

# Associate Credit Risk Management Professional (ACRP)

<QF Level 5> \*

# Certified Credit Risk Management Professional (Commercial Lending) (CCRP(CL))

<QF Level 6> #

# Certified Credit Risk Management Professional (Credit Portfolio Management) (CCRP(CPM))

<QF Level 6> ^

## Programme Handbook (Syllabus, Regulations and General Information)

- \* The Professional Qualification “Associate Credit Risk Management Professional (ACRP)” is recognised under the QF at Level 5. (QR Registration No.: 20/000540/L5) (Validity Period from 01/08/2020 to 31/07/2030)
- # The Professional Qualification “Certified Credit Risk Management Professional (Commercial Lending) (CCRP(CL))” is recognised under the QF at Level 6. (QR Registration No.: 20/000541/L6) (Validity Period from 01/08/2020 to 31/07/2030)
- ^ The Professional Qualification “Certified Credit Risk Management Professional (Credit Portfolio Management) (CCRP(CPM))” is recognised under the QF at Level 6. (QR Registration No.: 20/000542/L6) (Validity Period from 01/08/2020 to 31/07/2030)

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## 1. Introduction

With the aim of supporting capacity building and talent development for banking professionals, the Hong Kong Monetary Authority (HKMA) has been working together with the banking industry to introduce an industry-wide competency framework - “Enhanced Competency Framework (ECF) for Banking Practitioners” in Hong Kong.

Since the implementation of ECF in 2018, various programmes for different job functions in banking industry have been developed and integrated into The Hong Kong Institute of Bankers’ (HKIB) flagship Certified Banker (CB) Programme which offer generalist, specialist, and strategic topics. The rationale for putting all programmes under one professional banking qualification is to promote an industry-based common qualifications benchmark. While ECF programmes offer “role-based” knowledge and certification to relevant practitioners, CB is offering a vocational qualification pathway for further career advancement, being continuously enhanced to nurture more holistic banking professionals and ultimately, supporting the industry to develop a continuous learning culture and a sustainable talent pool so as to maintain the competitiveness of Hong Kong as an international financial centre.

The Enhanced Competency Framework on Credit Risk Management (ECF-CRM) was introduced to develop a sustainable pool of CRM practitioners for the banking industry. The qualification structure of the ECF-CRM comprises two levels: Core Level and Professional Level, targets to entry level and staff taking up middle or senior positions in credit function.

As the programme and qualification provider of the ECF-CRM, HKIB has developed the learning programme – the “**ECF on Credit Risk Management (CRM) (Core Level)**” to help individuals attain the Core Level of the competency standards set for the ECF-CRM. The programme “**ECF on Credit Risk Management (CRM) (Professional Level)**” helps individuals attain the Professional Level of the competency standards.

This Handbook provides programme details and relevant information for the learner who wants to complete the ECF-Credit Risk Management training and examination with the intent of obtaining the Professional Qualifications of “**Associate Credit Risk Management Professional (ACRP)**”, “**Certified Credit Risk Management Professional (Commercial Lending (CCRP(CL)))**” or “**Certified Credit Risk Management Professional (Credit Portfolio Management) (CCRP(CPM))**”.

For more details, please refer to the HKMA's Guide to ECF on Credit Risk Management at [Guide to Enhanced Competency Framework on Credit Risk Management](#) issued by HKMA dated 29 March 2019 or you may visit [HKIB's ECF on Credit Risk Management webpage](#).

## 2. Background

### 2.1 Aims

The aims of the ECF on Credit Risk Management are twofold:

- (i) To develop a sustainable talent pool of credit risk management practitioners for the banking industry; and
- (ii) To raise and maintain the professional competence of credit risk management practitioners in the banking industry.

### 2.2 Competency Standards

They are set at two levels:

**Core Level** – This level is applicable to entry-level and junior level staff in the credit function;

**Professional Level** – This level is applicable to staff taking up middle or senior positions in the credit function.

### 2.3 Scope of Application

The ECF on Credit Risk Management is targeted at ‘Relevant Practitioners’ (RPs), including new entrants and existing practitioners, engaged by an Authorized Institution (AI)<sup>1</sup> to perform credit risk management job roles in Hong Kong.

The ECF-CRM covers RPs located in the Hong Kong office of an AI and performing the credit function in both the front office and middle office in Hong Kong, regardless of the booking location, up to the person-in-charge of credit department. Specifically, it is aimed at RPs performing the following job roles within the credit function:

#### **Core Level**

Applicable to entry level and junior level staff in credit function as stated below:

- (a) Role 1 – Credit Initiation and Appraisal
  - i. Assist in performing credit initiation of commercial lending within established policies

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<sup>1</sup> An institution authorised under the Banking Ordinance to carry on the business of taking deposits. Hong Kong maintains a Three-tier Banking System, which comprises banks, restricted license banks and deposit-taking companies. Authorized Institutions are supervised by the HKMA.

- ii. Assist in assessing borrowers' credit and financial information for preparing credit proposals
  - iii. Assist in assessing borrowers' credit ratings
  - iv. Assist in monitoring borrowers' accounts
- (b) Role 2 – Credit Evaluation, Approval and Review
  - i. Assist in assessing borrowers' repayment ability after evaluation of various risks and suitability of credit package based on the credit proposals submitted by front office
  - ii. Assist in conducting independent review of borrower's credit rating/loan classification
  - iii. Assist in assessing quality of collateral and other types of risk mitigations and comforts
  - iv. Assist in evaluating and approving loan application
- (c) Role 3 – Credit Risk Management and Control
  - i. Assist in formulating and reviewing credit policies
  - ii. Assist in monitoring credit accounts, credit risk, and preparing analytical reports to management
  - iii. Assist in performing assessment and gap analysis according to regulatory and management requirements regarding calculations of risk indicators and portfolio performance indicators
  - iv. Assist in performing analyses on credit limits and monitoring credit portfolios
  - v. Assist in handling the recovery and work-out of problem loans/deteriorating credit

### **Professional Level**

Applicable to staff taking up middle or senior positions in the credit function as stated below:

- (a) Role 1 – Credit Initiation and Appraisal
  - i. Solicit credit business following established policies and prepare credit proposal
  - ii. Assess credit and financial strength of borrowers to determine creditworthiness and acceptable credit exposure levels for recommending credit approval and internal credit ratings
  - iii. Conduct regular monitoring of borrowers' accounts
- (b) Role 2 – Credit Evaluation, Approval and Review
  - i. Conduct independent assessment of credit and financial strength of borrowers to

- determine creditworthiness and acceptable credit exposure levels
- ii. Work with relationship managers in acquiring necessary information and completing credit assessment
- iii. Review quality of collateral and verify its values and other types of risk mitigations and comforts
- iv. Evaluate and approve loan application
- v. Conduct independent review of borrowers' credit ratings/loan classification
- (c) Role 3 – Credit Risk Management and Control
  - i. Formulate and review credit policies, procedures and methodologies to control credit risk
  - ii. Monitor credit risk by using models or other tools
  - iii. Seek to improve credit risk management and monitor performance indicators
  - iv. Perform stress testing and portfolio analyses on credit portfolios
  - v. Handle the recovery and work-out of problem loans
  - vi. Conduct post-approval credit monitoring (case specific) and ensure that loan portfolios and problem loans are appropriately mapped to the relevant loan classification

For more details about the key tasks, please refer to the Annex 1 – ECF-CRM: Key roles and tasks for Relevant Practitioners of HKMA [Guide to Enhanced Competency Framework on Credit Risk Management](#).

## 2.4 Certification and Public Register

There are three Professional Qualifications under the ECF-CRM:

### Core Level

#### *Associate Credit Risk Management Professional (ACRP)*

A Relevant Practitioner may apply to HKIB for the professional certification if he or she:

- (1) has completed all the three Core Level training modules (Modules 1 to 3) and obtained a pass in the relevant examination of each module plus one-year relevant experience in any of the functions as specified in “Annex 1 of HKMA’s “Guide to ECF on Credit Risk Management”; or
- (2) is grandfathered based on the required work experience upon the launch of the Core Level module. The one-year relevant work experience required for ACRP certification should be accumulated within the three years immediately prior to the date of



application for certification but does not need to be continuous.

### **Professional Level**

#### ***Certified Credit Risk Management Professional (Commercial Lending) (CCRP(CL))***

A Relevant Practitioner may apply to HKIB for professional certification if he or she:

- (1) has completed Module 4 of the Professional Level and passed the relevant examination on top of the Core Level qualification plus at least 5 years (should be accumulated within the 10 years immediately prior to the date of application for certification) of relevant experience in any of the functions as specified in “Annex 1 of HKMA’s Guide to ECF on Credit Risk Management”; or
- (2) is grandfathered based on the required work experience upon the launch of the Professional Level module.

#### ***Certified Credit Risk Management Professional (Credit Portfolio Management) (CCRP(CPM))***

A Relevant Practitioner may apply to HKIB for professional certification if he or she:

- (1) has completed Module 5 of the Professional Level and passed the relevant examination on top of the Core Level qualification plus at least 5 years (should be accumulated within the 10 years immediately prior to the date of application for certification) of relevant experience in any of the functions as specified in “Annex 1 of HKMA’s Guide to ECF on Credit Risk Management”; or  
is grandfathered based on the required work experience upon the launch of the Professional Level module.

For details regarding grandfathering requirements, please refer to HKIB [ECF-CRM website](#) and section 7 of the HKMA [Guide to Enhanced Competency Framework on Credit Risk Management](#).

By going through HKIB certification process successfully, the respective certification holders are then registered as Certified Individuals and included in the public register on HKIB website. HKIB will also grant the certification holders a professional membership of HKIB.

Learners who have successfully completed a HKIB professional qualification programme (including training and examination requirements) but yet to fulfil the requirement of Relevant Practitioners or required years of relevant work experience for certification will be

automatically granted as ECF Affiliate.

ECF Affiliate holders are then registered as Certified Individuals and included in the public register on HKIB website. Ordinary Membership with membership fee for the awarding year waived will also be granted to learners.

## **2.5 Annual renewal of certification and CPD Requirements**

The ECF-CRM certification is subject to annual renewal by HKIB. Certification holders are required to meet the annual Continuing Professional Development (CPD) requirements and pay an annual certification fee to renew the certification.

For both the Core Level and Professional Level qualifications, a minimum of 15 CPD hours is required for each calendar year (ending 31 December), of which at least 5 CPD hours should be on topics related to compliance, code of conduct, professional ethics or risk management.

Any excess CPD hours accumulated within a particular year cannot be carried forward to the following year.

For ECF Affiliate, at least 3-hours of CPD within the scopes mentioned in HKIB CPD Scheme is required annually for recertification.





No CPD is required in the first calendar year when above certification(s) is granted. The CPD requirement starts in the following calendar year.

Please refer to the [Overview of HKIB CPD Scheme](#) and [HKIB CPD Requirements webpage](#) for more details.

### 3. ECF on Credit Risk Management (Core Level) Programme Overview

#### 3.1 Entry Requirements

The Programme is open to members and non-members of HKIB. Candidates must fulfil the stipulated minimum entry requirements:

-  A Bachelor's Degree in any discipline awarded by a recognised university or equivalent; OR
-  An Associate Degree (AD) / Higher Diploma (HD) in a banking and finance discipline or equivalent; OR
-  A relevant professional qualification; OR
-  Mature applicants with 3 years of relevant banking experience with recommendations from employer.

Remark:

1. 3rd or final year full-time university undergraduate students in banking and finance discipline will be considered.
2. Mature applicants (aged 21 or above) who do not possess the above academic qualifications but with relevant banking experience and recommendation from their employers will be considered on individual merit.









The recommended staff member should have the knowledge and skills to complete the training activities and achieve the Intended Outcomes. The employer should make the recommendation based on the competency of the potential learner. For example, in addition three years of banking and finance experience, the recommended staff member also possesses other relevant traits and skills such as exhibiting a strong work ethic or transferable skills that the employer finds desirable. The recommendation may also include comments on the career advancement prospects of the staff member.

