ANNEX XXXII – Instructions for operational risk disclosure templates

**Table EU ORA - Qualitative information on operational risk.** Flexible table

1. Institutions shall disclose the information included in this table in application of Articles 435(1), 446 (1), point a) of Regulation (EU) 575/2013[[1]](#footnote-2).
2. Institutions shall apply the instructions provided below in this Annex to complete the Operational Risk disclosure table EU ORA as presented in Annex XXXI to this Implementing Regulation.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| (a) | **Disclosure of the risk management objectives and policies**  In accordance with Article 435(1), point (a) of Regulation (EU) 575/2013, institutions shall disclose their objectives, policies, frameworks and guidelines for the management of operational risk, including the strategies and processes to manage that risk. |
| (b) | **Disclosure of the structure and organisation of the operational risk management function**  In accordance with Article 435(1), point (b) of Regulation (EU) 575/2013, institutions shall disclose the structure and organisation of the operational risk management function, including information on the basis of the operational risk management function’s authority, its powers and accountability in accordance with the institution's incorporation and governing documents, and control function. |
| (c) | **Description of the scope and nature of the measurement system**  In accordance with Article 435(1), point (c) of Regulation (EU) 575/2013, institutions shall disclose the scope and nature of the operational risk measurement system. |
| (d) | **Description of the scope and nature of the operational risk reporting framework**  In accordance with Article 435(1), point (c) of Regulation (EU) 575/2013, institutions shall disclose the scope and nature of the operational risk reporting framework to the executive management and to the Board of Directors. |
| (e) | **Description of the policies and strategies of the risk mitigation and risk hedge**  In accordance with Article 435(1), point (d) of Regulation (EU) 575/2013, institutions shall disclose their policies and strategies of the risk mitigation and risk hedge used in the management of operational risk, including where the operational risk mitigation is achieved via policy (in which case they shall disclose the policies on risk culture, risk appetite and outsourcing), or where it is achieved via divesting from high-risk businesses or via the establishment of controls. Institutions shall also disclose the remaining exposures that are absorbed by the institutions themselves or, where applicable the remaining exposures that are transferred in various ways, including via insurance. |

**Template EU OR1 - Operational risk losses.** Fixed template



1. Institutions shall disclose the information included in template EU OR1 in application of Article 446 (2), points a) and b) of Regulation (EU) 575/2013. This template provides information on the annual operational risk losses incurred over the past 10 years, based on the accounting date of the incurred losses. These annual operational risk losses will be calculated in accordance with Article 316(1) of Regulation (EU) 575/2013 and comprise, in accordance with Article 317(2) of Regulation (EU) 575/2013, all losses stemming from all the entities that are part of the scope of consolidation including losses from merged/acquired businesses (as per Article 321 (1) of Regulation (EU) 575/2013). This information shall be provided to the extent it is available and on a best effort basis, until Articles 316(3) and 317(9) of Regulation (EU) 575/2013 are applicable.
2. Institutions shall disclose, for each of the last 10 years, data on the number of operational risk losses and number of excluded operational risk losses, the total amount of operational risk losses net of recoveries and the total amount of operational risk losses net of recoveries and net of excluded losses. The total annual amount of operational risk losses will be calculated as the sum of all net losses over a given financial year, calculated in accordance with Article 318(1) of Regulation (EU) 575/2013, that are equal or exceed the loss data thresholds set out in Article 319 (1) or (2), respectively of that Regulation (that is €20,000 and €100,000).
3. In the accompanying narrative, institutions shall disclose the justifications for the exceptional operational risk events that were excluded from the calculation of the annual operational risk losses, in accordance with Article 446 (2), point b) of Regulation (EU) 575/2013.
4. Institutions shall also disclose, in an aggregate manner, any material information that could help users understand the institutions’ historical losses, recoveries and legal reserves, with the exception of confidential and proprietary information.

