

# MONETARY DEVELOPMENTS

02



## 2.1. Most important developments in the banking sector

During the first nine months of 2025, the banking sector of Montenegro was highly liquid although daily (1.37) and ten-day liquidity ratio (1.34) were lower y-o-y and compared to the end of 2024.

Liquid assets of banks increased by 3.07% year-on-year. At the same time, the loans to deposits ratio increased from 0.81 to 0.88.

Total assets of banks amounted to 7,739.65 million euros and increased by 760.91 million euros or by 10.90% on the annual level, mostly due to the growth of total loans in the amount of 749.83 million euros or 16.28%. Year-on-year, cash and deposit accounts with central banks recorded a decrease in the amount of 59.25 million euros or 6.01%. At the same time, in the structure of the banks' liabilities, the dominant share of 78.81%, as well as the largest growth of 434.27 million euros or 7.67%, was held by deposits which amounted to 6,099.67 million euros at end-September.

Observed by sector, loans granted to residents increased the most on an annual basis, in the amount of 647.80 million euros or 17.74% (86.39% of the total growth of loans in the observed period). Observed by purpose, most banking loans disbursed were cash loans (22.41%) and liquidity loans (17.65%). Banks granted new loans in the total amount of 1,652.57 million euros in the reporting quarter, which is 378.69 million euros or 29.73% more year-on-year. The main share of these loans, 478.20 million euros or 28.94%, were cash loans, and liquidity loans that accounted for 450.50 million euros or 27.26%.

Non-performing assets of banks amounted to 213.29 million euros and they declined by 42.04 million euros or 16.46% on the annual level, as well as their share in total assets of banks by 0.90 pp (2.76%). At the same time, non-performing loans, which make up the largest portion of non-performing assets, decreased by 31.39 million euros (or 17.20%) and amounted to 151.13 million euros, and their share in total loans decreased by 1.14 pp to 2.82%.

The allocated reserve requirement increased in line with the growth of the base for its calculation (deposits in banks) by 23.58 million euros or 7.76% on the annual basis and it reached 327.38 million euros.

At end-September 2025, the weighted average effective interest rate on total loans amounted to 6.25% being 0.34 pp lower year-over-year and 0.25 pp lower compared to end-2024. Weighted average nominal interest rate on new loans to natural persons was 6.34% in September 2025, partly as a result of the initiative to reduce interest rates from the previous year on loans to natural persons, which was in effect in the first half of 2025. It recorded a decline of 0.54 pp year-on-year, i.e. a drop of 0.07 pp relative to end-2024. The average weighted passive effective interest rate on total deposits was 0.26% at the end of September 2025, which is 0.01 pp more compared to September of the previous year, as well as compared to December of the previous year.

The total capital of banks amounted to 997.08 million euros and increased in all eleven banks, and at the system level it recorded an annual growth of 109.43 million euros or 12.33%. The solvency ratio at the banking system level stood at 19.39% (a 0.41 pp annual decrease) and it was above the statutory minimum of 8%.

At the end of September this year, Montenegrin banks recorded a positive financial result in the total amount of 112.46 million euros, which represents the annual decrease of 23.88 million euros or 17.51%. Nine banks made profit, while two banks reported loss.

### 2.1.1. Banks' liquidity

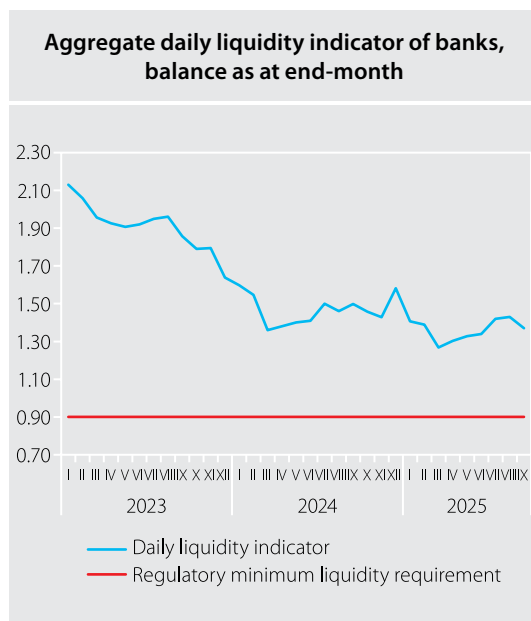
The banking sector of Montenegro was highly liquid, as shown by the key liquidity indicators which, at the aggregate level, were above the statutory minimum<sup>35</sup> (graphs 2.1 and 2.2).

Observed by banks, all eleven banks regularly settled their current liabilities and maintained their daily and ten-day liquidity ratios above the statutory minimums.

At the end of the observed period, the daily liquidity ratio amounted to 1.37 and it was lower year-on-year (1.50), as well as compared to the end-2024 when it stood at 1.58.

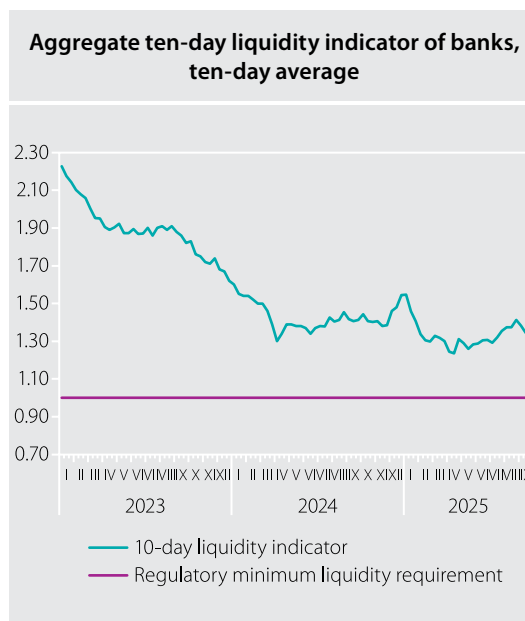
At end-September 2024, ten-day liquidity ratio amounted to 1.34 and it was lower year-on-year (1.41) and compared to the end-2024 when it stood at 1.54.

Graph 2.1



Source: Banks' daily reports

Graph 2.2



Source: Banks' ten-day reports

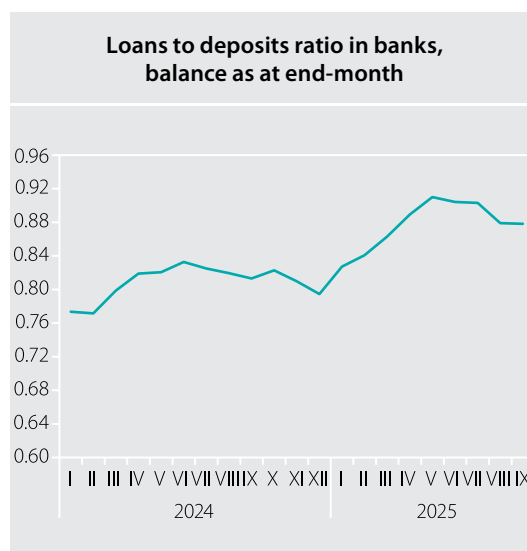
<sup>35</sup> Law on Credit Institutions prescribes a minimum level of the liquidity coverage ratio of the banking system (100%): while the Decision on liquidity risk management in credit institutions (OGM 94/25) stipulates the obligation of banks to maintain minimum liquidity ratios on a daily (0.9) and ten-day basis (1.0): ([https://www.cbcg.me/slike\\_i\\_fajlovi/eng/fajlovi/fajlovi\\_brzi\\_linkovi/propisi/supervision/dec\\_on\\_liquidity\\_risk\\_management\\_in\\_ci\\_94-25.pdf](https://www.cbcg.me/slike_i_fajlovi/eng/fajlovi/fajlovi_brzi_linkovi/propisi/supervision/dec_on_liquidity_risk_management_in_ci_94-25.pdf)).

In the first nine months of the current year, the average daily liquidity indicator amounted to 1.33 compared to 1.43 during the same period of 2024.

All banks regularly settled their current liabilities and maintained their daily and ten-day liquidity ratios above the statutory minimums during the reporting period.

Banks' liquid assets amounted to 1,580.10 million euros, which represents an annual increase of 47.02 million euros or by 3.07%, while compared to the end of the previous year it was lower by 91.29 million euros or by 5.46%. The share of liquid assets in total assets was 20.42% and was lower compared to the comparative period and the end of the previous year (when it amounted to 21.97% and 23.05%, respectively).

**Graph 2.3**



Source: Banks' monthly reports

The loans to deposit ratio stood at 0.88 at end-September 2025 and it was higher than a year ago and compared to the end of the previous year (when it amounted to 0.81 and 0.80, respectively) (graph 2.3).

### 2.1.2. Aggregate balance sheet of banks

At end-September 2025, total assets of banks amounted to 7,739.65 million euros, recording the increase of 760.91 million euros or 10.90% compared y-o-y, and an increase of 489.15 million euros or 6.75% compared to end-2024.

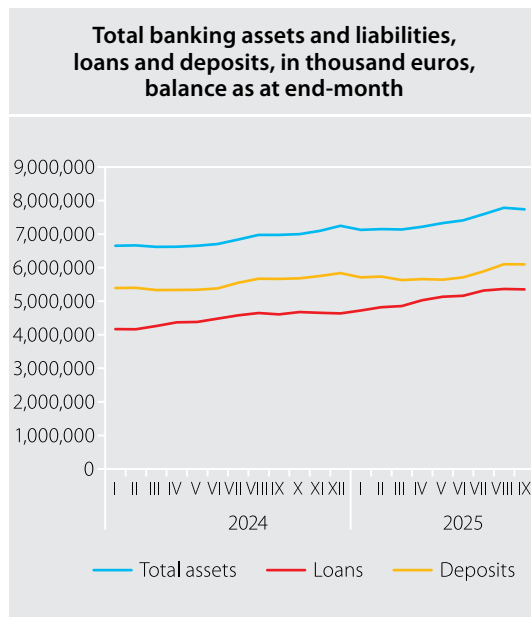
At the annual level, the growth of total assets is mostly the result of the growth of total loans, which increased by 749.83 million euros or 16.28%, as well as the increase in "other assets" in the amount of 37.03 million euros or 13.15%, while cash and deposit accounts with central banks recorded a decrease in the amount of 59.25 million euros or 6.01%.

Observed in relation to the end of the previous year, the growth of total assets is mostly the result of an increase in total loans in the amount of 716.78 million euros or 15.45%, as well as "other assets" increase in the amount of 37.33 million euros or 13.27%. However, cash and deposit accounts with central banks recorded a decrease in the amount of 281.88 million euros or 23.33%.

As for the structure of liabilities, the year-on-year growth was recorded by deposits, 434.27 million euros or 7.67%, followed by borrowings in the amount of 117.24 million euros or 59.84%. Also, growth was recorded in the total capital, in the amount of 109.43 million euros or 12.33%, in the category "other liabilities" in the amount of 100.68 million euros (of which the largest part refers to other liabilities and liabilities based on the custody operations) or 44.32%, while in financial derivatives there was a decrease in the amount of 700,000 euros or 26.94%.

As for the structure of liabilities, the largest growth was recorded by deposits of 260.82 million euros or 4.47%, followed by total capital with an increase of 106.18 million euros or 11.92%, "other liabilities" in

Graph 2.4



Source: Banks' reports and CBCG calculations

the amount of 79.51 million euros or 32.02%, and borrowings that rose 43.21 euros or 16.01%. On the other hand, a downtrend was recorded with financial derivatives that declined by 559,000 euros or 22.75%.

In the structure of banks' assets, total loans had a dominant share of 69.21% in the observed period (by 3.20 pp more compared to the comparative period of the previous year, while compared to the end of the previous year they were higher by 5.22 pp). In the structure of banks' liabilities, deposits with banks had a dominant share of 78.81% in the observed period (which is a decrease of 2.37 pp more compared to the comparative period of the previous year, while compared to the end of the previous year they were declined by 1.72 pp) (graph 2.4).

### Box 2.1 – Concentration index of the banking sector in Montenegro

The analysis of the level of concentration of the banking system provides information on the market shares of banks, that is, the degree of competitiveness of the banking system.