#### 3.2 Programme Objectives

This programme has been developed with the aim to nurture a sustainable talent pool of credit risk management practitioners in the banking industry. Candidates will acquire technical skills, professional knowledge and conduct for entry-level and junior level of job roles in the credit function that take up a majority of credit risk responsibility in the credit process including credit initiation, evaluation, approval and monitoring of commercial credit business.

#### 3.3 Programme Intended Outcomes

Upon completion of the Programme, learners should be able to:

-  Apply financial and non-financial analysis to assess customer's financial needs and creditworthiness.
-  Analyse information about customer's financial strength (customer's background, occupation/industry, income/revenue, financial condition/economic situation/legal situation, project evaluation, debt service capacity, credit history, etc.) and review the credit rating of the customer.
-  Calculate potential credit losses for determining eligibility and credit limits for lending.
-  Evaluate the analysis results and make appropriate recommendation on the customer's credit worthiness, repayment ability and risk level.
-  Develop the terms and conditions of credit facility such as application of the appropriate contractual interest rates based on internal policies, payment period and payment options, etc. according to customer's needs and results of risk assessments.
-  Determine the arrangement of credit facility such as access to funds, terms for the operating account etc. in order to minimise risks to the bank.
-  Examine the credit application in conformity of relevant policies, compliance and regulatory requirements.
-  Understand the fundamentals of monitoring credit assets portfolio and the recovery and work-out of problem loans.

### 3.4 Learning Hours

The programme design adopts a blended learning approach. Learners are advised to spend not less than 600 Learning Hours (equivalent to 60 credit). Learning time refers to the amount of time an average learner is expected to take to complete all learning pertaining to the Programme, and achieve the learning outcomes expected. It includes time spent on all learning modes and activities such as training class, self-study and assessment hours.

The Programme comprises of the following 3 modules as accumulated a total of 60 credits:

- Module 1: Credit Risk Management and Key Regulations (credit: 15)
- Module 2: Fundamental Credit Risk Analysis (credit: 15)
- Module 3: Fundamentals of Bank Lending (credit: 30)

### 3.5 Completion Requirements

The completion period for the Programme is eight years from the year in which the first

module is completed.

Learners are required to complete all three modules and accumulated a total of 60 credits by obtaining a pass in all relevant examinations.

Fundamentals of Bank Lending (Module 3) must be the last module that the learners attempt conditioned with the completion of Module 1 and Module 2 (completed M1 and M2 training and passed relevant examinations OR obtained modular exemption for Module 1 and Module 2).

### **3.6 Integration in Certified Banker (CB)**

The “ECF on Credit Risk Management (Core Level)” is integrated in the Certified Banker (Stage II) as one of the Elective Modules.

CB (Stage II) is a professional banking qualification programme developed and offered by HKIB. It is intended to raise the professional competency of banking and financial practitioners in Hong Kong to meet modern demands, while providing a transparent standard with international recognition.

Individuals who have completed the “ECF on Credit Risk Management (Core Level)” programme and obtained a pass at the relevant examination or have been grandfathered “Professional Certificate for ECF on Credit Risk Management (Core Level) - Fundamentals of Bank Lending” (M3) programme and obtain a pass at HKIB’s exemption assessment are encouraged to join the CB (Stage II) Programme.

### **3.7 Qualifications Framework**




The Professional Qualification “Associate Credit Risk Management Professional (ACRP)” is recognised under the QF at Level 5. (QR Registration No.: 20/000540/L5, Validity Period from 01/08/2020 to 31/07/2030)

Please refer to the [accreditation page](#) on HKIB website for more details.

## 4. Commercial Lending for ECF on Credit Risk Management (Professional level) - Programme Overview

### 4.1 Entry Requirements

The Programme is open to members and non-members of HKIB. Candidates must fulfil the stipulated minimum entry requirements:






-  Professional Certificate for ECF on Credit Risk Management (CRM) awarded by HKIB;
-  Grandfathered for ECF on Credit Risk Management (Core Level) by HKIB; OR
-  Grandfathered on Credit Portfolio Management for ECF on Credit Risk Management (Professional Level) by HKIB.

### 4.2 Programme Objectives

This programme has been developed with the aim to nurture a sustainable talent pool of credit risk management practitioners for commercial lending for the banking industry. Learners will acquire technical skills, professional knowledge and conduct for essential middle or senior level of job roles in the credit function that take up a majority of credit risk responsibility in the credit process, including credit initiation and appraisal, credit evaluation, approval and review.

### 4.3 Programme Intended Outcomes

Upon completion of the Programme, learners should be able to:

-  Review the appropriateness of the industry and business risk assessment and approve credit application according to relevant policies, compliance and regulatory requirements
-  Formulate measures to monitor credit risk and optimise the quality of credit assets portfolio
-  Set up process to measure, control and manage potential credit risk exposures and identify early warning signals
-  Decide on application of risk assessment approach, risk monitoring, operation process and risk management process
-  Develop cross-boundary business strategies through understanding the cross-boundary lending practices and considerations

#### **4.4 Learning Hours**

The programme design adopts a blended learning approach. Learners are advised to spend not less than 300 Learning Hours (equivalent to 30 credit). Learning time refers to the amount of time an average learner is expected to take to complete all learning pertaining to the Programme, and achieve the learning outcomes expected. It includes time spent on all learning modes and activities such as training class, self-study and assessment hours.

Module 4: Advanced Commercial Lending (credit: 30)

#### **4.5 Completion Requirements**

The completion period for the Programme is eight years from the year in which the first module is completed.

Learners are required to complete the module by obtaining a pass in relevant examination.

#### **4.6 Integration in Certified Banker (CB)**

The “ECF on Credit Risk Management (Professional Level) – Advanced Commercial Lending” is integrated in the Certified Banker as one of the Elective Modules.

Individuals who have completed the programme and obtained a pass at the relevant examination or have been grandfathered “Postgraduate Certificate in Commercial Lending for ECF on Credit Risk Management” programme and obtain a pass at HKIB’s written exemption assessment are encouraged to join the CB Specialist Stream Programme.

#### **4.7 Qualifications Framework**




The Professional Qualification “Certified Credit Risk Management Professional (Commercial Lending) (CCRP(CL))” is recognised under the QF at Level 6. (QR Registration No.: 20/000541/L6, Validity Period from 01/08/2020 to 31/07/2030)

Please refer to the [accreditation page](#) on HKIB website for more details.

## 5. Credit Portfolio Management for ECF on Credit Risk Management (Professional Level) - Programme Overview

### 5.1 Entry Requirements

The Programme is open to members and non-members of HKIB. Candidates must fulfil the stipulated minimum entry requirements:







-  Professional Certificate for ECF on Credit Risk Management (CRM) awarded by HKIB;
-  Grandfathered for ECF on Credit Risk Management (Core Level) by HKIB; OR
-  Grandfathered on Commercial lending for ECF on Credit Risk Management (ProfessionalLevel) by HKIB.

### 5.2 Programme Objectives

This programme has been developed with the aim to nurture a sustainable talent pool of creditrisk management practitioners for credit portfolio management for the banking industry. Learners will acquire technical skills, professional knowledge and conduct for essential middleor senior level of job roles in the credit function that take up a majority of credit risk responsibility in the credit process, including credit initiation and appraisal; credit evaluation, approval and review.

### 5.3 Programme Intended Outcomes

Upon completion of the Programme, learners should be able to:

-  Evaluate different risk mitigation alternatives and take appropriate measures to protect the interests of all the stakeholders.
-  Evaluate different approaches in credit strategy and their performance in order to align with the bank's overall strategies and policies.
-  Apply appropriate credit asset classification and risk rating approaches to ensure compliance with statutory requirements.
-  Analyse the risk factors of all lending products and evaluate the bank's capital allocation strategy under different regulatory requirements.
-  Develop guidelines for stakeholders to follow and to communicate the current global capital requirements on credit risk management.
-  Analyse the results of portfolio performance and stress testing for proposing the strategies to allocate credit assets of the bank.






## 5.4 Learning Hours

The programme design adopts a blended learning approach. Learners are advised to spend not less than 300 Learning Hours (equivalent to 30 credit). Learning time refers to the amount of time an average learner is expected to take to complete all learning pertaining to the Programme, and achieve the learning outcomes expected. It includes time spent on all learning modes and activities such as training class, self-study and assessment hours.

Module 5: Advanced Credit Risk Management and Regulatory Requirements (credit: 30)

## 5.5 Completion Requirements

-  The completion period for the Programme is eight years.
-  Learners are required to complete the module by obtaining a pass in relevant examination.
-  Learners must first complete the module training class before proceeding to the examination.

## 5.6 Integration in Certified Banker (CB)

The “ECF on Credit Risk Management (Professional Level) Advanced Credit Risk Management and Regulatory Requirements” is integrated in the Certified Banker as one of the Elective Modules.

Individuals who have completed the programme and obtained a pass at the relevant examination or have been grandfathered “Postgraduate Certificate in Commercial Lending for ECF on Credit Risk Management” programme and obtain a pass at HKIB’s written exemption assessment are encouraged to join the CB Specialist Stream Programme.

## 5.7 Qualifications Framework

The Professional Qualification “Certified Credit Risk Management Professional (Credit Portfolio Management) (CCRP(CPM))” is recognised under the QF at Level 6. (QR Registration No.: 20/000542/L6, Validity Period from 01/08/2020 to 31/07/2030)

Please refer to the [accreditation page](#) on HKIB website for more details.

## 6. Learning Support

HKIB provides learners with a range of support services to help you throughout the learning journey. These services include answering your enquiries, managing the certification process, providing access to library resources, offering study materials, and maintaining an online learning platform. The aim of these services is to facilitate learners and increase the chances of success in the training and examination. Here are some highlights for your attention.

### 6.1 *Video-On-Demand*

To facilitate the learners to get better preparation for the examination, HKIB provides the Video-On-Demand service for the learners to watch the recorded training sessions of a particular training class. Video-On-Demand service is available for up to 90 days before the examination.

### 6.2 *Professional Qualification Programme Scholarship Scheme*

Each year, HKIB selects the top two candidates from each competency level (Core/Professional) and award them with the scholarship as recognition. This is the way for HKIB to promote academic excellence and motivate future students to push themselves to achieve same high level of performance.

The two top candidates in each competency level (Core/Professional), provided that all other granting requirements are met, can be awarded with a cash incentive (HKD5,000 for Core Level; HKD6,000 for Professional Level), and a study coupon which can provide candidates to study one more professional qualification offered by HKIB with all training and examination fees waived.

### **6.3 HKIB Resources Corner Support**

The Resources Corner situated at the premises of HKIB provides the required learning resources required for study. Copies of the Recommended Readings are available in the Corner for borrowing. To provide updated learning resources to the members, HKIB has provided FREE internet and library service to the members.

Learners are encouraged to prepare the examination by acquiring relevant market information and module knowledge through various channels, e.g. reference readings, business journals, websites etc. Learners should be aware that such market information may be important and pertinent to the examinations.

### **6.4 Market Information Updates**

HKIB regularly organises training courses, CPD programmes, conference, seminars and luncheon talks, industry events on current issues and developments in financial markets that candidates may find essential, helpful and relevant to their learning. Besides, HKIB provides members with updated market information through complimentary bi-monthly journal Banking Today, weekly e-news and first-hand internship opportunities.

For more details, please refer to [Events & Industry Initiatives](#) and [HKIB eLearning](#) under HKIB website.

### **6.5 Mock Examination Paper for Examination Preparation**

To facilitate the learners to get better preparation for the examination, HKIB provides the mock examination paper for the learners as reference to better understand the examination format, structure and approach. Thus, all the questions shared from the mock examination paper will NOT be used in the official examination.

### **6.6 Learning Consultation Services**

For learners require any learning consultation services related to the banking professional qualifications offered by HKIB, they may contact us through our customer service hotline at (852) 2153 7800 for making arrangement.

