

DECISION
ON DOCUMENTATION SUPPORTING THE APPLICATION FOR GRANTING THE
AUTHORISATIONS UNDER THE LAW ON CREDIT INSTITUTIONS
(OGM 127/20 of 29 December 2020, 094/25 of 12 August 2025)

Subject matter

Article 1

This Decision shall prescribe the documentation supporting the application to the Central Bank of Montenegro (hereinafter: the Central Bank) for granting the authorisations referred to in the Law on Credit Institutions – (hereinafter: the Law).

Application and documentation

Article 2

(1) The application for granting the authorisations referred to in this Decision shall be submitted to the Central Bank in writing, supported by the documentation prescribed by this Decision, and the evidence on the payment of fee pursuant to the regulation of the Central Bank governing the amount of fee for the performance of the supervisory function of the Central Bank.

(2) In case of any event occurring after the submission of the application or granting of the authorisation, which affects or might affect the accuracy, truthfulness and completeness of the documentation, the applicant shall submit updated information and documentation to the Central Bank.

Provision of core and additional financial services

Article 3

(1) An application for granting the authorisation referred to in Article 70 paragraph (2) of the Law, for the provision of core and additional financial services not defined in the administrative decision on issuing a licence to the credit institution, shall be submitted on the template provided in Annex I, which forms an integral part of this Decision.

(2) The application referred to in paragraph (1) of this Article shall be supported by the following:

- 1) data and description of services, as well as description of reasons for introducing new financial services for the performance of which the authorisation is being requested;
- 2) the legal basis for the provision of services for the performance of which authorisation is being requested, or the appropriate decision of the management body;
- 3) consent or another appropriate act of another competent authority, if regulations governing the performance of certain financial services prescribe the obligation to issue consent or other appropriate act;
- 4) proposal of amendments or supplements to the articles of association of the credit institution;

- 5) a description of activities taken by the credit institution in connection to the introduction of new financial services, including a description of reasons for changes in the organisation and systematisation of jobs positions, if they were necessary for the introduction of new financial services;
- 6) a draft of all internal acts and procedures prescribing the manner of action, organisation of work, powers and responsibilities for the financial service that the credit institution intends to provide;
- 7) information on the costs of introducing new services;
- 8) a business plan relating to new services for the next three years, which contains:
 - a description of the assessment of the impact that the services introduced have on the business of the credit institution;
 - a projection of the impact of these services on the statement of financial position (balance sheet), statement of comprehensive income (profit and loss statement) and risk management policy of the credit institution;
 - business strategy of the credit institution;
- 9) information on possible changes in the tangible assets of the credit institution in connection with the introduction of new financial services; and
- 10) information on possible changes in the information sector of the credit institution arising as a result of the introduction of new financial services.

Establishing dependant legal persons abroad

Article 4

The application for granting the authorisation referred to in Article 97 paragraph (2) of the Law for the establishment of dependant legal persons abroad shall be supported by the following:

- 1) basic data on the dependant legal person being established, along with the information on the reasons for the establishment and the address of the head office of that legal person;
- 1a) authorisation for the establishment of a dependent legal person, which was granted to the credit institution - founder by a competent authority abroad, or a statement by that authority that such authorisation is not required pursuant to the regulations of the country where the address of the dependent legal person of that credit institution is located;
- 2) a business plan of the dependent legal person for the first three business years, with a projection of the impact of the dependent legal person's operations on the operations of the credit institution;
- 3) data on the persons who will manage the affairs of the dependent legal person;
- 4) a projection of the organisational structure and personnel qualifications of the dependent legal person.

Inclusion of the current-year profits in the Common Equity Tier 1 capital

Article 5

- (1) The application for granting the authorisation, before taking a formal decision confirming the final annual profit or loss of the credit institution, shall be supported by the following:
 - 1) confirmation of profits by the persons responsible for the audit of the credit institution's financial statements, which also provides an appropriate level of assurance that the profits

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- have been estimated in accordance with the regulations governing the accounting;
 - 2) proof that the amount of profits has been reduced by any foreseeable costs or dividends;
 - 3) decisions of the management body on the intention to include the current-year profits or year-end profits in Common Equity Tier 1 capital.
- (2) The following shall be considered as the confirmation referred to in paragraph (1) item 1) of this Article:
- 1) for the year-end profits, the external auditor's report or the statement (comfort letter) of an independent external auditor that the audit has been started but not completed, and that until the moment of issuing the confirmation, the auditors had not been aware of any circumstances implying that the final report would include a qualified opinion;
 - 2) for the current-year profits, the independent external auditor's report or the independent external auditor's report on review (in accordance with the international standard 2410 - Criteria for Communicating).
- (3) The following shall be considered as the evidence of the reduction in profits referred to in paragraph (2) item 2) of this Article:
- 1) a statement that the profits were carried in accordance with the principles established in the applicable accounting framework, as well as that the scope of prudential consolidation is not significantly wider than the scope of the verification specified in the independent external auditor's document referred to in paragraph (2) of this Article, and
 - 2) a report on the main components of the current-year profits generated during the business year or the current-year profits generated at the end of the business year, including deductions for all foreseeable costs or dividends.
- (4) Evidence referred to in paragraph (3) of this Article shall be submitted on the template referred to in Annex Ia which is attached to this Decision and makes an integral part thereof, and signed by an authorised person.

