
Basel III Capital Management Training Course: Risk-Weighted Assets, Buffers and Planning

9 – 20 May 2027
Zoom





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Programme Summary

Basel III capital management is the subject of this two-week training course for finance, risk and treasury leaders at managerial level, ending in a capital management pack for one bank. Capital ratios decide how much a bank may lend, distribute and risk, yet the numbers are built by separate teams from separate data. The programme moves from capital quality to risk-weighted assets, the output floor, buffers, internal assessment and stress testing, applied to a bank the participant selects. Mars Training Centre UK delivers this programme on Basel III capital management to mixed-organisation cohorts.

The Business Case

Capital is the scarcest resource in a bank, and each decision on pricing, lending, funding or dividends draws on it. When risk-weighted assets, buffers and the leverage ratio are managed in separate places, surprises reach the board late and growth plans stall. Banks, development lenders and insurers with banking arms that hold one capital view can plan ahead and explain their ratios to supervisors, investors and rating agencies.

- Capital Ratio Surprises: Fall as risk-weighted assets and deductions are projected on the same data.
- Return on Capital: Improves as capital is allocated to lines using the binding constraint.
- Plan Credibility: Improves as stress results and management actions are tested before submission.

Principles and Evidence Base

- Basel III Framework: Sets the definition of capital, buffers and leverage ratio that Sessions 1, 2 and 6 apply.
- Revised Standardised Approaches: Provide the credit, market and operational risk calculations built in Sessions 3 and 4.
- Output Floor: Limits the benefit of internal models and is tested in Session 5.
- Internal Capital Adequacy Assessment: Frames the bank's own view of capital needs developed in Sessions 7 and 8.

Intended Participants

- Heads of finance who own the capital ratio and report it to the board.
- Risk leaders who measure risk-weighted assets and set risk appetite.
- Treasury managers who plan issuance of capital instruments and distributions.
- Capital planning managers who build projections and stress scenarios.
- Regulatory reporting leads who prepare returns and public disclosures.



Typical functions include commercial banks, Islamic banks, development lenders and bank holding companies.

Learning Outcomes

1. Participants will be able to evaluate which instruments and deductions determine Common Equity Tier 1.
2. Participants will be able to construct credit, market and operational risk-weighted asset calculations under standardised approaches.
3. Participants will be able to diagnose how the output floor changes the benefit of internal models.
4. Participants will be able to prioritise the binding constraint among risk-based ratios, buffers and the leverage ratio.
5. Participants will be able to design an internal capital adequacy assessment linked to risk appetite.
6. Participants will be able to justify a stressed capital plan, its management actions and its disclosures to a board.

Programme Structure

Day 1: Basel III Capital Management Foundations

What does the capital ratio measure, and what must a bank hold against it?

- Capital Ratio Anatomy Sheet
- Regulatory Balance Sheet Bridge
- Capital Requirement Stack Diagram
- Capital Planning Calendar
- Capital Policy Outline

Day 2: Capital Quality and Deductions

Which instruments count as Common Equity Tier 1, and what is deducted?

- Common Equity Tier 1 Eligibility Checklist
- Additional Tier 1 and Tier 2 Instrument Review
- Regulatory Deduction Schedule
- Capital Reconciliation Template
- Capital Composition Dashboard

Day 3: Credit Risk-Weighted Assets

How are credit exposures turned into risk-weighted assets?



- Standardised Exposure Classification
- Risk Weight Assignment Table
- Credit Risk Mitigation Review
- Off-Balance Sheet Conversion Sheet
- Credit Risk-Weighted Asset Calculation

Day 4: Market and Operational Risk-Weighted Assets

How do trading positions and operational risk add to risk-weighted assets?

- Trading Book Boundary Review
- Market Risk Standardised Calculation
- Operational Risk Standardised Calculation
- Loss Data Review
- Aggregate Risk-Weighted Asset Bridge

Day 5: Output Floor and Internal Models

How does the output floor limit the benefit of internal models?

- Output Floor Calculation
- Internal Model Benefit Comparison
- Model Versus Standardised Variance Analysis
- Floor Impact Scenario Table
- Risk Weight Sensitivity Chart

Day 6: Buffers and the Leverage Ratio

How do buffers and the leverage ratio limit distributions and balance sheet size?

- Capital Conservation Buffer Test
- Countercyclical Buffer Tracker
- Leverage Exposure Measure Sheet
- Distribution Restriction Calculator
- Binding Constraint Analysis

Day 7: Internal Capital Adequacy Assessment

How does a bank judge for itself how much capital it needs?

- Internal Assessment Process Outline
- Material Risk Inventory
- Internal Capital Target Sheet
- Risk Appetite Linkage Map
- Capital Allocation Model



Day 8: Stress Testing and Capital Planning

Does the capital plan survive a severe but plausible downturn?

- Stress Scenario Design Sheet
- Capital Projection Model
- Management Action Menu
- Reverse Stress Test
- Contingency Capital Outline

Day 9: Disclosure, Reporting and Governance

How is the capital position reported, disclosed and challenged?

- Regulatory Capital Return Map
- Public Disclosure Template
- Capital Data Lineage Chart
- Capital Committee Terms of Reference
- Board Capital Report Outline

Day 10: Capital Management Pack for One Bank

Do the ratios, buffers, internal assessment and stress results support one capital plan?

- Applying the Session 3 Risk Weight Assignment Table
- Testing the Session 5 Output Floor Calculation
- Reviewing the Session 6 Binding Constraint Analysis
- Checking the Session 8 Capital Projection Model
- Completing the Capital Management Pack

Methodology

The programme uses a data workshop method built on a shared case of a mid-sized bank with a corporate loan book, a trading portfolio, issued capital instruments and a growth plan. Participants build each artefact on the case with prepared balance sheet data, then adapt it to a bank they know, receiving written facilitator feedback in every session.

- Suggested activity: Bridging accounting equity to Common Equity Tier 1 after deductions.
- Suggested activity: Calculating risk-weighted assets for a loan book under standardised approaches.
- Suggested activity: Presenting a stressed capital plan to a mock board committee.



Capstone Output

Each participant completes a capital management pack for one bank. It holds a capital composition bridge, a risk-weighted asset calculation, an output floor test, a binding constraint analysis and a stressed capital projection. The pack is used at work to open the next capital planning cycle, brief the board and prepare discussions with supervisors and rating agencies.

Frequently Asked Questions

Is Basel III capital management training suitable for finance managers new to regulatory capital?

Yes. Basel III capital management is taught through cases and templates, assuming experience in bank finance, risk or treasury but no earlier work building capital returns.

Which framework does Basel III capital management training rest on?

Basel III capital management training rests on the Basel III framework: Common Equity Tier 1, revised standardised approaches, the output floor, buffers, the leverage ratio and internal capital adequacy assessment.

How is the pack from Basel III capital management training used at work?

You use the capital management pack to open the next capital planning cycle, brief the board and prepare discussions with supervisors and rating agencies.

How does Basel III capital management differ from bank liquidity management training?

Basel III capital management centres on capital quality, risk-weighted assets and buffers, while bank liquidity management training covers funding, cash flow and liquidity buffers.