## 7. Programme Syllabus






### 7.1 Module 1: Credit Risk Management and Key Regulations

#### A. Module Objective

This module aims to provide candidates with the fundamental knowledge of the credit risk management framework and also the key regulations. It helps candidates assess the credit risk and apply related strategies to monitor the bank's credit portfolio and minimise the risks.

#### B. Module Intended Learning Outcome

Upon completion of this module, learners should be able to:

-  Apply risk mitigation strategies for the credit portfolio
-  Monitor credit assets portfolio and the recovery and work-out of the problem loans
-  Assess various credit risk indicators, portfolio performance indicators and credit risk regulations in order to develop strategies to minimise risks in the bank's credit portfolio
-  Examine the credit application in conformity of relevant policies compliance and regulatory requirements
-  Conduct the stress testing and analyse the results to identify the vulnerability of different segments of loan portfolio

#### C. Syllabus

| Chapter 1: Basics of Credit Risk Management |  |
|---|--|
| <b>1.1</b>                                  | <b>Overview of credit risk management</b>                      |
| 1.1.1                                       | - Definition of credit   |
| 1.1.2                                       | - Definition of credit risk                                    |
| 1.1.3                                       | - Financial intermediation                                     |
| 1.1.4                                       | - Credit risk measurement                                      |
| 1.1.5                                       | - Risk weighted assets   |
| 1.1.6                                       | - Uses of credit RWA   |
| 1.1.7                                       | - Limitation of credit RWA                                     |
| <b>1.2</b>                                  | <b>Importance of credit risk management to bank management</b> |
| 1.2.1                                       | - Use of credit  |
| 1.2.2                                       | - Credit for trade and consumption use                         |
| 1.2.3                                       | - Credit for investment activities                             |

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| 1.2.4   | - Credit for financial market activities                           |
| 1.2.5   | - Importance of credit   |
| 1.2.6   | - Importance of credit risk management to bank management          |
| 1.2.7   | - Corporate governance structure for credit risk management        |
| <b>1.3</b>  | <b>Cornerstones of credit risk management</b>                      |
| 1.3.1   | - Credit risk management infrastructure                            |
| 1.3.2   | - Credit risk management process                                   |
| 1.3.3   | - Credit risk management culture                                   |
| 1.3.4   | - Credit risk people and talent                                    |
| <b>Chapter 2: Credit Risk Management Structure – A Systematic Control Framework</b> |  |
| <b>2.1</b>  | <b>Credit risk appetite</b>  |
| <b>2.2</b>  | <b>Credit policies</b>   |
| 2.2.1   | - Coverage of credit policies                                      |
| 2.2.2   | - Bottom line vs Principles with flexibilities                     |
| 2.2.3   | - Principles underlying credit policies                            |
| 2.2.4   | - Credit policy update   |
| <b>2.3</b>  | <b>Credit risk strategy and planning</b>                           |
| 2.3.1   | - Coverage of credit strategies                                    |
| 2.3.2   | - Examples of credit strategies                                    |
| 2.3.3   | - Annual update of credit strategies                               |
| <b>2.4</b>  | <b>Credit portfolio design and selection</b>                       |
| <b>2.5</b>  | <b>Credit authority system</b>                                     |
| <b>2.6</b>  | <b>Credit risk grading system</b>                                  |
| 2.6.1   | - Definition of risk grade system                                  |
| 2.6.2   | - Definition of risk grade   |
| 2.6.3   | - Risk grade distribution  |
| 2.6.4   | - Risk grade migration   |
| 2.6.5   | - Credit grade decision is an integral part of the credit decision |
| 2.6.6   | - Focus on the long tail of the credit grade distribution          |
| <b>Chapter 3: Credit Risk Management Process</b>                                    |  |
| <b>3.1</b>  | <b>Credit risk analysis and initiation</b>                         |
| 3.1.1   | - Know Your Customer (KYC)   |
| 3.1.2   | - Risk analysis  |
| 3.1.3   | - Business risk analysis   |
| 3.1.4   | - Financial risk analysis  |

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| 3.1.5  | - Facility risk analysis and proposition                                     |
| 3.1.6  | - Collateral and guarantee assessment  |
| 3.1.7  | - Other policy requirements  |
| 3.1.8  | - 5c Principle   |
| 3.1.9  | - Climate Risk Management  |
| <b>3.2</b>   | <b>Credit approval</b>   |
| 3.2.1  | - Independent review and approval  |
| 3.2.2  | - Credit approval as a rational process                                      |
| 3.2.3  | - Credit approval model  |
| 3.2.4  | - Informational asymmetric   |
| <b>3.3</b>   | <b>Credit documentation and condition fulfilment</b>                         |
| 3.3.1  | - Approval condition fulfilment  |
| 3.3.2  | - Standard documentation   |
| 3.3.3  | - Continuous approval condition fulfilment control                           |
| 3.3.4  | - Credit administration function   |
| <b>3.4</b>   | <b>Credit monitoring</b>   |
| 3.4.1  | - Importance of credit monitoring  |
| 3.4.2  | - Systematic monitoring approach   |
| 3.4.3  | - Identify the weakest link  |
| 3.4.4  | - Pre-emptive actions  |
| 3.4.5  | - Regular credit review system   |
| <b>3.5</b>   | <b>Non-performing credit recovery and management</b>                         |
| 3.5.1  | - Diagnosis  |
| 3.5.2  | - Strategy setting   |
| 3.5.3  | - Lesson learning and accountability   |
| <b>3.6</b>   | <b>Retail credit processes</b>   |
| <b>Chapter 4: Credit Risk Management Culture and People</b>    |  |
| <b>4.1</b>   | <b>- Credit culture</b>  |
| <b>4.2</b>   | <b>- Code of conduct</b>   |
| <b>4.3</b>   | <b>- Ways to build and maintain credit culture</b>                           |
| <b>4.4</b>   | <b>- Attributes of credit skills for credit managers</b>                     |
| <b>4.5</b>   | <b>- Ways to build credit skills and code of conduct for credit managers</b> |
| <b>Chapter 5: Credit Risk Portfolio Management and Control</b> |  |
| <b>5.1</b>   | <b>Credit portfolio management</b>   |
| 5.1.1  | - Risk concentration   |

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| 5.1.2   | - Risk identification   |
| 5.1.3   | - Regular completion checking for strategic plan progress                         |
| 5.1.4   | - Collateral Maintenance Requirement  |
| 5.1.5   | - Share Margin Financing  |
| <b>5.2</b>  | <b>Credit early warning system</b>  |
| <b>5.3</b>  | <b>Credit risk stress testing and scenario analysis</b>                           |
| 5.3.1   | - Stress testing  |
| 5.3.2   | - Scenario analysis   |
| 5.3.3   | - Remedial action   |
| 5.3.4   | - Limitations of stress tests and scenario analysis                               |
| 5.3.5   | - Examples of the assumptions used in the stress test and scenario analysis       |
| <b>5.4</b>  | <b>Credit MIS and data</b>  |
| 5.4.1   | - Credit management information system (MIS)                                      |
| 5.4.2   | - Credit data   |
| <b>5.5</b>  | <b>Credit system</b>  |
| 5.5.1   | - Electronic credit approval system   |
| 5.5.2   | - Credit limit system   |
| 5.5.3   | - Infrastructure for the future internet banking                                  |
| <b>Chapter 6: Counterparty Credit Risk (CCR)</b>                          |   |
| <b>6.1</b>  | <b>Definition</b>   |
| <b>6.2</b>  | <b>Exposure of CCR</b>  |
| <b>6.3</b>  | <b>Market risk elements of CCR pre-settlement risk and its contingency nature</b> |
| <b>6.4</b>  | <b>CCR limits and exposure booking</b>  |
| 6.4.1   | - CCR limits  |
| 6.4.2   | - CCR exposure booking  |
| 6.4.3   | - Market driven limit excess  |
| 6.4.4   | - Leverage effects of CCR exposure  |
| <b>6.5</b>  | <b>Risk management for CCR exposure</b>   |
| 6.5.1   | - Model risk  |
| 6.5.2   | - How to manage the risk for investment related CCR exposure                      |
| 6.5.3   | - How to manage the risk for hedging related CCR exposure                         |
| <b>6.6</b>  | <b>General risk mitigation skills for CCR exposure</b>                            |
| 6.6.1   | - CCR control governance and control  |
| 6.6.2   | - General risk mitigation tools   |
| <b>Chapter 7: Basel Regulatory Requirements on Credit Risk Management</b> |   |

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| <b>7.1</b>   | <b>Overall framework of Basel capital accords</b>                   |
| 7.1.1  | - Capital requirements  |
| 7.1.2  | - Three Pillars   |
| <b>7.2</b>   | <b>Three approaches for credit risk RWA</b>                         |
| 7.2.1  | - Basic approach  |
| 7.2.2  | - Standardised approach   |
| 7.2.3  | - Internal ratings-based (IRB) approach                             |
| 7.2.4  | - Model developments  |
| 7.2.5  | - Use test  |
| <b>7.3</b>   | <b>Probability of default (PD)</b>                                  |
| 7.3.1  | - Attributes used as the PD model drivers for the corporate segment |
| 7.3.2  | - Attributes used as the PD model drivers for the retail segment    |
| 7.3.3  | - Statistical correlation building                                  |
| 7.3.4  | - An example of a corporate PD model for illustration purpose       |
| <b>7.4</b>   | <b>Loss given default (LGD)</b>                                     |
| <b>7.5</b>   | <b>Exposure at default (EAD)</b>                                    |
| <b>7.6</b>   | <b>Credit RWA, regulatory capital and economic capital</b>          |
| <b>7.7</b>   | <b>Model validation</b>   |
| 7.7.1  | - Model building governance structure                               |
| 7.7.2  | - The model expert team   |
| 7.7.3  | - Model approval  |
| 7.7.4  | - Technical standard on model validation                            |
| 7.7.5  | - Model validation on an on-going basis                             |
| <b>Chapter 8: HKMA Regulatory Requirements on Credit Risk Management</b> |   |
| <b>8.1</b>   | <b>Overall regulatory requirements for credit risk management</b>   |
| 8.1.1  | - Banking ordinance   |
| 8.1.2  | - Supervisory Policy Manual (SPM)                                   |
| 8.1.3  | - Principle-based approach  |
| 8.1.4  | - Risk-based approach   |
| 8.1.5  | - Board and senior management responsibilities                      |
| 8.1.6  | - Structure of SPM relating to credit risk management               |
| 8.1.7  | - Control procedures to ensure full compliance                      |
| <b>8.2</b>   | <b>Large exposure on credit risk management</b>                     |
| 8.2.1  | - Concentration control   |
| 8.2.2  | - Limit on single large exposure                                    |



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| 8.2.3                                       | - An example of large credit exposure   |
| 8.2.4                                       | - Clustering limit: limit on a cluster of large customer groups                           |
| 8.2.5                                       | - An example of clustering limit exposure   |
| 8.2.6                                       | - Control procedures  |
| <b>8.3</b>                                  | <b>Connected lending</b>  |
| 8.3.1                                       | - Definition of connected parties   |
| 8.3.2                                       | - Statutory limits  |
| 8.3.3                                       | - An example of connected party exposure  |
| 8.3.4                                       | - Control procedures  |
| <b>Chapter 9: Provisioning Requirements</b> |   |
| <b>9.1</b>                                  | <b>Regulatory requirements on provisioning</b>  |
| 9.1.1                                       | - HKMA requirement  |
| 9.1.2                                       | - Old International Accounting Standard – IAS 39  |
| 9.1.3                                       | - New International Accounting Standard – IFRS 9  |
| 9.1.4                                       | - IFRS 9 vs IAS 39  |
| <b>9.2</b>                                  | <b>The provisioning requirements under the framework of IFRS</b>                          |
| 9.2.1                                       | - Expected credit losses  |
| 9.2.2                                       | - An example of estimation of the expected credit losses under IFRS 9                     |
| <b>9.3</b>                                  | <b>Three approaches under IFRS 9</b>  |
| 9.3.1                                       | - General approach  |
| 9.3.2                                       | - An example of estimation of the expected credit losses under general approach of IFRS 9 |
| 9.3.3                                       | - Simplified Approach   |
| 9.3.4                                       | - The purchased or originated credit-impaired approach                                    |
| 9.3.5                                       | - An example for trading distressed assets under credit impaired approach                 |
| <b>9.4</b>                                  | <b>Some major implementation issues</b>   |
| 9.4.1                                       | - Maturity  |
| 9.4.2                                       | - Significant credit deterioration  |
| 9.4.3                                       | - Point-in-time default and thru-the cycle default  |
| 9.4.4                                       | - Fluctuation of the expected credit losses   |
| 9.4.5                                       | - The standard for the forward -looking approach  |
| 9.4.6                                       | - Data issue  |
| 9.4.7                                       | - Additional model building works   |