Distribution of capital instruments into own funds of the credit institution

Article 6

- (1) The application for granting authorisation referred to in Article 135 paragraph (1) item (2) of the Law for the distribution of capital instruments as own funds instruments shall be supported by the following:
- 1) information on the category of own funds to which the credit institution intends to distribute the capital instrument for which the request is being made (Common Equity Tier 1 capital, additional Tier 1 capital, or Tier 2 capital);
 - 2) a description of the purpose of the capital increase and compliance with the capital plan of the credit institution or, if applicable, the capital plan of a group of credit institutions in Montenegro;
 - 3) information on the type of own funds instrument;

- 4) name/name and surname of top 20 investors in capital instruments for which an application for distribution is being submitted;
- 5) the credit institution's written decision on the issuance of capital instruments;
- 6) basic documentation on the issuance of capital instruments;
- 7) for Common Equity Tier 1 instruments and, if applicable, additional Tier 1 capital: articles of association of the credit institution, minutes from the general shareholders assembly of the credit institution at which the decision to issue the capital instrument was made, proof of registration of Tier 1 capital increase in the Central Registry of Business Entities, data on the shareholder structure following the entry into the Central Registry of Business Entities, and proof of payment of instruments;
- 8) proof of funding sources for the purchase of instruments, which proves that the purchase was made in accordance with Article 8 paragraph (1) item 2), Article 47 paragraph (1) item 3) and Article 61 paragraph (1) item 3) of the Decision on Capital Adequacy of Credit Institutions – (hereinafter: the Decision on Capital Adequacy);
- 9) proof of the existence of all necessary additional authorisations and consents relating to the issuance of capital instruments, which the credit institution is required to obtain pursuant to regulations governing the capital market, if applicable;
- 10) information on whether the credit institution has the right to make a decision on the distribution in a form other than cash or in the form of an own funds instrument, in connection with Article 83 paragraph (1) of the Decision on Capital Adequacy;
- 11) a signed statement of the applicant that the information provided is accurate and complete and that there are no contracts or agreements that could affect the non-compliance of a capital instrument with the prescribed conditions for that capital instrument;
- 12) a description of main characteristics of capital instruments given on an appropriate template provided in the annex referred to in paragraph (3) of this Article;
- 13) a detailed assessment and an explanation, for each capital instrument, in accordance with paragraph (2) of this Article;
- 14) an assessment of the compliance of the documentation on the capital instrument with the regulations governing the issuance of that capital instrument and possible restrictions;
- 15) a description of the accounting framework of the capital instrument for which the request is being submitted;
- 16) the amount of accrued own funds of the credit institution, including the amount and composition of own funds by individual categories and items, as at the last day of the month preceding the month of the submission of the application for granting the authorisation for distribution of capital instruments as own funds instruments, unless the credit institution has already submitted to the Central Bank the statements on own funds for that reporting date;
- 17) for Additional Tier 1 instruments: a detailed analysis by the credit institution on the expected amount of Common Equity Tier 1 capital that would arise if the value of the principal of Additional Tier 1 instruments were fully written down or converted into Common Equity Tier 1 instruments, less any foreseeable tax liabilities, or overdue tax payments related to the instrument at the time of the write-down or conversion;
- 18) other information, facts and circumstances that may or might affect the fulfilment of conditions for granting the authorisation for the distribution of a capital instrument as an own fund instrument.

- (1) The assessment referred to in paragraph (1), item 13) of this Article shall contain in particular:
- 1) provisions prescribing the conditions for the own funds instrument (prescribed conditions);
 - 2) citing or references to the relevant provisions of the contract governing the capital instrument or other document relevant to proving the fulfilment of any prescribed condition for the own funds instrument;
 - 3) a reasoned assessment by the credit institution on the fulfilment of each prescribed condition.
- (2) The assessment of the fulfilment of conditions referred to in paragraph (1) item 13) of this Article shall be prepared, depending on the type of own funds into which the capital instrument is distributed (Common Equity Tier 1, additional Tier 1 capital, or Tier 2 capital) on the template set out in Annex III, Annex IV or Annex V that form integral parts of this Decision.

Distribution into own funds based on discretionary right of the credit institution

Article 7

The application for granting the authorisation referred to in Article 135 paragraph (1) item 3) of the Law for the distribution into Common Equity Tier 1 capital, additional Tier 1 capital or Tier 2 capital of the capital instruments with regard to which the credit institution has a discretionary right to decide about the distribution in a non-cash form or in the form of own funds instruments shall be supported by the following:

- 1) documentation showing that the discretionary right or the form in which distributions may be disbursed will not adversely affect the credit institution's ability to cancel payments related to the instrument;
- 2) documentation showing that the discretionary right or the form in which distributions may be paid out will not adversely affect the instrument's ability to absorb losses;
- 3) documentation showing that the discretionary right or the form in which distributions may be paid will not reduce the quality of the capital instrument.

