

Risk Management and Audit > Credit Risk Management

Title	Formulate overall credit risk management policy for the bank
Code	106701L6
Range	Establishment of bank-wide credit policies to specific guidance on what risk/reward relationship is acceptable to the bank. This applies to different procedures of the entire credit processes, such as risk assessment, credit approval, problem loan management, etc.
Level	6
Credit	5 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Conduct research on credit strategies                             <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Conduct research on trends and development in the global economy and regional market in order to anticipate the outlook of economy and banking industry</li> <li>• Evaluate different approaches in credit strategy and their performance under different scenarios in order to choose an approach which is aligned with the bank’s overall strategies</li> </ul> </li> <li>2. Develop policies for the entire credit process                             <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Determine the credit culture of the bank and strike a balance between growth, asset quality and profit</li> <li>• Develop the earning objectives and strike a balance between risk &amp; reward to ensure sufficient credit risk control and latitude in responding to business opportunities</li> <li>• Define standards on the procedures for every process in credit management, e.g. assessment, approval, administration, monitoring and handling problem accounts, etc.</li> <li>• Formulate credit risk management methodologies and strategies</li> </ul> </li> <li>3. Review and update credit strategy                             <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Review and revise the strategy timely &amp; periodically to accommodate with the changing market environment and strategic direction of the bank</li> <li>• Update the credit strategy in accordance with changes in regulation (e.g. Basel)</li> </ul> </li> </ol>
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> <li>• Provision of a written statement of the bank’s credit risk strategy and policy based on research on future economic development and strategies of the bank in order to strike a balance between profitability and risks control. Moreover, the strategy should be able to comply with regulatory requirements.</li> <li>• Provision of recommendations on revising credit strategy of the bank based on analysis of market environment, strategic direction of the bank and changes in regulation, etc.</li> </ul>
Remark	