

Specification of Competency Standards
for the Banking Industry
Unit of Competency

Functional Area - 3. General Enterprise Banking Credit Management
(Key Function – 3.3 Portfolio Management)

Title	Review performance of loan portfolio for enterprise banking
Code	109263L6
Range	Conducting periodic review on the performance of the entire loan portfolio. This covers different kinds of assets in the bank's credit portfolio.
Level	6
Credit	4 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Possess specialized knowledge across different disciplines in portfolio management in order to develop a suitable portfolio strategy of the bank; • Understand the macroeconomic environment and conduct research on future economic development for the purpose of defining risks and returns of the bank's credit assets; • Understand the credit strategies and portfolio objectives of the bank in order to identify implications on managing the portfolio. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Evaluate the risks of credit assets possessed by the bank and compare the results with anticipated profitability to judge whether an optimal allocation is arrived; • Conduct research to obtain updated information on the financial position, business operations and needs of current borrowers; • Ascertain changes in credit quality of the borrowers and identify opportunities and threats for the purpose of reviewing quality of existing loan portfolio; • Analyse the trends in risk level and reassess the credit risk strategy, lending criteria, internal rating system, etc.; • Analyse the changes in risks level and decide whether changes in loan classification is necessary; • Analyse and consolidate findings from different research in order to project probabilities in delinquency and prevent possible system risks. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Evaluate general provisions and provision for individual loan against the risk level to ensure the calculation of provisions remains realistic; • Report to senior management in case of deterioration in loan quality or risk exposure is exceeding the tolerance level; • Set appropriate risks parameters and prudential limits to ensure the loan portfolio of the bank is following statutory requirements.
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Evaluation on existing credit portfolio in order to formulate improvement measures. These should be based on estimation of future profitability and risks of the portfolio, changing statutory requirements and strategies of the bank.
Remark	