

## **DECISION**

### **ON INTERIM MEASURES TO MITIGATE NEGATIVE IMPACT OF THE COMMUNICABLE DISEASE COVID-19 EPIDEMIC ON THE FINANCIAL SYSTEM**

**(OGM 80/20 of 4 August 2020, 105/20 of 29 October 2020, 24/21 of 3 March 2021, 33/21 of 31 March 2021, 45/21 of 29 April 2021, 53/21 of 27 May 2021)**

#### **I. BASIC PROVISION**

1. This decision establishes the interim measures that refer to the treatment of loans granted by banks as well as other measures for reducing negative effects of the communicable disease COVID-19 epidemic on the operations of banks and maintaining stability of financial system as a whole.

#### **II. MORATORIUM ON LOAN REPAYMENT**

2. Beneficiaries of banking loans performing activities threatened by the negative impact of the communicable disease COVID-19 epidemic (hereinafter: threatened activities), beneficiaries of loans granted for “providing accommodation and food services” or loans for “preparing the tourist season”, as well as loan beneficiaries whose total revenue in 2020 was at least 50% lower than compared to 2019 shall have the right to a moratorium on loan repayment in period up to and including 31 August 2021, if their loans have not been past due more than 90 days as at 31 December 2019 and have not been classified as of that date into the category of non-performing assets.

A list of threatened activities shall be provided in Annex 2 of this Decision which makes an integral part thereof.

The moratorium referred to in paragraph 1 of this item shall include interim suspension of all payments of obligations on the basis of the loan (principal, interest rates, default interests, fees, and the like).

For the loan beneficiaries to which moratorium is introduced, the repayment period of the loan shall be extended for the period of moratorium, unless the bank and the loan beneficiary agree otherwise.

The user of moratorium shall be entitled to choose one of the following manners for interest payment which is calculated during the moratorium:

- 1) interest payment during the moratorium in accordance with the agreed loan repayment schedule;
- 2) payment of the total amount of accrued but unpaid interest during the moratorium upon the expiry of the moratorium, or
- 3) adding the accrued but unpaid interest during the moratorium to the principal amount of debt upon the expiry of moratorium.

For the calculation of interest rate during the moratorium, and for further loan repayment, the banks shall not negotiate nominal interest that exceeds the nominal interest rate referred to in the loan agreements to which the moratorium applies.

During the moratorium, the bank shall not calculate default interest rate on matured outstanding loan receivables or initiate enforcement proceedings or enforced collection or take other legal actions to collect the receivables.

A loan beneficiary, who intends to exercise the right to a moratorium referred to in paragraph 1 of this item, shall provide the bank, electronically or in writing, with an application for introducing the moratorium.

A bank shall, no later than 15 days following that of the receipt of the application referred to in paragraph 8 of this item, take all actions necessary to implement the moratorium, including the entering into annex to the agreement with loan beneficiary – the applicant.

All expenses with regard to the introduction and implementation of the moratorium (loan processing, entering into annex to the collateral agreement, verification of the agreement, and the like) shall be borne by the bank.

Total revenue, within the meaning of paragraph 1 of this item, shall be the sum of income arising from the positions under 201 (Sales revenue), 203 (Revenue from usage of finished goods and merchandise), 204 (Other operating income), 222 (Income attributable to equity interest), 226 (Revenue arising from other financial investments and loans (interest, foreign currency translation and contractual protection effects)), 230 (Other revenue arising from interest, foreign currency translation and other contractual protection effects) and 235 (Revenue arising from value adjustments of short-term financial assets and financial investments that are parts of working capital) laid down in the regulation governing the content and format of the financial statements' templates for business undertakings and other legal persons.