Use of conservative assessment of the underlying exposure of the credit institution to capital instruments included in indices

Article 8

The application for granting the authorisation referred to in Article 135 paragraph (1) item 4) of the Law for using the conservative assessment of the underlying exposure of the credit institution to capital instruments included in indices shall be supported by the evidence that that it would be operationally burdensome for the institution to monitor its reference exposure towards those items.

Authorisation for reducing own funds instruments

Article 8a

- (1) A credit institution shall, together with the application for granting authorisation referred to in Article 135 paragraph (1) item 5) of the Law, for the reduction of Common Equity Tier 1

capital instruments, Additional Tier 1 capital instruments or Tier 2 capital instruments, submit the following:

- 1) information on the method of reducing own funds instruments (buyback/ reduction/ repurchase of own funds instruments) and the type of the authorisation (general authorisation/authorisation);
 - 2) an explanation of the reasons for the intention to reduce own funds instruments;
 - 3) the results of the assessment of the effects of the planned reduction on compliance with legal and other supervisory requirements and information on any reduction that the credit institution plans to carry out in the next three years;
 - 4) information on the amount and structure of own funds before and after the implementation of the intended activity, including the future three-year period;
 - 5) information on the adequacy ratios of own funds (Common Equity Tier 1, Tier 1 and own funds) and compliance with legal and other supervisory requirements for capital before and after the implementation of the reduction of own funds instruments, including the future three-year period;
 - 6) information on the leverage ratio and compliance with legal and other supervisory requirements for leverage before and after the implementation of the intended reduction of own funds instruments, including the future three-year period;
 - 7) an assessment of the risks to which the credit institution is or could be exposed and an assessment of whether the level of own funds is sufficient to cover those risks, including the results of stress testing of the main risks that would show potential losses;
 - 8) information on internal capital, internal capital requirements and excess of available capital.
- (2) Where a credit institution intends to replace own funds instruments or related share premium accounts in accordance with Article 88 paragraph (1) item 1) or paragraph (9) item 3) of the Decision on Capital Adequacy of Credit Institutions, in addition to the information referred to in paragraph (1) of this Article, it shall also submit the information on:
- 1) the remaining maturity of the replaced own funds instruments, if any, and the maturity of the own funds instruments replacing them;
 - 2) the position in the hierarchy of the replaced own funds instruments and the own funds instruments replacing them in the event of bankruptcy;
 - 3) the cost of the own funds instruments replacing the instruments or share premium accounts referred to in Article 87, paragraph (1) of the Decision on the Capital Adequacy of Credit Institutions;
 - 4) the planned timing of the issuance of the own funds instruments replacing the instruments or share premium accounts referred to in Article 87, paragraph (1) of the Decision on the Capital Adequacy of Credit Institutions;
 - 5) the effects on the profitability of the credit institution at the time of replacement and the possibility of making a profit in the future three-year period, taking into account stress conditions.

- (3) A credit institution submitting an application for general prior approval for the reduction, redemption or repurchase of Common Equity Tier 1 instruments issued by the credit institution in accordance with the regulations, shall, together with the information referred to in paragraph (1), item 1) of this Article, submit the information on:
- 1) the amount of each relevant issue of Common Equity Tier 1 capital that is the subject of that request;
 - 2) the instruments that are yet to be issued.
- (4) A credit institution submitting an application for general prior approval to exercise the option to call, redeem, repay or repurchase Additional Tier 1 capital instruments or Tier 2 instruments, before their contractual maturity date, shall, together with the information referred to in paragraph (1), item 1) of this Article, submit the information on:
- 1) the amount of each relevant outstanding issue that is the subject of that request;
 - 2) the total carrying amount of the outstanding instruments at each relevant level of capital;
 - 3) the instruments that are yet to be issued, for which the specification of the information referred to in items 1) and 2) of this paragraph, as applicable, shall be submitted after the relevant issue.
- (5) A credit institution submitting an application for an extension of general prior approval shall, together with the application, submit the information referred to in paragraph (1), item 4) of this Decision.

Internal approaches for the calculation of capital requirements

Article 9

The application for granting the authorisation referred to in Article 135 paragraph (1) item 6) of the Law for using the internal approaches for the calculation of capital requirements shall be supported by the following:

- 1) documentation proving the fulfilment of the conditions referred to in Article 186 of the Decision on Capital Adequacy;
- 2) documentation showing that for the given exposure classes from the IRB method, in the internal risk measurement and management process, the credit institution applied rating systems that are largely compliant with the requirements of Articles 209 to 229 of the Decision on Capital Adequacy, for a period of at least three years preceding the start of the implementation of the IRB method.
- 3) documentation proving that the credit institution has assessed and applied its own LGD (loss given default) estimates and conversion factors in a manner that largely meets the requirements for the application of own estimates of parameters referred to in Articles 209 to 229 of the Decision on Capital Adequacy, at least three years before it is authorised to apply its own LGD estimates and conversion factors;