Table 1

**Herfindahl–Hirschman index of banking system concentration, balance as at end-quarter**

	2023				2024				2025		
	III	VI	IX	XII	III	VI	IX	XII	III	VI	IX
To assets	1,332.56	1,343.25	1,364.47	1,394.54	1,386.50	1,407.93	1,417.88	1,437.94	1,451.09	1,516.77	1,526.66
To loans	1,754.27	1,742.43	1,793.87	1,749.70	1,733.32	1,720.60	1,717.61	1,690.97	1,733.24	1,739.58	1,777.97
To deposits	1,301.77	1,310.43	1,341.10	1,364.09	1,342.39	1,365.74	1,406.83	1,412.03	1,396.64	1,451.82	1,497.40

For the purposes of the analysis, we used the Hirschman-Herfindahl index (HHI) of concentration, which represents the sum of squares of the shares of all banks, according to assets, loans, and deposits.

The HHI value below 1,000.00 indicates a non-concentrated market, the HHI value in the range of 1,000.00–1,800.00 indicates a moderately concentrated market, while the HHI value above 1,800.00 indicates a non-competitive market (highly concentrated, very highly concentrated and monopolistic).

At end-September 2025, the HHI for assets, loans and deposits was in the range of 1,000.00 - 1,800.00, which indicates a moderate concentration<sup>36</sup> of the banking sector (table 1). At the same time, the high-

<sup>36</sup> The HHI value below 1,000.00 indicates a non-concentrated market, the HHI value in the range of 1,000.00–1,800.00 indicates a moderately concentrated market, while the HHI value above 1,800.00 indicates a non-competitive market (highly concentrated, very highly concentrated and monopolistic).

est degree of concentration was recorded in the case of credit concentration, followed by concentration according to assets, while the concentration according to deposits is the lowest.

Observed according to assets, the HHI amounted to 1,526.66 index units at the end of September 2025, which recorded an annual growth of 108.78 index points, i.e. an increase of 88.72 index points compared to the end of the previous year.

Observed according to loans, the HHI was 1,777.97 index units at the end of September 2025, which represents an annual increase of 60.36 index points, i.e. an increase of 87.00 index points compared to the end of the previous year.

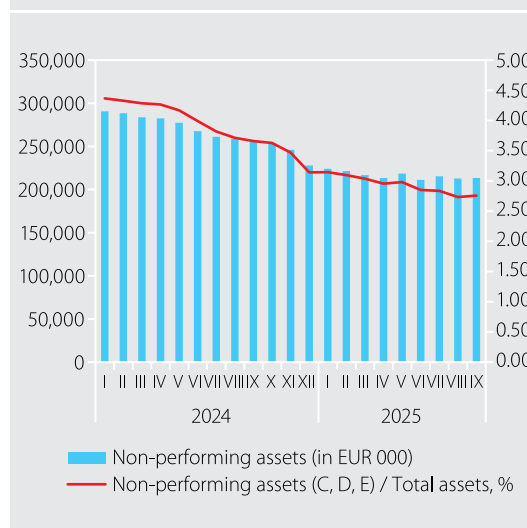
Observed according to deposits, the HHI amounted to 1,497.40 index units at the end of September 2025, which recorded an annual growth of 90.56 index points, and growth of 85.37 index points compared to the end of the previous year.

At end-September 2025, NPLs of banks amounted to 213.29 million euros, which is a decrease of 42.04 million euros or 16.46% year-on-year and a decline of 14.55 million euros or 6.39% compared to end-2024. The share of non-performing assets in banks' total assets amounted to 2.76%, which is the year-on-year decline of 0.90 pp and a decrease of 0.39 pp in relation to end-2022 (graph 2.5).

At end-September this year, banks recorded a positive financial result in the total amount of 112.46 million euros, which represents the annual decrease of 23.88 million euros or 17.51%. Nine banks made profit, while two banks reported loss.

**Graph 2.5**

**Non-performing assets in thousand euros (lhs) and the share of non-performing in total banks' assets in % (rhs), balance as at end-month**



Source: Banks' reports and CBCG calculations

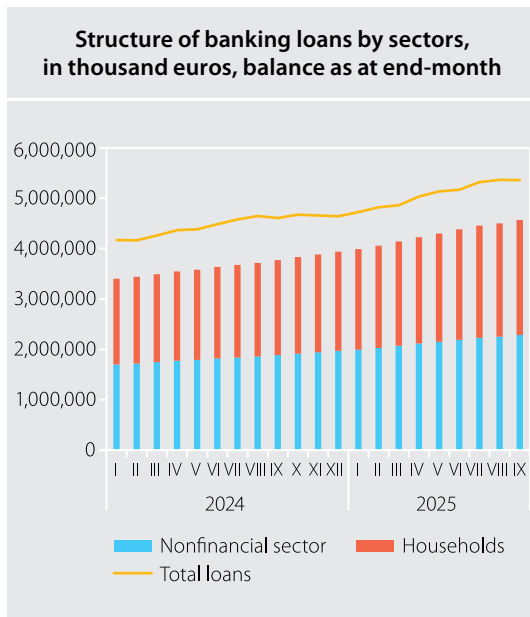
### 2.1.3. Banks' lending activity

During the reporting quarter, total banking loans were on an uptrend, increasing at an average monthly rate of 1.62%, which represents a growth compared to the previous year when they grew at an average monthly rate of 1.32%. At the end of the observed period, banking loans amounted to 5,356.50 million euros, which is 749.83 million euros or 16.28% more year-on-year and 716.78 million euros or 15.45% more in relation to end-2024. In relation to the same period of the previous year and in relation to end-2024, growth was recorded in nine banks, while a decrease was recorded in two banks.

The sectoral structure of banking loans indicates that the largest portion of loans in the amount of 4,299.67 million euros or 80.26% was granted to residents. Of total disbursed loans, 42.62% were granted to the retail sector, 33.26% to the non-financial sector, 3.39% to the General government,

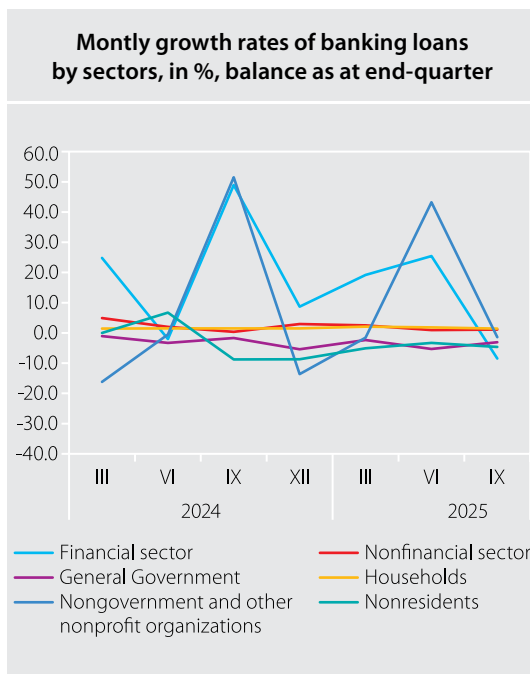
0.88% to the financial sector, while 0.11% related to non-government and other non-profit institutions. At the end of the reporting period, loans granted to non-residents accounted for 1,056.83 million euros 19.74% of total loans granted, of which 16.37% related to the financial sector, 2.37% to the non-financial sector, and 1.00% to natural persons (graph 2.6).

Graph 2.6



Source: Banks' reports and CBCG calculations

Graph 2.7



Source: Banks' reports and CBCG calculations

Observed by sectors, the largest year-on-year growth was recorded with loans granted to residents, in the amount of 647.80 million euros or 17.74% while loans granted to non-residents recorded a growth of 102.03 million euros or 10.69%. When it comes to residents, the retail sector recorded the highest loan growth of 398.71 million euros (21.16%) followed by non-financial sector loans with 340.20 million euros (23.60%). Decline was recorded in General government loans in the amount of 78.92 million euros or 30.31%, followed by loans granted to the financial sector - 11.89 million euros or 19.98%, as well as to non-government and other non-profit organizations in the amount of 303,000 euros or 5.10%.

Observed by sectors and in relation to the end of the previous year, the highest growth was recorded in loans granted to residents in the amount of 500.09 million euros or 13.16%, whereas loans granted to non-residents recorded an increase of 216.70 million euros or 25.79%. When it comes to residents, the retail sector recorded the highest loan growth of 313.39 million euros (15.91%) followed by non-financial sector loans with 235.39 million euros (15.22%). There was also an increase in loans granted to NGOs and other non-profit organisations in the amount of 857,000 euros or 17.94%. On the other hand, a decline was recorded in loans extended to the General government in the amount of 42.87 million euros or 19.11%, as well as in the financial sector in the amount of 6.68 million euros or 12.29%.

If we observe monthly growth rates of total loans by sector during the third quarter of 2025, it can be seen that the smallest oscillations in the trend of total approved loans were in loans to households and the non-financial sector, while oscillations were present in loans to financial sector, and to non-governmental and other non-profit organizations (graph 2.7).

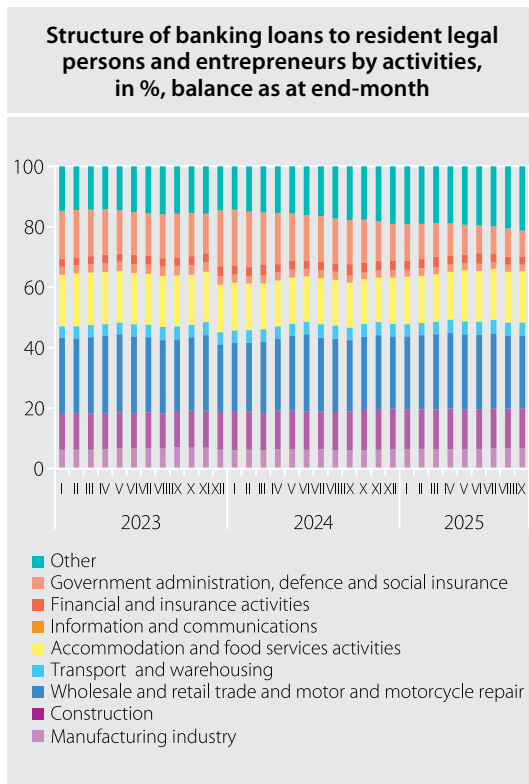
At end-September 2025, the debt based on loans of resident legal persons and entrepreneurs amounted to 2,021.39 million euros, which represents an increase of 249.95 million euros or 14.11% y-o-y, while the increase in relation to end-2024 amounts to 186.67 million euros or 10.17%. Moreover, *the growth on an annual basis, as well as compared to the end of the previous year*, is largely the result of the growth of loans approved to the following sectors: accommodation and food services, wholesale and retail trade and repair of motor vehicles and motorcycles, electricity supply and construction, while growth was also recorded in loans approved to the sectors of manufacturing, real estate, mining and quarrying, artistic, entertainment and recreational activities, and transport and storage. On the other hand, *a decline in loans at the annual level, as well as compared to the end of the previous year*, was recorded in the following sectors: public administration and defence and compulsory social security, financial and insurance activities, water supply, health and social protection, and agriculture, forestry and fishing (table 2.1).