2a. Natural persons – loan beneficiaries of banks shall be entitled to a moratorium on loan repayment which may last until 31 December 2021 where:

- as at 31 December 2019 their loans have not been past due more than 90 days and have not been classified as of that date into the category of non-performing assets,
- as at 31 March 2020 or as at later date, as a result of adverse effects of the communicable disease COVID-19 epidemic, their employment was terminated or net salaries have not been paid out to them for more than three months before the submission of application referred to in paragraph 7 of this item.

The moratorium referred to in paragraph 1 of this item shall include interim suspension of all payments of obligations on the basis of the loan (principal, interest rates, default interests, fees, and the like).

For the loan beneficiaries to which moratorium is introduced, the repayment period of the loan shall be extended for the period of moratorium, unless the bank and the loan beneficiary agree otherwise.

The user of moratorium shall be entitled to choose one of the following manners for interest payment which is calculated during the moratorium:

- 1) interest payment during the moratorium in accordance with the agreed loan repayment schedule;
- 2) payment of the total amount of accrued but unpaid interest during the moratorium upon the expiry of the moratorium, or
- 3) adding the accrued but unpaid interest during the moratorium to the principal amount of debt upon the expiry of moratorium.

For the calculation of interest rate during the moratorium, and for further loan repayment, the banks shall not negotiate nominal interest that exceeds the nominal interest rate referred to in the loan agreements to which the moratorium applies.

During the moratorium, the bank shall not calculate default interest rate on matured outstanding loan receivables or initiate enforcement proceedings or enforced collection or take other legal actions to collect the receivables.

A loan beneficiary, who intends to exercise the right to a moratorium referred to in paragraph 1 of this item, shall provide the bank, electronically or in writing, with an application for introducing the moratorium.

A bank shall, no later than 15 days following that of the receipt of the application referred to in paragraph 7 of this item, take all actions necessary to implement the moratorium, including the entering into annex to the agreement with loan beneficiary – the applicant.

All expenses with regard to the introduction and implementation of the moratorium (loan processing, entering into annex to the collateral agreement, verification of the agreement, and the like) shall be borne by the bank.

### **III. GRANTING OF LOANS TO LOAN BENEFICIARIES**

3. A bank which, until 31 August 2021, grants a loan to a beneficiary referred to in item 2 of this Decision, may treat such loan as the loan from the classification category “A” in the process of allocation of loan loss provisions by applying Article 48 of the Decision on Minimum Standards for Credit Risk Management in Banks (OGM 22/12, 55/12, 57/13, 44/17, 82/17, 86/18, 42/19) – (hereinafter: Decision on credit risk management).

### **IV. LOAN RESTRUCTURING**

#### **Restructuring of loans granted to loan beneficiaries**

4. A bank which, upon the request of a loan beneficiary referred to in item 2 of this Decision, during the period of effectiveness of this Decision, grants to a loan beneficiary one or more incentives by applying Article 43 paragraph 1 of the Decision on credit risk management, may treat such loan as a loan from the classification category “A” in the process of allocation of loan loss provisions by applying Article 48 of that decision if, as at 31 December 2019, the loan of the loan beneficiary has not been past due more than 90 days, and the loan has not been classified as at that day as non-performing loan.

#### **Restructuring of loans granted to natural persons**

- 4a. A bank shall, upon the request of loan beneficiary which is a natural person, approve the change in the loan repayment plan by extending the deadline for loan repayment for a maximum of five years if the salary of the loan beneficiary was reduced by at least 10% as at 31 March 2020 or as at later date as a result of negative impact of communicable disease COVID-19 epidemic.

The deadline for the loan repayment shall be extended to a loan beneficiary referred to in paragraph 1 of this item whose net salary before the reduction amounted to EUR 550.00 or more and after the reduction the unencumbered portion of salary amounted to at least EUR 220.00, in a way that the amount of the unencumbered portion of salary is not lower than EUR 220.00 after the amended repayment plan, unless the bank and the loan beneficiary agree otherwise.

