

Pursuant to Article 44 paragraph 2 of the Central Bank of Montenegro Law (OGM 40/10, 6/13, 70/17, 125/23), and Article 39 paragraph (1) of the Law on Financial Conglomerates (OGM 24/25, 14/26), the Council of the Central Bank of Montenegro, at its meeting held on 27 February 2026, passed the following

D E C I S I O N

ON SUPPLEMENTARY SUPERVISION OF INTRA-GROUP TRANSACTIONS AND RISK CONCENTRATION WITHIN A FINANCIAL CONGLOMERATE

Subject matter

Article 1

This Decision governs the manner of exercise of supplementary supervision of intra-group transactions and risk concentration within a financial conglomerate, which shall be performed by the Central Bank of Montenegro (hereinafter: the Central Bank) as a coordinator in cooperation with other competent authorities, in accordance with the law.

Determining the scope of supplementary supervision of intra-group transactions and risk concentration

Article 2

The Central Bank shall, in the manner set out in Articles 3 and 4 of this Decision, determine which intra-group transactions and which risk concentrations within a financial conglomerate, are to be considered significant for the purposes of supplementary supervision.

Significant intra-group transactions

Article 3

(1) Significant intra-group transactions shall, in particular, include:

- 1) investments and intercompany balances including real estate, bonds, equity, loans, hybrid and subordinated instruments, binding debt instruments, arrangements to centralise the management of assets or funds or to share costs, pension insurance arrangements, provision of management, back office or other services, dividends, interest payments and other receivables;
- 2) guarantees, commitments, letters of credit and other off-balance sheet transactions;
- 3) derivatives transactions;
- 4) purchase, sale or lease of assets and liabilities;

- 5) intra-group fees related to distribution contracts;
- 6) transactions to shift risk exposures between entities within the financial conglomerate, including transactions with special purpose vehicles or ancillary entities;
- 7) insurance, reinsurance and retrocession operations;
- 8) transactions that consist of several connected actions where assets or liabilities are transferred to entities outside of the financial conglomerate, but ultimately risk exposure is brought back within the financial conglomerate.

(2) When identifying types of significant intra-group transactions, defining appropriate materiality thresholds, time limits for reporting and overviewing significant transactions of regulated entities and mixed financial holding companies, the Central Bank shall, in take into account:

- 1) the specific structure of the financial conglomerate, the complexity of the intra-group transactions, the geographical location of the counterparty and whether or not the counterparty is a regulated entity;
- 2) possible contagion effects within the financial conglomerate;
- 3) possible circumventions of sectoral regulations;
- 4) possible conflicts of interests;
- 5) the solvency and liquidity of the counterparty;
- 6) transactions among entities belonging to different sectors of a financial conglomerate, if not already reported at sectoral level;
- 7) transactions within a financial sector, which are not already reported in accordance to the provisions of the sectoral regulations.

(3) The Central Bank may require regulated entities or mixed financial holding companies to submit the following information with regard to significant intra-group transactions:

- 1) the dates and amounts of the significant transactions, names and company register numbers or other identification numbers of the relevant group entities and counterparties, including legal entity identifier (LEI), where applicable;
- 2) a brief description of the significant intra-group transactions according to the types of transactions set out in paragraph (1) of this Article;
- 3) the total volume of all significant intra-group transactions of a specific financial conglomerate within a given reporting period;
- 4) information on how conflicts of interests and risks of contagion at the level of the financial conglomerate regarding significant intra-group transactions are managed, taking into consideration the financial conglomerate's strategy to combine activities in the financial sector, or banking, insurance and investment services sectors, or a sectoral own risks assessment including a consideration on the management of conflicts of interests and risks of contagion regarding such transactions.

(4) Transactions that are executed as part of a single economic operation shall be aggregated for the purpose of calculating the thresholds for the determination of significant intra-group transactions as prescribed by law.

