



CENTRALNA BANKA  
CRNE GORE

Sektor za kontrolu banaka

# Operational Plan

## ASSET QUALITY REVIEW

(Update April 2021)



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**Table 1: Operational plan (Updated for the reminder of Workblock Milestones which are yet to be completed)**

Workblock Milestone	Date	Week	Comments & explanations
<b>4. Credit File Review</b>			
Final submission of T4B & supporting documents from Bank Team to CTUPB	19. April 2021	Week 28	
Submission of O4B Template from Bank Team to CTUPB	19. April 2021	Week 28	
Finalization of QA process	30. April .2021	Week 29	
<b>5. Collateral Review</b>			
Final submission of T5 from Bank Team to CTUPB	19. April 2021	Week 28	
Finalization of QA process	30. April 2021	Week 29	
<b>6. Projections of findings</b>			
Interim submission of T6 from Bank Team to CTUPB	26. April 2021	Week 29	
Final submission of T6 from Bank Team to CTUPB	17. May 2021	Week 32	
Finalization of QA process	24. May 2021	Week 33	
<b>7. Collective provisioning analysis</b>			
Submission of preliminary results based on first cut challenger model (pre-CFR) from Bank Team to CTUPB (incl. T7A, T7L, T7B & preliminary challenger model version)	19. April 2021	Week 28	
Submission of preliminary results (pre-CFR after corrections) from Bank Team to CTUPB (incl. T7A, T7L, T7B & challenger model version)	10. May 2021	Week 31	
Submission of preliminary results (post-CFR) from Bank Team to	17. May 2021	Week 32	



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<b>Workblock Milestone</b>	<b>Date</b>	<b>Week</b>	<b>Comments &amp; explanations</b>
CTUPB (T7B & challenger model version)			
Submission of final results (post-CFR) from Bank Team to CTUPB (T7B & challenger model version)	24. May 2021	Week 33	
Submission of O7B Template from Bank Team to CTUPB	28. May 2021	Week 33	
Finalization of QA process	4. June 2021	Week 34	
<b>8. Fair value exposure review</b>			
Preliminary submission of T8A template from Bank Team to CTUPB	22. April 2021	Week 28	6 (see bottom)
Technical meeting to review key asset value drivers, assumptions, data sources (if necessary)	23. April 2021	Week 28	
Final submission of T8A template from Bank Team to CTUPB	27. April 2021	Week 29	
Submission of O8B Template - Level 3 revaluation for non-derivative assets section and booking review section from Bank Team to CTUPB	28. April 2021	Week 29	
Finalization of QA process	30. April 2021	Week 29	
<b>9. Determine AQR-adjusted Solvency and define remediation</b>			
Submission of O9A template from Bank Team to CTUPB	10. May 2021	Week 31	
Finalization of QA process on O9A	17. May 2021	Week 32	
Submission of interim T9 from Bank Team to CTUPB	24. May 2021	Week 33	
Submission of final T9 from Bank team to CTUPB and O9B	8. June 2021	Week 35	
Finalization of QA process on O9B and T9	18. June 2021	Week 36	



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### Comments & explanations

1. Interim loan tape submissions serve to provide the Bank Team with a thorough view on the state of the Bank's progress in preparing the final loan tapes and to flag potential issues early on. As such, they should be prepared on a best efforts basis and are not strictly required to already contain the full set of data to be included in the final submission.
2. To facilitate an efficient ramp-up of the Credit File Review preparation, the Bank Team and the Bank should agree on mode and timeline for exchanging the required information as early as possible in the process. While this should not lead to preparation of Credit Files that are ultimately not sampled, it is expected that in particular the Top-Priority Debtors can be identified very early on, i.e. even on the basis of preliminary Loan Tapes.

For this deadline, it is expected that the Bank delivers a full set of Credit Files including full supporting documentation, as agreed with the bank team, for

- ❖ **3 Stage-3 debtors** (only for corporate portfolios): The 3 largest (by Exposure D\_EXP) defaulted debtors
  - ❖ **3 Stage-2 debtors**: The 3 largest (by Exposure D\_EXP) debtors exhibiting signs of significantly increased credit risk (either due to hitting non-rebutted AQR backstop triggers, or already identified as SICR / Stage-2 by the bank)
  - ❖ **3 Stage-1 debtors**: The 3 largest (by Exposure D\_EXP) debtors that are neither defaulted nor exhibiting signs of SICR per portfolio in scope for the CFR
3. Submission of T4A from the Bank to the Bank Team is an interactive process that should start with submissions of filled T4As for priority debtors in the selected portfolios that are subject to the CFR, followed by successive delivery of T4As for the remaining sample of debtors. The Bank Team should define milestones for the Bank deliveries in the CFR Work Plan, and once discussed with the CTUPB, this Work Plan will be the reference document for the Bank's submission timeline.
  4. WB5 submissions to be delivered one week prior to WB4 submissions, as Credit File Review portion of work uses collateral valuations as inputs. Bank Team to cooperate closely with AQR Appraisers in order to coordinate which debtors (and their collaterals) are to be reviewed for each submission.
  5. T7A needs to be completed at the level of portfolio segments (see AQR Manual for details on segmentation in WB7). The Bank Team is tasked with defining the



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segmentation in a first step. It then hands over a version of T7A including the segmentation to the Bank, which is required to complete all sheets in T7A, except for the sheet "Z & R Values" which is to be filled by the Bank Team.

6. Revaluation of foreclosed real estate/investment property falls within the scope of AQR work block 8A but will operationally follow the same process as the revaluation of real estate collateral in work block 5. Hence the process of work block 5 applies, and the timeline is similar.