The deadline for the loan repayment shall be extended to a loan beneficiary referred to in paragraph 1 of this item whose net salary before the reduction amounted less than EUR 550.00, in a way that after the amended repayment plan the amount of the unencumbered portion of salary is not lower than the amount that the loan beneficiary was entitled to immediately before the reduction of salary, unless the bank and the loan beneficiary agree otherwise.

Where unencumbered portion of salary referred to in paragraphs 2 and 3 of this item cannot be preserved by extending the deadline for loan repayment referred to in paragraph 1 of this item, the bank shall enable loan beneficiary, upon its request, a moratorium to loan repayment for period up to six months

In the event of restructuring of cash loans granted to natural persons referred to in paragraph 1 of this item, limits related to the deadlines of the loan repayment specified in the Decision on Macroprudential Measures Relating to Retail Banking Loans (OGM 58/19) shall not apply.

A loan beneficiary that intends to exercise the right referred to in paragraph 1 of this item shall provide the bank, electronically or in writing, with an application requesting the amendments to be made to loan repayment plan.

A bank shall, no later than 15 days following that of the receipt of the application referred to in paragraph 6 of this item, take all actions necessary to amend the loan repayment plan, including the entering into annex to the agreement with loan beneficiary.

All expenses with regard to the introduction of new repayment plan (loan processing, entering into annex to the collateral agreement, verification of the agreement, and the like) shall be borne by the bank.

In the process of assets classification and allocation of loan loss provisions, the bank may treat a loan restructured in accordance with paragraph 1 of this item as a new loan, if the loan of the loan beneficiary has not been past due more than 90 days as at 31 December 2019 and has not been classified as of that date into the category of non-performing loans.

### **Restructuring of other loans**

5. A bank which, upon the request of a loan beneficiary that does not belong to a category of loan beneficiaries referred to in item 4 of this Decision, during the effectiveness of this Decision, grants to a loan beneficiary one or more incentives by applying Article 43 paragraph 1 of the Decision on credit risk management, may treat such loan as a new loan in the process of classification of assets and allocation of loan loss provisions, if:
  - 1) as at 31 December 2019, the loan of the loan beneficiary has not been past due more than 90 days, the loan has not been classified as non-performing loan and it has not been restructured in 2020 and until 28 February 2021;
  - 2) the loan beneficiary may provide documents to prove to the bank that its financial position has deteriorated, or will be deteriorated in the near future, due to the adverse effects of the communicable disease COVID-19 epidemic on its operations from the day of the virus outbreak in the world, and
  - 3) the bank assesses that the credit capacity of loan beneficiary will improve upon the loan restructuring.

A bank may use loan restructuring referred to in paragraph 1 of this item only for the first restructuring performed in accordance with that paragraph, and it may not be used for the loans restructured in accordance with item 3 of the Decision on Interim Measures to Mitigate Negative Impact of the New Coronavirus Disease (COVID-19) on the Financial System (OGM 19/20, 28/20, 42/20) and/or item 2 of the Decision on interim measures to reduce negative effects of the new Coronavirus outbreak on the financial system after mitigating measures to protect population against communicable diseases (OGM 46/20).

6. During the effectiveness of this Decision, banks may also, under the conditions and in the manner referred to in item 5 of this Decision, restructure and classify loans to which, on the effective date of this Decision, the Decision on Macprudential Measures Relating to Retail Banking Loans (OGM 58/19) is applied, including the possibility of arranging an additional repayment period up to five years, but in the manner that the final maturity is no longer than 10 years and also in the case where a loan is not secured by the collateral referred to in item 2 of that decision.

### **V. OTHER MEASURES**

7. Banks shall be prohibited from paying out dividends to shareholders, except if they are paid out in the form of bank shares.
8. A bank may, by 30 June 2021, with the prior approval of the Central Bank, grant a loan or other exposure to a single person or a group of connected persons, in such a manner that the total exposure toward that person or a group of connected persons exceeds the prescribed exposure limits.

