ANNEX II

**REPORTING ON OWN FUNDS REQUIREMENTS**

1. This Annex contains additional instructions for the tables (hereinafter “COREP”) included in Annex I of this Regulation. This Annex complements the instructions in format of references included in the tables in Annex I.
2. Table of Contents

## PART I: GENERAL INSTRUCTIONS

1. Structure and conventions
   1. Structure
2. Overall, the framework consists of five blocks of templates:

1. Capital adequacy, an overview of regulatory capital; total risk exposure amount; and, in the case of consolidated groups, an overview of the fulfilment of the solvency requirements by consolidated and individual entities;

Information related to the application of different approaches for the assessment of Pillar I capital requirements for:

2. Credit risk (including counterparty, dilution and settlement risks);

3. Market risk (i.e. position risk in trading book, foreign exchange risk and commodities risk);

4. Operational risk;

1. For each template legal references are provided. Further detailed information regarding more general aspects of the reporting of each block of templates, instructions concerning specific positions as well as examples and validation rules are included in these Guidelines for implementation of the Common Reporting framework.
2. Institutions report only those templates that are relevant depending on the approach used for determining own funds requirements.

Explanatory text for consultation purposes:

E.g. in case an institutions holds securitisation positions and the institution calculates the risk-weighted exposure amounts under the IRB Approach according to Part 3 Title II chapter 5, section 3, subsection 4 of CRR, then only the templates CR SEC IRB and SEC Details shall be reported, but not CR SEC SA.

* 1. Numbering convention

1. The document will follow the labelling convention set in the following table, when referring to the columns, rows and cells of the templates. These numerical codes are extensively used in the validation rules.
2. The following general notation is followed in the instructions: {Template;Row;Column}.

Explanatory text for consultation purposes:

For example: {CRSA;010;020} refers to the data point row 010, column 020 of CRSA template.

1. In the case of validations inside a template, in which only data points of that template is used, notations will not refer to a template: {Row;Column}.
2. In the case of templates with only one column, only rows will be referred to. {Template;Row}

Explanatory text for consultation purposes:

For example: {CA2;010} refers to the row 010 of CA2.

1. An asterisk sign will be used to express that the validation is done for the rows or columns specified before.

Explanatory text for consultation purposes:

For example: “For columns 010 to 050, {CRSA;010;\*}”means row 010 of CRSA, for the columns 010 to 050.

* 1. Sign convention

1. Any amount that increases the own funds or the capital requirements will be reported as a positive figure. On the contrary, any amount that reduces the total own funds or the capital requirements will be reported as a negative figure. Where there is a negative sign (-) preceding the label of an item no positive figure is expected to be reported for that item.

## PART II: TEMPLATE RELATED INSTRUCTIONS

1. Operational Risk Templates
   1. OPR – Operational Risk
      1. General Remarks
2. This template provides information on the calculation of own funds requirements according to Articles 301 to 313 of CRR for Operational Risk under the Basic Indicator Approach (BIA), the Standardised Approach (TSA), the Alternative Standardised Approach (ASA) and the Advanced Measurement Approaches (AMA). An institution can not apply TSA and ASA for the business lines retail banking and commercial banking at the same time at solo level
3. Institutions using the BIA, TSA and/or ASA shall calculate their own funds requirement, based on the information at financial year end. When audited figures are not available, institutions may use business estimates. If audited figures are used, institutions report the audited figures when available and then remains unchanged. Deviations from this "unchanged" principle are possible, for instance if during that period the exceptional circumstances, such as recent acquisitions or disposals of entities or activities, are met.
4. If an institution can satisfy its competent authority that – due to exceptional circumstances such as a merger or a disposal of entities or activities – using a three year average to calculating the relevant indicator would lead to a biased estimation for the own funds requirement for operational risk,, the competent authority may permit institutions to modify the calculation in a way that would take into account such events. Also the competent authority may on its own initiative, require an institution to modify the calculation. Where an institution has been in operation for less than three years it may use forward looking business estimates in calculating the relevant indicator, provided that it starts using historical data as soon as it is available.
5. By columns, this template presents information, for the three most recent years, on the amount of the relevant indicator of the banking activities subject to operational risk and on the amount of loans and advances (the latter only applicable in the case of ASA). Next, information on the amount of own funds requirement for operational risk is reported. If applicable, it must be detailed which part of this amount is due to an allocation mechanism. Regarding AMA, memorandum items are added to present a detail of the effect of the expected loss, diversification and mitigation techniques on own funds requirement for operational risk.
6. By rows, information is presented by method of calculation of the operational risk own funds requirement detailing business lines for TSA and ASA.
7. This template shall be submitted by all institutions subject to operational risk own funds requirement.
   * 1. Instructions concerning specific positions