## **D. Recommended Readings**

### **Essential Readings**

1. HKIB Study Guide of ECF-CRM Module 1: Credit Risk Management and Key Regulations. (2025).

**Supplementary Readings**

1. Ben, H. & Colin H. (2018). Ashurst Banking Regulation. Hong Kong. Global Legal Insights Group.
2. Deloitte. (2015). Basel III Framework : The Butterfly Effect. (<https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/financial-services/sea-fsi-basel-III-framework-noexp.pdf>)
3. Hong Kong Monetary Authority. Guidelines on Loan Classification System. ([https://www.hkma.gov.hk/eng/regulatory-resources/regulatory-guides/guidelines/1994/09/guide\\_57b/](https://www.hkma.gov.hk/eng/regulatory-resources/regulatory-guides/guidelines/1994/09/guide_57b/))
4. The Hong Kong Institute of Banker. (2012). Credit Risk Management. John Wiley & Sons Singapore Pte Ltd.
5. The Hong Kong Institute of Bankers. (2012). Bank Lending. John Wiley & Sons Singapore Pte Ltd.

**Further Readings**

1. Basel Committee on Banking Supervision. (2014). The Standardised Approach for Measuring Counterparty credit Risk Exposures. (<https://www.bis.org/publ/bcbs279.pdf>)
2. Ernest & Young. (2018). Impairment of financial instruments under IFRS 9. (<https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/technical/ifrs-technical-resources/documents/ey-apply-ifrs-9-fi-impairment-april2018.pdf>)
3. Hong Kong e-Legislation. (2022). The Personal Data (Privacy) Ordinance (PDPO) in Hong Kong. (<https://www.elegislation.gov.hk/hk/cap486>)





## 7.2 Module 2: Fundamental Credit Risk Analysis

### A. Module Objective

This module aims to provide candidates with the knowledge and skills of applying financial and non-financial analysis. It helps candidates assess customers' financial needs and credit worthiness in order to define their strengths and make recommendation or determine their eligibility and credit limits on lending.

### B. Module Intended Learning Outcome

Upon completion of this module, learners should be able to:

-  Apply financial and non-financial analysis to assess client's financial positions, needs and credit worthiness;
-  Analyse clients' financial strengths and review the credit rating of the clients;
-  Calculate potential credit losses for determining eligibility and credit limits for lending;
-  Evaluate the analysis results and initiate appropriate recommendation on the customer's credit worthiness, repayment ability and risk level.

### C. Syllabus

| Chapter 1: Key Accounting Concepts and Rules Relevant to Lenders |  |
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| <b>1.1</b>   | <b>Accounting standards</b>                          |
| <b>1.2</b>   | <b>Key accounting concepts and rules for lenders</b> |
| 1.2.1  | - Conceptual framework for financial reporting       |
| 1.2.2  | - Objective of general purpose financial reporting   |
| 1.2.3  | - Qualitative characteristics of financial reporting |
| 1.2.4  | - Recognition and derecognition                      |
| 1.2.5  | - Measurement  |
| 1.2.6  | - Capital and capital maintenance                    |
| <b>1.3</b>   | <b>Credit analysis for lenders</b>                   |
| 1.3.1  | - Goal of credit analysis                            |
| 1.3.2  | - Credit analysis process                            |
| 1.3.3  | - Scope of credit analysis                           |
| 1.3.4  | - The 6 C's Model                                    |
| 1.3.5  | - Financial risk and business risk                   |
| <b>1.4</b>   | <b>Quantitative analysis for lenders</b>             |

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| <b>1.5</b>   | <b>Qualitative analysis for lenders</b>                  |
| 1.5.1  | - PESTLE analysis  |
| 1.5.2  | - Industry life cycle model                              |
| 1.5.3  | - SWOT analysis  |
| 1.5.4  | - Five forces model                                      |
| 1.5.5  | - Value chain analysis                                   |
| <b>1.6</b>   | <b>Credit risk rating and credit decision</b>            |
| 1.6.1  | - Credit risk  |
| 1.6.2  | - External credit risk rating                            |
| 1.6.3  | - Internal credit risk rating                            |
| 1.6.4  | - Credit decision  |
| <b>Chapter 2: Interpretation and Critical Analysis of Financial Statements from a Lender's Perspective</b> |  |
| <b>2.1</b>   | <b>Balance sheet</b>                                     |
| 2.1.1  | - Assets   |
| 2.1.2  | - Liabilities  |
| 2.1.3  | - Equity   |
| 2.1.4  | - Balance Sheet Analysis for Lenders                     |
| 2.1.5  | - Limitations of balance sheet                           |
| <b>2.2</b>   | <b>Profit and loss account</b>                           |
| 2.2.1  | - Other comprehensive income                             |
| 2.2.2  | - Components of profit and loss account                  |
| 2.2.3  | - Profit and loss account analysis for lenders           |
| 2.2.4  | - Limitations of profit and loss account                 |
| <b>2.3</b>   | <b>Cash flow statement</b>                               |
| 2.3.1  | - Components of cash flow statement                      |
| 2.3.2  | - Cash flow statement analysis for lenders               |
| 2.3.3  | - Limitations of cash flow statement                     |
| <b>2.4</b>   | <b>Notes to the accounts</b>                             |
| <b>2.5</b>   | <b>Auditor's opinion</b>                                 |
| <b>2.6</b>   | <b>Other relevant market information and practices</b>   |
| <b>Chapter 3: Financial Ratio Analysis</b>   |  |
| <b>3.1</b>   | <b>Common size analysis and financial ratio analysis</b> |
| 3.1.1  | - Common size analysis                                   |
| 3.1.2  | - Financial ratio analysis                               |
| <b>3.2</b>   | <b>Profitability ratios</b>                              |

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| 3.2.1                                | - Return on assets (ROA)                            |
| 3.2.2                                | - Return on equity (ROE)                            |
| 3.2.3                                | - Gross profit margin                               |
| 3.2.4                                | - Operating profit margin                           |
| 3.2.5                                | - Net profit margin                                 |
| 3.2.6                                | - Dividend payout ratio                             |
| 3.2.7                                | - Issues relating to interpret profitability ratios |
| <b>3.3</b>                           | <b>Activity ratios</b>                              |
| 3.3.1                                | - Sales to working capital ratio                    |
| 3.3.2                                | - Inventory turnover                                |
| 3.3.3                                | - Receivable turnover                               |
| 3.3.4                                | - Payables turnover                                 |
| 3.3.5                                | - Fixed asset turnover                              |
| 3.3.6                                | - Total asset turnover                              |
| 3.3.7                                | - Issues relating to interpret activity ratio       |
| <b>3.4</b>                           | <b>Liquidity ratios</b>                             |
| 3.4.1                                | - Current ratio                                     |
| 3.4.2                                | - Quick ratio                                       |
| 3.4.3                                | - Cash ratio  |
| 3.4.4                                | - Cash conversion cycle                             |
| 3.4.5                                | - Issues relating to interpret liquidity ratios     |
| <b>3.5</b>                           | <b>Solvency ratios</b>                              |
| 3.5.1                                | - Debt ratio  |
| 3.5.2                                | - Debt to equity ratio / gearing ratio              |
| 3.5.3                                | - Financial leverage ratio                          |
| 3.5.4                                | - Long-term debt to total capital ratio             |
| 3.5.5                                | - Interest coverage ratio                           |
| 3.5.6                                | - Issues relating to interpret solvency ratios      |
| <b>3.6</b>                           | <b>Du Pont system</b>                               |
| <b>3.7</b>                           | <b>Analytical tools and technique</b>               |
| 3.7.1                                | - Trend analysis                                    |
| 3.7.2                                | - Cross-sectional analysis (peer group comparison)  |
| 3.7.3                                | - Integration of financial ratio                    |
| <b>Chapter 4: Cash Flow Analysis</b> |   |
| <b>4.1</b>                           | <b>Cash and cash equivalents</b>                    |

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| <b>4.2</b>  | <b>Cash flow from operating activities</b>                          |
| 4.2.1   | - Overview  |
| 4.2.2   | - Direct method   |
| 4.2.3   | - Indirect method   |
| <b>4.3</b>  | <b>Cash flow from investing activities</b>                          |
| <b>4.4</b>  | <b>Cash flow from financing activities</b>                          |
| <b>4.5</b>  | <b>Free cash flow</b>   |
| <b>4.6</b>  | <b>Cash flow ratios</b>   |
| <b>Chapter 5: Budgeting, Forecasting and Analysis</b>                             |   |
| <b>5.1</b>  | <b>Budgeting and budget analysis</b>                                |
| 5.1.1   | - Financial forecasting and modelling                               |
| 5.1.2   | - Budgeting   |
| 5.1.3   | - Different types of budgets  |
| 5.1.4   | - Budget analysis   |
| 5.1.5   | - Limitations of budget analysis                                    |
| <b>5.2</b>  | <b>Profit and loss account forecasting</b>                          |
| <b>5.3</b>  | <b>Pro forma profit and loss account analysis</b>                   |
| <b>5.4</b>  | <b>Balance sheet forecasting</b>                                    |
| <b>5.5</b>  | <b>Pro forma balance sheet analysis</b>                             |
| <b>5.6</b>  | <b>Cash flow forecasting</b>  |
| 5.6.1   | - Cash budget   |
| 5.6.2   | - Pro forma cash flow statement                                     |
| 5.6.3   | - Differences between cash budget and pro forma cash flow statement |
| <b>5.7</b>  | <b>Cash budget analysis</b>   |
| <b>5.8</b>  | <b>Pro form cash flow statement analysis</b>                        |
| <b>Chapter 6: Limitations of Financial Ratio Analysis and Creative Accounting</b> |   |
| <b>6.1</b>  | <b>Limitations of financial ratio analysis</b>                      |
| <b>6.2</b>  | <b>Creative accounting practices</b>                                |
| 6.2.1   | - Choice of accounting policies                                     |
| 6.2.2   | - Fraudulent financial reporting                                    |
| <b>6.3</b>  | <b>Earnings manipulation</b>  |
| 6.3.1   | - Recognising revenue too early                                     |
| 6.3.2   | - Recognising fake revenue  |
| 6.3.3   | - Recognising sustainable income using unsustainable activities     |
| 6.3.4   | - Recognising current expenses in later periods                     |

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| 6.3.5      | - Hiding current expenses or losses                                   |
| 6.3.6      | - Recognising current revenue in later periods                        |
| 6.3.7      | - Recognising future expenses in current period                       |
| <b>6.4</b> | <b>Cash flow manipulation</b>   |
| 6.4.1      | - Moving financing cash inflows to operating activities               |
| 6.4.2      | - Moving operating cash outflows to other activities                  |
| 6.4.3      | - Reporting higher operating cash flow using unsustainable activities |
| 6.4.4      | - Other cash flow manipulation tricks                                 |
| <b>6.5</b> | <b>Financial metric manipulation</b>                                  |
| 6.5.1      | - Using misleading financial metrics                                  |
| 6.5.2      | - Distorting balance sheet metrics                                    |
| <b>6.6</b> | <b>Warning signals</b>  |

#### **D. Recommended Readings**

##### **Essential Readings**

1. HKIB Study Guide of ECF-CRM Module 2: Fundamental Credit Risk Analysis. (2025).

##### **Supplementary Readings**

1. Cudby, Adrian (2028). Commercial Lending, Principles and Practice. Kogan Page Publishers.
2. Yhip, Terence M. and Alagheband, M. D. (2020). The Practice of Lending: A Guide to Credit Analysis and Credit Risk. Springer.
3. Ziegel, A. (2015). Fundamentals of Credit and Credit Analysis. Mountain Mentors Associates.