The request for granting the approval referred to in paragraph 1 of this item shall be accompanied by detailed information on the reasons for increasing the exposure, including the amount by which it exceeds the limit and the period within which the bank will reduce that exposure to the prescribed limit.
- 8a. During the effectiveness of this Decision, a bank may, when calculating matured liabilities by applying Article 8 paragraph 2 item 4 of the Decision on Minimum Standards for Liquidity Risk Management in Banks (OGM 60/08), include 20% of demand deposits instead of 30% in the calculation of such liabilities.

- 8b. During the effectiveness of this Decision, a bank may, in the process of analysing the credit capacity of loan beneficiary and classifying asset items into the corresponding classification category or subcategory, exclude all or individual performance indicators specified by applying Article 27 paragraph 3 of the Decision on Credit Risk Management that refer to 2020.
9. The fees that the banks are obliged to pay to the Central Bank for the use of the prescribed amount of reserve requirement that is not repaid the same day shall be reduced by 50%, from 12% to 6% at annual level.

## **VI. REPORTING TO THE CENTRAL BANK**

10. Banks shall submit monthly reports to the Central Bank on the implementation of measures referred to in items 2 to 6 of this Decision in electronic form, no later than 15<sup>th</sup> day in the month for the previous month.
11. The reports referred to in item 10 of this Decision shall be submitted using the Form COV-RM, which is attached to and makes an integral part of this Decision.

## **VII. APPLICABILITY**

12. Provisions of item 2 of this Decision shall apply *mutatis mutandis* to micro-credit financial institutions and beneficiaries of their loans.
- 12a. Provisions of item 2a of this Decision shall apply *mutatis mutandis* to micro-credit financial institutions and beneficiaries of their loans, and to leasing companies and beneficiaries of their services

## **VIII. TRANSITIONAL AND CLOSING PROVISIONS**

13. Loan beneficiaries which, on the day of the effectiveness of this Decision use the moratorium in accordance with the Decision on interim measures to reduce negative effects of the new Coronavirus outbreak on the financial system after mitigating measures to protect population against communicable diseases (OGM 46/20), shall continue to do so until the expiry of the agreed period of validity of the moratorium.
- 13a. Loan beneficiaries which, on the day of the effectiveness of this Decision use the moratorium in accordance with the Decision on interim measures to mitigate negative impact of the communicable disease COVID-19 epidemic on the financial system (OGM 80/20, 105/20), shall continue to do so until the expiry of the agreed period of validity of the moratorium.
- 13b. Loan beneficiaries which, until the day of the effectiveness of this Decision used the moratorium, or loan beneficiaries which, on the day of the effectiveness of this Decision, use the moratorium in accordance with Article 2a of the Decision on interim measures to mitigate negative impact of the communicable disease COVID-19 epidemic on the financial system (OGM 80/20, 105/20, 24/21), may submit the request for establishing or extending such moratorium in accordance with this Decision
14. This decision shall remain in effect until the passing of the decision of the Central Bank on its cessation.
15. The Decision on interim measures to reduce negative effects of the new Coronavirus outbreak on the financial system after mitigating measures to protect population against communicable diseases (OGM 46/20) shall cease to have effect as of the day of the effectiveness of this Decision.
16. This Decision shall enter into force as of the day of its publication in the Official Gazette of Montenegro.