- 4) the methodology applied by the credit institution for allocating exposures to different exposure classes, in accordance with Article 189 of the Decision on Capital Adequacy;
- 5) documentation on the fulfilment of conditions for the application of IRB methods in different exposure classes and business units, in accordance with Article 190 of the Decision on Capital Adequacy;
- 6) documentation on the calculation of risk weighted exposures, in accordance with Articles 195 to 198 of the Decision on Capital Adequacy;
- 7) documentation on the calculation of the amount of expected loss for each exposure, in accordance with Articles 199 and 200 of the Decision on Capital Adequacy;
- 8) documentation on the assessment of PD (probability of default), LGD and maturity in accordance with Articles 201 to 206 of the Decision on Capital Adequacy;
- 9) documentation on the calculation of the exposure amount in accordance with Articles 207 and 208 of the Decision on Capital Adequacy;
- 10) documentation on the criteria for assigning debtors or products to a particular rating system, and on the implementation method that adequately reflects the level of risks, if the credit institution applies multiple rating systems, in accordance with Article 209 paragraph (1) of the Decision on Capital Adequacy;
- 11) evidence of periodic verification of the criteria and processes for assigning debtors or products to a particular rating system in order to determine their adequacy in relation to the existing portfolio of the credit institution and external circumstances, in accordance with Article 209 paragraph (2) of the Decision on Capital Adequacy;
- 12) evidence that the structure of the rating system for exposures to business undertakings, institutions, central governments and central banks and retail exposures meets the requirements of Article 189 of the Decision on Capital Adequacy and that credit institutions take into account the risk factors referred to in that Article when assigning exposures to rating grades or pools of exposures;
- 13) evidence of the fulfilment of conditions for the integrity of the rating process, in accordance with Article 213 of the Decision on Capital Adequacy;
- 14) if the credit institution applies statistical models and other mechanical methods for assigning exposures to rating grades of debtors and products or pools of exposures, evidence of the fulfilment of the conditions referred to in Article 214 of the Decision on Capital Adequacy;
- 15) evidence of the documentation of the rating system, in accordance with Article 215 of the Decision on Capital Adequacy;
- 16) proof of the collection and storage of data on internal ratings, in accordance with Article 216 of the Decision on Capital Adequacy;
- 17) documentation on the existence of appropriate stress testing procedures to be applied in assessing own capital adequacy, in accordance with Article 217 of the Decision on Capital Adequacy;
- 18) documentation on the fulfilment of general requirements for estimation when quantifying risk parameters related to rating grades or pools of exposures, in accordance with Article 219 of the Decision on Capital Adequacy;
- 19) evidence of the fulfilment of special requirements for PD estimate when quantifying risk parameters related to grades or pools of exposures, in accordance with Article 220 of the Decision on Capital Adequacy;

- 20) evidence of the fulfilment of special requirements for own estimate of LGD when quantifying risk parameters related to rating grades or pools of exposures in accordance with Article 221 of the Decision on Capital Adequacy;
- 21) evidence of the fulfilment of special requirements for own estimate of conversion factors in accordance with Article 222 of the Decision on Capital Adequacy;
- 22) evidence of compliance with the requirements for validation of internal estimates, referred to in Article 226 of the Decision on Capital Adequacy;
- 23) evidence of the fulfilment of conditions related to corporate governance, in accordance with Article 227 of the Decision on Capital Adequacy;
- 24) evidence that the credit risk control function meets the requirements of Article 228 of the Decision on Capital Adequacy.

Selection of an external auditor or an audit firm

Article 10

The application for granting the authorisation referred to in Article 223 of the Law for the selection of an external auditor or an audit firm shall be supported by the following:

- 1) proposal of the decision on the selection of the external auditor or an audit firm;
- 2) basic data on the operations of the audit firm;
- 3) a copy of the license for the external auditor;
- 4) data on the professional title and experience of persons who will be hired to audit the financial statements of the credit institution;
- 5) evidence that there are no reasons for refusing to issue the authorisation referred to in Article 224 paragraph (1) items 1) to 4) of the Law for the selection of the external auditor and/or impediments referred to in Article 225 paragraph (1) of the Law.

Article 10a

The provisions of this Decision shall apply mutatis mutandis to business undertakings referred to in Article 2 paragraph (1) item 2) of the Law.

Repealed regulation

Article 11

As from the commencement date of application of this Decision, the Decision on documents supporting the request for granting approvals under the Banking Law (OGM, 57/08, 80/10) shall be repealed.

Entry into force and application

Article 13

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 as of 1 January 2026.

THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

ANNEX I

Application for granting authorisation to provide financial services

Information on the applicant credit institution	
1. Name and head office of the credit institution	
2. Name and function of the person authorised to represent the credit institution in the procedure of granting the authorisation	
3. If the person authorised to represent the credit institution has authorised another person to represent the credit institution, please state the number of the annex containing the power of attorney	
Contact person regarding the application	
4. Name and surname	
5. Function	
6. Telephone number	
7. Mobile telephone number	
8. Fax	
9. Email	
Information on financial services for which the authorisation is requested	
10. List of financial services for which authorisation is requested, specifying the relevant provisions of the Law on Credit Institutions	
11. If the financial services are governed by separate laws, please state the name of the law and the name of the service under that law, indicating the appropriate articles of that law	
12. If the regulations governing the provision of financial services for which the authorisation is requested prescribe that prior consent or another appropriate act of another supervisory authority is required, please state the number and title of that act of the competent authority and the number of the annex which contains it	
Description of the reasons for the introduction of new financial services	
13. Describe the reasons for the introduction of new financial services or specify the number of the annex containing that description	
Description of the activities taken by the credit institution in connection with the introduction of new financial services	
14. List of all actions and activities that preceded the submission of the application	
Costs of introducing new services	
15. Overview of costs of introducing new services	
Impact of new services on the operations of the credit institution	
16. Description of the estimated impact of the new services on the credit institution's operations	

