

Montenegro: Financial Sector Policy Based Guarantee**70870****SUMMARY OF DISCUSSION*****Meeting of the Executive Directors****June 28, 2012**

The Executive Directors approved the Financial Sector Policy Based Guarantee to Montenegro in the amount of EUR 60 million (USD 79.2 million equivalent) on the terms and conditions set out in the President's Memorandum (R2012-0127).

Directors expressed support for the Financial Sector Policy Based Guarantee, which supports reforms to strengthen systemic risk monitoring and the crisis management framework, address banking sector vulnerabilities, complete restructuring of Prva Banka, enhance depositors' confidence, and further improve the regulatory framework for banks. They acknowledged that the Policy Based Guarantee will assist the country in its efforts to continue accessing international capital markets, diversify its borrowing portfolio, and raise funds on more competitive terms as well as support the country's integration efforts into the European Union. Directors noted that in spite of the enduring Eurozone vulnerabilities and severe 2012 winter, the Government has maintained an adequate macroeconomic framework and continued its structural reforms. Directors noted the slowdown in the country's economic growth and high financing needs and welcomed further collaboration between the Bank, European Union and other development partners.

*This summary is not an approved record.