**Table 2.1**

Banking loans to resident legal persons and entrepreneurs by activities, in thousand euros and in %, balance as at end-month							
Activity	30/09/2024	31/12/2024	30/09/2025	Sep 2025 Sep 2024		Sep 2025 Dec 2024	
	in 000 euros	in 000 euros	in 000 euros	in 000 euros	in %	in 000 euros	in %
1. Agriculture, forestry and fishing	15,152	15,527	14,615	-537	-3.54	-912	-5.87
2. Mining and quarrying	11,197	12,557	26,022	14,825	132.40	13,465	107.23
3. Manufacturing industry	106,241	116,642	132,785	26,544	24.98	16,143	13.84
4. Electricity supply	53,727	83,550	110,174	56,447	105.06	26,624	31.87
5. Water supply	10,207	9,075	8,127	-2,080	-20.38	-948	-10.45
6. Construction	226,899	247,178	269,267	42,368	18.67	22,089	8.94
7. Wholesale and retail trade and repair of motor vehicles and motorcycles	418,099	438,835	488,658	70,559	16.88	49,823	11.35
8. Transport and warehousing	76,286	75,890	87,057	10,771	14.12	11,167	14.71
9. Accommodation and food service activities	261,200	281,700	341,745	80,545	30.84	60,045	21.32
10. Information and communications	44,058	45,311	45,416	1,358	3.08	105	0.23
11. Financial and insurance activities	65,060	59,141	50,879	-14,181	-21.80	-8,262	-13.97
12. Real estate activities	68,983	75,035	88,118	19,135	27.74	13,083	17.44
13. Professional, scientific and technical activities	46,519	44,411	53,256	6,737	14.48	8,845	19.92
14. Administrative and ancillary service activities	34,621	33,374	38,884	4,263	12.31	5,510	16.51
15. Public administration and defence, compulsory social security	258,758	222,291	177,020	-81,738	-31.59	-45,271	-20.37
16. Education	1,121	1,273	3,715	2,594	231.40	2,442	191.83
17. Human health and social work activities	14,772	14,363	13,988	-784	-5.31	-375	-2.61
18. Artistic, entertainment and recreational activities	40,580	40,521	52,476	11,896	29.31	11,955	29.50
19. Other service activities	17,961	18,047	19,186	1,225	6.82	1,139	6.31
20. Total	1,771,441	1,834,721	2,021,388	249,947	14.11	186,667	10.17

Source: Banks' reports and CBCG calculations

**Graph 2.8**

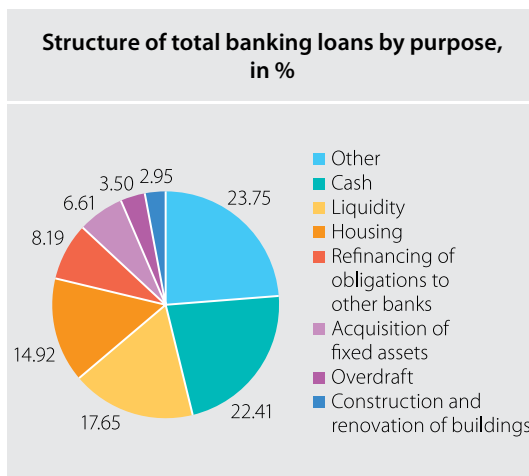


Source: Banks' reports and CBCG calculations

In the structure of loans to legal persons by activity at end-September 2025, the main share of 24.17% was of loans to wholesale and retail trade and repair of motor vehicles and motorcycles, followed by loans for accommodation and food service activities with 16.91%, and construction activity loans with a share of 13.32%, loans granted to public administration and defence and compulsory social security with a share of 8.76%, while all other activities accounted for 36.84% of loans (graph 2.8).

Observed by purpose, the main share of banking loans referred to cash loans (22.41%), liquidity loans (17.65%), housing loans (14.92%), loans for refinancing liabilities to other banks (8.19%), loans for the purchase of fixed assets (6.62%), overdraft loans (3.50%), and loans for construction and renovation of buildings (2.96%). The remaining 23.75% of banks' loans related to the purchase of cars, credit card loans, consumer loans, loans for the preparation of tourist season and loans for the purchase of securities (graph 2.9).

**Graph 2.9**



Source: Banks' reports and CBCG calculations

Compared to the same period in 2024, cash loans rose by 243.18 million euros or 25.41%, followed by housing loans which increased by 121.51 million euros or 17.92% (table 2.2). On the other hand, decline was recorded with consumer loans and loans for the preparation of tourist season.

Compared to the end of the previous year, the largest growth was recorded, as well as at the annual level, in cash loans (187.36 million euros or 18.50%). Increase was also recorded in liquidity loans (144.97 million euros or 18.11%) (table 2.2). On the other hand, decline was recorded with consumer loans and loans and loans for the preparation of tourist season.

Table 2.2

Total banking loans by purpose, in thousand euros, balance as at 30 September 2024, 31 December 2024 and 30 September 2025							
Loan purpose	30/09/2024	31/12/2024	30/09/2025	Sep 2025 / Sep 2024		Sep 2025 / Dec 2024	
	in 000 euros	in 000 euros	in 000 euros	in 000 euros	in %	in 000 euros	in %
1. Liquidity (working assets)	875,175	800,606	945,575	70,400	8.04	144,969	18.11
2. Construction and renovation of buildings	137,780	144,018	158,182	20,402	14.81	14,164	9.83
3. Refinancing of liabilities to other banks	321,772	338,187	438,538	116,766	36.29	100,351	29.67
4. Car purchase	26,800	27,884	32,543	5,743	21.43	4,659	16.71
5. Purchase of securities	1,365	1,363	3,131	1,766	129.38	1,768	129.71
6. Purchase of fixed assets	316,197	319,183	354,318	38,121	12.06	35,135	11.01
7. Preparation of tourist season	13,495	13,490	13,431	-64	-0.47	-59	-0.44
8. Consumer loans	20,961	21,048	20,117	-844	-4.03	-931	-4.42
9. Cash (general purpose)	957,167	1,012,988	1,200,350	243,183	25.41	187,362	18.50
10. Housing loans	677,932	703,347	799,445	121,513	17.92	96,098	13.66
11. Credit cards	21,904	22,784	24,848	2,944	13.44	2,064	9.06
12. Overdraft	155,813	168,282	187,666	31,853	20.44	19,384	11.52
13. Other	1,080,314	1,066,537	1,178,357	98,043	9.08	111,820	10.48
14. Total	4,606.675	4,639,717	5,356,501	749,826	16.28	716,784	15.45

Source: Banks' reports and CBCG calculations

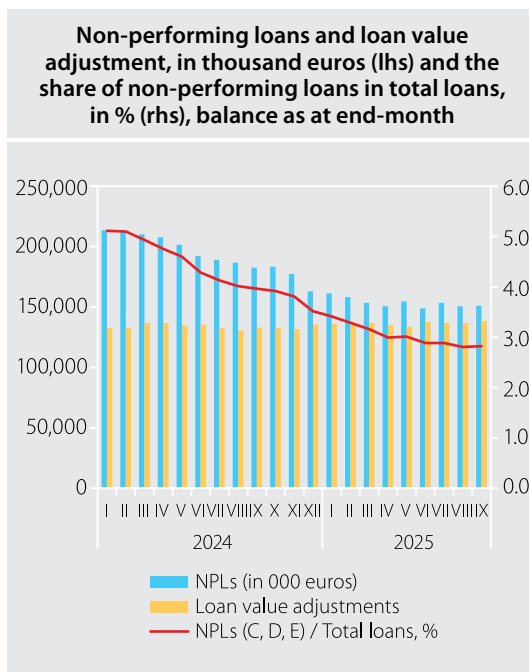
Banking loans are mostly approved in euros and against the maturity period of over one year. Of total loans granted, those in euros accounted for 97.18%, and in terms of maturity, long-term loans (with agreed maturity over one year) prevailed and made up 77.72%. Loans with the repayment period of over three years (89.60%) amounted to 3,730.40 million euros and they accounted for 69.64% of total loans.

At end-September this year, banks' non-performing loans (NPLs) amounted to 151.13 million euros and they were 31.39 million euros or 17.20% lower year-over-year and 11.92 million euros or 7.31% in relation to end-2024. At the end of the reporting period, NPLs accounted for 2.82% of total banking loans, and their share in total loans decreased by 1.14 pp annually and by 0.69 pp in relation to end-2024.

Observed according to the residency of the borrowers, i.e. their activities, the largest annual growth of non-performing loans was recorded in the non-resident retail sector in the amount of 5.01 million euros or 327.77%, as well as in the real estate business in the amount of 272,000 euros or 64.00%, while a decrease was recorded in all other activities. The most significant decline was recorded in the resident retail sector, in the amount of 8.65 million euros or 16.41%, and in the accommodation and food service in the amount of 8.02 million euros or 22.32%.

Observed according to the residency of the borrowers, i.e. their activities, compared to the end of the previous year, the highest growth of non-performing loans was recorded in the non-resident retail sector in the amount of 4.96 million euros or 315.26%, followed by construction sector in the amount of 2.31 million euros or 17.42%, as well as in mining and quarrying in the amount of 103,000 or 24.29% and information and communications in the amount of 63,000 euros or 15.75%, while a decrease was recorded in all other activities, the most significant of which was in healthcare and social protection in the amount of 3.56 million euros or 94.56%.

Graph 2.10

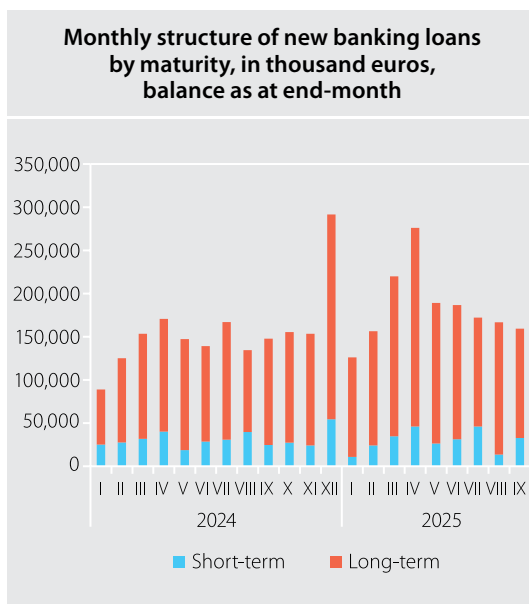


Source: Banks' reports and CBCG calculations

At the end of September 2025, the total value adjustment amounted to 138.43 million euros and recorded increase of 5.59 million euros or 4.21% at the annual level, while compared to the end of the previous year it recorded an increase of 2.85 million euros or 2.10%. The coverage of non-performing loans by value adjustment amounted to 91.60% and it increased year-on-year when it amounted to 72.78%, as well as compared to end-2024 when it reached 83.15% (graph 2.10).

At the end of the observed period, past due loans amounted to 106.82 million euros and accounted for 1.99% of total bank loans, recording an annual decrease of 10.11 million euros or 8.65%, while compared to the end of the previous year they recorded an increase of 12.68 million euros or 13.47%. The share of past due loans recorded a decline of 0.54 pp year-on-year and a decrease of 0.03 pp in relation to the end of the previous year.

Graph 2.11



Source: Banks' reports and CBCG calculations

## New loans

During the first nine months of 2025, banks approved a total of 1,652.57 million euros of new loans, which is an increase of 378.69 million euros or 29.73% year-over-year (graph 2.11).

New loans' maturity structure reveals that the main share of 1,386.64 million euros or 83.91% of new loans were granted against the maturity period of over one year, which is 4.87 pp more than a year ago.

The purpose structure of new loans shows that the main share of these loans in the amount of 478.20 million euros or 28.94% was of cash loans, followed by loans for liquidity with 450.50 million euros or 27.26%, then loans for realisation of investment programmes with 181.48 million euros or 10.98%, and loans for the purchase and adaptation of apartments with 160.98 million euros or 9.74%. Some 138.08 million euros or 8.36% of

new loans were approved for the refinancing of liabilities to other banks, while 83.88 million euros or 5.08% of new loans were approved for the purchase of fixed assets. Some 42.81 million euros or 2.59% of new loans were approved for the construction and adaptation of buildings. A sum of 36.97 million euros or 2.24% related to non-purpose mortgage loans, while the remaining 4.81% or 79.68 million

euros related to the remaining purposes: purchase of consumer goods, purchase of land, purchase of car, preparation for the tourist season, education and other purposes.

## 2.1.4. Bank investments in securities

Thus, the amount of banks' receivables from securities amounted to 1,337.60 million euros as at end-September this year, being 36.98 million euros or 2.84% higher year-over-year and 19.45 million euros or 1.35% higher compared to the previous year-end (graph 2.12). During the first three quarters of 2025, bank investments in securities grew at an average monthly rate of 0.22%, while compared to the same period of the previous year, they grew at an average monthly rate of 0.03%.