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| **Column** | **Legal references and instructions** |
| a to j | **Year (T, T-1, T-2, T-3, T-4, T-5, T-6, T-7, T-8, T-9)**  The value indicated by the corresponding row, for the last 10 financial years. |
| k | **Ten-year average**  The average of the values indicated by the corresponding row over the last 10 years. |

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| **Row** | **Legal references and instructions** |
| **1** | **Total amount of operational risk losses net of recoveries (no exclusions)**  Article 446 (2), point a) and Article 316 (1) of Regulation (EU) 575/2013.  The row shall disclose the total loss amount net of recoveries resulting from loss events above the loss event threshold of €20,000 for each of the last 10 reporting periods, including losses from mergers and acquisitions. Exceptional operational risk events of the year that are no longer relevant to the institution’s risk profile for which the institution got permission from the Competent Authority to exclude them from the institution’s annual operational risk losses, in accordance with Article 320 (1) of Regulation (EU) 575/2013, shall still be taken into account in the calculation of the item for this row. |
| **2** | **Total number of operational risk losses**  Article 446 (2), point a) and Article 316 (1) of Regulation (EU) 575/2013.  The total number of operational risk losses above the loss event threshold of €20,000. |
| **3** | **Total amount of excluded operational risk losses**  Article 446 (2), point b) and Article 320(1) of Regulation (EU) 575/2013.  The total net loss amounts above the loss threshold of €20,000 that were excluded in accordance with Article 320 (1) of Regulation (EU) 575/2013, for each of the last 10 reporting periods. |
| **4** | Total number of excluded operational risk events  Article 446 (2), point b) and Article 320(1) of Regulation (EU) 575/2013.  The total number of exceptional operational risk events above a loss event threshold of €20,000 that were excluded in accordance with Article 320 (1) of Regulation (EU) 575/2013 for each of the last 10 reporting periods. |
| **5** | Total amount of operational risk losses net of recoveries and net of excluded losses  The total amount of operational risk losses, less the amount of recoveries disclosed in row 1, and less the excluded losses disclosed in row 3. |
| **6** | **Total amount of operational risk losses net of recoveries (no exclusions)**  Article 446 (2), point a) and Article 316 (1) of Regulation (EU) 575/2013.  The total amount of operational risk losses, less the amount of recoveries, resulting from loss events above a loss event threshold of € 100.000 for each of the last 10 reporting periods, including losses from mergers and acquisitions. Exceptional operational risk events of the year that are no longer relevant to the institution’s risk profile for which the institution got permission from the Competent Authority to exclude them from the institution’s annual operational risk losses, in accordance with Article 320 (1) of Regulation (EU) 575/2013, shall still be taken into account in the calculation of the item for this row. |
| **7** | **Total number of operational risk losses**  Article 446 (2), point a) and Article 316 (1) of Regulation (EU) 575/2013.  The total number of operational risk losses above the loss event threshold of €100,000. |
| **8** | **Total amount of excluded operational risk losses**  Article 446 (2), point b) and Article 320(1) of Regulation (EU) 575/2013.  The total net loss amounts above a loss event threshold of €100,000, excluded in accordance with Article 320(1) of Regulation (EU) 575/2013, for each of the last 10 reporting periods. |
| **9** | Total number of excluded operational risk events  Article 446 (2), point b) and Article 320(1) of Regulation (EU) 575/2013.  The total number of exceptional operational risk events above a loss event threshold of €100,000 that were excluded in accordance with Article 320 (1) of Regulation (EU) 575/2013, for each of the last 10 reporting periods. |
| **10** | Total amount of operational risk losses net of recoveries and net of excluded losses  The row shall disclose the total amount of operational risk losses less the amount of recoveries disclosed in row 6, less the amount of excluded losses disclosed in row 8. |
| **11** | Not applicable. |
| **12** | Not applicable. |
| **13** | Not applicable. |