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| **Columns** | |
| 010 - 030 | RELEVANT INDICATOR  Institutions using the relevant indicator to calculate the own funds requirement for operational risk (BIA, TSA and ASA) report relevant indicator for the respective years in columns 010 to 030. Moreover, in the case of a combined use of different approaches as referred in Article 303 of CRR, institutions also report, for information purposes, relevant indicator for the activities subject to AMA. It is also the case for all other AMA banks.  Hereafter, the term "relevant indicator" refers to "the sum of the elements" at the end of the financial year as defined in Article 305 point 1, Table1 of CRR.  If the institution has less than 3 years of gross income data available, the available historical data (audited figures) will be assigned by priority to the corresponding columns in the table. If, for instance, historical data for only one year is available, it will be reported in column 030. If it seems reasonable, the forward looking estimates will then be included in column 020 (estimate of next year) and column 010 (estimate of year +2).  Furthermore if there are no historical data on "relevant indicator" available the institution may use forward-looking business estimates. |
| 040 - 060 | LOANS AND ADVANCES (IN THE CASE OF ASA APPLICATION)  These columns shall be used to report the amounts of the loans and advances for business lines “Commercial banking” and “Retail banking”, as referred to in Article 308 (1) point (b) of CRR. These amounts shall be used to calculate the alternative relevant indicator that leads to the own funds requirements corresponding to the activities subject to ASA (Article 308 (1) point a) of CRR).  For the "commercial banking" business line, securities hold in the non-trading book shall also be included. |
| 070 | OWN FUND REQUIREMENT  The own fund requirement is calculated according to the approach used, following Articles 301 to 313 of CRR The resulting amount is reported in column 070. |
| 080 | OF WHICH: DUE TO AN ALLOCATION MECHANISM  Article 18 point 1, second paragraph (related to the inclusion, in the application referred to in Article 301 (2) of CRR), of the methodology used for allocating operational risk capital between the different entities of the group and of whether and how diversification effects are intended to be factored in the risk measurement system used by a EU parent credit institution and its subsidiaries or jointly by the subsidiaries of an EU parent financial holding company or EU parent mixed financial holding company. |
| 090 - 120 | AMA MEMORANDUM ITEMS TO BE REPORTED IF APPLICABLE |
| 090 | OWN FUNDS REQUIREMENT BEFORE ALLEVIATION DUE TO EXPECTED LOSS, DIVERSIFICATION AND RISK MITIGATION TECHNIQUES  The own funds requirement reported in column 090 is the one of column 070 but calculated before taking into account the alleviation effects due to expected loss, diversification and risk mitigation techniques (see below). |
| 100 | (-) ALLEVIATION OF OWN FUNDS REQUIREMENTS DUE TO THE EXPECTED LOSS CAPTURED IN BUSINESS PRACTICES  In column 100 the alleviation of own funds requirements due to expected loss captured in internal business practices (as referred to in Article 311 (2) point a) of CRR) is reported. |
| 110 | (-) ALLEVIATION OF OWN FUNDS REQUIREMENTS DUE TO DIVERSIFICATION  The diversification effect in column 110 is the difference between the sum of own funds requirements calculated separately for each operational risk class (i.e. a “perfect dependence” situation) and the diversified own funds requirement calculated by taking into account correlations and dependencies (i.e. assuming less than “perfect dependence” between the risk classes). The “perfect dependence” situation occurs in the “default case”, that is when the institution does not use explicit correlations structure between the risk classes, hence the AMA capital is computed as the sum of the individual operational risk measures of the chosen risk classes. In this case the correlation between the risk classes is assumed of 100% and the value in the column has to be set to zero. Conversely, when the institution computes an explicit correlations structure between risk classes, it has to include in this column the difference between the AMA capital as stemming from the “default case” and that obtained after applying the correlations structure between the risk classes. The value reflects the “diversification capacity” of the AMA model, that is the ability of the model to capture the not simultaneous occurrence of severe operational risk loss events. In the column 110 the amount by which the assumed correlation structure decreases the AMA capital relative to the assumption of 100% correlation has to be reported. |
| 120 | In column 120 the impact of insurance and other risk transfer mechanisms according to Article 312 (1) to (5) of CRR is reported. |

