

**Additional own funds
Overview**

	Core additional own funds							Supplementary additional own funds			New provision			
	reevaluation reserves							art. 57, e) : value adjustment within the meaning of art. 37(2) of Dir. 86/635	Art: 57, f) Other items within the meaning of art. 63.1 and 2	excess of supplementary original own funds	art. 57 g (fixed term preferential shares and subordinated loan capital under art. 64.3)	art. 57 g) : Commitments within the meaning of art. 64.1	Art. 57, f) : positive difference between value adjustments and expected loss for institutions using IRB approach within the meaning of Art. 63.3	
	reevaluation reserves under IFRS													
reevaluation reserves within the meaning of art. 33 of directive 78/660	Reev. res. Relating to AFS equities	Reev. res. relating to AFS debt securities	Reev. res. relating to AFS loans and receivables	Reev. res. relating to tangible assets (IAS 16)	unrealized gains on investment properties (IAS 40)	art. 63.1. (for instance with general provisions, unrealized reserves...)	art. 63.2. (securities with undetermined duration, undated cumulative preferential shares, other instruments)							
AUSTRIA	Y (5)	n.a.	n.a.	n.a.	n.a.	n.a.	Y	N	Y	Y	Y	Y	Intention to use	
BELGIUM	Y	Y(90 % after tax)	N	N	Y(90 % after tax)	Y(90 % after tax)	Y	N	Y	Y	N	Y	Intention to use	
CYPRUS	Y	Y (100 % after tax)	Y (100 % after tax)	N	Y (100 % after tax)	Y (100 % after tax)	N	Y(1)	Y	Y	Y but not relevant	Y	Not decided yet	
CZECH REPUBLIC	N	N	N	N	N	N	N	N	Y	n.a.	Y	Y	Intention to use	
DENMARK	Y	N	N	N	N	N	N	N	Y	Y	N	N	Not decided yet	
ESTONIA	Y	Y (45 % bef. tax)	Y (45 % bef. tax)	N	Y (45 % bef. tax)	Y (45 % bef. tax)	N	?	Y	n.a.	Y	N	Intention to use	
FINLAND	Y (74 % bef. Tax)	Y (74 % bef. tax)	Y (74 % bef. tax)	Y (74 % bef. tax)	Y (74 % bef. tax)	N.A.	N	N	Y	Y	N	Y	Intention to use	
FRANCE	Y	Y(45 % bef. Tax)	N	N	Y(45 % bef. Tax)	Y(45 % bef. Tax)	N	Y (12)	Y	Y	N	Y	Intention to use	
GERMANY	N (6)	Y(45 % bef. Tax)	Y(45 % bef. Tax)	N	Y(45 % bef. Tax)	Y(45 % bef. Tax)	Y	Y(6)	Y	Y	Y	Y	Intention to use	
GREECE	(on tangible asset	Y(45 % bef. tax)	N	N	Y(45 % bef. tax)	Y(45 % bef. tax)	N	N	Y	Y	N	Y	Intention to use (for IFRS banks)	
HUNGARY	Y	IFRS is not applied for supervisory purposes					Y	Yes, implicitly (11)	Y	No	Y	N	Y	Not decided yet
IRELAND	Y	Y (100 % after tax)	Y (100 % after tax)	N	Y (100 % after tax)	Y (100 % after tax)	N	Y(1)	Y	Y	N	Y	Intention to use	
ITALY	Y	Y (50 % after tax)	Y (50 % after tax)	N	Y (50 % after tax)	Y. 50% of positive difference between unrealized gains on investment properties and losses on own use properties (IAS16)	N	Y	Y	Y	N	Y	Intention to use	
LATVIA	Y (70 %)	Y (55 % bef. tax)	Y (55 % bef. tax)	N	Y (70 % after tax)	Y (70 % after tax)	N	N	Y	n.a.	Y	N	Not decided yet	
LITHUANIA	Y	Y (90 % after tax)	Y (75 % after tax)	Y but not relevant	Y (75 % after tax)	Y (90 % after tax)	N	Y	N	n.a.	Y	N	Not decided yet	
LUXEMBOURG	N (8)	Y (100 % after tax)	Y (100 % after tax)	N	N	N	Y	Y	Y	Y	N	Y	Not decided yet	
MALTA (13)	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	N	Y	Intention to use	
NETHERLANDS	Y	Y (100 % after tax)	N	N	Y (100 % after tax)	Y (100 % after tax)	N	Y	Y	Y	Y but not relevant	Y	Not yet decided	
NORWAY	N	Y (45 % bef. tax)	N	N	Y (45 % bef. tax)	Y (45 % bef. tax)	N	Y(9)	Y	Y	N	Y	Not yet decided	
POLAND	Y	N	N	N	N	N	N	Y	Y	n.a.	Y	Y	Intention to use	
PORTUGAL	(on tangible assets)	Y (45 % bef. tax)	Y (45 % bef. tax)	N	Y (14) (45 % bef. Tax)	Y (14) (45 % bef. tax)	Y	Y (1)	Y	Y	N	Y	Intention to use	
SLOVENIA	N	N	N	N	Y (45 % after tax)	N	N	N	Y	Y	N	Y	Not decided yet	
SLOVAKIA	N	N	N	Not yet decided	N	N	N	N	N	n.a.	Y	N	Intention to use	
SPAIN	Y	Y(65% before tax)	Y(35% before tax)							The excess over 15% and up to 30% of hybrid instruments can be eligible as upper tier 2.				
SPAIN	Y			N	N	N	Y(1)	Y(7)	Y		N	Y	Intention to use	
SWEDEN	Y	Y (100 % after tax)	N	N	Y (100 % after tax)	Y (100 % after tax)	N	N	Y	Y	N	Y	Not decided yet	
UNITED KINGDOM	Y	Y(100 % after tax)	N	N	Y (100 % after tax)	Y (100 % after tax)	N	Y(1)	Y	Y	N	Y	Intention to use	

