

Pursuant to Article 44 paragraph 2 point 3 of the Central Bank of Montenegro Law (OGM 40/10, 46/10, 06/13), and in conjunction with Article 57 paragraph 2 of the Banking Law (OGM 17/08, 44/10), the Council of the Central Bank of Montenegro, at its meeting held on 3 July 2017, passed the following

DECISION
supplementing the Decision on Minimum Standards for Credit Risk
Management in Banks

Article 1

In the Decision on Minimum Standards for Credit Risk Management in Banks (OGM 22/12, 55/12, 57/13) – (hereinafter: the Decision) a new Article shall be added after Article 43 worded as follows:

Article 43a

“The bank shall increase the existing amount of allocated provisions for estimated losses for a loan classified into the classification category “C” or “D” for which the debtor has initiated debt restructuring and which has not performed because the bank has not or the bank has failed to use adequately measures available for debt restructuring as follows:

- 1) for the loan classified into the classification category “C” sub-category “C1” – at least by 20%;
- 2) for the loan classified into the classification category “C” sub-category “C2” – at least by 15%;
- 3) for the loan classified into the classification category “D” – at least by 10%.

The increase in the provisions, within the meaning of paragraph 1 above, shall be performed within the following deadlines:

- 1) for the loans for which the debtor has initiated financial restructuring in accordance with the law governing the voluntary debt restructuring towards the financial institutions (hereinafter: the Law), and where the agreement on debt restructuring has not been signed, the increase in the provisions shall be performed from the moment of expiry deadline of 15 days following that of the reception of the initiative for restructuring;
- 2) for the loans for which the agreement on debt restructuring has been signed within 15 days following that of the reception of initiative for financial restructuring pursuant to the Law, the increase in the provision shall be performed from the moment when the procedure for restructuring deems completed, except in case of the conclusion of the restructuring agreement.

If the bank, after the increase in provisions, within the meaning of paragraph 1 above, classifies the loan into lower classification category, except in category "E", it shall apply to such a loan the increase in provisions referred to in paragraph 1 above which corresponds to new classification category/sub-category in which the loan has been classified.

Banks shall, in accordance with the decision, submit to the Central Bank in electronic form the following monthly reports:

- 1) Report on loans for which the restructuring has been initiated,
- 2) Report on collateral released within the restructuring procedure.

The reports referred to in paragraph 4 above shall be submitted by 10th in the month in the Forms IRK and IOK, which are enclosed in Annexes 4 and 5 and make an integral part herein.

The Central Bank shall submit the instructions to banks for filling out forms referred to in paragraph 5 above."

Article 2

In Annex 2 "Banks' dealing with non-performing loans", which makes an integral part herein, at the end of sub-item 3.4 "Collateral value assessment", the following text shall be inserted:

"If market value of collateral exceeds significantly the amount of debt, the possibility of releasing of a portion of collateral from the mortgage, fiduciary or pledge should be assessed, if such a release does not diminish the possibility of full settlement of debt in case of application of an option of "enforced resolution", particularly when the collateral consists of several immovable properties that do not represent a functional unit."

Article 3

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 0101-5481/2017
Podgorica, 3 July 2017

**CHAIRMAN
GOVERNOR,**

Radoje Žugić, m.p.

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Bank's name / head office

REPORT
On for which the restructuring has been initiated

As at _____ 20__

No.	Debtor	Amount of debt	Date of commencement of initiative	Deadline for concluding agreement on restructuring	Date of concluding agreement on restructuring	Final date for completion of the procedure	The procedure completed		Amount of increase in provisions	
							Agreement concluded	Procedure completed in another way	%	Amount in nominal terms
1	2	3	4	5	6	7	8		9	

/name and last name/signaturepotpis/telephone number of authorised person/

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Bank's name / head office

REPORT
Report on collateral released within the restructuring procedure

As at _____ 20__

No.	Loan beneficiary	Loan amount	Date of initiation of restructuring	Type of collateral	Collateral value	Date of completion of the restructuring procedure	Value of collateral released
1	2	3	4	5	6	7	8

/name and last name/signaturepotpis/telephone number of authorised person/