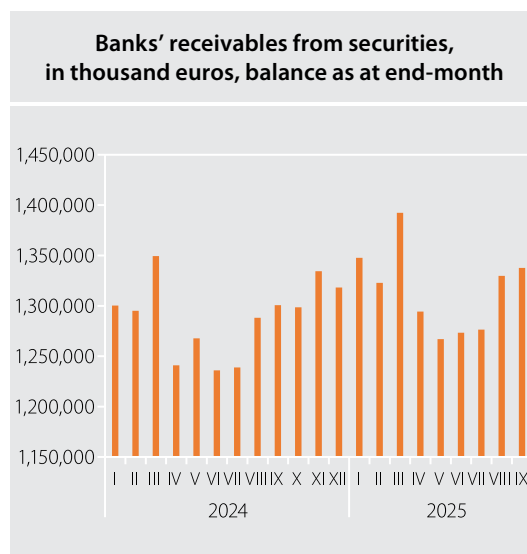
At end-September 2025, the largest part of 52.51% of total securities related to banks' investments in securities issued by non-residents (equity and debt securities of the private sector), while 47.20% related to investments in two types of state securities. The remaining 0.29% related to investments in securities issued by other resident sectors.

The total amount of banks' receivables on the basis of non-residents' securities was 702.31 million euros and is higher by 10.72 million euros or 1.55% compared to the same period of the previous year, while compared to the end of the previous year it is lower by 5.77 million euros or 0.81%.

At end-September this year, the total amount of banks' receivables based on the General government's securities amounted to 631.47 million euros, which represents an increase of 26.13 million euros or 4.32% year-on-year, and 25.36 million euros or 4.18% in relation to end-2024.

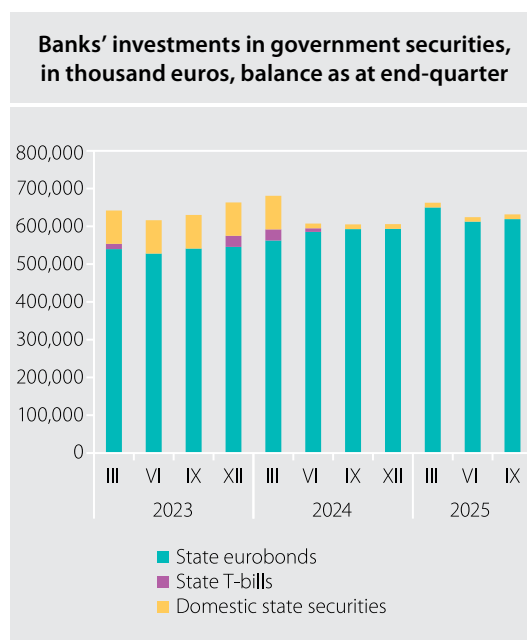
Of the total amount of securities of the General government, 619.16 million euros or 98.05% were bank investments in government's Eurobonds, 12.31 million euros or 1.95% to domestic government bonds, while there were no investments in government T-bills (graph 2.13).

Graph 2.12



Source: Banks' reports

Graph 2.13



Source: Banks' reports

Investments in *government Eurobonds* increased annually by 26.03 million euros or 4.39%, while compared to December 2024 they increased by 25.33 million euros or 4.26%. Banks' investments in *domestic government bonds* grew by 100,000 euros or 0.82% compared to same period of the previous year and by 36,830 euros or 0.30% compared to the end of the previous year.

Receivables of banks arising from securities of other sectors amounted to 3.82 million euros in the observed period, being 128,700 euros or 3.49% higher on an annual basis, while recording a decrease of 150,245 euros or 3.78% compared to end-2024.

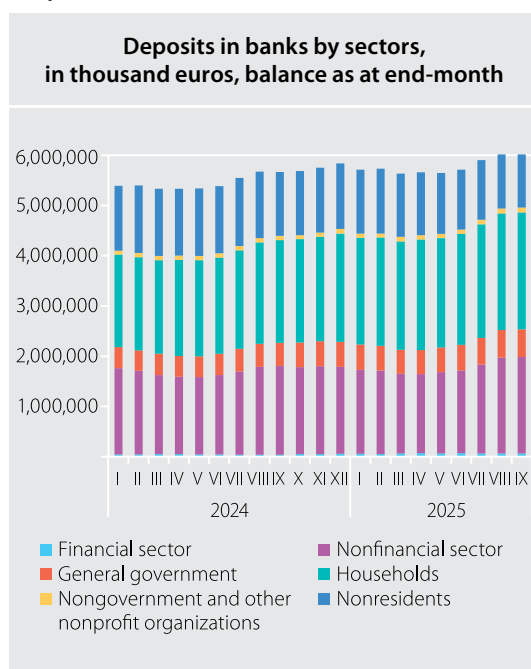
### 2.1.5. Deposits

At end-September 2025, total deposits of banks amounted to 6,099.67 million euros, recording the increase of 434.27 million euros or 7.67% compared y-o-y, and the increase of 260.82 million euros or 4.47% compared to end-2024. Average monthly deposits of this sector grew at a rate of 0.31% during this period, while in the same period of the previous year they grew at the rate of 0.46%.

At end-September this year, residents' deposits accounted for the main share of total deposits with 4,958.72 million euros or 81.30%. In the structure of total deposits, 38.14% referred to the household sector, 31.46% to the non-financial sector, 9.06% to the General Government, 1.57% to NGOs and other non-profit organisations, 1.07% to the financial sector and 18.70% to non-resident deposits.

Resident deposits recorded a growth in the amount of 561.84 million euros or 12.78% while non-resident deposits declined by 127.57 million euros or 10.06%. The largest nominal growth was recorded by retail deposits, by 282.06 million euros (13.80%), followed by General government deposits, by 94.41 million euros (20.61%), as well as financial sector deposits in the amount of 23.22 million euros (55.59%). This is followed by deposits from non-government and other non-profit organizations, which increased by 8.12 million euros (9.23%), while the non-financial sector recorded growth of 154.04 million euros (8.73%).

Graph 2.14



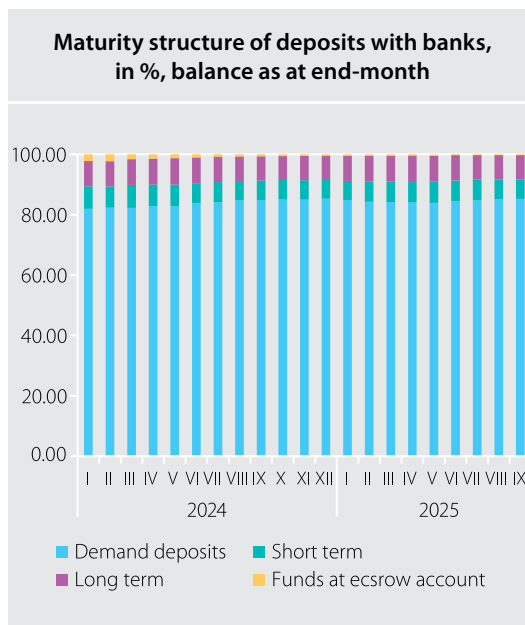
Source: Banks' reports and CBCG calculations

Deposits of all resident sectors increased by a total of 428.50 million euros (9.46%), while deposits of non-residents recorded a decrease of 167.68 million euros (12.81%). Observed by resident sectors, the largest nominal growth was recorded by non-financial sector deposits, in the amount of 185.51 million euros (an increase of 10.70%), followed by household deposits, in the amount of 171.44 million euros (7.96%), and the General government sector in the amount of 53.87 million euros (10.80%). Deposits of non-government and other non-profit institutions increased by 8.86 million euros (10.16%), and deposits of the financial sector by 8.82 million euros (15.17%) (graph 2.14).

Of total deposits, demand deposits accounted for 5,195.03 million euros or 85.17%, time deposits made up 886.84 million euros or 14.54%, while funds in *escrow* accounts amounted to 17.79 million euros or 0.29%.

Observed on the annual basis, demand deposits increased by 393.31 million euros or 8.19% in the reporting quarter, while they were 215.48 million euros or 4.33% lower than at end-2024. Observed annually, long-term loans increased by 33.92 million euros or 7.43%, and compared to the end of the previous year by 23.55 million euros or 5.04%. Short-term deposits increased by 26.04 million euros or 7.03% on the annual level and increased by 32.62 million euros or 8.97% compared to at end-2024. Funds in *escrow* accounts dropped by 18.99 million euros or 51.64% on the annual level and by 10.82 million euros or 37.83% compared to at end-2024.

Graph 2.15



Source: Banks' reports and CBCG calculations

The share of demand deposits in total deposits stood at 85.17% at end-September this year, which is an increase of 0.41 pp year-over-year and a drop of 0.11 pp in relation to the end of the previous year. The share of long-term deposits in total deposits was 8.04% and it decreased by 0.02 pp year-on-year and 0.04 pp compared to end-2024. The share of short-term deposits in total deposits amounted to 6.50%, which is a 0.04 pp decline year-over-year and a 0.27 pp increase in relation to the end of the previous year. Funds in escrow accounts accounted for 0.29% of total deposits as at end-September, which represents the year-over-year decrease of 0.36 pp and a 0.20 pp decrease compared to end-2024 (graph 2.15).

## 2.1.6. Retail and non-financial sector

### 2.1.6.1. Retail sector

Total debt of the retail sector based on banking loans amounted to 2,283.14 million euros at end-September 2025, which is 42.62% of total loans granted. The indebtedness of this sector increased by 398.71 million euros or 21.16% year-on-year and 313.39 million euros or 15.91% compared to the end of 2024. The average monthly growth rate of loans to this sector amounted to 1.65% during the first nine months of the current year, while in the same period of the previous year the average monthly growth rate was 1.22%.

The household sector mostly borrows from banks for a period exceeding one year, thus, at the end of September 2025, 77.72% of the total approved loans to this sector were related to long-term loans.

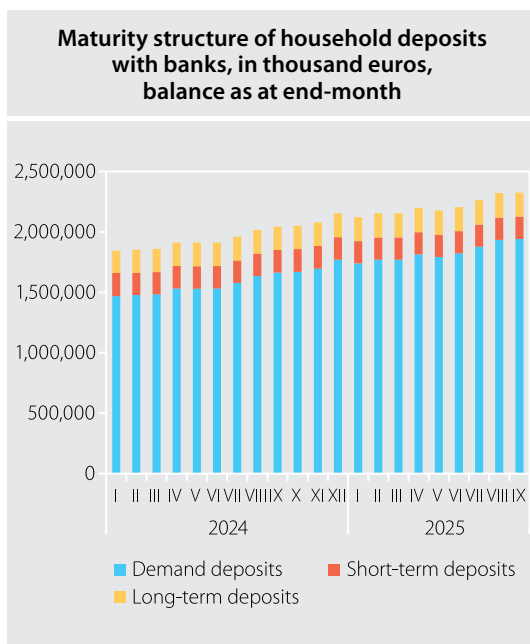
Debt per capita<sup>37</sup> amounted to 3,662.82 euros at the end of the reporting period, recording an increase of 641.36 euros or 21.23% year-on-year and 504.55 euros or 15.98% increase in relation to end-2024.

During Q3 2025, the level of household deposits was characterized by slight positive trends with certain deviations. On average per month, deposits of this sector grew at a rate of 0.86% during this period, while this rate was 0.83% in the same period of the previous year. At end-September 2025, retail sector deposits amounted to 2,326.32 million euros, which is 282.06 million euros or 13.80% more year-on-year and 171.44 million euros or 7.96% more than at end-2024.

Demand deposits accounted for 83.42% of total retail deposits, short-term deposits made up 7.98%, while 8.60% referred to funds deposited for a period over one year. Demand deposits grew by 277.42 million euros or 16.18% year-on-year, while compared to the end of the previous year they recorded an increase of 170.36 million euros or 9.62%. Short-term deposits of households recorded a decrease of 1.67 million euros or 0.89% on an annual basis, i.e. a decrease of 1.06 million euros or 0.57% compared to the end of the previous year. Long-term deposits of this sector recorded an increase of 6.31 million euros or 3.25% compared to the same period last year and an increase of 2.15 million euros or 1.08% compared to the end of the previous year. In recent years, changes in the level of short-term, long-term and demand deposits have led to a change in the structure of total deposits, in which the share of long-term deposits decreases in favour of demand and short-term deposits (graph 2.16).