## Report on moratorium, new and restructured loans

As at

Template COV- RM

(Bank's name)

In EUR thousand

1.1.	LOANS IN MORATORIUM referred to in item 2 of the Decision	Total number of debtors	Number of sub-account	Amount
1.1.1.	Tourism sector and agriculture, forestry and fishing			
1.1.2.	Other categories of the threatened industries referred to in Annex 2			
1.1.3.	Loan beneficiaries whose total revenue under certain positions in 2020 was at least 50% lower than compared to 2019 (specified in accordance with item 2 paragraphs 1 and 11 of the Decision)			
1.1.4.	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

1.2.	MORATORIUM for NATURAL PERSONS referred to in item 2a of the Decision	Total number of debtors	Number of sub-account	Amount
1.2.1.	Cash unsecured loans of natural persons			
1.2.2.	Other loans of natural persons			
1.2.3.	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

1.3.	MORATORIUM for NATURAL PERSONS referred to in item 4a paragraph 4 of the Decision	Total number of debtors	Number of sub-account	Amount
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1.3.1.	Cash unsecured loans of natural persons			
1.3.2.	Other loans of natural persons			
<b>1.3.3.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>2.</b>	<b>NEW LOANS referred to in item 3 of the Decision</b>	<b>Total number of debtors</b>	<b>Number of sub-account</b>	<b>Amount</b>
2.1.	Tourism sector and agriculture, forestry and fishing			
2.2.	Other categories of the threatened industries referred to in Annex 2 of the Decision			
2.3.	Loan beneficiaries whose total revenue under certain positions in 2020 was at least 50% lower than compared to 2019 (specified in accordance with item 2 paragraphs 1 and 11 of the Decision)			
<b>2.4.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>3.</b>	<b>RESTRUCTURED LOANS referred to in item 4 of the Decision</b>	<b>Total number of debtors</b>	<b>Number of sub-account</b>	<b>Amount</b>
3.1.	Tourism sector and agriculture, forestry and fishing			
3.2.	Other categories of the threatened industries referred to in Annex 2 of the Decision			
3.3.	Loan beneficiaries whose total revenue under certain positions in 2020 was at least 50% lower than compared to 2019 (specified in accordance with item 2 paragraphs 1 and 11 of the Decision)			
<b>3.4.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>4.</b>	<b>RESTRUCTURED LOANS OF NATURAL PERSONS referred to in item 4a of the Decision</b>	<b>Total number of debtors</b>	<b>Number of sub-account</b>	<b>Amount</b>
4.1.	Cash unsecured loans of natural persons			
4.2.	Other loans of natural persons			
<b>4.3.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>5.</b>	<b>RESTRUCTURED OTHER LOANS referred to in item 5 of the Decision</b>	<b>Total number of debtors</b>	<b>Number of sub-account</b>	<b>Amount</b>
5.1.	Natural persons			
5.2.	Legal persons			
<b>5.3.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>6.</b>	<b>RESTRUCTURED CASH UNSECURED LOANS OF NATURAL PERSONS referred to in item 6 of the Decision</b>	<b>Total number of debtors</b>	<b>Number of sub-account</b>	<b>Amount</b>
<b>6.1.</b>	Natural persons			

<b>7.</b>	<b>Application of item 8b of the Decision during the classification of debtors' exposures</b>	<b>Total number of debtors</b>	<b>Number of sub-account</b>	<b>Amount</b>
7.1.	Natural persons – balance sheet exposures			
7.2.	Natural persons – off-balance sheet exposures			
7.3.	Legal persons – balance sheet exposures			
7.4.	Legal persons – off-balance sheet exposures			
<b>7.5.</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>



8.	TOTAL LOANS UNDER MORATORIUM	0	0	0
9.	TOTAL RESTRUCTURED LOANS	0	0	0
10.	TOTAL LOANS UNDER MORATORIUM AND RESTRUCTURED LOANS	0	0	0

**Note:**

Loans shown under # 4.1. and 5.1. does not include loans shown under # 6.1.

