

Risk Management and Audit > Credit Risk Management

Title	Develop internal rating system for the bank
Code	106704L5
Range	Development of borrower categorization of the bank in order to guide lending activities. This applies to borrowers for different kinds of products and segment.
Level	5
Credit	5 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Demonstrate professional knowledge in credit management <p>Be able to:</p> <ul style="list-style-type: none"> • Demonstrate professional knowledge across different areas of credit management in order to evaluate the risks level of different borrowers • Evaluate the credit strategies of the bank in order to select the most appropriate rating system 2. Identify risk factors of different types of customers <p>Be able to:</p> <ul style="list-style-type: none"> • Develop criteria in grading loans by analyzing current credit profile of the bank, historical records of loan repayment and market best practice, etc. • Develop internal rating system based on the results of analysis on the nature, size and complexity of the lending activities of the bank • Assign credit risk rating based on the credit worthiness of borrowers after considering the value of collateral, financial strength of guarantors, etc. 3. Monitor and maintain the internal rating system <p>Be able to:</p> <ul style="list-style-type: none"> • Develop a monitoring system to facilitate tracking of migration of individual loans through different credit ratings • Develop an early-warning system for identifying problem loans
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Development on internal rating system for classifying different borrowers. These should be based on analysis on the lending activities of the bank, past record of loan repayment by different profiles of borrowers and current market practice, etc. • Development of suitable measures to monitor and maintain the implementation of the internal rating system.
Remark	