Organisation and systematisation of job positions	
17. Description of changes in the internal organisation and systematisation, if necessary for the introduction of new services	
Strategy and business plan of the credit institution	
18. Number of the annex containing the business strategy of the credit institution	
19. Number of the annex containing the business plan with a description of the estimated impact of new services on the credit institution's operations with projections of the balance sheet and profit and loss statement (prepared on the templates used for reporting to the Central Bank)	
Credit institution's information technology	
20. Information on possible changes in the credit institution's information technology in connection with the introduction of new services	
Tangible assets of the credit institution	
21. Information on possible changes in tangible assets of the credit institution in connection with the introduction of new services	
Articles of association of the credit institution	
22. Number of the annex containing the draft amendments to the credit institution's articles of association	
Internal acts of the credit institution	
23. Number of the annex containing drafts of all internal acts and procedures prescribing the work organisation, procedures, authorisations and responsibilities for each new financial service that the credit institution intends to introduce	

We hereby certify that the information provided in this application is true, accurate, complete, and not misleading.

Unless otherwise stated in a particular document, the information relates to the date specified in this application. If any information relates to a future date, this is explicitly stated and the applicant undertakes to notify the Central Bank of Montenegro in writing if it subsequently finds some of this information not to be true, accurate and complete or to be misleading.

Applicant's signature

Name and surname

Function

ANNEX Ia

Name and information on the credit institution

Statement on profit with the report on its main components for which the application for including profit in Common Equity Tier 1 capital is submitted

For the purposes of submitting the application to obtain authorisation for the inclusion of current-year profits in _____ (interim/annual) of business _____ year in Common Equity Tier 1 capital referred to in Article 135 paragraph (1) item 1) of the Law, I hereby inform the Central Bank on the intention of the _____ (name of credit institution) to include into Common Equity Tier 1 capital on _____ (solo/consolidated) basis reported in the financial statements as at _____ in the amount of EUR _____.

Profit to be included in Common Equity Tier 1 capital is calculated in the manner shown in Table 1.

Table 1: Report on main components of profit that may be included in Common Equity Tier 1 capital

1.	Undistributed pre-tax profit (<i>reported in the Profit and Loss Statement of the credit institution</i>)	[EUR 0]
2.	Taxes	[EUR 0]
3.	Other charges referred to in Article 7 paragraph (1) item 2) of the Decision on Capital Adequacy of Credit Institutions required by the Central Bank	[EUR 0]
4.	Other foreseeable charges referred to in Article 7 paragraph (2) of the Decision on Capital Adequacy of Credit Institutions not included in the profit and loss statement	[EUR 0]
5.	Total charges (2+3+4)	[EUR 0]
6.	Decided or proposed dividend referred to in Article 6 paragraphs (2) and (10) of the Decision on Capital Adequacy of Credit Institutions (<i>if there is a formal decision or a proposal for non-payment of dividends, or if there is no formal proposal or decision to pay out the dividends, the amount "0" shall be reported</i>)	[EUR 0/blank]
7.	Maximum dividend established in accordance with the dividend policy pursuant to Article 6 paragraphs (4) to (6) of the Decision on Capital Adequacy of Credit Institutions	[EUR 0]

8.	Dividend according to average pay-out ratio (last three years) in accordance with Article 6 paragraph (7) item 1) of the Decision on Capital Adequacy of Credit Institutions	[EUR 0]
9.	Dividend according to last year's pay-out ratio in accordance with Article 6 paragraph (7) item 2) of the Decision on Capital Adequacy of Credit Institutions	[EUR 0]
10.	Dividend to be deducted (<i>if the position under 6 equals zero, the maximum amount from the positions 7, 8, and 9; if the position under 6 does not equal zero, the respective amount shall be reported</i>)	[EUR 0]
11.	Impact of regulatory restrictions pursuant to Article 6 paragraph (9) of the Decision on Capital Adequacy of Credit Institutions	[EUR 0]
12.	Profit that can be included in Common Equity Tier 1 capital (1-5-10+11)	[EUR 0]

For information referred to in Table 1, I hereby declare that:

1. To the best of my knowledge, the specified amounts are accurate;
2. The profits have been verified by persons who are independent and who are responsible for the auditing financial statements of this credit institution;
3. The profits have been evaluated in accordance with the principles set out in the applicable accounting framework;
4. Any foreseeable charges or dividends has been deducted from the amount of the profits, as shown above;
5. The amount of dividend to be deducted has been estimated in accordance with the Decision on Capital Adequacy of Credit Institutions. In particular, deductible dividends are based on a formal decision/proposal or, if such formal decision/proposal is not available, on the highest of:
 - maximum dividend according to dividend policy;
 - dividend based on the average pay-out ratio over the last three years;
 - dividend based on last year's pay-out ratio. If the expected dividend pay-out has been calculated by using a pay-out range instead of a fixed value, the upper end of that range has been used;
6. A proposal for distributing dividends is fully consistent with the calculation reported in Table 1.