##### **Further Readings**

1. Alexander, David & et al. (2020). International Financial Reporting and Analysis. (8th ed). Cengage Learning.
2. Hong Kong Monetary Authority, (2022). Supervisory Policy Manual – Risk Based Supervisory Approach. (<https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/supervisory-policy-manual/SA-1.pdf>)
3. Schilit, H. (2018). Financial Shenanigans: How to Detect Accounting Gimmicks and Fraud in Financial Reports. (4th ed). McGraw Hill.







### 7.3 Module 3: Fundamentals of Bank Lending

#### A. Module Objective

This module aims to provide candidates with the knowledge of bank lending business process and skills of conducting risk assessment lending products, make appropriate recommendation for credit facilities based on customer needs and strengths. It will also help candidates to better monitor the collaterals as well as credit performance of the clients in order to minimise the bank's credit risk.

#### B. Module Intended Learning Outcome

Upon completion of this module, learners should be able to:

-  Identify the financing needs of clients
-  Conduct risk assessment and evaluate the performance of credit acquisition on commercial lending and make appropriate recommendation for approval
-  Determine the arrangement of credit facility to minimise risks to the bank and structure credit facilities according to borrowing needs, business cycle and credit strength of the clients
-  Present the customised credit solutions and facilities proposal to the clients by providing consultative advice on the lending product alternatives and related credit risk based on their financing needs
-  Develop collaterals' valuation process for ongoing monitoring
-  Develop terms and conditions of credit facility such as application of the appropriate contractual interest rates based on internal policies, payment period and payment options, etc. according to customer's needs and results of risk assessments

#### C. Syllabus

| Chapter 1: Code of Ethics in Bank Lending Businesses |  |
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| <b>1.1</b>   | <b>Overview of code of conduct</b>   |
| 1.1.1  | - Importance and sources of Code of Ethics and Conduct in the bank lending business            |
| 1.1.2  | - Differences between a Code of Ethics and Code of Conduct                                     |
| <b>1.2</b>   | <b>Main attributes of generic Code of Ethics and Conduct required for professional bankers</b> |
| 1.2.1  | - Main attributes of a generic Code of Ethics for professional bankers                         |



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|--|---|
| 1.2.2  | - Main attributes of a generic Code of Conduct for professional bankers                                       |
| <b>1.3</b>   | <b>Measures in monitoring and maintaining the ethical behaviour of banks' staff</b>                           |
| <b>Chapter 2: Corporate Lending Business Process – Credit Initiation</b> |   |
| <b>2.1</b>   | <b>Understanding of customer's profiles and needs</b>   |
| 2.1.1  | - Purpose of the credit   |
| 2.1.2  | - Interview   |
| 2.1.3  | - Site visit  |
| <b>2.2</b>   | <b>Assessment of a customer's management, owner's integrity and capabilities</b>                              |
| <b>2.3</b>   | <b>Assessment of customer's business models</b>   |
| 2.3.1  | - Business models of borrowers  |
| 2.3.2  | - SWOT analysis   |
| <b>2.4</b>   | <b>Assessment of customer's financial strength</b>  |
| 2.4.1  | - Balance sheet   |
| 2.4.2  | - Profit and loss account   |
| 2.4.3  | - Cash flow statement   |
| 2.4.4  | - Other aspects of financial analysis   |
| 2.4.5  | - Financial shenanigans   |
| <b>2.5</b>   | <b>Assessment of a customer's industry trend</b>  |
| 2.5.1  | - General environment   |
| 2.5.2  | - Industry analysis   |
| 2.5.3  | - Five Competitive Forces Model   |
| 2.5.4  | - Credit quality capped by industry risk  |
| <b>2.6</b>   | <b>Assessment of a customer's repayment ability and risk articulation</b>                                     |
| 2.6.1  | - Business risk   |
| 2.6.2  | - Credit risk   |
| 2.6.3  | - Market risk   |
| 2.6.4  | - Operational risk  |
| 2.6.5  | - Legal and regulatory risk   |
| 2.6.6  | - Reputation risk   |
| 2.6.7  | - Climate risk  |
| 2.6.8  | - Sources of repayment  |
| <b>2.7</b>   | <b>Verification of repayment abilities and current financial health through internal and external sources</b> |
| 2.7.1  | - Internal sources  |
| 2.7.2  | - External sources  |
| <b>2.8</b>   | <b>Consideration of use of security as risk mitigation</b>  |

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| <b>2.9</b>  | <b>Assessment of customer facility for credit enhancement</b>                                    |
| <b>2.10</b>   | <b>Proposition of credit grading</b>   |
| <b>Chapter 3: Corporate Lending Business Process – Credit Review and Approval Process</b>     |  |
| <b>3.1</b>  | <b>Importance of a bank lending policy</b>   |
| <b>3.2</b>  | <b>Elements of a good lending policy</b>   |
| <b>3.3</b>  | <b>Credit granting process</b>   |
| <b>3.4</b>  | <b>Electronic Credit Approval System</b>   |
| <b>3.5</b>  | <b>Independent credit review to detect warning signals</b>                                       |
| <b>Chapter 4: Corporate Lending Business Process – Credit Documentation and Drawdown</b>      |  |
| <b>4.1</b>  | <b>Importance of proper and standard documentation</b>   |
| <b>4.2</b>  | <b>Differences among facility letter, simple loan agreement and comprehensive loan agreement</b> |
| <b>4.3</b>  | <b>Terms in a comprehensive loan agreement</b>   |
| <b>Chapter 5: Corporate Lending Business Process – Continuous Post Approval Credit Review</b> |  |
| <b>5.1</b>  | <b>Regular credit review system</b>  |
| <b>5.2</b>  | <b>Thematic-based portfolio credit review</b>  |
| <b>Chapter 6: Corporate Lending Business Process – Problem Loan Management</b>                |  |
| <b>6.1</b>  | <b>Early warning system (identification of weak credits)</b>                                     |
| 6.1.1   | - Stress testing   |
| 6.1.2   | - Risk triggers  |
| 6.1.3   | - Risk covenants   |
| 6.1.4   | - Early alert review process   |
| <b>6.2</b>  | <b>Recovery strategy and executions</b>  |
| 6.2.1   | - Approaches to recover  |
| 6.2.2   | - Collection agencies  |
| <b>6.3</b>  | <b>Regulator's requirements on provisioning</b>  |
| <b>Chapter 7: Retail Lending Business Process</b>   |  |
| <b>7.1</b>  | <b>Introduction</b>  |
| 7.1.1   | - Retail lending business common characteristics   |
| 7.1.2   | - Credit cycle framework   |
| 7.1.3   | - Risk associated with retail lending  |
| 7.1.4   | - Retail lending risk appetite statement   |
| <b>7.2</b>  | <b>Initiation, verification and approval process</b>   |
| 7.2.1   | - Approach to credit approval  |
| 7.2.2   | - Evaluating credit worthiness   |

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| 7.2.3  | - Establishing a credit approval process   |
| 7.2.4  | - Borrower credit worthiness   |
| <b>7.3</b>   | <b>Credit scorecard</b>  |
| 7.3.1  | - Credit scoring   |
| 7.3.2  | - Credit scoring usage   |
| 7.3.3  | - Credit scorecard by product in credit risk management cycle                                |
| <b>7.4</b>   | <b>Documentation process</b>   |
| <b>7.5</b>   | <b>Post approval review process</b>  |
| 7.5.1  | - Post-screening process   |
| 7.5.2  | - Portfolio quality management   |
| 7.5.3  | - Portfolio quality management report  |
| 7.5.4  | - Managing retail accounts   |
| <b>7.6</b>   | <b>Problem loan management</b>   |
| <b>7.7</b>   | <b>Virtual Banks</b>   |
| <b>7.8</b>   | <b>Final Reports on Focused Review on Incentive Systems of Front Offices in Retail Banks</b> |
| <b>Chapter 8: Lending Considerations for Main Kinds of Corporate Lending Products</b>  |  |
| <b>8.1</b>   | <b>Differences between corporate and commercial banking</b>                                  |
| <b>8.2</b>   | <b>Trade-related corporate and commercial lending products and services</b>                  |
| <b>8.3</b>   | <b>Non-trade related corporate and commercial lending products and services</b>              |
| <b>Chapter 9: Lending Considerations for Special Products – Property Lending</b>       |  |
| <b>9.1</b>   | <b>Residential property financing</b>  |
| <b>9.2</b>   | <b>Commercial property financing</b>   |
| <b>9.3</b>   | <b>Construction financing</b>  |
| <b>Chapter 10: Lending Considerations for Special Products – SME Financing Schemes</b> |  |
| <b>10.1</b>  | <b>SME funding situation in Hong Kong</b>  |
| <b>10.2</b>  | <b>SME Loan Guarantee Scheme</b>   |
| <b>10.3</b>  | <b>SME Financing Guarantee Scheme</b>  |
| 10.3.1   | - Objective and guarantee coverage   |
| 10.3.2   | - Special concessionary measures   |
| 10.3.3   | - Eligibility  |
| 10.3.4   | - Type and use of loans  |
| 10.3.5   | - Maximum facility amount, maximum guarantee period and maximum interest rate                |
| 10.3.6   | - Guarantee fee  |
| 10.3.7   | - The SME Financing Guarantee Scheme since 2018  |

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| <b>10.4</b>   | <b>Commercial credit reference agency</b>  |
| <b>Chapter 11: Lending Considerations for Special Products – Taxi, Public Bus, Vehicle, Equipment Financing</b> |  |
| <b>11.1</b>   | <b>Description of products</b>   |
| 11.1.1  | - Loan purpose   |
| 11.1.2  | - Credit facility / loan tenor / financing percentage                            |
| 11.1.3  | - Interest rate  |
| 11.1.4  | - Collateral / security  |
| <b>11.2</b>   | <b>Major considerations – primary source of repayment</b>                        |
| 11.2.1  | - Income evaluation  |
| <b>11.3</b>   | <b>Major considerations – secondary source of repayment</b>                      |
| 11.3.1  | - Collateral – current market price  |
| 11.3.2  | - Inspection and condition of the collateral                                     |
| <b>11.4</b>   | <b>Additional credit evaluation considerations</b>                               |
| <b>11.5</b>   | <b>The Dedicated 100% Loan Guarantee Schemes (DLGS) for e-taxi</b>               |
| <b>Chapter 12: Latest Regulatory Updates</b>  |  |
| <b>12.1</b>   | <b>Cross-boundary credit and financing</b>                                       |
| 12.1.1  | Introduction to cross-boundary credit and financing                              |
| 12.1.2  | Features of cross-boundary credit and financing                                  |
| 12.1.3  | Structure of cross-boundary credit and financing                                 |
| <b>12.2</b>   | <b>Cross-boundary credit and financing between Hong Kong and the Mainland</b>    |
| 12.2.1  | Lending to offshore/onshore companies in China                                   |
| 12.2.2  | Mutual Financial Market Access Schemes   |
| 12.2.3  | Developments in financial cooperation between Hong Kong and the Mainland in 2024 |
| <b>12.3</b>   | <b>The latest support of SMEs</b>  |
| 12.3.1  | Supporting the financing needs of SME  |
| 12.3.2  | Enhancing the bargaining power of SMEs   |
| 12.3.3  | Strengthening Communication  |
| <b>12.4</b>   | <b>Hong Kong approaches to corporate difficulties</b>                            |
| 12.4.1  | Hong Kong banks deal with declining collateral values                            |
| 12.4.2  | “Hong Kong Approach to Corporate Difficulties” guidelines                        |

## **D. Recommended Readings**

### **Essential Readings**

1. HKIB Study Guide of ECF-CRM Module 3: Fundamentals of Bank Lending. (2025).

**Supplementary Readings**

1. HKIB Study Guide of ECF-CRM Module 1: Credit Risk Management and Key Regulations. (2025).
2. HKIB Study Guide of ECF-CRM Module 2: Fundamental Credit Risk Analysis. (2025).

