Addiko Bank AG v. Montenegro  
(ICSID Case No. ARB/17/35)

Excerpts of Award dated November 24, 2021 made pursuant to Rule 48(4) of the ICSID Arbitration Rules of 2006

Claimant  
Addiko Bank AG (Austrian entity)

Respondent  
Montenegro

Tribunal  
Bernard Hanotiau (President; Belgian), appointed by the co-arbitrators  
Pierre-Yves Tschanz (Swiss/Irish), appointed by the Claimant  
Brigitte Stern (French), appointed by the Respondent

Award  
Award of November 24, 2021 in English (unpublished)

Instrument relied on for consent to ICSID arbitration  

Procedure  
Place of Proceedings: Washington, D.C.  
Procedural Language: English  
Full procedural details: Available at http://www.worldbank.org/icsid

Factual Background  
The Claimant, Addiko Bank AG, is an Austrian bank, which issued Swiss Franc-indexed mortgage loans through a locally incorporated entity in Montenegro between 2006 and 2011. A principal feature of these loan agreements was the currency clause, which stated that though the principal and monthly annuities were stated in CHF, the debtor was obligated to repay the loan in EUR, with the EUR amount payable converted from CHF on the date of payment.

The global financial crisis caused the value of the CHF to appreciate from 2009 to 2015 due to the surging demand for CHF. Thus, the Swiss National Bank set a ceiling exchange rate in 2011. Four years later, in 2015, the Swiss National Bank discontinued this exchange rate, and the CHF sharply appreciated against the Euro. Repayment of the loans at issue became much more expensive for borrowers.

As a result, members of Parliament introduced a bill entitled, “Law on Conversion of Swiss Franc Denominated Loans into Euro Denominated Loans”. This bill eventually became law after
consultation with the Central Bank of Montenegro and the relevant legislative committees. This law, *inter alia*, retroactively converted the denomination of all CHF loans to EUR at the exchange rate existing on the date of the loan agreement and fixed the interest rate of such loans. Financial institutions were instructed to repay to borrowers any excess payments made.

The Claimant claims that the retroactive and mandatory nature of the law violated the fair and equitable treatment and full protection and security provisions of the treaty and claimed damages incurred from the effects of the law its portfolio.

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