(1) general provision are included up to 1,25 % of Rwassets however, we intend to reconsider this treatment

(3) CZ includes in "other items" other capital funds i.e. other items of equity in accordance with IFRS excluding revaluation reserve (practically this item is not material)

(5) AU : 45 % of unrealised gains on real estate and listed equities. Unrealised gains are included up to 1,5 % of RWAssets and only if tier 1 amounts at least 4,5 % of RWAssets.

(6) DE includes in "other items" unrealized and untaxed reserves subject to a haircut of 55% on real estate, land rights and securities up to 1,4 % of RWAssets and if tier 1 amounts at least 4,4 % of RWAssets).

(7) only fund for the social projects of saving banks and credit cooperative banks

(8) the relevant provision of article 57 has been implemented, but is not applied in practice, as no execution act by a grand-ducal decree has been issued in order to fix the modalities of its application.

(9) 50 % of members' contributions in loan associations

(10) Article 37(2) of Directive 86/635/EEC was transposed in German legislation, through the use of a 'Contingency reserve', which was adopted to cater for value adjustments with regards to accounts receivable against customers and other institutions, bonds and other securities

(11) The requirements of Article 63 are continuously in mind when a new instrument is defined as eligible capital element

(12) France includes fully mutualized guarantee funds, other mutual guarantee funds and public funds allocated for the guaranteeing of types of credit operation, to the extent of 8 per cent of the risks which they cover, non repayable public or private subsidies and the latent reserve which appears in the financial accounts relating to leases, in respect of those institutions which are not required to calculate own funds on a consolidated basis.

(13) The revaluation reserve is reported in line with the prudential filters required from CEBS. In fact any losses are to be netted from Tier 1 capital (Original Own Funds), while on the other hand only 65% of the increase in the revaluation reserve should be reported in Tier 2 capital (Additional Own

(14) (same rules for IAS 16 and IAS 40) > Unrealised gains included in 45% (bef. Tax) in Tier 2 On ly applicable on a consolidated basis. On a solo basis revaluation at fair value is not allowed

