m.p.