Significant risk concentration

Article 4

(1) Significant risk concentration in the case of regulated entities and mixed financial holding companies shall be deemed to exist when it arises from risk exposures towards counterparties which are not part of the financial conglomerate, where those exposures:

- 1) are direct or indirect;
- 2) are on-balance or off-balance sheet items;
- 3) concern regulated or unregulated entities, within the same or different financial sectors in a financial conglomerate; or
- 4) result from any combination or interaction of the exposures set out in items 1), 2) and 3) of this paragraph.

(2) Counterparty risk or credit risk shall include, in particular, risks related to interconnected counterparties in groups, which do not form part of the financial conglomerate, including an accumulation of exposures towards those counterparties.

(3) When identifying types of significant risk concentration, defining appropriate materiality thresholds, time limits for reporting and overviewing significant risk concentration of regulated entities and mixed financial holding companies, the Central Bank shall take into account:

- 1) the solvency and liquidity at the level of the financial conglomerate and of the individual entities within the financial conglomerate;
- 2) the size, complexity and specific structure of the financial conglomerate including the existence of special purpose vehicles, ancillary entities, and third-country entities;
- 3) the risk management structure and the features of the governance system of the financial conglomerate;
- 4) the diversification of the financial conglomerate's exposures and of its investment portfolio;
- 5) the diversification of the financial activities with respect to geographical areas and business lines;
- 6) the relationship, correlation and interaction between risk factors across the entities in the financial conglomerate;
- 7) possible contagion effects within the financial conglomerate;
- 8) possible circumventions of sectoral regulations;
- 9) possible conflicts of interest;
- 10) the level or volume of risks;
- 11) possible accumulation and interaction of exposures incurred by entities belonging to different financial sectors of the financial conglomerate, if not already reported at a sectoral level;
- 12) exposures within a financial sector of the financial conglomerate, which are not reported under the sectoral regulations.

(4) The Central Bank may require regulated entities or mixed financial holding companies to submit the following information with regard to significant risk concentration:

- 1) a description of the significant risk concentration according to the types of risks set out in paragraph (1) of this Article;
- 2) the break-down of the significant risk concentration by counterparties and groups of interconnected counterparties, geographical areas, economic sectors, and currencies, specifying the names and company register numbers or other identification numbers of the relevant group entities of the financial conglomerate and their respective counterparties, including legal entity identifier (LEI), where applicable;
- 3) the total amount of each significant risk concentration at the end of a specific reporting period valued according to the applicable sectoral regulations;
- 4) when applicable, the amount of significant risk concentration taking into account risk mitigation techniques and risk weighting factors;
- 5) how conflicts of interests and risks of contagion at the level of the financial conglomerate regarding significant risk concentration are managed, taking into consideration the strategy to combine activities in the financial sector, or banking, insurance and investment services sectors, or a sectoral own risks assessment.

Powers and requirements of the Central Bank in the exercise of supplementary supervision of intra-group transactions and risk concentration within a financial conglomerate

Article 5

(1) In the exercise of supplementary supervision of a financial conglomerate in accordance with this Decision, the Central Bank may require regulated entities and mixed financial holding companies to:

- 1) perform intra-group transactions of the financial conglomerate at arm's length or notify transactions which are not performed at arm's length;
- 2) approve intra-group transactions on the basis of pre-established internal procedures with the involvement of its management or administrative body in accordance with the sectoral regulations;
- 3) report more frequently than required under sectoral regulations on significant risk concentration and significant intra-group transactions;
- 4) establish additional reporting on significant risk concentration and significant intra-group transactions of the financial conglomerate;
- 5) strengthen the risk management processes and internal control mechanisms of the financial conglomerate;
- 6) submit or improve plans to restore compliance with supervisory requirements, setting the time limits for implementation thereof.

(2) The Central Bank shall define appropriate thresholds in order to identify and monitor significant risk concentrations and significant intra-group transactions.

Entry into force

Article 6

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: 0101-1771-8/2026

Podgorica, 27 February 2026

**CHAIRPERSON
GOVERNOR**

Irena Radović, m.p.