Securities with indeterminate duration

Securities with indeterminate duration and other instruments

	AUSTRIA	BELGIUM	CYPRUS	CZECH REPUBLIC	DENMARK	ESTONIA	FINLAND	FRANCE	GERMANY	GREECE	HUNGARY	IRELAND	ITALY
Included in core additional own funds ?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No distinction between upper and lower Tier2	Yes	Yes
Specific features of the instruments													
perpetual	No. Dated instrument are authorized with a minimum of 8 year duration.	Yes	Yes	Not defined	dated authorized but the subordinated loan capital shall be reduced gradually 3 years by 25 % before the redemption date of call date if the sum of interest rate increases exceeds 150 basis points less the swap spread).	Yes	Yes	Yes	No, at least 5 year	Perpetual, with the exception of intra group subordinated loans if indirectly issued non core Tier 1 instruments with a 30 year maturity which are also authorized	Yes	Yes	No (dated)
call option at the initiative of the issuer	Authorized when the residual maturity is less than 3 year	Yes after at least 5 years	YES	Not defined	Yes	Yes	YES	Yes	Yes	Yes	Not regulated	Yes	No
conditions relating to the exercise of call option	the credit institution may terminate without period of notice if this is contractually permissible and if the credit institution has previously procured capital in equal amount and of at least equal own funds quality, and if the bank auditor has certified this fact.	With prior agreement of the authority	Prior approval after five years from issue	Not defined	No specified but any acquisition of own subordinated loan capital of more than 2 %	No	Not specified	With prior agreement of the authority, after 5 years	With prior agreement of the authority or if the capital has been replaced by other funds of at least equivalent status	Only after 10 year.	only on the prior approval of the Supervisory Authority	Only after 5 year and with prior authorization of the authority.	
step-up	No	Yes, max 100 bp	Not defined	Not defined	Yes up to 150 bp less the swap spread, if step up higher than that, the subordinated loan capital shall be reduced gradually 3 years before the time of interest rate increase.	not defined	Not specified	- 75 basis points in five-year period - 150 basis points in the tenth year of the borrowing - The interest rate cannot be more than 250 basis points above the yield on a government bond	Not specified	Yes, max 150 b.p.	Not allowed, except the change of variable rates	Authorized but with the following limits : the step-up over the full life cannot exceed 125 basis points. The step-up over the last five years, once it is invoked cannot exceed 50 basis points. There is no step-up within five years from the date of draw-down.	No
other specific early redemption clause (other than a call option) at the option of the issuer	No	No	No	Not defined	No	Not specified	Not specified	No	Yes, in case of change in taxation or possibility to purchase by itself up to 3 % of the nominal amount. Always with prior consent of the issuer and with prior approval of the Bank of Greece.	Early redemption is possible in the case of certain events (e.g. a change in taxation and capital disqualification). Always with prior approval of the Bank of Greece.	In general not allowed, only on the prior approval of the Supervisory Authority	No	Early redemption is possible in the case of certain events (e.g. a change in taxation), as an option of the issuer and with prior approval of the Bank of Italy.
put option at the initiative of the bearer	No	No	No	Not defined	Yes with prior approval of the authority.	Yes with prior approval of the authority.	not allowed in the supervisory practice	No	Yes with prior consent of the authorities	No	Not specified	No	No
Option to deferred ?	Yes	Yes	Yes	Not defined	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
the debt agreement must provide for the credit institution to have the option of deferring the payment of interest	No limitation authorized	Payment of interest may be postponed if the institution is insolvent (not able to pay its debt or negative net assets)	Not specified	Not defined	Payment of interest may be postponed if the own funds does not exceed the capital requirement. The postponed amount may only fall due if the capital requirement is met again or if the loan matures.	deferral is authorized if the own funds would be insufficient to comply with the prudential ratios.		No	Deferral is only authorized if the profitability would not support payment.	If limited interest deferral, the instrument will be require as supplementary own funds.	Not regulated	Yes	Interest payments are not required if (A) no annual dividend, paid or set aside for payment by a shareholders meeting of the issuer or paid in respect of any class of shares during the last 12 months or (B) the Board of Directors has announced, at the time of any interim accounts published during the last 6 months, that no sums are available at such date for the payment of interim dividends.
limitation to the exercise of the option													
Cumulative	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
subordinated to all non subordinated creditors	Yes	Yes	Yes	Not defined	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
loss absorption	prior liquidation, may be repaid only subject to pro-rata deduction of the net losses which occur during their term)	Yes (conversion of common shares if the bank is insolvent, or write down when losses are exhausted or no payment in cash if the bank is not solvent and the creditor could not trigger the bankruptcy if the institution has deferred payment)	Yes (conversion of shares)	Not defined	yes	It is not specified in regulation	Yes	Yes	Yes (instrument must share fully any loss like common shareholders - write down)				Yes (write down if the capital is under the regulatory requirements, write up if the solvency is restored)
only fully paid up	Yes	Yes (the amount included in own funds)	Yes	not defined	yes	It practice yes.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other features		Prior supervisory agreement to include the instrument in own funds. The amount of the item included must be net of foreseeable tax charges		The instrument qualifying as "other equity instruments" under IFRS may be included in core additional own funds					No recognition in last two years before repayment, but still share fully any loss like common shareholders	Prior supervisory agreement to include the instrument in own funds.	The creditor is not allowed to initiate the winding up of the issuer in case of non payment. The lender of the loan capital shall not be permitted any amortised on a straight line basis over the last five years of its term.	Prior supervisory agreement to include the instrument in own funds. Legal opinion required to confirm that Subordinated Debt meets the requirements of the Directive. The debt is amortised on a straight line basis over the last five years of its term.	The repayment is subject to the prior approval of the Bank of Italy, such approval required to confirm that Subordinated Debt meets the requirements of the Directive. The debt is immediately following such redemption. Prior supervisory agreement to include the instrument in own funds

