

**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	Evaluate market value and marketability of collateral and identify the risks associated with the loan
Code	109269L5
Range	Evaluation of the market value of credit assets possessed by the bank in order to judge risks associated with the loans. This applies to credit assets of different kinds.
Level	5
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"> <li>• Demonstrate professional knowledge on the bank’s policies about different types of well-defined acceptable collateral and their respective security value in accordance with internal guidelines;</li> <li>• Possess specialized skills on asset valuation and apply them to evaluate common practices in the banking industry in order to refine existing approach adopted by the bank.</li> </ul> <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Identify factors which can affect the market value of different kinds of assets to ensure an accurate valuation;</li> <li>• Analyse market situations and valuation done by other banks in order to evaluate the formula of assets valuation adopted by the bank;</li> <li>• 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;</li> <li>• Evaluate changes in the value of collaterals and adjust risks associated with the loans accordingly;</li> </ul> <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Initiate the loan review process to evaluate whether adjustment is necessary;</li> <li>• Always benchmark and follow the best practices to execute asset valuation.</li> </ul>
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> <li>• Evaluating the market value of the bank’s collateral based on the analysis on historical price, economic conditions and other relevant factors.</li> </ul>
Remark	