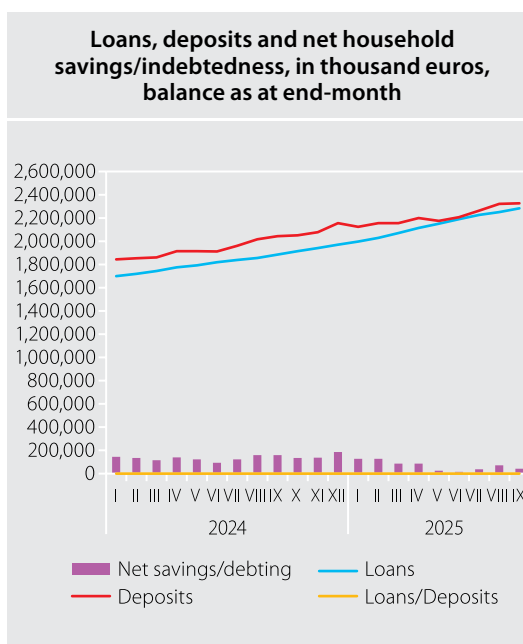
During the first nine months of 2025, the funds deposited in banks by the retail sector were higher than the loans granted to this sector. At the end of September of the current year, net retail sector savings amounted to 43.19 million euros and are lower by 116.66 million euros relative to the comparative period (159.84 million euros), and by 141.95 million euros compared to the end of the previous year (185.14 million euros) (graph 2.17).

Graph 2.16



Source: Banks' reports and CBCG calculations

Graph 2.17



Source: Banks' reports and CBCG calculations

<sup>37</sup> Population estimate for 2024 as at 1 January 2024 amounts to 623,680. Source: MONSTAT

The loans to deposits ratio for this sector amounted to 0.98 and it was higher than a year ago when it stood at 0.92, as well as compared to the end of 2024 when it stood at 0.91.

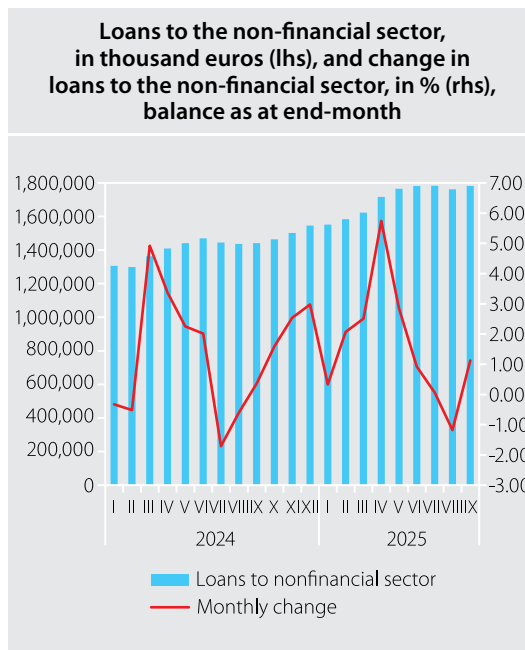
### 2.1.6.2. Non-financial sector

At the end of September this year, the non-financial sector<sup>38</sup> had a debt arising from bank loans in the total amount of 1,781.81 million euros, which is 33.26% of total banking loans granted. Loans to this sector increased by 340.20 million euros or 23.60% at the annual level and by 235.39 million euros or 15.22% in relation to end-2022. On average per month, loans in this sector grew at a rate of 1.60% during the period January - September 2025, while in the same period last year they grew at a rate of 1.08% (graph 2.18). Liquidity loans (working capital) amounted to 945.58 million euros or 17.65% of total loans of the non-financial sector at end-September this year and they rose 70.40 million euros or 8.04% year-on-year and 144.97 million euros or 18.11% compared to end-2024.

The non-financial sector was the second most important depositor in Montenegro's banking system. Total deposits of this sector reached 1,918.86 million euros and accounted for 31.46% of total deposits. Deposits by the non-financial sector recorded an increase of 154.04 million euros or 8.73% compared to the same period last year and an increase of 185.51 million euros or 10.70% compared to the end of the previous year.

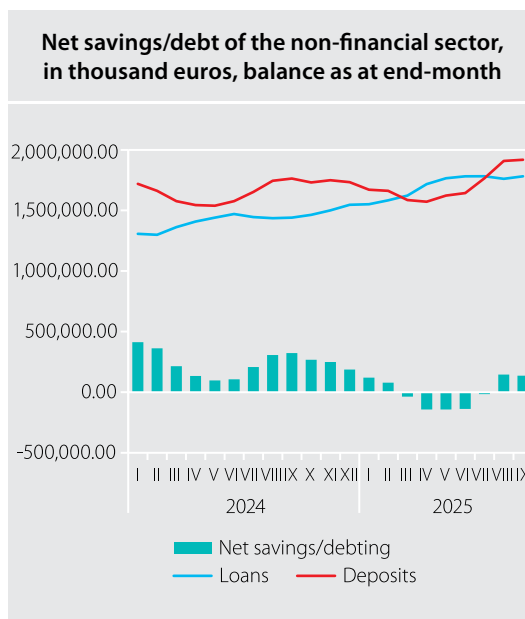
At end-Q3 2025, deposited assets of the non-financial sector were higher than their borrowings. However, net debt of this sector was 137.05 million euros, which is lower compared to the same period of the previous year, when the net debt of this sector amounted to 323.22 million euros, as well as compared to the end of the previous year, when net debt were realised in the amount of 186.93 million euros (graph 2.19).

**Graph 2.18**



Source: Banks' reports and CBCG calculations

**Graph 2.19**



Source: Banks' reports and CBCG calculations

<sup>38</sup> The non-financial sector includes both state-owned and private companies.

At end-September this year, the loans to deposits ratio for the non-financial sector amounted to 0.93 and it increased in relation to the same month last year when it amounted to 0.82, and compared to end-2024 when it amounted to 0.89.

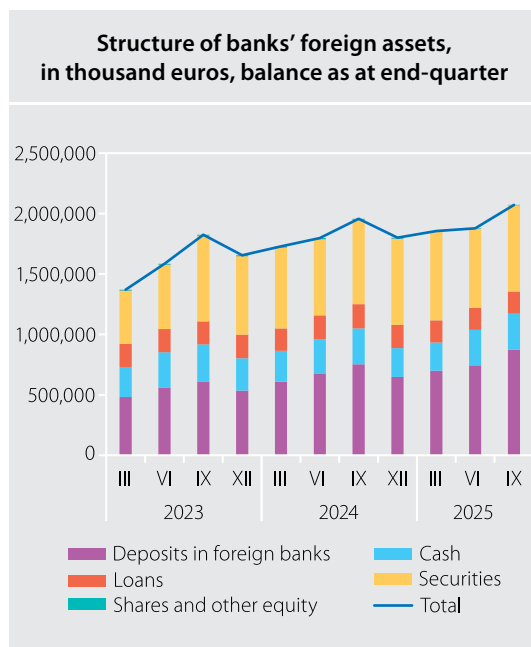
### 2.1.7. Banks' foreign assets and liabilities

As at end-September 2025, banks' foreign assets reached 2,071.47 million euros, which represents a 114.78 million euros or 5.87% increase year-on-year and a 270.43 million euro or 15.01% growth in relation to the end of the previous year.

Observed in relation to the same period of the previous year, the growth of foreign assets is mostly the result of an increase in deposits with foreign banks in the amount of 120.36 million euros or 15.98%. Besides, investments in debt securities of banks increased by 16.27 million euros or 2.33%, followed by cash in the amount of 2.60 million euros or 0.88%, while other non/resident receivables recorded minor growth. A decrease in relation to the comparative period was recorded in loans of non-residents in the amount of 18.13 million euros or 8.99%, as well as in shares and other equity investments in the amount of 6.34 million euros or 83.78%.

Compared to the end of the previous year, the growth of foreign assets was mainly the result of an increase in foreign banks' deposits of 225.92 million euros or 34.88%. In addition, there was an increase in cash in the amount of 59.97 million euros or 25.13%, as well as an increase in investments in debt securities of banks in the amount of 56,000 euros or 0.01%. A decrease was recorded in loans to non-residents in the amount of 9.03 million euros or 4.69%, shares and other equity investments in the amount of 6.48 million euros or 84.06%, while in the category of other liabilities from non-residents there was a decrease of 7,000 euros or 15.22% (graph 2.20).

Graph 2.20



Source: Banks' reports

The most important category in the structure of foreign assets were banks' deposits which amounted to 873.59 million euros and accounted for 42.17% of foreign assets. Besides deposits, debt securities with 34.49% and cash 14.41% had a significant share in the structure of foreign assets, while loans to residents amounted to 8.86%. The remaining 0.07% referred to shares and other equity investments, while the share of other foreign liabilities was negligible.

As at end-September 2025, banks' foreign liabilities amounted to 1,436.26 million euros, which is an increase of 24.55 million euros or 1.74% y-o-y. The growth of banks' foreign liabilities is mostly the result of the growth of borrowings from non-residents in the amount of 150.39 million euros or 2.32 times, as well as the growth of debt securities to non-residents in the amount of 2.84 million euros or 64.66%. A decrease in relation to the comparative period was recorded in deposits

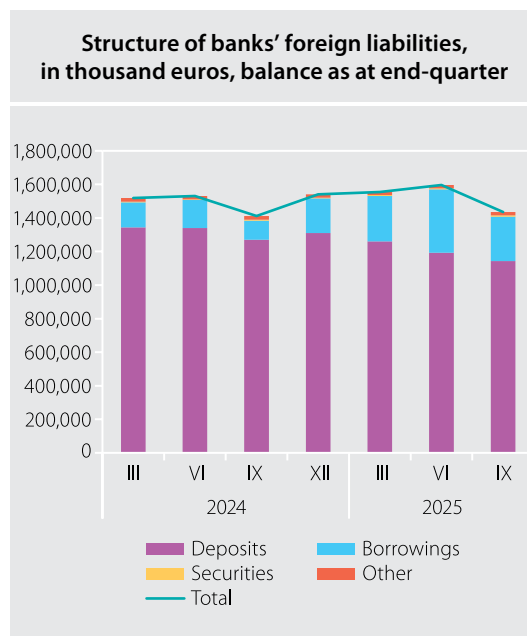
of non-residents in the amount of 127.78 million euros or 10.06%, as well as in other foreign liabilities in the amount of 907,000 euros or 4.00%.

Compared to the same period of the previous year, foreign liabilities of banks recorded a decrease of 103.56 million euros or 6.73%. The decline of foreign liabilities of banks is mainly the result of decline in deposits by non-residents in the amount of 167.89 million euros or 12.81%. The growth of foreign liabilities year-on-year is the result of decline in borrowings of non-residents in the amount of 58.72 million euros or 28.56%. In addition, there was an increase in debt securities to non-residents in the amount of 2.79 million euros or 62.67%.

In the structure of foreign liabilities at the end of September 2025, the dominant share in the amount of 1,142.94 million euros or 79.58% was the deposits of non-residents, followed by loans from non-residents in the amount of 264.33 million euros with a share of 18.40%, foreign liabilities in the amount of 21.76 million euros with a share of 1.52% and debt securities to non-residents in the amount of 7.24 million euros or 0.5% (graph 2.21).

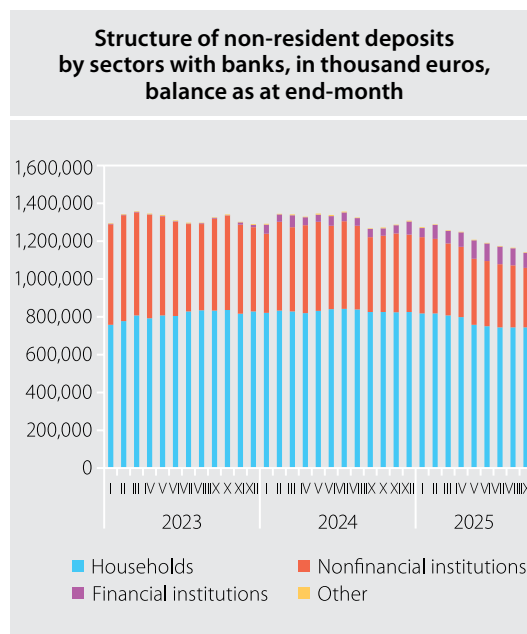
The most significant foreign source of bank financing at the end of September of the current year was retail deposits with 744.04 million euros or 65.21% of the total non-resident deposits, which recorded an annual decrease of 81.56 million euros or 9.88%, i.e. a decrease of 82.08 million euros or 9.94% compared to the end of the previous year. The second most important foreign depositors were foreign companies with a share of 314.22 million euros or 27.54%, and they recorded an increase of 81.99 million euros or 20.69% annually, but they decreased by 94.81 million euros or 23.18% compared to end-2024. Of the remaining 7.25% of foreign financing sources, 6.97% or 79.56 million euros related to deposits of foreign deposit and other financial institutions (annual growth of 36.13 million euros or 83.19%, i.e. growth of 10.33 million euros or 14.92% compared to the end of the previous year). The remaining 0.28% of foreign sources of funds, i.e. 3.13 million euros, were deposited by non-resident non-government and other non-profit organizations (annual decrease of 146,000 euros or 4.46%, i.e. a decrease of 1.12 million euros or 26.33% compared to the end of the previous year) (graph 2.22).