Signature of the authorised person

Name, surname, and function of the authorised person

ANNEX II

**Template for the assessment of the fulfilment of conditions for
Common Equity Tier 1 instruments**

A credit institution shall use the “Template for the assessment of the fulfilment of conditions for Common Equity Tier 1 instruments” to assess the compliance of Common Equity Tier 1 instruments at least with the requirements of Article 8 and Article 83 of the Decision on Capital Adequacy, taking into account Article 7 and Articles 11 and 12 of that Decision.

TEMPLATE FOR THE ASSESSMENT OF THE FULFILMENT OF CONDITIONS FOR COMMON EQUITY TIER 1 INSTRUMENTS		
Instrument name		
Number and content of the Article of the Decision on Capital Adequacy which prescribes the conditions for the capital instrument	Indication and reference to the relevant provisions of the contract governing the capital instrument or another relevant document related to the fulfilment of each prescribed condition for the capital instrument	Reasoned assessment of the fulfilment of each prescribed condition
Article 8 paragraph (1) of the Decision on Capital Adequacy		
1) the instrument is issued directly by the credit institution with the prior approval of the shareholders' assembly or, where permitted under applicable regulations, pursuant to the decision of the management body of the credit institution;		
2) the instrument is fully paid up and the acquisition of ownership of that instrument is not funded directly or indirectly by the credit institution;		
3) the instrument meets the conditions for capital and it is classified as share capital in accordance with the accounting framework and pursuant to the law governing bankruptcy and winding-up of banks;		
4) the instrument is clearly and separately disclosed on the balance sheet of the credit institution;		
5) the instrument is perpetual;		

6) the principal amount of the instrument may not be reduced or repaid, except in the following cases:		
- the winding-up of the credit institution; or		
- discretionary repurchases of the instrument or other discretionary means of reducing capital, where the credit institution has received the prior authorisation of the Central Bank in accordance with Article 87 of the Decision on Capital Adequacy;		
7) the provisions governing the instrument do not indicate expressly or implicitly that the principal amount of the instrument would be reduced or repaid other than in the winding-up of the credit institution, and the credit institution does not otherwise provide such an indication prior to or at issuance of the instrument;		
8) the instrument meets the following conditions as regards distributions:		
- there is no preferential distribution treatment regarding the order of distribution payments, including in relation to other Common Equity Tier 1 instruments, and the provisions governing the instrument do not provide preferential rights to payment of distributions;		
- distributions to holder of the instrument may be paid only out of distributable items;		
- the conditions governing the instruments do not include a cap or other restriction on the maximum level of distributions;		
- the level of distributions is not determined on the basis of the amount for which the instruments were purchased at issuance;		
- the conditions governing the instruments do not include any obligation for the credit institution to make distributions to their holders and the credit institution is not otherwise subject to such an obligation;		
- non-payment of distributions does not constitute an event of default of the credit institution;		

- the cancellation of distributions imposes no restrictions on the credit institution;		
9) compared to all the capital instruments issued by the credit institution, the instruments absorb the first and proportionately greatest share of losses as they occur, and each instrument absorbs losses to the same degree as all other Common Equity Tier 1 instruments;		
10) the instrument ranks below all other claims in the event of bankruptcy or winding-up of the credit institution;		
11) the instrument entitles their owners to a claim on the residual assets of the credit institution, which, in the event of its winding-up and after the payment of all senior claims, is proportionate to the amount of such instruments issued and is not fixed or subject to a cap;		
12) the instrument is neither secured nor subject to a guarantee that enhances the seniority of the claim by any of the following entities:		
- the credit institution or its subsidiary undertakings;		
- the parent undertaking of the credit institution or its subsidiary undertakings;		
- the parent financial holding company or its subsidiary undertakings;		
- the mixed activity holding company or its subsidiary undertakings;		
- the mixed financial holding company or its subsidiary undertakings;		
- any undertaking that has close links with the entities referred to in indents 1 to 5 of this item;		
13) the instrument that is not subject to any arrangement, contractual or otherwise, that enhances the seniority of claims under the instruments in bankruptcy or winding-up of the credit institution.		
Article 83 paragraph (1) of the Decision on Capital Adequacy		

Capital instruments and liabilities for which a credit institution has the sole discretion to decide to pay distributions in a form other than cash or own funds instruments shall not be eligible to qualify as Common Equity Tier 1, Additional Tier 1, Tier 2 or eligible liabilities instruments, unless the credit institution has received the prior authorisation of the Central Bank.		
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We hereby certify that the information provided in this application is true, accurate, complete, and not misleading.

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Signature of authorised person

Name and surname

Function

ANNEX III

**Template for the assessment of the fulfilment of conditions for
additional Tier 1 instruments**

A credit institution shall use the “Template for the assessment of fulfilment of conditions for additional Tier 1 instruments” to assess the compliance of additional Tier 1 instruments at least with the requirements of Articles 47, 48, 49, and 83 of the Decision on Capital Adequacy, taking into account Articles 11 and 12 of that Decision.

