DOSSIER TO MONITOR AND DOCUMENT AMA MODELS FOR CALCULATING THE MINIMUM CAPITAL REQUIREMENTS FOR OPERATIONAL RISK

The Model Dossier is not a manual, but rather is intended to gather relevant information on the internal operational risk model to enable review and reasonable monitoring by a third party. Therefore, it may contain links to other files, documents, manuals, etc., which are not necessary to include in the Dossier.

In case the institution is under a roll-out plan, this information will refer to the part of the model which has been authorised by Banco de España.

The minimum structure of the **Model Dossier** will be as follows:

0 Institution, author(s) and person responsible for content

1 Definition/Description of the model's scope of application

1.1 Organizational chart of the group. Identification of the legal entities composing it, with specification of their activity, reporting lines and relative importance in terms of total assets, gross income, annual results and number of employees.

1.2 Scope of application of the internal model for managing operational risk with specification of the operational risk management tools implemented in each legal entity.

1.3 Proof that the legal entities included in the internal model for capital calculation are effectively covered by the operational risk management tools. For each legal entity included in the model it should be specified which departments are included in each risk assessment and in which departments qualitative management tools are not used, indicating why not.

2 Organisational structure

2.1 Actions taken by corporate governance and senior management in relation to the model since approval.

2.2 Composition and functions of the departments, operational risk managers and committees involved in the management, measurement and control of operational risk, including, for the committees, the frequency of their meetings and the date when they were set up.

2.3 Functions, reporting structure and composition of the unit responsible for internal validation.

2.4 Composition and functions of the committees that, although not directly managing operational risk, may be related to it.

3 Risk management tools

3.1 Operational risk management framework and corporate policies at the time of writing.

3.2 List and description of substantial changes in management tools since regulatory approval of the model.

3.3 List of qualitative risk self-assessment exercises and, if applicable, controls conducted and timetable of upcoming exercises.

3.4 List of risk mitigation plans and recommendations effectively implemented and of those anticipated.

3.5 List of risk indicators implemented and implementation timetable.

3.6 Internal exposure to operational risk or at least internal rating of the aggregate group's and of the units' exposure used for operational risk management.

3.7 Map of top-level processes of the institution.

3.8 Annual monitoring of operational risk objectives at a corporate, legal entity and unit level.

3.9 List of contingency and business continuity plans of the institution.

4 Reporting structure

4.1 List of regular and ad-hoc reports used in management processes and of those to senior management.

5 Documentation

5.1 List of manuals and internal documents relating to the information contained in this dossier.

6 Internal loss event database

6.1 Identification and description of substantial changes in the operational risk classification criteria and mapping to internal or Basel business lines and event types since regulatory approval of the model.

6.2 List and documentation of the main operational loss events, at least ten, included in the loss data base in each year since regulatory approval of the model.

6.3 Procedures to control data quality and integrity conducted by the operational risk unit. Results of the latest tests done.

6.4 Analysis reports on the databases that include at least the historical changes and distribution of events by unit, business line, and event type.

7 Scenarios

7.1 Scenario quality control procedures carried out by the operational risk unit. Results of the latest tests performed.

8 Risk mitigation

8.1 List of insurance policies or other risk transfer mechanisms used for the purpose of capital quantification

9 Operational risk quantification

9.1 Internal and external databases, scenarios and business environment and internal control factors used in regulatory capital quantification, with specification of the preliminary processes to which the data were subjected (internal/external and scenarios).

9.2 Detailed description of any change or modification of the methodology used for capital quantification.

9.3 Results of all phases of the process of calculating and estimating regulatory capital for operational risk, including at least:

9.3.1 Exploratory data analyses of the different sources of information, aimed at justifying the operational risk categories used for risk quantification and verifying, where necessary, the assumptions made in the model.

9.3.2 Comparative analysis of the internal and external and scenarios within each operational risk category, in order to justify the methodology used to combine the different sources of information.

9.3.3 Calculation process in each operational risk category, including, the probability functions adjusted to the variables of the model. Analysis of the quality and reasonableness of fit.

9.3.4 Estimated figures for capital and expected loss. Step-by-step assessment of the effect of using the different information sources (internal loss databases, external loss databases, scenarios and business environment and internal control factors).

9.3.5 Correlated capital calculation, if applicable.

9.3.6 Capital calculation, including the use of risk mitigation techniques, if applicable.

9.3.7 Analysis performed in order to evaluate the sensitivity and accuracy of capital estimates.

9.3.8 Consideration of diversification effects and methods of allocating capital among the legal entities in the group.

9.4 Calculation of economic capital requirements for operational risk, if different from regulatory capital.

9.5 Capital calculation under the standardised approach.

10 Technological support of the model

10.1 Description of technological support, information systems and application packages enabling effective use of databases, management tools and risk quantification procedures.

10.2 Description of the internal procedures and controls established to ensure the consistency and reliability of the different sources of information relating to the model, indicating those responsible for these controls and their periodicity.

11 Model validation

11.1 List and main conclusions of the internal validation reports

11.2 List and main conclusions of the internal audit reports

11.3 Description of other possible internal controls used to guarantee the consistency of the model. Identification of the units responsible and their functions.

11.4 List of independent reviews or assistance (external audit, consultancy, etc), including their objectives and the conclusions reached.

12 Weaknesses and future developments

12.1 Description of any known weakness of the model and the anticipated timetable for remedying or improving them.

12.2 Details and implementation timetable of expected changes and future plans relating to the model.

13 Acronyms, terminology and definitions.