

Specification of Competency Standards for the Retail Banking

Unit of Competency

Credit Management > 3.3 Portfolio Management

Title	Evaluate market value of collaterals and risks associated with the bank's loan exposure
Code	107372L5
Range	Evaluate the market value of credit assets possessed by the bank in order to judge risks and portfolio associated with the loans exposure. This applies to credit assets of different kinds
Level	5
Credit	4
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Evaluate factors affecting assets value Be able to: <ul style="list-style-type: none"> • Evaluate common practices in assets valuation by other retail banks in order to refine existing approach adopted by the bank • Identify factors which can affect market value of different kinds of assets to ensure an accurate valuation 2. Evaluate market value of the collaterals and assess the bank's portfolio Be able to: <ul style="list-style-type: none"> • Analyse market situations and valuation done by other banks in order to evaluate the formula of assets valuation adopted by the bank • Analyse information on trends in historical price, future economic development and other relevant factors in order to determine the fair market value of different collaterals • Evaluate market value of the assets and provide recommendation for decisions making on loan portfolio mix and policy, matching investments to objectives, asset allocation for the bank, and balancing risk against performance 3. Review value of collaterals Be able to: <ul style="list-style-type: none"> • Determine strengths, weaknesses, opportunities and threats in the choice of debt vs. equity, growth vs. safety, and other trade-offs encountered in the attempt to maximise return at a tolerable level of risk • Evaluate changes in the value of collaterals and adjust risks associated with the loans accordingly; ensure the valuation processes are properly conducted and fair market value is proposed • Initiate the loan review process to evaluate whether adjustment is necessary
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Evaluation of the market value of the bank's collateral based on the analysis on historical price, economic conditions and other relevant factors
Remark	