Basel III Risk Assessment and Stress Testing Masterclass

27 September – 1 October 2027
Düsseldorf (Germany)



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Why This Course

Basel III has strengthened the way banks and financial institutions manage risk, capital, liquidity, leverage, and regulatory resilience. It requires institutions to assess risks more rigorously, maintain stronger capital buffers, manage liquidity more effectively, and use stress testing to understand how severe but plausible scenarios could affect financial stability.

Risk assessment and stress testing are no longer limited to compliance activities. They are essential tools for strategic decision-making, capital planning, risk appetite management, regulatory reporting, and institutional resilience. Banks need professionals who can understand Basel III requirements, assess credit, market, operational, and liquidity risks, and translate stress testing outcomes into practical management actions.

This intensive 1-week course provides a comprehensive overview of Basel III risk assessment and stress testing methodologies. Through practical exercises, regulatory discussions, scenario analysis, risk assessment tools, and stress testing applications, participants will gain the knowledge and skills needed to implement Basel III requirements and strengthen risk management practices within their organizations.

What You'll Learn and Practice

By joining this program, you will:

- Understand the Basel III regulatory framework and its impact on risk management.
- Identify key changes introduced from Basel II to Basel III.
- Apply risk management principles and assessment methodologies.
- Assess credit risk using measurement techniques and internal ratings-based approaches.
- Understand credit risk mitigation and counterparty credit risk management.
- Measure market risk using Value at Risk and related models.
- Understand trading book and banking book risk management.
- Apply operational risk assessment techniques.
- Understand liquidity risk requirements, including LCR and NSFR.
- Interpret capital adequacy, capital buffers, and leverage ratio requirements.
- Understand the role of ICAAP in capital planning and risk management.
- Design and conduct stress tests for different risk types.
- Develop scenarios and analyze stress testing results.
- Integrate stress testing outcomes into risk decisions and regulatory reporting.



The Program Flow

Day 1: Basel III Framework and Risk Management Fundamentals

- Overview of Basel III regulatory framework.
- Understanding the purpose of Basel III in strengthening banking resilience.
- Key changes from Basel II to Basel III.
- Risk management principles and best practices.
- Introduction to risk assessment methodologies.
- Linking Basel III requirements with capital, liquidity, leverage, and risk governance.
- Practical exercise: Mapping Basel III requirements to institutional risk management practices.

Day 2: Credit Risk Assessment and Management

- Credit risk measurement techniques.
- Understanding borrower risk, exposure, probability of default, loss given default, and exposure at default.
- Internal ratings-based approach.
- Credit risk mitigation strategies.
- Collateral, guarantees, covenants, netting, and risk transfer tools.
- Counterparty credit risk management.
- Workshop: Conducting a credit risk assessment and mitigation review.

Day 3: Market Risk and Operational Risk

- Market risk measurement and Value at Risk models.
- Understanding interest rate, foreign exchange, equity, and commodity risk exposures.
- Trading book and banking book risk management.
- Operational risk assessment techniques.
- Identifying process, people, systems, fraud, legal, and external event risks.
- Advanced measurement approach for operational risk.
- Practical exercise: Building a risk assessment profile for market and operational risk scenarios.

Day 4: Liquidity Risk and Capital Management

- Liquidity Coverage Ratio and Net Stable Funding Ratio.
- Understanding short-term liquidity resilience and stable funding requirements.
- Capital adequacy and capital conservation buffer.
- Leverage ratio requirements.
- Internal Capital Adequacy Assessment Process.
- Connecting capital planning, liquidity management, and risk appetite.
- Workshop: Reviewing capital and liquidity indicators under Basel III requirements.



Day 5: Stress Testing and Scenario Analysis

- Stress testing methodologies and best practices.
- Designing stress tests for credit, market, liquidity, operational, and enterprise-wide risks.
- Scenario development and analysis.
- Developing severe but plausible scenarios.
- Interpreting stress testing results and identifying management actions.
- Integrating stress testing results into risk management, capital planning, and strategic decisions.
- Regulatory reporting and disclosure requirements.
- Final activity: Designing a Basel III stress testing framework and reporting approach.

Individual Impact

- Strengthen your understanding of Basel III risk assessment and stress testing requirements.
- Improve confidence in assessing credit, market, operational, liquidity, and capital risks.
- Build practical skills in scenario analysis and stress testing design.
- Enhance your ability to interpret stress test results and recommend actions.
- Improve awareness of regulatory reporting and disclosure expectations.
- Develop stronger capability to support capital planning and risk-based decision-making.

Work Impact

- Improve implementation of Basel III risk assessment frameworks.
- Strengthen stress testing programs and scenario analysis practices.
- Enhance capital adequacy, liquidity management, and regulatory compliance.
- Improve risk governance and alignment with risk appetite.
- Support better decision-making through stress test insights.
- Strengthen institutional resilience against financial, operational, and market disruptions.

Training Methodology

This program uses a practical and banking-focused approach to help participants apply Basel III risk assessment and stress testing concepts in real financial institution contexts. Learning methods include:

- Interactive discussions and guided facilitation.
- Basel III regulatory framework reviews.
- Credit, market, operational, and liquidity risk case studies.
- Risk assessment exercises and scenario-based activities.
- VaR, capital, liquidity, and leverage interpretation examples.
- ICAAP and capital planning discussions.
- Stress testing design and scenario development workshops.
- Regulatory reporting and disclosure practice.
- Group work, peer feedback, and practical implementation planning.



Beyond the Course

Upon completion, participants will be prepared to apply Basel III risk assessment and stress testing methodologies with greater confidence and structure. They will return ready to:

- Implement Basel III risk assessment frameworks within their organizations.
- Design and conduct stress tests for multiple risk types.
- Interpret stress testing results and support informed risk decisions.
- Strengthen capital, liquidity, and leverage monitoring.
- Improve regulatory compliance and reporting processes.
- Integrate stress testing outcomes into risk management, capital planning, and strategic decision-making.

