

Module Outline
ECF on Credit Risk Management (CRM)
Module 5 “Advanced Credit Risk Management and Regulatory Requirements”

Benchmarked HKQF Level:	6
No. of Credits:	30
Total Notional Learning Hours:	300
a) Class contact hours:	21 hours (3-hour per session x 7)
b) Self-study hours:	276 hours
c) Assessment hours:	3 hours
Pre-requisite:	N/A

Module Objective

This 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.

Module Intended Outcomes (MIOs) & Unit of Competencies (UoCs)

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

MIOs	Intended Outcomes / Competence	*Unit of Competencies (UoCs)
MIO-1	Evaluate different risk mitigation alternatives and take appropriate measures to protect the interests of all the stakeholders	107371L6 109248L6 109262L6
MIO-2	Evaluate different approaches in credit strategy and their performance in order to align with the bank's overall strategies and policies	109264L6 109265L6 109267L5
MIO-3	Apply appropriate credit asset classification and risk rating approaches to ensure compliance with statutory requirements	109280L6 109305L6
MIO-4	Analyse the risk factors of all lending products and evaluate the bank's capital allocation strategy under different regulatory requirements	
MIO-5	Develop guidelines for stakeholders to follow and to communicate the current global capital requirements on credit risk management	
MIO-6	Analyse the results of portfolio performance and stress	



	testing for proposing the strategies to allocate credit assets of the bank	
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**Note: For the details of the UoCs, please refer to the Specification of Competency Standards (SCS) of [Retail Banking](#) and [Corporate & Commercial Banking](#) which were developed by HKCAAVQ.*

Assessment

Examination duration:	3 hours
Examination format:	Part I – Case Study question Part II – 3 out of 5 essay questions
Pass mark:	50%

Syllabus

Chapter 1: Code of Conduct	
1.1	Regulatory requirements on code of conduct
1.2	Best practice of code of conduct
Chapter 2: Implication of Basel III Regulatory Requirements on Credit Risk Management	
2.1	Implication of regulatory requirements on credit related RWA and capital requirements
2.2	Strategic decision on selection of standardised approach and IRB approach for RWA calculation
2.3	Optimisation of return to bank by best efficient use of capital
2.4	Continuous monitoring of risk-return performance and capital requirements
2.5	Continuous monitoring of model risk parameters, model accuracy and refinement
Chapter 3: Implication of PRC Regulatory Requirements on Credit Risk Management	
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
Chapter 4: Implications of IFRS 9 on Credit Risk Management	
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
Chapter 5: Corporate Governance Structure on Credit Risk Management	
5.1	Board supervision
5.2	Senior management oversight
5.3	Committee structure
5.4	Credit risk organisation - Three lines of defence
Chapter 6: Credit Risk Management - Overall Control Framework from Senior Management Perspective by Integrated Use of New and Traditional Risk Parameters	



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

Chapter 7: Credit Portfolio Management

7.1	Portfolio performance measurement
7.2	Portfolio review and monitoring
7.3	Stress testing and scenario analysis
7.4	Portfolio adjustment and strategy

Chapter 8: Country Credit Risk

8.1	Definition
8.2	Supervisory approach
8.3	Country risk management
8.4	Country risk provisioning

Recommended Reading

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