TEMPLATE FOR THE ASSESSMENT OF FULFILMENT OF CONDITIONS FOR ADDITIONAL TIER 1 INSTRUMENTS		
Instrument name		
Number and content of the Article of the Decision on Capital Adequacy which prescribes the conditions for the capital instrument	Indication and reference to the relevant provisions of the contract governing the capital instrument or other relevant document related to the fulfilment of each prescribed condition for the	Reasoned assessment of the fulfilment of each prescribed condition
Article 47 paragraph (1) of the Decision on Capital Adequacy		
1) a credit institution has directly issued the instruments and they are fully paid up;		
2) the instruments are not owned by any of the following:		
- the credit institution or its subsidiary undertakings;		
- an undertaking in which the credit institution has a participation in the form of ownership, direct or by way of control, of 20% or more of the voting rights or capital of that undertaking;		
3) the acquisition of the instruments is not funded directly or indirectly by the credit institution;		
4) the instruments rank below Tier 2 instruments in the event of the bankruptcy of the credit institution;		

5 the instruments are neither secured nor subject to a guarantee that enhances the seniority of the claims by any of the following:		
- the credit institution or its subsidiary undertakings;		
- the parent undertaking of the credit institution or its subsidiary undertakings;		
- the parent financial holding company or its subsidiary undertakings;		
- the mixed activity holding company or its subsidiary undertakings;		
- the mixed financial holding company or its subsidiary undertakings; or		
- any undertaking that has close links with entities referred to in indents 1 to 5 of this item		
6) the instruments are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claim under the instruments in the case of bankruptcy or winding-up;		
7) the instruments are perpetual and the provisions governing them include no incentive for the credit institution to redeem them;		
8) where the provisions governing the instruments include one or more call options, the option to call may be exercised at the sole discretion of the issuer;		
9) the instruments may be called, redeemed or repurchased only where the conditions laid down in Article 87 of the Decision on Capital Adequacy are met, and not before five years after the date of issuance except where the conditions laid down in Article 88 paragraph (9) of the Decision on Capital Adequacy are met;		
10) the provisions governing the instruments do not indicate explicitly or implicitly that the instruments would or might be called, redeemed or repurchased by the credit institution, and the credit institution does not otherwise provide such an indication, except		

in the case of bankruptcy or winding-up of the credit institution;		
11) the credit institution does not indicate explicitly or implicitly that the Central Bank would consent to a request to call, redeem or repurchase the instruments;		
12) distributions under the instruments meet the following conditions:		
- they are paid out of distributable items;		
- the level of distributions made on the instruments will not be amended on the basis of the credit standing of the credit institution or its parent undertaking;		
- the provisions governing the instruments give the credit institution full discretion at all times to cancel the distributions on the instruments for an unlimited period and on a non-cumulative basis, and the credit institution may use such cancelled payments without restriction to meet its obligations as they fall due;		
- cancellation of distributions does not constitute an event of default of the credit institution;		
- the cancellation of distributions imposes no restrictions on the credit institution;		
13) the instruments do not contribute to a determination that the liabilities of a credit institution exceed its assets, where such a determination is performed in accordance with the regulations governing the bankruptcy proceedings;		
14) the provisions governing the instruments require that, upon the occurrence of a trigger event, the principal amount of the instruments be written down on a permanent or temporary basis or the instruments be converted to Common Equity Tier 1 instruments;		
15) the provisions governing the instruments include no feature that could hinder the recapitalisation of the credit institution;		
16) where the issuer is established in a third country and has been a part of a resolution group the resolution entity of which is		

<p>established in Montenegro or the European Union or where the issuer is established in Montenegro or the European Union, the law or contractual provisions governing the instruments require that, upon a decision by the Central Bank as the resolution authority to exercise the write-down and conversion powers, the principal amount of the instruments is to be written down on a permanent basis or the instruments are to be converted to Common Equity Tier 1 instruments in accordance with the law governing the resolution of credit institutions;</p>		
<p>17) where the issuer is established in third country and has not been a part of a resolution group the resolution entity of which is established in Montenegro or European Union, the law or contractual provisions governing the instruments require that, upon a decision by the relevant third-country authority, the principal amount of the instruments is to be written down on a permanent basis or the instruments are to be converted into Common Equity Tier 1 instruments;</p>		
<p>18) where the issuer is established in a third country and has been a part of a resolution group the resolution entity of which is established in Montenegro or the European Union or where the issuer is established in Montenegro or European Union, the instruments may only be issued under, or be otherwise subject to the laws of a third country where, under those laws, the exercise of the write-down and conversion powers is effective and enforceable on the basis of statutory provisions or legally enforceable contractual provisions that recognise resolution or other write-down or conversion actions;</p>		
<p>19) the instruments are not subject to set-off or netting arrangements that would undermine their capacity to absorb losses.</p>		
<p>Article 48 of the Decision on capital adequacy</p>		

Restrictions on the cancellation of distributions on Additional Tier 1 instruments and features that could hinder the recapitalisation of the institution		
Article 49 of the Decision on capital adequacy		
Write down or conversion of Additional Tier 1 instruments		
Article 83 paragraph (1) of the Decision on Capital Adequacy		
Capital instruments and liabilities for which a credit institution has the sole discretion to decide to pay distributions in a form other than cash or own funds instruments shall not be eligible to qualify as Common Equity Tier 1, Additional Tier 1, Tier 2 or eligible liabilities instruments, unless the credit institution has received the prior authorisation of the Central Bank.		