**Graph 2.21**



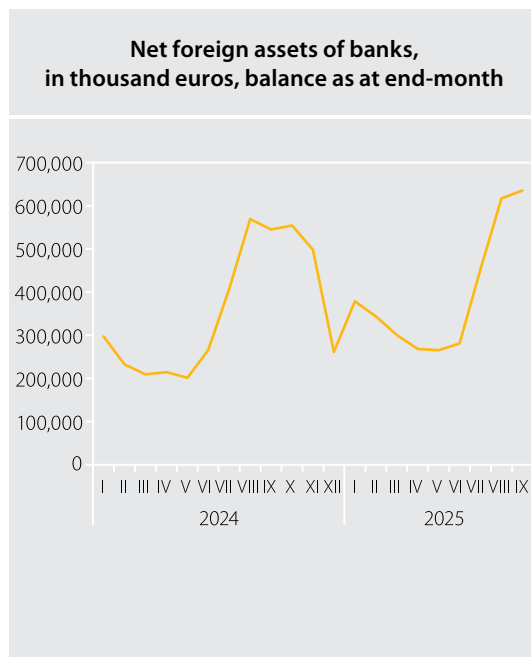
Source: Banks' reports

**Graph 2.22**



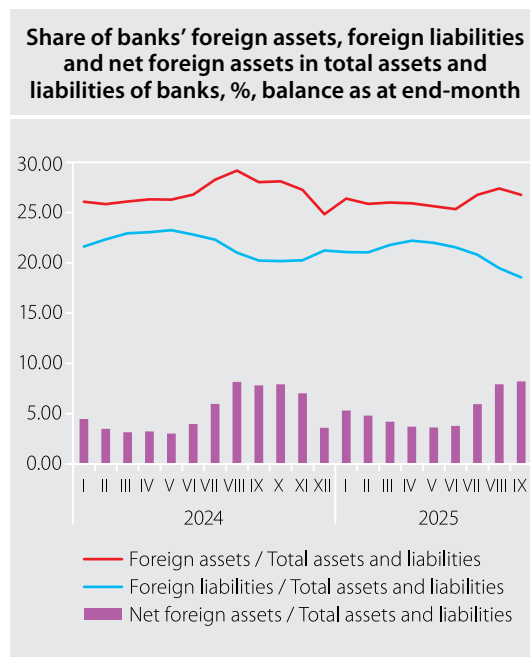
Source: Banks' reports

Graph 2.23



Source: Banks' reports

Graph 2.24



Source: Banks' reports and CBCG calculations

At the end of the third quarter of 2025, the foreign assets of banks (2,071.47 million euros) were significantly higher than the liabilities of banks. Net foreign assets amounted to 635.20 million euros and is higher by 90.23 million euros relative to the comparative period (544.98 million euros), and by 373.99 million euros compared to the end of the previous year (261.21 million euros) (graph 2.23).

Foreign liabilities to the total assets and liabilities of banks ratio shows that non-residents finance 18.56% of total banks' assets, while 26.76% of banks' assets and liabilities of banks refers to their claims from non-residents, so the difference between foreign assets and foreign liabilities of banks was 8.21 pp. This represents an increase year-on-year when this difference amounted to 7.81 pp, as well as compared to the previous year-end when it amounted to 3.60 pp (graph 2.24).

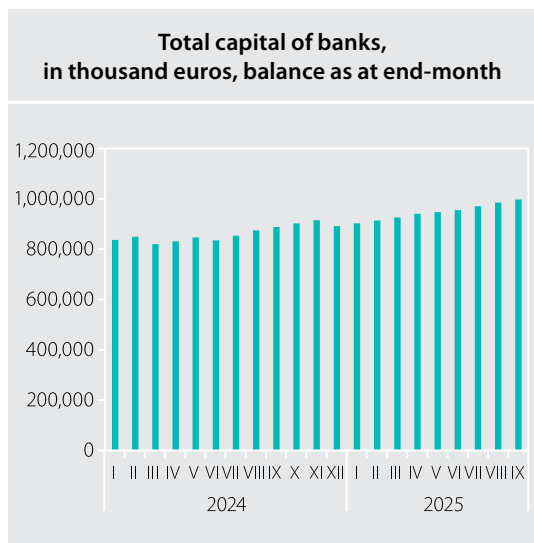
### 2.1.8. Banks' capital

At the end of September 2025, the total capital of banks amounted to 997.08 million euros and recorded an annual growth of 109.43 million euros or 12.33%, i.e. a growth of 106.18 million euros or 11.92% compared to the end of the previous year (graph 2.25).

Observed on the annual level, one bank recorded decline in capital, while the other ten banks recorded capital growth. There was no recapitalisation in any of the banks in the first three quarters of 2025.

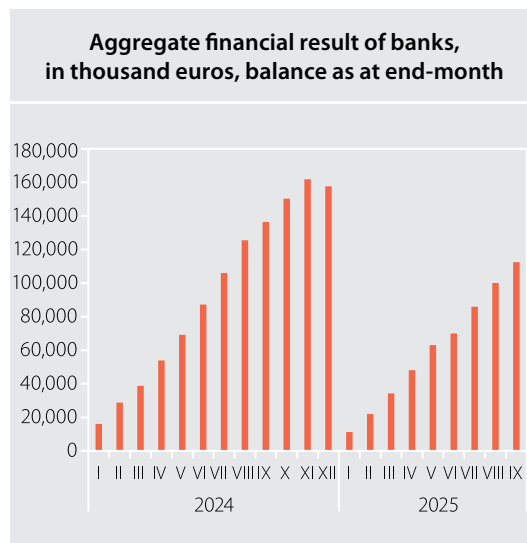
The total financial result was positive at the end of the reporting quarter and it amounted to 112.46 million euros, which represents an increase of 23.88 million euros or 17.51% at the annual level (graph 2.26).

**Graph 2.25**



Source: Banks' reports and CBCG calculations

**Graph 2.26**

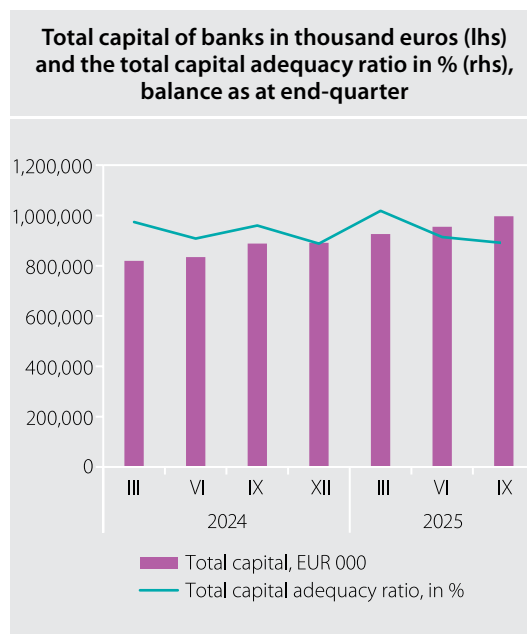


Source: Banks' reports and CBCG calculations

As for the ownership structure of banks' capital, foreign capital accounted for the main share of 88.89%, followed by domestic private capital with 10.15%, while the state had a minor share of 0.96%. The share of capital originating from foreign sources increased on an annual basis by 2.04 pp due to the share of domestic private and state ownership.

Adequacy ratio of the banking system was above legally prescribed minimum of 8%. At the end of the observed period, it was 19.39% and is lower compared to the same period of the previous year when it was 19.80% (graph 2.27), yet higher compared to the end of the previous year when it was 19.38%.

**Graph 2.27**

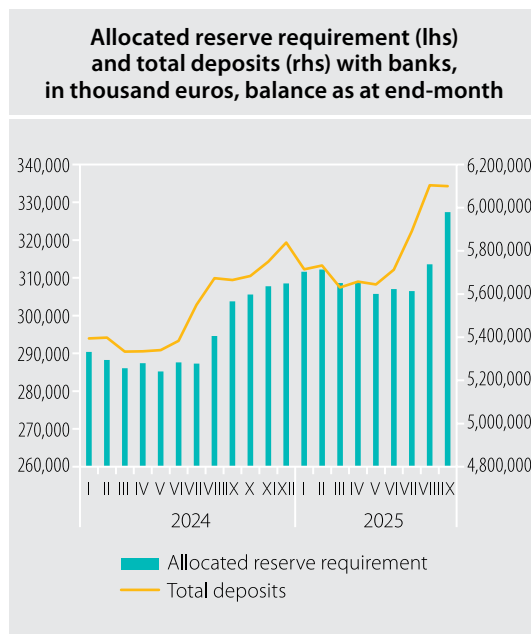


Source: Banks' reports and CBCG calculations

### 2.1.9. Banks' reserve requirements

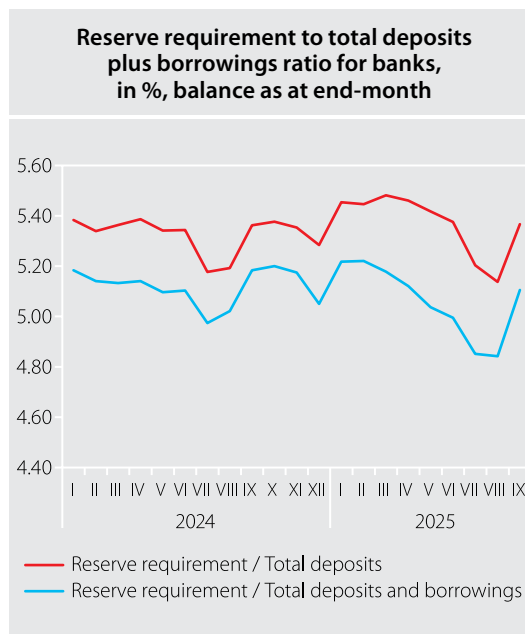
At the end of the observed period, allocated reserve requirement amounted to 327.38 million euros, and on an annual level it recorded an increase of 23.58 million euros or 7.76%. Compared to end-2024, reserve requirement increased by 18,883 euros or 6.12% (graph 2.28).

Graph 2.28



Source: Banks' reports

Graph 2.29



Source: Banks' reports

The effective reserve requirement rate, measured by allocated reserve requirement and total deposits ratio amounted to 5.37%, recording an increase year-on-year when it amounted to 5.36%, as well as compared to end-2024 when it reached 5.28%.

The reserve requirement to total deposits plus borrowings ratio amounted to 5.11%, recording an annual increase when it was 5.18% as well as in relation to end-2024 when it amounted to 5.05% (graph 2.29).

In the total amount of allocated reserve requirement at end-September 2025, 74.55% was allocated to reserve requirement accounts in the country, while 25.45% was allocated to the CBCG account abroad.

During the first nine months of 2025, all eleven banks set aside the required reserve in the prescribed amount, and no bank used the required reserve for liquidity.