**Further Readings**

1. Hong Kong Monetary Authority. (2016) Supervisory Policy Manual – Credit Risk Transfer Activities. (<https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/supervisory-policy-manual/CR-G-12.pdf>)
2. Hong Kong Monetary Authority. (2016). Supervisory Policy Manual – Code of Conduct. (<https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2022/20221209e1a1.pdf>)
3. Schilit H. (2018) Financial Shenanigans: How to Detect Accounting Gimmicks & Fraud in Financial Reports. (3rd ed). McGraw-Hill






## 7.4 Module 4: Advanced Commercial Lending

### A. Module Objective

This module has been developed with the aim to nurture a sustainable talent pool of credit risk management practitioners for the banking industry. Candidates will acquire technical skills, professional knowledge and conduct for essential middle or senior level of job roles in the credit function that take up a majority of credit risk responsibility in the credit process, including credit initiation and appraisal, credit evaluation, approval and review.

### B. Module Intended Learning Outcome

Upon completion of this module, learners should be able to:

-  Review the appropriateness of the industry and business risk assessment and approve credit application according to relevant policies, compliance and regulatory requirements
-  Formulate measures to monitor credit risk and optimise the quality of credit assets portfolio
-  Set up process to measure, control and manage potential credit risk exposures and identify early warning signals
-  Decide on application of risk assessment approach, risk monitoring, operation process and risk management process
-  Develop cross-boundary business strategies through understanding the cross-boundary lending practices and considerations

### C. Syllabus

| Chapter 1: Planning of Lending Business Portfolio and Process |  |
|---|--|
| 1.1   | Planning of loan portfolio                                 |
| 1.2   | Management processes of loan portfolio                     |
| 1.3   | Monitoring of loan portfolio                               |
| 1.4   | Adjustment of loan portfolio by using credit risk transfer |
| Chapter 2: New Lending Product Developments                   |  |
| 2.1   | Lending product innovation                                 |
| 2.2   | Risk articulation process for new lending products         |
| 2.3   | New lending product approval                               |
| 2.4   | Monitoring of new lending product performance              |

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| <b>Chapter 3: Structured Approach for Approval Process</b>                           |  |
| <b>3.1</b>   | <b>Structured approach for approval execution</b>  |
| <b>3.2</b>   | <b>Systematic approval approach for different business segments</b>                              |
| <b>3.3</b>   | <b>Management planning to build up the industrial expertise among lending and approval teams</b> |
| <b>Chapter 4: Management Planning for Early Warning System</b>                       |  |
| <b>4.1</b>   | <b>Integrated early warning system and process</b>   |
| <b>4.2</b>   | <b>Prompt system and process to work out weak credits</b>  |
| <b>4.3</b>   | <b>Balance among stakeholders' values in managing weak credits</b>                               |
| <b>Chapter 5: Management Planning for Problem Loan Management</b>                    |  |
| <b>5.1</b>   | <b>General problem loan management processes</b>   |
| <b>5.2</b>   | <b>Management control measures to pre-empt problem loans</b>                                     |
| <b>5.3</b>   | <b>Management control measures to manage problem loans</b>                                       |
| <b>5.4</b>   | <b>Management control measures for provisioning of problem loans</b>                             |
| <b>Chapter 6: Cross Boundary Credit Business Opportunities</b>                       |  |
| <b>6.1</b>   | <b>Feature and structure of typical cross boundary credits</b>                                   |
| <b>6.2</b>   | <b>Collateral for cross boundary credits</b>   |
| <b>6.3</b>   | <b>Cross boundary credit risk assessment process</b>   |
| <b>6.4</b>   | <b>Risks of cross boundary credits</b>   |
| <b>Chapter 7: Syndicated Loans</b>   |  |
| <b>7.1</b>   | <b>Feature and structure of syndicated loans</b>   |
| <b>7.2</b>   | <b>Syndicated loan bank consortium and roles of different banks</b>                              |
| <b>7.3</b>   | <b>Syndicated loan processing</b>  |
| <b>7.4</b>   | <b>Syndicated loan risk assessment process</b>   |
| <b>7.5</b>   | <b>Risks of syndicated loans</b>   |
| <b>Chapter 8: Project Financing (including New Project and Expansion Projects)</b>   |  |
| <b>8.1</b>   | <b>Feature and structure of project finance</b>  |
| <b>8.2</b>   | <b>Different tranche and risk of project finance</b>   |
| <b>8.3</b>   | <b>Project finance loan risk assessment process</b>  |
| <b>8.4</b>   | <b>Risks of project finance loans</b>  |
| <b>Chapter 9: Structured Financing for Merger, Acquisition and Leveraged Buyouts</b> |  |
| <b>9.1</b>   | <b>Feature and structure of structured finance</b>   |
| <b>9.2</b>   | <b>Different tranche and risk of structured finance</b>  |
| <b>9.3</b>   | <b>Structured finance loan risk assessment process</b>   |
| <b>9.4</b>   | <b>Risks of structured finance loans</b>   |

**D. Recommended Readings****Essential Readings:**

1. HKIB Study Guide of ECF-CRM Module 4: Advanced Commercial Lending. (2025).

**Supplementary Readings:**

1. Carrell, R. (2019). Borrower's Guide to Commercial Lending. Evergreen House Publishing LLC.
2. Hong Kong Monetary Authority. (2022). Supervisory Policy Manual: Code of Conduct – The Sharing and Use of Commercial Credit Data through a Commercial Credit Reference Agency. Retrieved from <https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/supervisory-policy-manual/IC-7.pdf>

**Further Readings:**

1. Nichols, C., Kofman, E. & Ruso, R. (2017). The Successful Lender's Field Guide: Commercial Lending Strategies That Maximize Value For Both Bank and Borrower.
2. Cudby, A. (2018). Commercial Lending: Principles and Practice (Chartered Banker Series Book 2). (1st ed.). Kogan Page.









## 7.5 Module 5: Advanced Credit Risk Management and Regulatory Requirements

### A. Module Objective

This programme/module has been developed with the aim to nurture a sustainable talent pool of credit risk management practitioners in the banking industry. Candidates will acquire technical skills, professional knowledge and conduct for essential middle or senior level of job roles in the credit function that take up a majority of credit risk responsibility in the credit process, including credit evaluation, approval and review, credit risk management and control.

### B. Module Intended Learning Outcome

Upon completion of this module, learners should be able to:

-  Evaluate different risk mitigation alternatives and take appropriate measures to protect the interests of all the stakeholders
-  Evaluate different approaches in credit strategy and their performance in order to align with the bank's overall strategies and policies
-  Apply appropriate credit asset classification and risk rating approaches to ensure compliance with statutory requirements
-  Analyse the risk factors of all lending products and evaluate the bank's capital allocation strategy under different regulatory requirements
-  Develop guidelines for stakeholders to follow and to communicate the current global capital requirements on credit risk management
-  Analyse the results of portfolio performance and stress testing for proposing the strategies to allocate credit assets of the bank

### C. Syllabus

|  |  |
|--|--|
| <b>Chapter 1: Code of Conduct</b>  |  |
| <b>1.1</b>   | <b>Regulatory requirements on code of conduct</b>  |
| <b>1.2</b>   | <b>Best practice of code of conduct</b>  |
| <b>Chapter 2: Implication of Basel III Regulatory Requirements on Credit Risk Management</b> |  |
| <b>2.1</b>   | <b>Implication of regulatory requirements on credit related RWA and capital requirements</b>         |
| <b>2.2</b>   | <b>Strategic decision on selection of standardised approach and IRB approach for RWA calculation</b> |
| <b>2.3</b>   | <b>Optimisation of return to bank by best efficient use of capital</b>                               |

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| 2.4  | Continuous monitoring of risk-return performance and capital requirements                              |
| 2.5  | Continuous monitoring of model risk parameters, model accuracy and refinement                          |
| <b>Chapter 3: Implication of PRC Regulatory Requirements on Credit Risk Management</b>   |  |
| 3.1  | Overview of impact of the PRC economy and regulatory requirements                                      |
| 3.2  | Strategic considerations to manage the impact of the PRC regulatory requirements                       |
| <b>Chapter 4: Implications of IFRS 9 on Credit Risk Management</b>   |  |
| 4.1  | Overview of impact of IFRS 9 requirements  |
| 4.2  | Strategic considerations to manage the impact of IFRS 9 requirements on credit risk management process |
| <b>Chapter 5: Corporate Governance Structure on Credit Risk Management</b>   |  |
| 5.1  | Board supervision  |
| 5.2  | Senior management oversight  |
| 5.3  | Committee structure  |
| 5.4  | Credit risk organisation - Three lines of defence  |
| <b>Chapter 6: Credit Risk Management - Overall Control Framework from Senior Management Perspective by Integrated Use of New and Traditional Risk Parameters</b> |  |
| 6.1  | Credit risk appetite   |
| 6.2  | Credit risk culture  |
| 6.3  | Credit risk policy   |
| 6.4  | Credit risk strategy and planning  |
| 6.5  | Credit portfolio design and selection  |
| 6.6  | Optimisation of credit capital use   |
| 6.7  | Credit authority system  |
| 6.8  | Credit risk grading system   |
| 6.9  | Credit limit system and limit setting methodologies  |
| <b>Chapter 7: Credit Portfolio Management</b>  |  |
| 7.1  | Portfolio performance measurement  |
| 7.2  | Portfolio review and monitoring  |
| 7.3  | Stress testing and scenario analysis   |
| 7.4  | Portfolio adjustment and strategy  |
| <b>Chapter 8: Country Credit Risk</b>  |  |
| 8.1  | Definition   |
| 8.2  | Supervisory approach   |
| 8.3  | Country risk management  |
| 8.4  | Country risk provisioning  |

**D. Recommended Readings****Essential Readings:**

1. HKIB Study Guide of ECF-CRM Module 5: Advanced Credit Risk Management and Regulatory Requirements. (2025).

**Supplementary Readings:**

1. HKMA: CG-3 Code of Conduct
2. HKMA: CA-G-1 Overview of Capital Adequacy Regime for Local Incorporated Authorized Institutions.
3. HKMA: IC-1 Risk Management Framework
4. HKMA: CG-1 Corporate governance of locally incorporated authorized institutions
5. HKMA: CR-G-2 Credit approval, review and records
6. HKMA: CR-G-8 Large exposures and risk concentrations
7. HKMA: CR-G-9 Exposures to Connected Parties
8. HKMA: CR-G-5 Country risk management

**Further Readings:**

1. Banking (Capital) Rules (BCR) (Cap. 155L)
2. Banking (Capital) (Amendment) Rules 2023
3. NAFR: Rules on Capital Management of Commercial Banks

## 8. Training Application

### 8.1 Training Schedule

For the latest information about the training application period and class schedules, please refer to [HKIB website](#).

### 8.2 Training Duration

The training of Core Level and Professional Level are set out as follows:





| Training Mode      | Lecture             |
|--------------------|---------------------|
| Training Duration* | Module 1 – 21 Hours |
|                    | Module 2 – 21 Hours |
|                    | Module 3 – 15 Hours |
|                    | Module 4 – 21 Hours |
|                    | Module 5 – 21 Hours |

\* The stated training duration are set as the standard training duration for the whole programme. If you have any special request and situation for a different training duration, please contact HKIB staff for special arrangement.

### 8.3 Training Application

Applicants can submit the application via [MyHKIB](#). Attention should be paid to the application deadline, or a late entry fee will be charged.

Application Requirements:

-  The information provided for the training enrolment must be true and clear.
-  Inaccurate or incomplete applications may not be accepted even if the applicant has paid the training fee.
-  HKIB reserves the right to reject late applications and/or any applications deemed inappropriate. Once HKIB has received your application, NO alterations to the training arrangement are allowed.
-  HKIB reserves the right to change training dates and application deadlines at any time.