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Signature of the authorised person

Name and surname

Function

ANNEX IV

**Template for the assessment of the fulfilment of conditions for
Tier 2 instruments**

A credit institution shall use the “Template for the assessment of the fulfilment of conditions for Tier 2 instruments” to assess the compliance of Tier 2 instruments at least with the requirements of Article 61 and Article 83 of the Decision on Capital Adequacy, taking into account Articles 11 and 12 of that Decision.

TEMPLATE FOR THE ASSESSMENT OF THE FULFILMENT OF CONDITIONS FOR TIER 2 INSTRUMENTS		
Instrument name		
Number and specification of the provision prescribing each condition for a particular capital instrument	Indication and reference to the relevant provisions of the contract governing the capital instrument or other relevant document related to the fulfilment of each prescribed condition for the capital instrument	Reasoned assessment of the fulfilment of each prescribed condition
Article 61 paragraph (1) of the Decision on Capital Adequacy		
1) the instruments are directly issued by a credit institution and they are fully paid up;		
2) the instruments are not owned by any of the following:		
- the credit institution or its subsidiary undertakings;		
- an undertaking in which the credit institution has participation in the form of ownership, direct or by way of control, of 20% or more of the voting rights or capital of that undertaking;		
3) the acquisition of ownership of the instruments is not funded directly or indirectly by the credit institution;		

4) the claim on the principal amount of the instruments under the provisions governing the instruments ranks below any claim from eligible liabilities instruments;		
5) the instruments are not secured or are not subject to a guarantee or other surety that enhances the seniority of the claim by any of the following entities:		
- the credit institution or its subsidiary undertakings;		
- the parent undertaking of the credit institution or its subsidiary undertakings;		
- the parent financial holding company or its subsidiary undertakings;		
- the mixed activity holding company or its subsidiary undertakings;		
- the mixed financial holding company or its subsidiary undertakings;		
- any undertaking that has close links with entities referred to in indents 1 to 5 of this item		
6) the instruments are not subject to any arrangement that otherwise enhances the seniority of the claim under the instruments;		
7) the instruments have an original maturity of at least five years;		
8) the provisions governing the instruments do not include any incentive for their principal amount to be redeemed or repaid, as applicable by the credit institution prior to their maturity;		
9) where the instruments include one or more early repayment options, including call options, the options are exercisable at the sole discretion of the issuer;		
10) the instruments may be called, redeemed, repaid or repurchased early only where the conditions set out in Article 87 of this Decision are met, and not before five years after the date of issuance, except where the conditions set out in Article 88 paragraph 9) of the Decision on Capital Adequacy are met;		

11) the provisions governing the instruments do not indicate explicitly or implicitly that the instruments would be called, redeemed, repaid or repurchased early, as applicable, by the credit institution other than in the case of the bankruptcy or winding-up of the credit institution and the credit institution does not otherwise provide such an indication;		
12) the provisions governing the instruments do not give the holder the right to accelerate the future scheduled payment of interest or principal, other than in the case of the bankruptcy or winding-up of the credit institution;		
13) the level of interest or dividends payments, as applicable, due on the instruments will not be amended on the basis of the credit standing of the credit institution or its parent undertaking;		
14) where the issuer is established in a third country and has been designated as part of a resolution group the resolution entity of which is established in Montenegro or the European Union or where the issuer has its head office in Montenegro or the European Union, the law or contractual provisions governing the instruments require that, upon a decision passed by the Central Bank as the resolution authority for credit institutions, to exercise the write-down and conversion powers that refer to the principal amount of the instruments is to be written down on a permanent basis or the instruments are to be converted to Common Equity Tier 1 instruments specified by the law governing the resolution of credit institutions;		
15) where the issuer is established in a third country and has not been designated as a part of a resolution group the resolution entity of which has its head office in Montenegro or the European Union, the law or contractual provisions governing the instruments require that, upon a decision by the relevant third-country authority, the principal amount of the instruments is to be written down on a permanent basis or the instruments are to be converted into Common Equity Tier 1 instruments;		

16) where the issuer is established in a third country and has been designated as part of a resolution group the resolution entity of which is established in Montenegro or the European Union or where the issuer has its head office in Montenegro or the European Union, the instruments may only be issued under, or be otherwise subject to the laws of a third country where, under those laws, the exercise of the write-down and conversion powers is effective and enforceable on the basis of statutory provisions or legally enforceable contractual provisions that recognise resolution or other write-down or conversion actions;		
17) the instruments are not subject to set-off or netting arrangements that would undermine their capacity to absorb losses.		
Article 83 paragraph (1) of the Decision on Capital Adequacy		
Capital instruments and liabilities for which a credit institution has the sole discretion to decide to pay distributions in a form other than cash or own funds instruments shall not be eligible to qualify as Common Equity Tier 1, Additional Tier 1, Tier 2 or eligible liabilities instruments, unless the credit institution has received the prior authorisation of the Central Bank.		

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Signature of the authorised person

Name and surname

Function