Securities with indeterminate duration

Securities with indeterminate duration and other instruments

	LATVIA	LITHUANIA	LUXEMBOURG	MALTA	NETHERLANDS	NORWAY	POLAND	PORTUGAL	SLOVENIA	SLOVAKIA	SPAIN	SWEDEN	UNITED KINGDOM
Included in core additional own funds ?	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Specific features of the instruments													
perpetual	Yes		No but with a minimum maturity of 5 year and the redemption at maturity is only authorized with the prior consent of the authority.	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
call option at the initiative of the issuer			Yes		Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
conditions relating to the exercise of call option			Always with prior approval of the authority.		With prior agreement of the authority	After 5 years with prior consent of the authority	prior consent of the authority required	With prior agreement of the authority	after 5 years, with prior agreement of the authority, and if the institution, after redemption, maintain adequate regulatory capital ratio.		With prior agreement of the authority	Not defined	With prior agreement of the authority, after 5 years
step-up			Not specified		Not specified	Yes, max. 75 bp after 5 years. Step up shall not exceed 100 bp over the life of the instrument.	Not specified	not specified	No		after 10 years.	Not defined	After 5 years, max 50 bp less the swap spread between the initial index basis and the stepped up index basis.
other specific early redemption clause (other than a call option) at the option of the issuer			Authorized (in case of change of tax statute) with prior authorization of the supervisor.		Not specified	No	Not specified	Yes, prior consent of the authority required	No		No	No	Not defined
put option at the initiative of the bearer			Yes with prior authorization of the supervisor.		Yes with prior consent of the authority.	No, the funds shall not be repayable at the creditor's option	Yes, prior consent of the authority required	No	No		No	No	No
Option to deferred ?			Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
the debt agreement must provide for the credit institution to have the option of deferring the payment of interest			No	No	No	No	No	No	No deferral if the institution during the period has posted a profit and distributed a dividends.		Deferral possible in the event of losses.	No	No
limitation to the exercise of the option													
Cumulative	Yes		Yes	Yes	Yes	Yes	Yes	Yes (payment of deferred interest subject to regulatory requirements)	Yes	Yes	Yes	Yes	Yes
subordinated to all non subordinated creditors	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
loss absorption	Yes				Yes	Yes, the funds must be available to absorb losses without the institution being wound up	Yes	Yes	Yes (the funds may cover the loss arising from ordinary operations)		Yes	Yes	Yes
only fully paid up	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
Other features			Some of the clauses in the contract (subordination, repayment, liquidation of the credit institution) have to be subject to Luxembourg law and have to recognize the competence of Luxembourg courts. Prior supervisory agreement to include the instrument in own funds.			Prior supervisory agreement to include the instrument in own funds	Prior authorization of the authority in order to include the debt in own funds	Prior authorization of the authority in order to include the debt in own funds. Prior authorization of the authority in order to pay deferral interests.	Prior to issuing a hybrid capital instrument, the bank shall obtain an opinion from an auditing company regarding the adequacy of the instrument and its accounting treatment. The bank shall notify the Bank of Slovenia at least 30 days prior to its intended initial inclusion in own funds.				