

**SKILLS FRAMEWORK FOR FINANCIAL SERVICES  
TECHNICAL SKILLS AND COMPETENCIES (TSC) REFERENCE DOCUMENT**

|                                    |  |                |                |  |  |   |
|------------------------------------|--|----------------|----------------|--|--|---|
| <b>TSC Category</b>                | Investment and Financial Management  |                |                |  |  |   |
| <b>TSC</b>                         | Capital Management   |                |                |  |  |   |
| <b>TSC Description</b>             | Calculate capital adequacy ratios to determine capital buffers necessary for the bank or financial institution, while optimising returns on capital based on capital allocation strategies |                |                |  |  |   |
| <b>TSC Proficiency Description</b> | <b>Level 1</b>   | <b>Level 2</b> | <b>Level 3</b> | <b>Level 4</b>   | <b>Level 5</b>   | <b>Level 6</b>  |
|                                    |  |                |                | <b>FSE-MAC-4008-1.1</b>  | <b>FSE-MAC-5008-1.1</b>  | <b>FSE-MAC-6008-1.1</b>   |
|                                    |  |                |                | Implement capital management activities by monitoring returns on capital performance and the organisation's compliance with capital adequacy requirements  | Formulate and oversee the implementation of capital allocation strategies, capital buffers, and the calculation of capital adequacy ratios for optimising returns on capital   | Determine capital management strategies to guide overall capital allocation strategies and capital growth objectives, in order to manage balance sheet of capital reserves  |
| <b>Knowledge</b>                   |  |                |                | <ul style="list-style-type: none"> <li>• Organisation's financial goals and strategic direction</li> <li>• Capital investment performance monitoring techniques</li> <li>• Organisation's capital buffers</li> <li>• Capital regulations relevant to jurisdictions being served</li> <li>• Principles of liquidity and capital management</li> <li>• Laws and regulations on capital adequacy and capital management requirements</li> </ul> | <ul style="list-style-type: none"> <li>• Organisation's capital returns expectations</li> <li>• Approaches for determining capital allocation</li> <li>• Capital investment strategies</li> <li>• Risks relevant to capital management and capital investment</li> <li>• Risk Weighted Asset (RWA) calculations</li> </ul> | <ul style="list-style-type: none"> <li>• Goals, framework, and policy development techniques</li> <li>• Capital buffers and capital adequacy ratios</li> <li>• Various forms of capital allocation strategies</li> <li>• Market trends, industry factors, and internal organisational factors which can impact capital management activities</li> <li>• Balance sheet management methodologies</li> </ul> |
| <b>Abilities</b>                   |  |                |                | <ul style="list-style-type: none"> <li>• Calculate forecasted capital buffers based on defined capital adequacy ratios</li> <li>• Calculate capital returns and other key indicators to report on performance</li> <li>• Analyse and report on the alignment between actual</li> </ul>   | <ul style="list-style-type: none"> <li>• Evaluate options for allocating capital for investment and growth</li> <li>• Propose capital allocation strategies to achieve returns aligned to capital objectives</li> <li>• Determine capital adequacy ratios for the</li> </ul>   | <ul style="list-style-type: none"> <li>• Define capital management strategies for the organisation</li> <li>• Collaborate with business units to manage balance sheet on capital reserves, based on business strategies</li> </ul>  |

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|  |  |  |  | <p>capital returns and expected capital returns, for improvement in capital allocation strategies</p> <ul style="list-style-type: none"> <li>• Prepare documentation for the communication of capital allocation strategies to various business units</li> <li>• Identify ways to improve organisational compliance with capital-related legislative and regulatory requirements</li> </ul> | <p>organisation based on evaluations of risk exposure and capital buffers required</p> <ul style="list-style-type: none"> <li>• Adjust capital allocation strategies based on capital returns performance</li> <li>• Articulate rationale underlying capital allocation strategies to various business units</li> <li>• Perform RWA calculations for credit risk, market risk and operational risk, to determine capital adequacy ratios for sizing capital buffers</li> <li>• Set limits for and improve capital efficiency using regulatory capital and economic capital models</li> <li>• Optimise capital by recommending changes to product portfolios, pricing strategies, client retention and collateralisation, to ensure continuous capital management</li> </ul> | <ul style="list-style-type: none"> <li>• Set and derive capital return goals based on the organisation's strategic goals</li> <li>• Define capital management policies in collaboration with other business units</li> <li>• Identify levels of risk and risk appetite within the organisation and the adequacy of capital buffers required</li> <li>• Review and approve capital allocation strategies</li> <li>• Determine adjustments to capital allocation based on performance of returns and overall capital management strategies</li> <li>• Determine investment strategies for capital growth</li> <li>• Communicate rationale underlying target capital levels to stakeholders, to reflect to them the risk of their businesses</li> </ul> |
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