## 8.4 Training Fee and Payment

| Module | Training Hour | Fee        |
|--------|---------------|------------|
| 1/2    | 21 Hours      | HKD 6,800* |
| 3      | 15 Hours      | HKD 5,100* |
| 4/5    | 21 Hours      | HKD 8,000* |

*\* A digital version of Study Guide and PPT Slides will be provided before the training commencement. Printed version will only be available at an additional cost of HKD600 (including delivery fee) on request by learners.*

- ✚ Applicants should pay the training fee as follows:
  - (a) By credit card.
  - (b) By Alipay.
  - (c) By WeChat Pay.
- ✚ Application without successful payment will **NOT** be processed.
- ✚ All payments must be settled before the start of the Programme. **NO** fees are refunded or transferred under any circumstances.
- ✚ Applicants are advised to keep a record of their payments.
- ✚ An email of training confirmation will be sent to applicants at least **five working days prior to the training date**.
- ✚ Late training enrolment will be accepted after the stipulated application deadline up to seven days before course commencement to allow us to administer the application. A late entry fee of HKD200 (in addition to the training fee) will apply.
- ✚ HKIB reserves the right to adjust training application, study guide and/or administration surcharge fees (if applicable), at any time.
- ✚ HKIB student members can enjoy 25% off training fee discount.

## 9. Examination Application and Regulations

### 9.1 Examination Mode and Format

The examination mode and format for Core Level are as follows:

| Module               | 1 - 2                                | 3   |
|----------------------|--------------------------------------|---|
| Examination Mode     | Paper-based Examination              |   |
| Examination Duration | 2 Hours per Module                   | 3 Hours   |
| Question Type        | Multiple-choice Type Questions(MCQs) | Multiple-choice Type Questions(MCQs) & Essay Type Questions |
| No. of Questions     | 60 MCQs per Module                   | 50 MCQs with 2 out of 3 essay type questions                |
| Pass Mark            | 60%                                  |   |
| Grading              | Pass with Distinction                | Above 85%   |
|                      | Pass with Credit                     | 75% - 85%   |
|                      | Pass                                 | 60% - 74%   |
|                      | Fail A                               | 56% - 59%   |
|                      | Fail B                               | 46% - 55%   |
|                      | Fail C                               | Below 46%   |
|                      | Absent                               | N/A   |

The examination mode and format for Professional Level are as follows:

| Module               | 4 & 5  |           |
|----------------------|--|-----------|
| Examination Mode     | Paper-based Examination  |           |
| Examination Duration | 3 Hours per Module   |           |
| Question Type        | Essay Type Questions   |           |
| No. of Questions     | <b>Part I – Case Study question</b><br><b>Part II – 3 out of 5 essay questions</b> |           |
| Pass Mark            | 50%  |           |
| Grading              | Pass with Distinction  | >80%      |
|                      | Pass with Credit   | 65% - 80% |
|                      | Pass   | 50% - 64% |
|                      | Fail A   | 46% - 49% |
|                      | Fail B   | 36% - 45% |

|  |        |      |
|--|--------|------|
|  | Fail C | <36% |
|  | Absent | N/A  |

## 9.2 Examination Timetable

- For latest information about the examination application period and examination dates, please contact HKIB staff or refer to HKIB website at [Examination Schedule on HKIB website](#).

## 9.3 Examination Approaches

There are two examination approaches available and candidates may choose either one which is best for them.

- Face-to-face Examination: Traditional face-to-face examinations will be conducted at designated venues arranged by HKIB. Candidates are required to take examinations at specific locations allocated to them accordingly.
- “Remote Exam”: As an alternative to the traditional face-to-face examination, HKIB had introduced an innovative initiative, “Remote Exam”, allowing candidates to take examinations from their homes or workplaces with own computer equipment and internet access. “Remote Exam” offers greater flexibility in terms of location and time saving on travelling for our candidates without jeopardising the quality standard of assessment.

Measures will be taken to align the same standard of fairness and effectiveness as that of the traditional face-to-face examination. A two device-approach will be adopted with one computer, either desktop or laptop, to access the “Remote Exam” platform for the examination and a mobile device, either smartphone or tablet, for invigilation and monitoring. Authentication of identity and real-time virtual invigilation will be conducted hassle-free with an automatic remote system to ensure the highest degree of integrity and data security.

To ensure smooth examination operations, candidates opting “Remote Exam” are required to participate in the “Rehearsal Practice Examination” to be held by HKIB before eligible to attend the formal examination. This arrangement will facilitate the candidates to get better preparation and understanding on the logistic arrangement of the “Remote Exam”.

## 9.4 Examination Application

- Candidates taking current training classes can choose to sit for the current examination or any subsequent ones. They can choose to sit for subsequent examinations but if

the corresponding programme has been changed or updated, they may be required to re-take the training in order to be eligible for module examination.

- ✚ Applicants can submit the application via [MyHKIB](#). Attention should be paid to the application deadline, or a late entry fee will be charged. The information provided on the application form must be true and clear.
- ✚ Late examination enrolment will be accepted after the stipulated application deadline up to 14 days before examination date, to allow us to administer the application. A late entry fee of HKD 200 (in addition to the examination fee) will apply.
- ✚ Inaccurate or incomplete applications may not be accepted even if the applicant has paid the examination fee.
- ✚ Under no circumstances are changes to module entry allowed.
- ✚ HKIB reserves the right to reject late applications and/or any applications deemed inappropriate. Once HKIB has received your application, NO alterations to the examinations and examination arrangements are allowed.
- ✚ HKIB reserves the right to change examination dates and application deadlines at any time.

### 9.5 Examination Fee and Payment

| <i><b>Module</b></i> | <i><b>2025 Examination Fee per module <sup>#</sup></b></i> |
|----------------------|--|
| 1 – 2                | HKD1,200   |
| 3                    | HKD1,500   |
| 4 - 5                | HKD2,500   |

<sup>#</sup> HKIB student members can enjoy 50% off examination fee discount.

- ✚ Applicants should pay the examination fee as follows:
  - (a) By credit card.
  - (b) By Alipay.
  - (c) By WeChat Pay.
- ✚ Application without successful payment will **NOT** be processed.
- ✚ All payments must be settled before the examination. **NO** fees are refunded or transferred under any circumstances.
- ✚ Applicants are advised to keep a record of their payments.
- ✚ HKIB reserves the right to adjust the examination, study guide and/or administration surcharge fees (if applicable), at any time.



## 9.6 Examination Attendance Notice

- ✚ Examination Attendance Notices (Attendance Notices) are sent to candidates **via email ONLY** approximately **two weeks** before the examination. Candidates must inform the Institute if they have not received it **one week** before the examination.
- ✚ Candidates are required to print a copy of the Attendance Notice on a sheet of plain A4 paper before attending each examination.
- ✚ Candidates **MUST** present their Attendance Notice at the examination along with a valid identification document (e.g. an HK Identity Card or passport) bearing a current photograph. Photocopies are not accepted.
- ✚ For candidates attending “Remote Exam”, details regarding the prerequisite “Rehearsal Practice Examination” will also be attached.

## 9.7 Alteration / Transfer of Application for an Examination

- ✚ HKIB reserves the right to cancel, postpone and/or reschedule the examination.
- ✚ If an examination is rescheduled, HKIB notifies candidates of the new date and time via email within one week of the original schedule. Under such circumstances, candidates are not required to re-register for the examination.
- ✚ Under no circumstances are any changes to or transfers of examination application allowed.





## 9.8 Examination Arrangements for Candidates with Special Needs

- ✚ Candidates with special needs may request special examination arrangements. Under these circumstances they are required to submit documentary evidence, such as medical proof issued by a registered medical practitioner, together with a written request, when applying for the examination. Approval of the request is subject to final HKIB decision.
- ✚ Request for such arrangements may result in an additional charge.








## 9.9 Examination Preparation

- ✚ Candidates enrolled in the examination are required to study all the essential, recommended and further reading material, if applicable, as part of their examination preparation.

### 9.10 Examination Results

-  Candidates can check their examination results online through HKIB online platform. Candidates will receive email notification once the examination results are available. For Module 1 and Module 2 examination, result will be released within four weeks after the examination date. For Module 3, 4 and 5 examination, result will be released around eight weeks after the examination date of the last module in each examination diet. The online examination results are removed one month after they are released.
-  Candidates will receive their results slip by e-mail within two weeks after the examination result is released through HKIB online platform.
-  Results are withheld from candidates who have not paid in full any monies due or payable to the Institute, including but not limited to examination application fees.
-  Candidates may request rechecking or remarking of their examination scripts within one month of the issue of examination results, by submitting a written request via [HKIB website](#). Please note that there is a rechecking fee of HKD500 per module and remarking fee of HKD1,700 per module. Rechecking is only applied to the type of MCQ examination while remarking is applied to other types of examination.

### 9.11 General Examination Regulations

-  An examination is governed by the regulations in force at the time of the examination and not at the time of application, in case there are discrepancies between the two sets of regulations.
-  On all matters concerning interpretation of the regulations, the Professional Standard and Examination Board of the Institute has the final decision.
-  Candidates must complete the training class before taking the examination.
-  The examination is conducted in English.
-  Candidates must use an HB/2B pencil to answer the multiple-choice questions on the Answer Sheets.
-  Examinations are conducted and invigilated by responsible persons appointed by HKIB.
-  Examination Attendance Notices are sent to candidates via email ONLY. Candidates are required to print a copy on a plain sheet of A4 paper and MUST take their Attendance Notice to each examination, along with a valid identification document (e.g. HK Identity Card or passport). Attendance Notices are collected by the invigilators before the end of the examination, if necessary.

- ✚ Candidates should arrive at the examination venue at least 15 minutes before the start.
- ✚ Candidates must not enter the examination room until instructed to do so.
- ✚ Candidates are not allowed to sit for the examination if they are unable to present Attendance Notice/valid identification document, or if the identification document does not contain a clear and current photograph of the candidate.
- ✚ All examinations begin at the time stated on the Attendance Notice. Latecomers may be admitted during the first 30 minutes of the examination, but extra time will not be given to compensate for any time lost.
- ✚ Smoking, eating and drinking are not allowed in the examination room. All mobile phones and other electronic devices must be switched off.
- ✚ All bags, books and other personal belongings must be placed in a location advised by the invigilator, before the examination begins.
- ✚ If you need to go to the toilet during the examination, you should seek permission from an invigilator. An invigilator will accompany you and you must NOT carry any mobile phones, other electronic devices, question books, answer sheets or other papers to the toilet.
- ✚ No other aids, such as books, dictionaries, computers (e.g. notebooks, PC tablets) or papers are permitted in the examination. No draft paper is provided during the examination. Rough workings or notes should be made on the question book and will not be marked.
- ✚ The packets of question papers are opened in the presence of the candidates before the start of the examination. Candidates should remain silent and are not allowed to communicate with other candidate during the examination. Candidates interfering with the proper conduct of the examinations are warned by the invigilator or expelled from the examination room in a serious case. Under such circumstances, a report is submitted to HKIB to consider whether disciplinary action should be taken. Disciplinary action includes, but is not limited to, candidate disqualification.
- ✚ Candidates cannot leave the examination room during the first 45 minutes and the last 15 minutes of an examination. Candidates who decide to leave early must notify the invigilator as quietly as possible and are not allowed to re-enter the examination room.
- ✚ Candidates must stop writing when instructed to do so by the invigilator.
- ✚ Candidates must not detach any part of their answer sheet, or remove their answer sheet, wholly or partly, from the examination room.
- ✚ Candidates are not allowed to communicate with other candidates during an examination. They are also prohibited from communicating with third parties outside

the examination room by using any electronic device. The invigilator has the right to expel candidates from the examination room if their behaviour interferes with the proper conduct of the examination. Any candidate attempting to copy from another candidate's script or any other source is disqualified.