**Template EU OR2 – Business Indicator, components and subcomponents.** Fixed template

1. Institutions shall disclose the information included in template EU OR2 in application of Articles 446(1), points d) and e) of Regulation (EU) No 575/2013. This template provides information on the calculation of the Business Indicator Component (BIC), in accordance with Article 313 of Regulation (EU) No 575/2013, and on the calculation of the Business Indicator (BI), components and subcomponents, in accordance with Article 314 of Regulation (EU) No 575/2013. In addition, this template also provides information on the amounts excluded from the business indicator related to disposed entities or activities, in accordance with Article 315(2).
2. Institutions shall disclose the information for the last three financial years on the amount of the relevant list of items that are required to the calculation of the sub-components of the BI that contribute to the calculation of the own funds requirements for Operational Risk.
3. In line with Article 314(5a) of Regulation (EU) No 575/2013, where no historical data is available, institutions shall report the forward-looking business estimates.
4. Where institutions have less than 3 years of data available related to the detailed items that go into the components of the BI, the available historical data (audited figures) shall be assigned by priority to the corresponding columns in the template. Where institutions only have historical data related to the components of the BI available for one year information, this data shall be reported in the column corresponding to the most recent year (e.g. “last year”). Where it seems reasonable, the forward-looking estimates shall be included in Year -1 and Year -2 respectively until this data becomes available.
5. Institutions shall not include in the sub-items that are part of the interest, lease, dividend component (ILDC) calculation any figure related to those specific subsidiary institutions whose ILDC shall be calculated separately in accordance with Article 314(2a) of Regulation (EU) No 575/2013.
6. Institutions shall not include in the sub-items that are part of the Interest, lease and dividend component (ILDC) calculation any figures from retail banking and/or commercial banking business lines in those cases where the institution has received the permission to apply Article 314(2b) of Regulation (EU) No 575/2013.
7. Nevertheless, institutions shall report in row 1 the total ILDC amount including the amounts calculated in accordance with Article 314(2a) and (2b) of Regulation (EU) No 575/2013. In row EU 1, the ILDC excluding entities considered by Article 314(2a) and/or the business lines considered by Article 314(2b), where applicable, is also reported.
8. In the accompanying narrative, in accordance with Article 446(1) of Regulation (EU) No 575/2013, institutions shall disclose the justifications for each exclusion from the business indicator.
9. Given the close connection between operational risk disclosure requirements and institution’s financial statements, references to reporting requirements reflected in Annex V to Implementing Regulation (EU) 2021/451 (FINREP) have been reflected throughout the instructions.

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| **Column** | **Legal references and instructions** |
| a, b, c | Value  Article 446(1), point d) and Article 314(1) of Regulation (EU) No 575/2013.  The value for the list of items that are part of the calculation of the BI and its components (ILDC, Service Component (SC) and Financial Component (FC) calculation) in accordance with the accounting standards applicable for each of the last three financial years.  Amounts shall be reported after the application of the adjustments related to mergers / acquisitions and divested activities.  For FC, the values to be disclosed will reflect the accounting values determined using the accounting boundary or the prudential boundary (PBA) to identify the items of the trading book and banking book for each of the last 3 financial years in accordance with Article 314(4) of Regulation (EU) No 575/2013. |
| d | Average values  Article 314(2), (3) and (4) of Regulation (EU) No 575/2013.  The computed values of the components ILDC, SC and FC and the average value of their related sub-components calculated over the last three financial years and referred to the year T.  The average is computed by considering the accounting values for each one of the last 3 years. |