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| **Rows** | |
| 010 | BANKING ACTIVITIES SUBJECT TO BASIC INDICATOR APPROACH (BIA)  This row shall present the amounts corresponding to activities subject to the BIA to calculate the own funds requirement for operational risk (Articles 304 and 305 of CRR). |
| 020 | TOTAL BANKING ACTIVITIES SUBJECT TO STANDARISED (TSA)/ ALTERNATIVE STANDRDISED (ASA) APPROACHES  The own funds requirement calculated according to the TSA and ASA (Articles 306 to 308 of CRR) are reported in row 020. |
| 030 - 100 | SUBJECT TO TSA  In the case of using the TSA, relevant indicator for each respective year shall be distributed in rows 30 to 100 amongst the business lines defined in Article 306, Table 2 of CRR. The mapping of activities into business lines must follow the principles described in Article 307 of CRR. |
| 110 - 120 | SUBJECT TO ASA  Institutions using the ASA (Article 308 of CRR) report for the respective years relevant indicator separately for each business line in the rows 030 to 050 and 080 to 100 and in the rows 110 and 120 for business lines "Commercial banking" and "Retail banking".  Rows 110 and 120 shall present the amount of relevant indicator of activities subject to ASA distinguishing between those corresponding to the business line “Commercial banking” and those corresponding to the business line “Retail banking” (Article 308 of CRR). There can be amounts for the rows corresponding to “Commercial banking” and “Retail banking” under the TSA (rows 060 and 070) as well as under the ASA rows 110 and 120 (e.g. if a subsidiary is subject to TSA whereas the parent entity is subject to ASA). |
| 130 | BANKING ACTIVITIES SUBJECT TO ADVANCED MEASUREMENT APPROACHES AMA  The relevant data for AMA institutions (Article 301 point 2 and Article 310 to 312 of CRR) are reported in row 130.  In the case of combined use of different approaches as indicated in Article 303 of CRR, information on relevant indicator for activities subject to AMA will be reported in row 130 in columns 010 to 030. It is also the case for all other AMA banks. |

* 1. OPR Details – Operational Risk: Gross Losses by Business Lines and Event Types in the last year
     1. General Remarks

1. This template summarises the information on the gross losses registered by an institution in the last year according to event types and business lines, based on the first accounting date of the loss.
2. The information is presented by distributing the gross losses above internal thresholds amongst business lines (as defined in Article 306 of CRR, Table 2 of CRR including the additional business line "Corporate items" as referred to in Article 311 (3) point b) of CRR) and event types (as defined in Article 313 of CRR), being possible that the losses corresponding to one event are distributed amongst several business lines.
3. Columns present the different event types and the totals for each business line, together with a memorandum item that shows the lowest internal threshold applied in the data collection of losses, revealing within each business line the lowest and the highest threshold if there is more than one threshold.
4. Rows present the business lines, and within each business line, information on the number of events, the amount of the total loss, the maximum single loss and the sum of the five largest losses (regardless the number of losses).
5. This template should be reported by institutions using AMA or TSA/ASA for the calculation of their own funds requirements.
6. Institutions subject to Article 5 point 4 (c) shall report the following information for the sum of all event types (column 080) of the OPR Details template:
   1. Number of events (row 910),
   2. Total loss amount (row 920),
   3. Maximum single loss (row 930) and
   4. Sum of the five largest losses (row 940).
      1. Instructions concerning specific positions

