

Pursuant to Article 44 paragraph 2 point 3 of the Central Bank of Montenegro Law (OGM 40/10, 46/10, 06/13, 70/17) and in conjunction with Article 93 paragraph 2 of the Banking Law (OGM 17/08, 44/10, 73/17), the Council of the Central Bank of Montenegro, at its meeting held on 16 Decembar 2019, passed the following

DECISION

amending the Decision on Chart of Accounts for Banks

Article 1

In the Decision on Chart Accounts for Banka (OGM 82/17) – (hereinafter: the Decision), Article 25 shall be ammended, worded as follows:

“The accounts of the Group 1800, 1810, 1830 (Sub-group of accounts 1801-1830) - Fixed Assets shall disclose all fixed assets such as land, buildings, investment properties, plants and equipment, hardware, office equipment, vehicles, other fixed assets, small inventory, right-of-use assets in accordance with the International Financial Reporting Standards 16 – Leases (hereinafter: IFRS 16), and fixed assets under construction. This group of accounts shall also include expenses of the construction in progress and improvements on leased business premises.

The debit side of these accounts reflects the cost of the fixed asset and changes in the value based on the revaluation.

The credit side of these accounts reflects the sale, disposal or write-off of the fixed asset.

The debit side of the right-of-use assets account reflects the discounted value of future contractual obligations arising from the right-of-use assets.

The credit side of the right-of-use assets account reflects the derecognition of right-of-use assets.

The Group 1800 shall also disclose depreciation accounts for various fixed assets.

The debit side of these accounts reflects write-off due to the disposal of the fixed asset.

The credit side of these accounts reflects depreciation to various fixed assets with periodic additions to amortised cost and changes in the value based on the revaluation.”

Article 2

In Article 60, after the words: “deferred tax liabilities”, the words: “lease liabilities (in accordance with IFRS 16)” shall be added.

Article 3

Article 67 shall be ammended as follows:

“The accounts of the Group 4100 (Sub-group of accounts 4111 – 4197, 4511, 4521, 4531, 4541, 4551, 4561, 4571, 4581, 4591) - Interest Expense shall disclose all interests paid by the

bank on deposits, placements, fees on loans taken, subordinated debt, securities and for other banking activities, as well as interest that the bank records on the basis of lease.

The debit side of these accounts reflects interest paid by the bank as well as the interest that the bank has recorded on the basis of lease.

The credit side of these accounts reflects an adjustment or transfer to profit and loss accounts.”

Article 4

In Article 84 paragraph 1 after the words: “business premise” a comma and the words: “taxes related to property lease” shall be added.

Article 5

In the Chart of Account for Banks, which makes an integral part of the Decision, after the account “1818 Depreciation of small inventory Cr” two new accounts shall be added, named as follows: “1820 Right-of-Use Assets Dr” and “1821 Depreciation of right-of-use assets Cr”.

After the account “1937 Accruals: purchased receivables Dr” a new account “1938 Accruals – other Dr” shall be added.

After the account “2926 Other financial liabilities Cr” a new account titled “2927 Lease liabilities Cr” shall be added.

After the account: “4192 Repurchase operations Dr” a new account titled: “4193 Lease Operations Dr” shall be added.

After the account: “5060 Business premise related taxes Dr” a new account titled: “5061 Property lease related taxes Dr” shall be added.

After the account: “5109 Small inventory Dr” a new account titled: “5121 Right-of-use assets Dr” shall be added.

Article 6

This decision shall enter into force on the day following that of its publication in the Official Gazette of Montenegro, and it shall start with the application from 1 January 2020.

COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

**CHAIRMAN
GOVERNOR,**

Decision No. 0101-10647-5/2019
Podgorica, 16 decembar 2019

Radoje Žugić, m.p.