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| **Row** | **Legal references and instructions** |
| **1** | **Interest, lease and dividend component (ILDC)**  The Interest, Lease and Dividend component (ILDC) is calculated in accordance with Article 314 (2) of Regulation (EU) No 575/2013 including, where applicable, the amounts calculated in accordance with Article 314(2a) and (2b) of Regulation (EU) No 575/2013. |
| **EU 1** | **ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(2a) and/or the business lines considered by Article 314(2b) where applicable)**  The Interest, Lease and Dividend component (ILDC) calculated in accordance with Article 314(2) of Regulation (EU) No 575/2013, without including any figures that are part of the computation of the ILDC in those cases where the institution applies the derogation in accordance with Article 314(2a) and (2b) of Regulation (EU) No 575/2013. |
| **1a** | **Interest and lease income**  The sum of interest income from all financial assets in accordance with Annex V, Part 2, paragraphs 187 and 189 of Implementing Regulation (EU) 2021/451, as well as of other income from lease assets and profits from lease assets in accordance with Annex V, Part 2, paragraphs 49, 194ii, 314 and 315 of Implementing Regulation (EU) 2021/451 where the latter are related to lease contracts. |
| **1b** | **Interest and lease expense**  The sum of interest expenses from all financial liabilities and other expenses as referred to in Annex V, Part 2, paragraph 188, 190 of Implementing Regulation (EU) 2021/451, and expense from lease assets, losses, depreciation and impairment of lease assets as referred to in Annex V, Part 2, paragraphs 49, 51 to 53,194ii, 208ix, 314 and 315 of Implementing Regulation (EU) 2021/451 and IAS 36, paragraph126(a)(b) for the impairment of non-financial assets, where the latter are related to lease contracts. |
| **1c** | Total Assets/Asset component  Under column d), the asset component as calculated in accordance with Article 314(2) of Regulation (EU) No 575/2013. It shall correspond to the amount reported in template C16.02 of Annex I of Implementing Regulation (EU) 2021/451.  Under the other columns, the annual amounts to be disclosed under this row shall correspond to the total assets as reported in template C16.02 of Annex I of Implementing Regulation (EU) 2021/451. |
| **1d** | Dividend income/Dividend component  Under column d), the dividend component as calculated in accordance with Article 314(2) of Regulation (EU) No 575/2013. It shall correspond to the amount reported in template C16.02 of Annex I of Implementing Regulation (EU) 2021/451.  Under the other columns, the annual amounts to be disclosed under this row shall correspond to the dividend income as reported in template C16.02 of Annex I of Implementing Regulation (EU) 2021/451. |
| **2** | **Service Component (SC)**  The Service Component (SC) calculated in accordance with Article 314(3) of Regulation (EU) No 575/2013. |
| **2a** | **Fee and commission income**  Fee and commission income referred to in Annex V, Part 2, paragraphs 281-284 of Implementing Regulation (EU) 2021/451 and calculated in accordance with Article 314(3) of Regulation (EU) No 575/2013. |
| **2b** | **Fee and commission expense**  Fee and commission expense referred to in Annex V, Part 2, paragraphs 281-284 of Implementing Regulation (EU) 2021/451 and calculated in accordance with Article 314(3) of Regulation (EU) No 575/2013. |
| **2c** | Other operating income  Other operating income including: gains from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations as referred to in Part 2, paragraph 55, of Annex V to Implementing Regulation (EU) 2021/451 (in case of losses, the values shall be treated as zero) and other operating income as referred to in Annex V, Part 2, paragraphs 314 and 316 of Implementing Regulation (EU) 2021/451 but excluding the income on operating leases and any item determined under Article 314(5) of Regulation (EU) 2021/451.  The amount of this row shall be calculated in accordance with Article 314(3) of Regulation (EU) No 575/2013. |
| **2d** | Other operating expense  Other operating expense including: losses from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations as referred to in Part 2, paragraph 55 of Annex V to Implementing Regulation (EU) 2021/451 (in case of gains, the value shall be treated as zero); all losses, expenses, provisions and other financial impacts related to operational risk events as reported in row 0060 of template C.16.03 of Annex I of Implementing Regulation (EU) 2021/451, except those items that are already disclosed in other parts of this template, in particular excluding any expense on operating leases; other operating expenses referred to in Annex V, Part 2, paragraphs 314 and 316 of Implementing Regulation (EU) 2021/451, except those items that are already disclosed in other parts of this template, in particular excluding any expense on operating leases and excluding items determined under Article 314(5)of Regulation (EU) No 575/2013.  The amount of this row shall be calculated in accordance with Article 314(3) of Regulation (EU) No 575/2013. |
| **EU 2e** | *Memorandum item:* Total losses, expenses, provisions and other financial impacts resulting from operational risk events  Sum of losses, expenses, provisions and other financial impacts related to operational risk events accounted for in the institution P&L items as reported in row 0060 of template C.16.03 of Annex I of Implementing Regulation (EU) 2021/451, and not due to leases (except for the provisions or (-) reversal of provisions). |
| **3** | Financial Component (FC)  The Financial component (FC) calculated in accordance with Article 314(4) of Regulation (EU) No 575/2013. |
| **3a** | Net profit or loss applicable to trading book (TB)  The net profit or loss applicable to trading book calculated as the sum of the following items included in Template F 02.00 ‘Statement of profit or loss’ of Annex IV to Implementing Regulation (EU) 2021/451: Gains or (-) losses on financial assets and liabilities held for trading and trading, net; Gains or (-) losses from hedge accounting, net; and Exchange differences [gain or (-) loss], net where the latter are related to trading book.  The values to be disclosed will reflect the accounting values determined using the accounting boundary or the prudential boundary (PBA) to identify the items of the trading book and banking book for each of the last 3 financial years in accordance with Article 314(4) of Regulation (EU) No 575/2013. |
| **3b** | Net profit or loss applicable to banking book (BB)  The net profit or loss applicable to banking book calculated as the sum of the following items included in Template F 02.00 ‘Statement of profit or loss’ of Annex IV to Implementing Regulation (EU) 2021/451: Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net; Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net; Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net; Gains or (-) losses from hedge accounting, net; Exchange differences [gain or (-) loss], net where the latter are related to banking book.  The values to be disclosed will reflect the accounting values determined using the accounting boundary or the prudential boundary (PBA) to identify the items of the trading book and banking book for each of the last 3 financial years in accordance with Article 314(4) of Regulation (EU) No 575/2013. |
| **EU 3c** | Approach followed to determine the TB/BB boundary (PBA or accounting approach)  The approach followed at the reference date to determine the FC: accounting or prudential classification (PBA). The approach shall be used consistently for the amounts disclosed for each of the last three financial years. |
| **4** | Business Indicator (BI)  The BI, calculated in accordance with Article 314(1) of Regulation (EU) No 575/2013, which is the sum of the three components: ILDC, SC and FC. |
| **5** | Business Indicator Component (BIC)  The BIC calculated in accordance with Article 313 of Regulation (EU) No 575/2013. |
| **6a** | BI gross of excluded divested activities  The amount of BI including excluded divested activities in accordance with Article 315(2), of Regulation (EU) No 575/2013**.** |
| **6b** | Reduction in BI due to excluded divested activities  The difference between BI gross of divested activities (row 6a) and total BI (row 4). |
| **EU 6c** | Impact in BI of mergers/acquisitions  The amount included in the BI corresponding to the components of the BI that are due to merged or acquired entities or activities calculated as referred to in Article 315(1), of Regulation (EU) No 575/2013. |