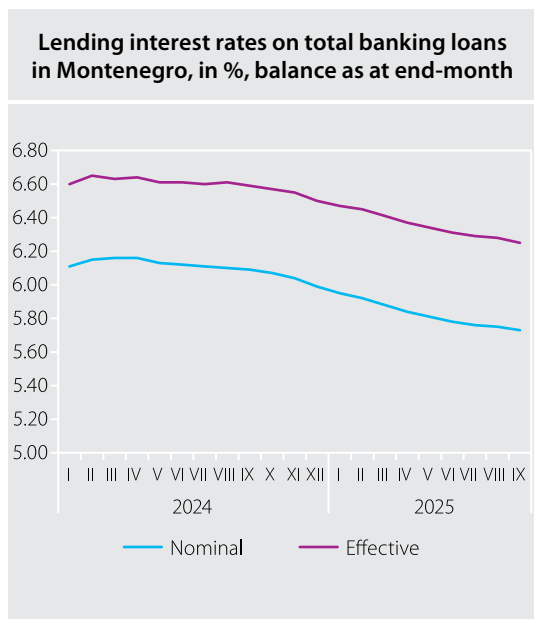
## 2.2. Banks' interest rates

### 2.2.1. Lending interest rates

#### On total loans granted

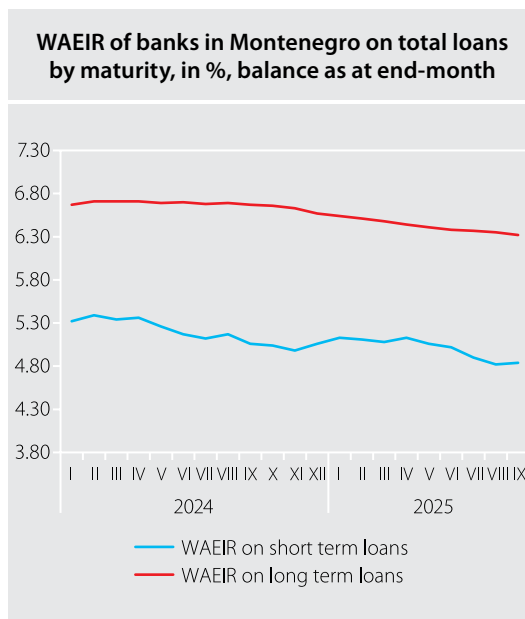
In September 2025, the weighted average nominal interest rate (WANIR) on total loans granted amounted to 5.73% and it was 0.36 pp lower year-on-year, and 0.26 pp lower relative to end-2024. The weighted average effective interest rate (WAEIR) on total loans granted amounted to 6.25%, being 0.34 pp lower annually and 0.25 pp below end-2024 level (graph 2.30).

**Graph 2.30**



Source: Banks' reports and CBCG calculations

**Graph 2.31**



Source: Banks' reports and CBCG calculations

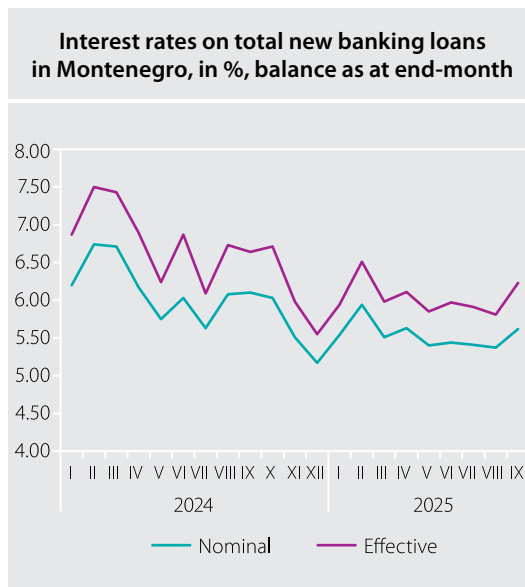
During the first three quarters of 2025, a downward trend was present both for WANIR and WAEIR for loans with maturities of up to one year and over one year. The WAEIR on total short-term loans stood at 4.84%, being 0.22 pp lower year-on-year as well as compared to end-2024. The WAEIR on long-term loans amounted to 6.32% and it fell by 0.35 pp on an annual basis, and by 0.24 pp relative to end-2024 (graph 2.31).

### On new loans

During the first three quarters of 2025, the interest rates on new loans usually fluctuated significantly, but at a lower level relative to the comparative period of the previous year, while compared to the end of the year they recorded an increase. WANIR on new loans amounted to 5.62% in September 2025 and recorded a decrease of 0.48 pp at the annual level, while compared to the end of the previous year, it recorded an increase of 0.45 pp. At the same time, the WAEIR on new loans amounted to 6.23% and on the annual level it recorded a decrease of 0.41 pp, while compared to the end of the previous year it recorded an increase of 0.68 pp (graph 2.32).

In March 2024, the Central Bank launched an initiative to reduce interest rates on retail loans. This initiative was supported, on a voluntary basis, by all banks in Montenegro, through favourable loans with reduced interest rates, in-

**Graph 2.32**



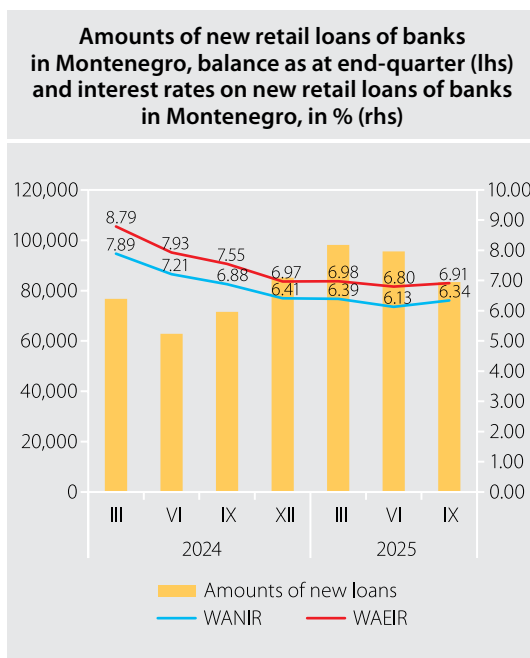
Source: Banks' reports and CBCG calculations

tended for citizens. As a result, the level of interest rates on retail loans continued to decrease by the end-September 2025. Thus, the WANIR on new retail loans in September 2025 was 6.34%, while the WAEIR was 6.91%, which represents a decrease of 0.54 pp and 0.64 pp compared to the third quarter of 2024, while compared to the end of 2024, these interest rates were lower by 0.07 pp and 0.06 pp, respectively (graph 2.33).

WAEIR on short-term loans amounted to 5.32% in September 2025 and on the annual level recorded a growth of 0.34 pp, while compared to the end of the previous year it was higher by 0.68 pp. In the same period, WAEIR on total new loans with a maturity over one year amounted to 6.46%, which represents a decrease of 0.52 pp at the annual level, while compared to the end of the previous year, it recorded an increase of 0.70 pp (graph 2.34).

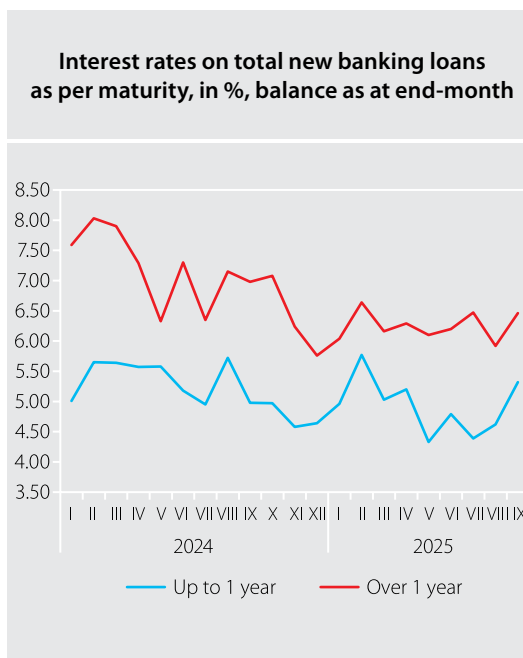
Observed by the purpose for which bank loans were approved during the first three quarters of 2025, the highest WAEIR was recorded for long-term loans for education (25.09% in January, 11.87% in May) as well as for short-term loans for education (14.89% in September), for short-term loans for the construction and renovation of buildings (14.30% in June), and for short-term loans for refinancing liabilities to other banks (11.85% in May). The lowest WAEIR on new loans was recorded with long-term loans for the purchase of consumer goods (0.02% in August and September).

Graph 2.33



Source: Banks' reports and CBCG calculations

Graph 2.34



Source: Banks' reports and CBCG calculations

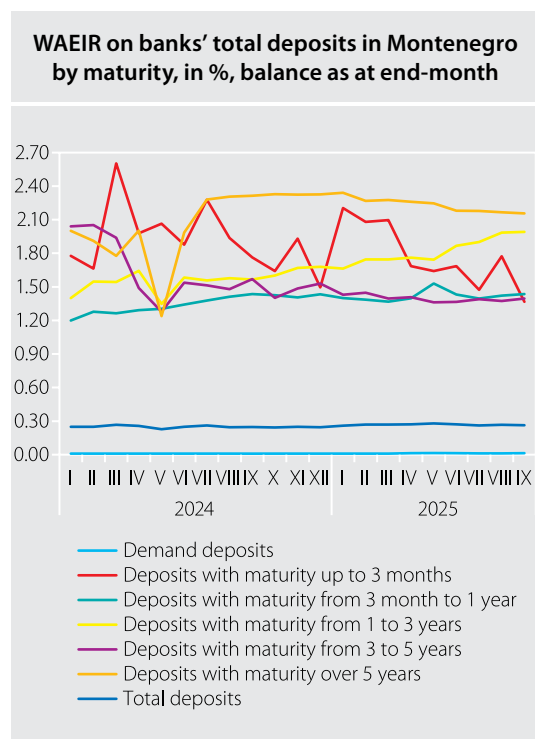
### 2.2.2. Deposit interest rates

During the first three quarters of 2025, the WAEIR on deposits fluctuated slightly and recorded a slight increase compared year-on-year. Namely, in September this year it amounted to 0.26%, which is 0.01 pp higher year-on-year, as well as compared to the end of the previous year.

Compared to the same period last year, interest rates on demand deposits and interest rates on deposits with maturities from three months to one year are at the same level, interest rates on deposits with maturities from one to three years recorded an increase (0.40 pp), while interest rates on deposits with other maturities recorded a decrease. The largest decrease of 0.40 pp was recorded in interest rates on deposits with maturity of up to three months (graph 2.35).

In September this year, the difference between lending and deposit interest rates on total loans and deposits of banks amounted to 5.99 pp, being lower than in the same month last year when it amounted to 6.34 pp as well as in relation to end-2024 when it amounted to 6.25 pp (graph 2.36).

Graph 2.35



Source: Banks' reports and CBCG calculations

Graph 2.36



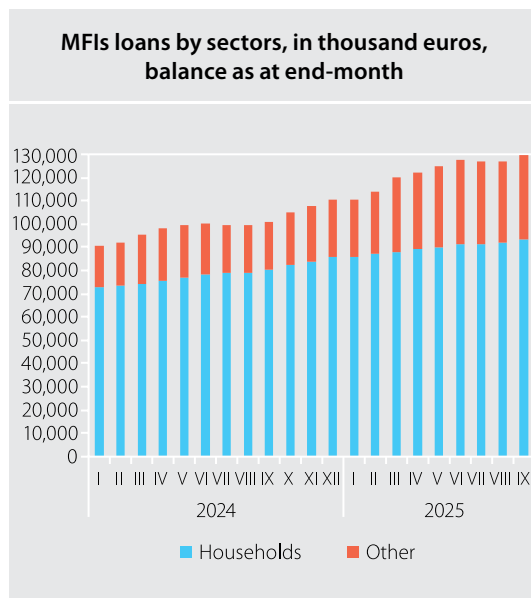
Source: Banks' reports and CBCG calculations

## 2.3. Microcredit financial institutions

At end-September 2025, total assets and liabilities of microcredit financial institutions (MFIs) amounted to 132.06 million euros and they recorded the year-on-year increase of 30.86 million euros or 30.49% and a 21.00 million euros or 18.90% increase in relation to the end of 2024.

