

## Programme/Module Outline

**Programme Title:** Postgraduate Certificate in Commercial Lending for ECF on Credit Risk Management (CRM)

**Module Title:** Advanced Commercial Lending (M4)

**QF Level:** 6

**QF Credit:** 30 (21 contact hours, 276 self-study hours and 3 examination hours)

**Teaching/Training** Training Class

**Activities:**

**Pre-requisite:** Professional Certificate for ECF on Credit Risk Management (CRM)

**Remark:**

### Programme/Module Objective:

This programme/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.

### Programmes/Modules Intended Learning Outcomes (PILOs/MILOs) & Units of Competencies (UoCs)

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

PILO/MILO1:	Review the appropriateness of the industry and business risk assessment and approve credit application according to relevant policies, compliance and regulatory requirements	BCOSSL601A BCCMCA601A
PILO/MILO2:	Formulate measures to monitor credit risk and optimize the quality of credit assets portfolio	BCCMCP602A BCCMCC601A
PILO/MILO3:	Set up process to measure, control and manage potential credit risk exposures and identify early warning signals	BCRMRI601A BCBDBG602A
PILO/MILO4:	Decide on application of risk assessment approach, risk monitoring, operation process and risk management process	BCPDPI601A
PILO/MILO5:	Develop cross-border business strategies through understanding the cross-border lending practices and considerations	

## Assessment Activity

Type of Assessment Activity	PILO/MILO	Weighting (%)
Case Study (Individual written report)	PILO/MILO 1-5	40
Case Study (On-site Examination)	PILO/MILO 1-5	60

## Examination Format and Duration

Part 1: Individual Written Report (40%)

- Time allowed: 6 weeks
- Passing rate: 50%
- Format: Take home assignment

Part 2: On-site Examination (60%)

- Time allowed: 3 hours
- Passing rate: 50%
- Format: Open book examination

Candidates must submit an Individual Written Report, attend the On-Site Examination and pass both assessments.

## Syllabus

<b>Chapter 1: Planning of Lending Business Portfolio and Process</b>	
1.1	- Planning of loan portfolio
1.2	- Management processes of loan portfolio
1.3	- Monitoring of the loan portfolio
1.4	- Adjustment of loan portfolio by using credit risk transfer
<b>Chapter 2: New Lending Product Developments</b>	
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
<b>Chapter 3: Structured Approach for Approval Process</b>	
3.1	- Structured approach for approval execution
3.2	- Systematic approval approach for different business segments
3.3	- Management planning to build up the industrial expertise among lending and approval teams
<b>Chapter 4: Management Planning for Early Warning System</b>	
4.1	- Integrated early warning system and process
4.2	- Prompt system and process to work out weak credits
4.3	- Balance among stakeholders' values in managing weak credits
<b>Chapter 5: Management Planning for Problem Loan Management</b>	
5.1	- General problem loan management processes

5.2	- Management control measures to pre-empt problem loans
5.3	- Management control measures to manage problem loans
5.4	- Management control measures for provisioning of problem loans
<b>Chapter 6: Cross Border Credit Business Opportunities</b>	
6.1	- Feature and structure of typical cross border credits
6.2	- Collateral for cross border credits
6.3	- Cross border credit risk assessment process
6.4	- Risks of cross border credits
<b>Chapter 7: Syndicated Loans</b>	
7.1	- Feature and structure of syndicated loans
7.2	- Syndicated loan bank consortium and roles of different banks
7.3	- Syndicated loan processing
7.4	- Syndicated loan risk assessment process
7.5	- Risks of syndicated loans
<b>Chapter 8: Project Financing (including New Project and Expansion Projects)</b>	
8.1	- Feature and structure of project finance
8.2	- Different tranche and risk of project finance
8.3	- Project finance loan risk assessment process
8.4	- Risks of project finance loans
<b>Chapter 9: Structured Financing for Merger, Acquisition and Leveraged Buyouts</b>	
9.1	- Feature and structure of structured finance
9.2	- Different tranche and risk of structured finance
9.3	- Structured finance loan risk assessment process
9.4	- Risks of structured finance loans

## Recommended Readings

### Essential Readings:

1. HKIB Training Material – Advanced Commercial Lending

### Supplementary Readings:

1. Carrell, R. (2014). Borrower's Guide to Commercial Lending. Evergreen House Publishing LLC.
2. Kolari, J. W. & Gup, B. E. (2004). Commercial Banking: The Management of Risk. Wiley.
3. Hong Kong Monetary Authority. (2017). 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). (1st ed.). Kogan Page.

## Appendix: UoC mapping (Total 35 Credits)

PILO/MILO	UoC	Level	Credit	UoC Title	Integral Outcome Requirement
<p>1. Review the appropriateness of the industry and business risk assessment and approve credit application according to relevant policies, compliance and regulatory requirements</p> <p>2. Formulate measures to monitor credit risk and optimize the quality of credit assets portfolio</p> <p>3. Set up process to measure, control and manage potential credit risk exposures and identify early warning signals</p> <p>4. Decide on application of risk assessment approach, risk monitoring, operation process and risk management process</p> <p>5. Develop cross-border business strategies through understanding the cross-border lending practices and considerations</p>	BCCOSSL601A	6	5	Develop policies on processing syndicated lending application	-Development of policies on processing the application of syndicated lending in order to determine the details of the loan. This should be based on consolidated findings on the research of macroeconomic environment and critical evaluation on the business strategies of the bank, etc.
	BCCMCA601A	6	5	Determine approval or rejection on corporate or commercial loan applications	-Decision on the loan approval or rejection which specify the rationale, terms and conditions on the approved loan. These should be supported by comprehensive analysis on the business outlook, repayment abilities of the applicants, estimated risks and return to the bank.
	BCCMCP602A	6	5	Review performance of loan portfolio	-Evaluation on existing credit portfolio in order to formulate improvement measures. These should be based on estimation of future profitability and risks of the portfolio and strategies of the bank.
	BCCMCC601A	6	5	Approve credit application on credit-based solutions to large corporation(s)	-Decision on approval of credit application by large corporations. This should be based on critical analyses on the projection of future business performance of the applicants, its repayment opportunities and level of risks involved in the deal.
	BCRMRI601A	6	5	Identify and quantify potential risks	-Identification and quantification of potential risks for providing direction for risk analysis. These should be based on consolidated findings of different researches on macroeconomic development, business performance and operation of the bank, etc.

	BCBDBG602A	6	5	Analyze business potential of different markets/ regions	-Analysis on the business potential of a market / region. The analysis should demonstrate clearly how the figures are arrived, the assumptions and factors that have been taken into consideration in the absence of complete information.
	BCPDPI601A	6	5	Conduct research to understand and project the needs of different segments of customers	-Formulation of research framework for studying customers' needs and behavior. The research framework should be based on critical evaluation on the macro environment faced by the bank and behavioral pattern of existing customers.  -Projection of customers' demand by consolidating research findings across a wide range of areas and conducting critical evaluation on results obtained from different sources.