**Template EU OR3 - Operational risk own funds requirements and risk exposure amounts.** Fixed template

1. Institutions shall disclose the information included in template EU OR3 in application of Articles 446(1), point b) of Regulation (EU) No 575/2013. This template provides information on the calculation of own funds requirements for operational risk in accordance with Articles 312 to 315 of Regulation (EU) No 575/2013.

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| **Row** | **Explanation** |
| **1** | **Business Indicator Component (BIC)**  This row shall present the Business Indicator Component which shall be calculated in accordance with Article 313 of Regulation (EU) No 575/2013. |
| **2** | **Internal Loss Multiplier (ILM)**  This row shall present the Internal Loss Multiplier which is equal to 1. |
| **3** | Minimum Required Operational Risk Own Funds Requirements (OROF)  The Own Funds Requirements shall be calculated in accordance with Article 312 of Regulation (EU) No 575/2013. This row shall present the Operational Risk Own Funds Requirements which coincide with the BIC since ILM is equal to 1. |
| **4** | Operational Risk Exposure Amounts (REA)  Based on Article 92 (3), point e) and 92 (4) of Regulation (EU) No 575/2013, this row shall disclose own funds requirements in row (1) multiplied by 12.5. |

1. Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ([OJ L 176, 27.6.2013, p. 1](https://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=OJ:L:2013:176:TOC)). [↑](#footnote-ref-2)