

Risk Management and Audit > Risk Control and Mitigation

Title	Set risk appetite for the bank
Code	106694L6
Range	Establishing the risk tolerance level for different businesses / operations areas of the bank. This applies to different types of risks facing by the bank.
Level	6
Credit	5 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Conduct research on development of banking industry Be able to: <ul style="list-style-type: none"> • Conduct research on the macro economic environment and regulatory requirements in order to forecast the development of the banking industry • Possess specialized knowledge across different areas of banking risk management in order to develop a suitable risk orientation of the bank • Conduct research to evaluate the performance of different approaches in risk strategy against the unique situation of the bank 2. Conduct research on risks faced by the bank Be able to: <ul style="list-style-type: none"> • Conduct research on all relevant risks of the bank, including quantifiable and less quantifiable and assess their financial and non-financial implications on the bank's business • Conduct periodic review on external environment (e.g. level of competition, market conditions) and react promptly to the changing environment 3. Determine the risk tolerance level and risk mitigation measures for the bank Be able to: <ul style="list-style-type: none"> • Evaluate the bank's current risk position and the impacts on the position by setting different levels of risk appetite • Determine the overall cap on the aggregate level of risk exposures which the bank is able and willing to take • Formulate individual risk limits for different types of risks by analyzing the operations, financial strength, strategic objectives and regulatory requirements of the bank • Determine the risk tolerance level of the bank to specify which level of risks is acceptable and which is not acceptable • Determine the scope of measures and actions that the bank can undertake in response to excessive risk exposures
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Establishment of risk appetite of the bank. This should be based on consolidated findings on different research conducted on macro economic environment, development of banking industry and unique situations of the bank.
Remark	