

Pursuant to Article 44 paragraph 2 items 3 and 10 of the Central Bank of Montenegro Law (OGM 40/10, 46/10, 06/13, 70/17), at its meeting held on 17 March 2020, the Council of the Central Bank of Montenegro passed the following

DECISION

on interim measures to mitigate adverse effects of the new Coronavirus disease (COVID-19) on the financial system

1. This decision establishes the interim measures that refer to the treatment of loans granted by banks in order to mitigate adverse effects of the new Coronavirus disease (COVID-19) on the operations of banks and to maintain the stability of financial system as a whole.
2. During the effectiveness of this decision, the beneficiaries of loans granted by banks (legal persons, natural persons, entrepreneurs and other loan beneficiaries) shall be entitled to a moratorium on loan repayment for period up to 90 days.

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).

The loan beneficiary, wishing to exercise the right to the moratorium, shall submit to the bank a notification that he accepts the moratorium in electronic form, and if he is unable to do so, he shall submit the notification to the bank in writing.

Bank shall, no later than five working days following that of the reception of the notification, ensure the implementation of moratorium.

The loan beneficiary shall also deliver the notification on the acceptance of the moratorium to the employer or other person through which the loan is repaid in the manner referred to in paragraph 3 of this item.

Employers and other persons through which the loan is repaid shall, during the moratorium, suspend payments related to the repayment of loans granted by banks, at the latest within the period referred to in paragraph 4 of this item.

Banks shall, during the moratorium, suspend all payments related to loan repayments (repayment of loans from transaction account held by loan beneficiary with the bank, standing orders for loan repayments, and the like).

During the moratorium, the bank shall not calculate default interest on outstanding loan receivables, it shall not initiate enforcement proceedings or enforced collection, or take other legal actions to collect receivables, it shall not calculate past due days, nor reclassify loans to a lower classification category.

For the loan beneficiaries to which moratorium is introduced, the repayment period of the loan shall be extended for the period of moratorium, whereas the moratorium may last, at a maximum, until this decision ceases to apply.

No annex to the loan agreement shall be needed on the introduction of moratorium.

Banks shall publish the notification on the right to moratorium on their websites no later than 30 March 2020, which shall be deemed that the notification is delivered to all loan beneficiaries.

3. A bank which, upon the request of the loan beneficiary, during the period of effectiveness of this decision, grants to a loan beneficiary one or more incentives referred to in Article 43 paragraph 1 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: the Decision), may treat such loan as a new loan in the process of assets classification and allocation of loan loss provisions, if:
 - 1) the loan beneficiary may provide documents to prove to the bank that his financial position has deteriorated, or will be deteriorated in the near future, due to the adverse effects of the new Coronavirus on his operations from the day of the virus outbreak in the world, and
 - 2) the bank assesses that the credit capacity of loan beneficiary will improve upon the loan restructuring.
4. During the effectiveness of this decision, banks may, under the conditions and in the manner referred to in item 3 of this decision, restructure and classify loans to which, on the effective date of this decision, the Decision on Macroprudential Measures Relating to Retail Banking Loans (OGM 58/19) is applied, including the possibility of arranging an additional repayment period that is longer than the deadlines referred to in points 2 and 3 of paragraph 1 of that decision for a maximum of two years, and also in the case where a loan is not secured by the collateral referred to in point 2 of that decision.

5. Banks shall inform the Central Bank of Montenegro on the implementation of measures referred to in this Decision in electronic form, no later than 15th day in the month for the previous month, using the Form COV-RM, which is attached and makes an integral part of this decision.
6. Items from 1 to 5 shall accordingly apply to lessor and lessee and to micro-credit financial institutions and beneficiaries of their loans.
7. This decision shall remain in effect until the passing of the decision of the Central Bank of Montenegro on its cessation.
8. This decision shall enter into force on the day following that of its publication in the Official Gazette of Montenegro.

COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

Decision number: 0101-2279-2/2020

Podgorica, 17 March 2020

CHAIRMAN
G O V E R N O R,
dr Radoje Žugić, m.p.

Report on restructured loans and loans under moratorium in accordance with interim measures

EUR 000

No.	POSITION	Total number of debtors	Number of sub-accounts	Amount
1.	RESTRUCTURED LOANS			
1.1.	Natural persons			
1.2.	Entrepreneurs			
1.3.	SME up to EUR 100 thousand			
1.4.	SME over EUR 100 thousand			
1.5.	Other business undertakings			

2.	RESTRUCTURED CASH UNSECURED LOANS	Total number of debtors	Number of sub-accounts	Amount
2.1.	Natural persons			

3.	MORATORIUM	Total number of debtors	Number of sub-accounts	Amount
3.1.	Natural persons			
3.2.	Entrepreneurs			
3.3.	SME up to EUR 100 thousand			
3.4.	SME over EUR 100 thousand			
3.5.	Other business undertakings			

Note:

Loans shown under #1 do not include loans shown under #2.