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| **Columns** | |
| 010 -070 | EVENT TYPES  Institutions report the losses in the respective columns 010 to 070 according to the event types as defined in Article 313 of CRR.  Institutions that calculate their own funds requirement according to TSA or ASA can report the losses for which the event type is not identified in the column "non-allocated event types (TSA only)" (column 080). |
| 080 | TOTAL EVENT TYPES  In column 80, for each business line, institutions report the total ‘number of events’ and the total of ‘total loss amount’ as the simple aggregation of the number of loss events and the total gross loss amounts reported in columns 010 to 070. The ‘maximum single loss’ in column080 is the maximum of the ‘maximum single gross losses’ reported in columns 010 to 070. For the sum of the five largest losses, in column 090 the sum of the five largest losses within one business line is reported. |
| 90 - 100 | MEMORANDUM ITEM: THRESHOLD APPLIED IN DATA COLLECTION  Institutions report in the columns 90 and 100 the minimum loss thresholds they are using for the internal loss data collection in accordance with Article 311 (3) point c) of CRR, last sentence of CRR. If the institution applies only one threshold for in each business line, only the column 90 should be filled in. In the case where there are different thresholds applied within the same regulatory business line, then the highest applicable threshold (column 100) should be filled in as well. |

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| **Rows** | |
| 010 - 840 | CORPORATE FINANCE, TRADING AND SALES, RETAIL BROKERAGE, COMMERCIAL BANKING, RETAIL BANKING, PAYMENT AND SETTLEMENT, AGENCY SERVICES, ASSET MANAGEMENT, CORPORATE ITEMS    For each business line as defined in Article 306 (4) table 2 of CRR, including the additional business line "Corporate items" as referred to in Article 311 (3) point b) of CRR, and for each event type, the institution shall report, according to the thresholds the following information: number of events, total loss amount, maximum single loss and sum of the five largest losses. For a loss event that affect more than one business line the “total loss amount” is distributed among all the affected business lines. |
| 910 - 940 | TOTAL BUSINESS LINES  For each event type, the following information ( Article 311 (3) points b), c) and e) of CRR on total business lines (rows 910 to 940) has to be reported:   * Number of events: the number of events above the threshold by event types for the total business lines. This figure may be lower than the aggregation of the number of events by business lines since the events with multiple impacts (impacts in different business lines) will be considered as one. * Total loss amount: the total loss amount is the simple aggregation of the total loss amount for each business line. * Maximum single loss: the maximum single loss is the maximum loss over the threshold for each event type and amongst all business lines. These figures may be higher than the highest single loss recorded in each business line if an event impacts different business lines. * Sum of the five larges losses: the sum of the five largest gross losses for each event type and amongst all business lines is reported. This sum may be higher than the highest sum of the five largest losses recorded in each business line. This sum has to be reported regardless the number of losses. |
| 910-940/080 | TOTAL BUSINESS LINES - TOTAL EVENT TYPES   * Number of events: it is equal to the horizontal aggregation of the number of events in row 910, given that in those figures the events with impacts in different business lines will have already been considered as one event. This number will not necessarily be equal, to the vertical aggregation of the number of events which are included in column 080, given that one event can have an impact in different business lines simultaneously. * Total loss amount: it is equal to both the horizontal aggregation of total loss amounts by event type in row 920 and the vertical aggregation of total loss amounts by business line in column 080. * Maximum single loss: as previously mentioned, when an event has impact in different business lines, it may be that the amount for “Maximum single loss” in “Total Business lines” for that particular event type is higher than the amounts of “Maximum single loss” in each business line. Hence, the amount in this cell shall be equal to the highest of the values of “Maximum single loss” in “Total Business lines”, which will not necessarily be equal to the highest value of “Maximum single loss” across business lines in column 080. * Sum of the five largest losses: it is the sum of the five largest losses in the whole matrix, which means that it will not necessarily be equal to neither the maximum value of “sum of the five largest losses” in “Total Business lines” nor the maximum value of “sum of the five largest losses” in column 080. |