Pocket calculators: Financial calculators may be used and listed below

#### Calculator Model

- Texas Instruments: BA II Plus (both versions), including the BA II Plus Professional
- Hewlett Packard: HP 10B, HP 10bII, HP 10bII+, HP12C (including the HP 12C Platinum and the Anniversary Edition), HP 12C Prestige, HP 17bII+, HP 20B
- Sharp: Sharp Business/Financial Calculator EL-733, EL-733a
- Casio: FC 100/FC 100V/FC 200/FC 200V

*Newer and older versions of these calculators will be allowed into the examination room*



HKIB strictly enforces all policies with regard to calculator usage during examinations and candidates are required to abide by the policies of HKIB. Calculators are inspected prior to the start of the exam. They must remain on your desk in full view and proctors continue to inspect calculators throughout the administration of the examination. Possession or use of an unauthorised calculator at the test centre results in the voiding of your examination results and may lead to the suspension or termination of your candidacy in HKIB Programme. Failure by the proctors to detect an unauthorised calculator prior to the start of the examination, or your use of an unauthorised calculator at any time during the examination, does not imply that the calculator is an approved model or that your scores will ultimately be reported. Calculator covers, keystroke cards, and loose batteries are permitted in the testing room; instruction manuals are not.



Candidates are required to clear financial calculator memory prior to each session of the examination (Please do not ask invigilators to clear it). It is candidates' responsibility to revert their own calculator to desired setting(s) once the calculator's memory has been cleared. If a candidate's calculator has notes/formulas printed on the back of the calculator, includes pull-out cards or contains other supplemental material, this information must be removed or masked by solid colour tape before entering the examination room.



If any candidate infringes any of the above regulations, he/she is liable to disciplinary

actions, including disqualification.

## 10. Certification Application and Renewal Process

### 10.1 Certification Application

Relevant Practitioners who have completed Modules 1 to 3 of the ECF on Credit Risk Management (CRM) (Core Level) Programme, obtained a pass in the relevant examinations with at least one-year relevant working experience, which should be accumulated within the three years immediately prior to the date of application for certification, but does not need to be continuous, may apply for Certification of ACRP with HKIB professional membership.

Relevant Practitioners who have completed Modules 4 of the ECF on Credit Risk Management (CRM) (Professional Level) Programme, obtained a pass in the relevant examination with at least five years relevant working experience may apply for Certification of CCRP(CL) with HKIB professional membership.

Relevant Practitioners who have completed Module 5 of the ECF on Credit Risk Management (CRM) (Professional Level) Programme, obtained a pass in the relevant examination with at least five years relevant working experience may apply for Certification of CCRP(CPM) with HKIB professional membership.

Applicants are required to submit a completed Certification Application Form to HKIB together with the relevant supporting documents and payment of the required certification fee. The Certification Application form can be obtained from HKIB website.

Certification holders are registered as Certified Individuals and included in the public register on HKIB website. Upon successful application for the above Certification(s), professional membership is also granted by HKIB.

### 10.2 Certification Renewal

Certification of ACRP, CCRP(CL) and CCRP(CPM) are subject to annual renewal by HKIB.

Relevant Practitioners are required to comply with the annual Continuing Professional Development(CPD) Scheme in order to renew their Certification.

For all of the qualifications, the requirement is a minimum of 15 verifiable CPD hours for


each calendar year (ending 31 December), of which at least 5 hours must be earned from activities related to the topics of compliance, code of conduct, professional ethics and risk management.

The remaining hours should be on training topics related to banking and finance or the job function. Examples of appropriate training topics include:

- a) Compliance, code of conduct, professional ethics or risk management (including AML/CFT and other regulatory related topics);
- b) Banking and financial knowledge;
- c) Economics;
- d) Accounting;
- e) Legal principles;
- f) Business and people management;
- g) Language and information technology; and
- h) Subject areas covered in the HKIB's professional examinations.

Certification holders are to renew their certification registration annually in January. Renewal email will be sent to members before renewal deadline. Certification holders who do not pay the continuing membership subscription on or before 31 January of each calendar year are treated as Default Members.

### 10.3 Certification Fee and Payment

-  The application fee for Certification in various categories are as follows: (Valid until 31 December 2025)

|                              |  |
|------------------------------|--|
| <b>Certification</b>         | First year certification<br>- Non-HKIB member: HKD2,180<br>- Current HKIB ordinary member: HKD950<br>- Current HKIB professional member: <b>Waived</b> |
| <b>Certification Renewal</b> | Annual Renewal<br>- Certification: HKD2,180<br>- Reinstatement fee of default member: HKD2,000   |

- ✚ Applicants should pay the Certification Fee and Certification Renewal Fee as follows:
  - Paid by Employer.
  - By credit card. Please provide your credit card information on the application form.
  - By FPS payment. Please provide your FPS payment receipt.
- ✚ Application forms without payment instruction are NOT processed.
- ✚ NO fees are refunded or transferred under any circumstances.
- ✚ Applicants are advised to keep a record of their payment.
- ✚ HKIB reserves the right to adjust the certification, re-certification and/or administration surcharge fees (if applicable), at any time.

#### 10.4 Certification and HKIB Membership Regulations

- ✚ It is mandatory for all individuals to maintain a valid membership status with HKIB if the applicants want to apply for and maintain certification and be subject to HKIB membership governance.
- ✚ Once an application is processed, the membership subscription and registration fees are non-refundable and non-transferable.
- ✚ The name of the member to be entered on HKIB's records is that on the certification application form. This name, and the order and spelling in which it is presented are used subsequently on all transcripts, pass lists, diplomas, and certificates except where a member has notified HKIB of any change. Such notification must be accompanied by a certified true copy<sup>2</sup> of documentary confirmation, e.g. Hong Kong Identity Card, birth certificate, statutory declaration, etc.
- ✚ Certification holders are bound by the prevailing rules and regulations of HKIB. They are to abide by HKIB's rules and regulations in HKIB Members' Handbook. Certification holders are required to notify HKIB of any material changes to responses to any of the questions in certification application, including their contact details. HKIB may investigate the statements certification holders made with respect to applications, and they may be subject to disciplinary actions for any misrepresentation (whether fraudulent and otherwise) in their applications.

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<sup>2</sup> Submitted copies of documents to HKIB must be certified as true copies of the originals by:

- HKIB designated staff; or
- HR/authorized staff of current employer (Authorized Institution); or
- A recognized certified public accountant / lawyer / banker / notary public; or
- Hong Kong Institute of Chartered Secretaries (HKICS) member.
- Certifier must **sign** and **date** the copy document (printing his/her **name** clearly in capitals underneath) and clearly indicate his/her **position** on it. Certifier must state that it is a true copy of the original (or words to similar effect)



### **10.5 Membership Reinstatement**

Members who have not paid the membership/certification fees when due shall be considered as default members and are not entitled to use any HKIB Professional Qualification, and neither may call themselves members of the Institute.

Default members who reinstate their membership with HKIB are required to pay the current year's membership fee plus a reinstatement fee. Once the memberships reinstated, the member's examination record, if any, is reactivated.



## 11. Exemption Application and Regulations

### 11.1 Modular Exemption Requirements





Exemption for specific modules of the training programme will be granted for practitioners who have passed any of the following training / professional programme(s):




| Module   | Eligibility for exemption   |
|----------|---|
| Module 1 | <ul style="list-style-type: none"> <li>Practitioners passing Financial Risk Manager (FRM) Part II</li> </ul>  |
| Module 2 | <ul style="list-style-type: none"> <li>Practitioners passing Chartered Financial Analyst (CFA) Level I or</li> <li>Practitioners passing Module A – Financial Reporting and Module B – Corporate Financing of the Qualification Programme of the Hong Kong Institute of Certified Public Accountants (HKICPA) or</li> <li>Practitioners holding other equivalent academic/professional qualification in accounting and financial statements analysis</li> </ul> |

### 11.2 Modular exemption Application

-  Candidate with relevant qualifications may apply for modular exemption for exemption on the above-mentioned Modules of the ECF-CRM Core Level.
-  Exemption application should be made on an exemption form together with the following documents/items; failure failing to do so delays assessment:
  - i. Appropriate fees (application fee and exemption fees)
  - ii. Copies of transcript and certificate, if applicable

*Note: Candidates are required to submit the exemption form ONLY if they attended the training and completed the examination offered by HKIB.*

-  Documents submitted are not returned regardless of the application result.
-  Unless otherwise specified, exemption application based on partially attained qualification is not accepted.
-  Exemption claims granted to student members are only registered in HKIB's record upon the student members' graduation.
-  Exemption results are normally given in writing within 60 days after receipt of application and supporting documents. If further assessment is needed due to unexpected circumstances, separate notifications are given. The decision of the Institute is final and cannot be appealed.

-  Candidate attempting but failing in a module may subsequently claim exemption from that module if they obtain a new/further qualification recognised for exemption purposes.
-  An exemption confirmation letter is issued to candidate whose exemption application is granted.
-  Candidate exempted from a module subsequently attempting that module by examination, have their exemption status overridden.

## 12. General Information

### 12.1 Bad Weather Arrangements

In the event of bad weather on the training class/examination day, learners/candidates should pay attention to announcement made by the Hong Kong Observatory about weather conditions. They could also visit [HKIB website](#) for its announcements. For the respective individuals, they will be notified by SMS message about the latest arrangements.

**Bad weather** – Typhoon signal No. 8 or above, or the black rainstorm signal, or “extreme conditions” is hoisted.

#### For On-site Training

| Signal in force       | Bad Weather Arrangement  |
|-----------------------|--|
| At or after 7am       | Session <u>starts from 9:00am to 2:00pm</u> will be switched to virtual training class/event whenever possible.  |
| At or after 12:00noon | Session <u>starts from 2:00pm to 6:00pm</u> will be switched to virtual training class/event whenever possible.  |
| At or after 4:00pm    | Session <u>starts from 6:00pm to 10:00pm</u> will be switched to virtual training class/event whenever possible. |

#### For On-site Examination

| Signal in force       | Bad Weather Arrangement   |
|-----------------------|---|
| At or after 7am       | Session <u>starts from 9:00am to 2:00pm</u> will be rescheduled.  |
| At or after 12:00noon | Session <u>starts from 2:00pm to 6:00pm</u> will be rescheduled.  |
| At or after 4:00pm    | Session <u>starts from 6:00pm to 10:00pm</u> will be rescheduled. |

#### For Virtual Training / Remote Examination

| Signal in force       | Bad Weather Arrangement   |
|-----------------------|---|
| At or after 7am       | Session <u>starts from 9:00am to 2:00pm</u> will be continued as per schedule whenever possible.  |
| At or after 12:00noon | Session <u>starts from 2:00pm to 6:00pm</u> will be continued as per schedule whenever possible.  |
| At or after 4:00pm    | Session <u>starts from 6:00pm to 10:00pm</u> will be continued as per schedule whenever possible. |

## **12.2 Privacy Policy Statement**

Personal data provided by the candidate are used for administrative and communicative purposes relating to training and examination. Failure to provide complete and accurate information may affect the provision of administrative services to the candidate. The Institute keeps the personal data provided confidential but may need to disclose it to appropriate personnel in the Institute and other relevant parties engaging in the provision of examination services to the Institute. Candidates have the right to request access to and correction of their personal data in writing to HKIB by using HKIB's email address of [cs@hkib.org](mailto:cs@hkib.org).

Candidates are advised to read the [Privacy Policy Statement](#) at HKIB website to understand their rights and obligations in respect of the supply of personal data to HKIB and the ways in which HKIB may handle such data.

## **12.3 Addendums and Changes**

HKIB reserves the right to make changes and additions to membership, training and examination regulations, enrolment/application procedures, information in this handbook and any related policies without prior notice. HKIB shall bear no responsibility for any loss to candidates caused by any change or addition made to the aforementioned items.

### 13. Contact information

## HKIB Head Office Address

3/F Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong



## General Enquiries / Feedback

Tel.: (852) 2153 7800

Email: [cs@hkib.org](mailto:cs@hkib.org)

## Office Service Hours

Monday – Friday: 09:00 - 18:00 (except public holidays)