



## **ANNEX XXXII – Instructions for operational risk disclosure templates**

**Table UK 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 and 454 of Regulation (EU) 575/2013<sup>1</sup> (“CRR”).
2. Institutions shall apply the instructions provided below in this Annex in order to complete the Operational Risk disclosure table UK ORA as presented in Annex XXXI to this Implementing Regulation.

<b>Legal references and instructions</b>	
<b>Row number</b>	<b>Explanation</b>
(a)	<p><b>Disclosure of the risk management objectives and policies</b></p> <p>In accordance with Article 435(1) CRR, institutions shall disclose their risk management objectives and policies for operational risk, including:</p> <ul style="list-style-type: none"> <li>- Strategies and processes</li> <li>- Structure and organisation of risk management function for operational risk</li> <li>- Risk measurements and control</li> <li>- Operational risk reporting</li> <li>- Policies for hedging and mitigating operational risk</li> </ul>
(b)	<p><b>Disclosure of the approaches for the assessment of minimum own fund requirements</b></p> <p>Institutions shall provide a description of the methods used for calculating the own funds requirements for operational risk and the methods for identifying, assessing and managing operational risk.</p> <p>In case of partial use of methodologies, institutions shall disclose the scope and coverage of the different methodologies used.</p>
(c)	<p><b>Description of the AMA methodology approach used (if applicable)</b></p> <p>Institutions which disclose operational risk in accordance with Article 312(2) CRR shall disclose a description of the methodology used, including a description of the external and internal factors used as defined in Articles 322(3) and (4) CRR.</p>

<sup>1</sup> REGULATION (EU) 2019/876 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150/1, 7.6.2019, p.193, 198, 205)

(d)	<p><b>Disclose the use of insurance for risk mitigation in the Advanced Measurement Approach</b> (if applicable)</p> <p>Institutions should provide information on the use of insurances and other risk transfer mechanism for operational risk mitigation when using Advance measurement approaches in accordance with Article 454 CRR.</p>
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**Template UK OR1 - Operational risk own funds requirements and risk-weighted exposure amounts.** Fixed template

3. Institutions shall disclose the information included in template UK OR1 in application of Articles 446 and 454 CRR. This template provides information on the calculation of own funds requirements in accordance with Articles 312 to 324 (for Operational Risk under the Basic Indicator Approach (BIA), the Standardised Approach (TSA), the Alternative Standardised Approach (ASA) and the Advanced Measurement Approaches (AMA)) of Title III of Part Three CRR.
4. Institutions shall apply the instructions provided below in this Annex in order to complete the Operational Risk disclosure template UK OR1 as presented in Annex XXXI to this Implementing Regulation.
5. Institutions using the BIA, TSA and/or ASA shall specify in the narrative accompanying the template if the information at financial year end that they are using for the calculation of own funds requirements is: a) based on audited figures, or: b) in case that they are not available, it is based on business estimates. In the latter case, institutions shall specify any exceptional circumstance that led to changes in these figures (e.g. recent acquisitions or disposals of entities or activities).

**Instructions for completing the disclosure template UK OR1**

Column	Explanation
a, b, c	<p><b>Relevant Indicator</b></p> <p>The term "relevant indicator" refers to "the sum of the elements" at the end of the financial year as defined in Table 1 (for institutions using BIA) included in Article 316(1) CRR. For institutions using TSA or ASA the "relevant indicator" at the end of financial year as defined in Articles 317 to 319 CRR.</p> <p>Institutions using the relevant indicator to calculate the own funds requirements for operational risk (BIA, TSA and ASA) shall disclose the relevant indicator for the respective years in columns a to c. Moreover, in the case of a combined use of different approaches as referred in Article 314 CRR, institutions also disclose the relevant indicator for the activities subject to AMA. AMA banks shall also disclose the relevant indicator for the activities subject to AMA.</p> <p>If the institution has less than 3 years of data on "relevant indicator" available, the available historical data (audited figures) shall be assigned by priority to the corresponding columns in the template. If, for instance, historical data for</p>

	<p>only one year is available, it shall be disclosed in column c. If it seems reasonable, the forward looking estimates shall then be included in column b (estimate of next year) and column a (estimate of year +2).</p> <p>Furthermore if there are no historical data on "relevant indicator" available the institution may disclose forward-looking business estimates used for own funds requirements computation.</p>
<b>d</b>	<p><b>Own fund requirements</b></p> <p>The own fund requirements calculated in accordance with the approach used, in accordance with Articles 312 to 324 CRR. The resulting amount is disclosed in column d.</p>
<b>e</b>	<p><b>Risk weighted exposure amount</b></p> <p>Point (e) of Article 92(3) and Article 92(4) CRR. Own funds requirements in column d multiplied by 12.5.</p>
<b>Row</b>	<b>Explanation</b>
<b>1</b>	<p><b>Banking activities subject to Basic indicator approach (BIA)</b></p> <p>This row shall present the amounts corresponding to activities subject to the BIA to calculate the own funds requirements for operational risk (Articles 315 and 316 CRR).</p>
<b>2</b>	<p><b>Banking activities subject to Standardised (TSA) / Alternative Standardised (ASA) approaches</b></p> <p>This row shall present the own funds requirements calculated in accordance with the TSA and ASA (Articles 317 to 320 CRR).</p>
<b>3</b>	<p><b>Subject to TSA</b></p> <p>In the case of using the TSA, relevant indicator for each respective year shall include all the business lines as defined in Table 2, included in Article 317 CRR.</p>
<b>4</b>	<p><b>Subject to ASA</b></p> <p>Institutions using the ASA (Article 319 CRR) shall disclose the relevant indicator for the respective years.</p>
<b>5</b>	<p><b>Banking activities subject to Advanced measurement approaches AMA</b></p> <p>The relevant data for AMA institutions (Article 312(2) and Articles 321 to 323 CRR) shall be disclosed.</p> <p>In the case of combined use of different approaches in accordance with Article 314 CRR, the relevant indicator for activities subject to AMA shall also be disclosed. AMA banks shall also disclose the relevant indicator for the activities subject to AMA.</p>