Total MFIs net loans at end-September 2025 amounted to 124.06 million euros (93.94% of MFIs net assets), while gross loans amounted to 129.59 million euros (98.13% of gross assets). Observed annually, MFIs net loans increased by 28.15 million euros or 29.35%, and compared to the end of the previous year by 18.75 million euros or 17.80%. Gross deposits recorded an increase of 28.43 million euros or 28.10% compared to the same period last year and an increase of 19.00 million euros or 17.17% compared to the end of the previous year. The sectoral allocation of gross loans shows that the dominant part of 72.22% of MFIs loans was related to retail sector. Some 24.15% related to the non-financial sector, 3.41% to the financial sector, while the remaining 0.22% related to non-residents (graph 2.37).

Graph 2.37



Source: MFIs reports and CBCG calculations

During the first nine months of 2025, MFIs approved a total of 88.41 million euros of new loans, which is an increase of 20.96 million euros or 31.06% y-o-y.

Looking at the maturity structure of new loans in the reporting period, loans approved for a period longer than one year amounted to 75.91 million euros and they accounted for 85.85% of all new loans, which is 0.09 pp less than a year ago (85.94%).

Observing the purpose structure of new loans, the largest share in the amount of 42.59 million euros or 48.17% were loans for the acquisition of fixed assets, followed by liquidity loans for the working capital in the amount of 16.50 million euros or 18.66%, cash loans in the amount of 6.70 million euros or 7.57%, loans for agriculture in the amount of 5.16 million euros or 5.83%, while 17.47 million euros 19.77% was for other purposes.

In the structure of total MFIs liabilities and capital, borrowings with 60.30% recorded the highest share. Total capital accounted for 33.79%, other liabilities accounted for 5.38%, while issued securities accounted for 0.53% in the structure of total assets and liabilities.

At end-September this year, total MFIs' capital amounted to 44.62 million euros, which is an increase of 4.87 million euros or 12.24% year-on-year and an increase of 4.25 million euros or 10.52% in relation to end-2024.

Total MFI borrowings amounted to 79.63 million euros and they were 24.33 million euros or 44.00% higher year-on-year, i.e. 15.62 million euros or 24.41% higher compared to end-2024. The largest part of MFI loans, i.e. 70.95% of their total amount, consisted of loans taken from foreign financial institutions. Some 21.50% related to borrowings taken from domestic banks, 0.03% to loans taken from other domestic financial institutions, while 7.52% related to loans from other sources. Short-term MFI borrowings and long-term borrowings accounted for 27.98% and 72.02% of total borrowings, respectively.

At the aggregate level, during the first nine months of 2025, MFIs recorded a positive financial result in the amount of 3.86 million euros, which was higher by 795,000 euros or 25.91% year-on-year.

### 2.3.1. MFIs interest rates

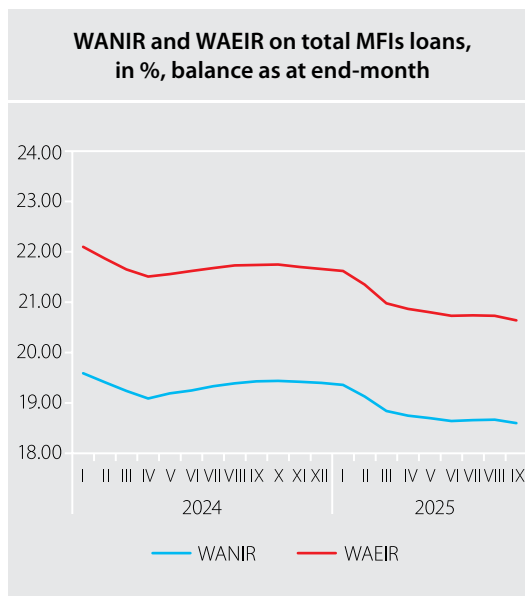
#### On total loans granted

At end-September 2025, the WANIR on total MFI loans amounted to 18.60%, being 0.83 pp lower year-on-year and 0.80 pp lower compared to the end of 2024.

The weighted average effective interest rate (WAEIR) reached 20.64% and it dropped 1.10 pp year-on-year and 1.02 in relation to end-2024 (graph 2.38).

The WAEIR on total short-term loans stood at 20.07%, being 2.22 pp lower year-on-year or 1.73 pp lower compared to end-2024. At the same period, the WAEIR on total long-term loans stood at 20.67%, being 1.04 pp lower year-on-year or 0.98 pp lower compared to end-2024.

**Graph 2.38**



Source: MFIs reports and CBCG calculations

#### On new loans

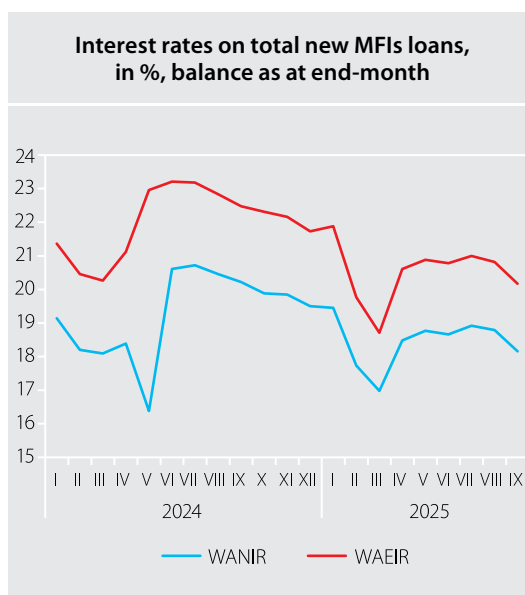
At the end of the reporting period, the WANIR on new MFI loans amounted to 18.16%, recording the year-on-year decrease of 2.06 pp and a 1.34 pp decrease in relation to December 2024.

At the same time, the WAEIR on new loans amounted to 20.17%, recording a decrease of 2.31 pp year-on-year and a decrease of 1.56 pp compared to end-2024 (graph 2.39).

Observed by maturity, the WAEIR on new short-term loans amounted to 20.43% in September 2025 and was reduced by 1.31 pp on an annual basis, and by 1.26 pp compared to the end of the previous year.

On the other hand, WAEIR on loans with maturity over one year amounted to 20.12% and decreased by 2.46 pp annually, and by 1.61 pp compared to the end of the previous year.

**Graph 2.39**



Source: MFIs reports and CBCG calculations

Observed by the purpose for which the loans were granted, the highest WAEIR rates were recorded on short-term loans for refinancing liabilities (39.82% in June), construction and adaptation of buildings (38.45% in February, 36.30% in January and 36.09% in September), followed by short-term loans for purchase of motor vehicles (35.52% in January), long-term loans for education (35.75% in January) and long-term loans for education (35.73% in July).

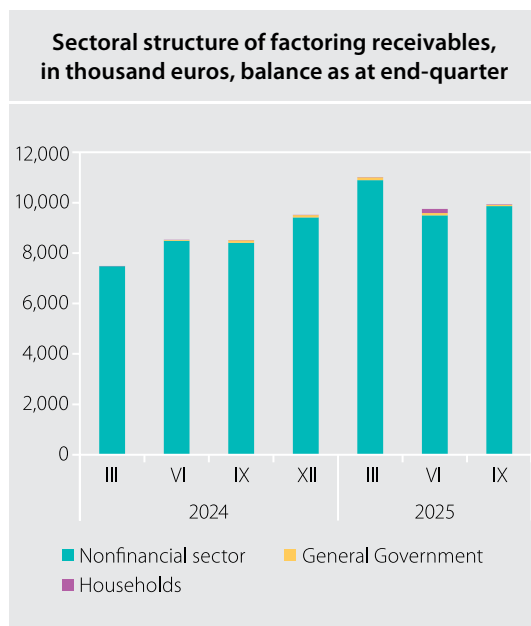
## 2.4. Factoring companies

Total assets and liabilities of factoring companies amounted to 10.88 million euros, which is an increase of 1.30 million euros or 13.60% year-on-year and a growth of 498,000 euros or 4.38% compared to end-2024.

The main share of total assets in the amount of 9.93 million euros or 91.29% was factoring receivables and they recorded an annual increase in the amount of 1.42 million euros or 16.68%, but also an increase of 411,000 euros or 4.32% compared to the end of the previous year. Deposits with banks amounted to 185,000 euros, which is a decrease of 194,000 euros or 51.19% year-over-year, and a fall of 992,000 euros or 84.28% compared to end-2024. The remaining amount of 853,000 euros were “other assets”, which increased by 139,000 euros or 19.47% year-on-year, and 153,000 euros or 21.86% compared to the end of 2024.

Major part of gross receivables from factoring of 9.86 million euros or 99.30% related to the non-financial sector. General government accounted for 53,000 euros or 0.53% while the remaining 17,000 euros or 0.17% referred to the retail sector (graph 2.40).

Graph 2.40



Source: Reports of factoring companies and CBCG calculations

Factoring companies finance themselves primarily from received loans, which at the end of September this year amounted to 7.62 million euros and they made up 70.04% of total liabilities. Year-on-year, received loans grew by 534,000 euros or 7.54%, while they were 1.08 million euros or 12.43% lower relative to end-2024. Total capital of factoring companies amounted to 2.70 million euros and it made up 24.78% of the liabilities of these institutions, while the “other liabilities” category accounted for 563,000 euros or 5.18% of the total assets and liabilities of these companies. Compared year-on-year, total capital grew by 613,000 euros or 29.43%, i.e. 527,000 euros or 24.30% in relation to the end of the previous year. The category “other liabilities” recorded annual growth of 155,000 euros (37.99%) and 57,000 euros (11.26%) decline in relation to end-2024.

## 2.5. Companies for the purchase of receivables

At end-September 2025, total assets and liabilities of the companies for purchase of receivables amounted to 8.77 million euros and they recorded the year-on-year increase of 326,000 euros or 3.86% and a 577,000 euros or 7.04% increase in relation to the end of 2024.

In the structure of the assets and liabilities of companies for the purchase of receivables at the end of the observed period, the dominant share in the amount of 5.15 million euros or 58.69% of total assets was net receivables based on purchased receivables, which recorded a year-on-year decrease in the amount of 1.15 million euros or 18.29%, and 1.02 million euros or 16.58% fall relative to end-2024. Deposits amounted to 2.08 million euros or 23.74% of total assets, which is an increase of 1.07 million euros or 2.06 times year-over-year, and 1.21 million euros or 2.38 times compared to end-2024. The category „other assets“ accounted for 1.54 million euros or 17.57% of total assets and recorded an annual growth of 406,000 euros or 35.77%, i.e. a growth of 393,000 euros or 34.23% compared to the end of the previous year.

Companies for the purchase of receivables financed themselves mainly from capital which amounted to 6.71 million euros and it accounted for 76.51% of total liabilities at end-September 2025. Received loans amounted to 337,000 euros or 3.85% of total liabilities, while the remaining portion of 1.72 million euros or 19.64% referred to the category “other liabilities”. Compared year-on-year, capital grew by 1.64 million euros or 32.39%, i.e. 1.31 million euros or 24.21% in relation to the end of the previous year. Loans to this sector decreased by 1.07 million euros or 76.05% at the annual level and by 398,000 euros or 54.15% in relation to end-2024. The category “other liabilities” recorded annual growth of 246,000 euros (12.49%) and 333,000 euros (16.20%) decline in relation to end-2024.

## 2.6. Development Bank of Montenegro

At end-September 2025, total assets and liabilities of Development Bank of Montenegro<sup>39</sup> amounted to 421.57 million euros and they recorded the year-on-year increase of 15.23 million euros or 3.75% and a 2.08 million euros or 0.50% growth in relation to the end of 2024.

Total liabilities amounted to 306.53 million euros or 72.71% of total liabilities and recorded an annual increase of 12.64 million euros or 4.30%, i.e. a decrease of 3.56 million euros or 1.15% compared to the end of the previous year.

Non-performing assets amounted to 21.35 million euros or 5.06% of total assets and recorded an annual decrease of 4.99 million euros or 18.94%, i.e. a decrease of 4.01 million euros or 15.83% compared to the end of the previous year.

In the first nine months of the current year, Development Bank of Montenegro recorded a positive financial result in the amount of 5.64 million euros, which is the year-on-year decrease of 3.30 million euros or 36.89%.

<sup>39</sup> The Development Bank of Montenegro (DBM), established by the Law on the Development Bank of Montenegro (OGM 99/24), is the legal successor of the Investment and Development Fund of Montenegro.