## LIST OF TREATHED ACTIVITIES

CODE	ACTIVITY
0111	Growing of cereals (except rice), leguminous crops and oil seeds
0112	Growing of rice
0113	Growing of vegetables and melons, roots and tubers
0114	Growing of sugar cane
0115	Growing tobacco
0116	Growing of fibre crops
0119	Growing of perennial and non-perennial plants
0121	Growing of grapes
0122	Cultivation of tropical and subtropical fruits
0123	Growing of citrus fruits
0124	Growing of pome fruits and stone fruits
0125	Growing of other tree and bush fruits and nuts
0126	Growing of oleaginous fruits
0127	Growing of beverage crops
0128	Growing of spices, aromatic, drug and pharmaceutical crops
0129	Growing of other perennial crops
0130	Plant propagation
0141	Raising of dairy cattle
0142	Raising of other cattle and buffaloes
0143	Raising of horses and other equines
0144	Raising of camels and camelids
0145	Raising of sheep and goats
0146	Raising of swine/pigs
0147	Raising of poultry
0149	Raising of other animals
0150	Mixed farming

0161	Support activities for crop production
0162	Support activities for animal production
0163	Post-harvest crop activities
0164	Seed processing for propagation
0170	Hunting, trapping and related service activities
0210	Silviculture and other forestry activities
0220	Logging
0230	Gathering of wild growing non-wood products
0240	Support services to forestry
0311	Marine fishing
0312	Freshwater fishing
0321	Marine aquaculture
0322	Freshwater aquaculture
1041	Manufacture of oils and fats
1051	Operation of dairies and cheese making
1052	Manufacture of ice cream
1101	Distilling, rectifying and blending of spirits
1102	Manufacture of wine from grape
1103	Manufacture of cider and other fruit wines
1105	Manufacture of beer
1107	Manufacture of soft drinks; production of mineral waters and other bottled waters
1392	Manufacture of made-up textile articles, except apparel
1411	Manufacture of leather clothes
1413	Manufacture of other outerwear
1520	Manufacture of footwear
1820	Reproduction of recorded media
2014	Manufacture of other organic basic chemicals
2052	Manufacture of glues
2445	Other non-ferrous metal production
2611	Manufacture of electronic components

2849	Manufacture of other machine tools
3011	Building of ships and floating structures
3012	Building of pleasure and sporting boats
3213	Manufacture of imitation jewellery and related articles
3240	Manufacture of games and toys
3315	Repair and maintenance of ships and boats
4910	Passenger rail transport, interurban
4931	Urban and suburban passenger land transport
4932	Taxi operation
4939	Other passenger land transport n.e.c
5010	Sea and coastal passenger water transport
5030	Inland passenger water transport
5040	Inland freight water transport
5110	Passenger air transport
5121	Freight air transport
5223	Service activities incidental to land transportation
5223	Service activities incidental to air transportation
5510	Hotels and similar accommodation
5520	Holiday and other short-stay accommodation
5530	Camping grounds, recreational vehicle parks and trailer parks
5590	Other accommodation
5610	Restaurants and mobile food service activities
5621	Event catering activities
5629	Other food service activities
5630	Beverage serving activities
5914	Motion picture projection activities
7420	Photographic activities
7711	Renting and leasing of cars and light motor vehicles
7810	Activities of employment placement agencies
7820	Temporary employment agency activities

7830	Other human resources provision
7911	Travel agency activities
7912	Tour operator activities
7990	Other reservation service and related activities
8510	Pre-primary education
8710	Residential nursing care activities
8720	Residential care activities for mental retardation, mental health and substance abuse
8730	Residential care activities for the elderly and disabled
8790	Other residential care activities
8810	Social work activities without accommodation for the elderly and the disabled
8891	Child day-care activities
9001	Performing arts
9002	Support activities to performing arts
9003	Artistic creation
9004	Operation of arts facilities
9102	Museum activities
9103	Operation of historical sites and buildings and similar visitor attractions
9311	Operation of sports facilities
9312	Activities of sports clubs
9313	Fitness facilities
9321	Activities of amusement parks and theme parks
9523	Repair of footwear and leather goods
9525	Repair of watches, clocks and jewellery
9601	Washing and dry cleaning of textile and fur products
9602	Hairdressing and other beauty treatment
9604	Physical well-being activities