

Overview of the deductions from original own funds across Europe

Country	Own shares	Intangible assets	Material losses of the current year	Other deductible items
Austria	Indirectly. The components of own funds shall be reduced in advance.	Yes	The net loss as well as substantial negative results.	No
Belgium	Yes	Yes	All losses brought forward and interim losses	<ul style="list-style-type: none"> - Potential charges which are not registered in the annual account. - Cash flow hedge reserves, gains/losses on own credit risk (on consolidated basis: see Art. 64.4 of CRD) and revaluation reserves on debt instruments are excluded from consolidated own funds. - Negative revaluation reserves on "real estate" and "equity portfolio" on consolidated basis.
Cyprus	Indirectly. Banks are not allowed to hold or trade with their own shares.	Yes	Any losses	<ul style="list-style-type: none"> - Prior years' accumulated losses - Bonus issue of share capital, effected through the capitalisation of fixed assets' revaluation reserve.
Czech Republic	Yes	Yes	Yes	No
Denmark	Indirectly. Own shares have book value 0.	Yes	Yes	<ul style="list-style-type: none"> - Proposed dividends - Deferred tax assets - Tier 1 and revaluation reserves in Tier 2 shall exclude any form of tax that can be foreseen at the time when the amount is calculated, or it shall be adequately adjusted to the extent that taxes reduce the amount with which said capital may be used to hedge risks or losses.
Estonia	Yes, except for preferred shares treated as own shares.	Yes	Any losses	No
Finland	Yes	Yes	Yes	<ul style="list-style-type: none"> Unpaid shares and other comparable instruments e.g. in cooperative and savings banks - 92 % of cumulative gains from investment properties measured at fair value model - Changes in the fair value of financial liabilities resulting from changes in the entity's own credit risk - Cash flow hedge reserves are excluded - Items of retained earnings that can be regarded as 'ear-marked' in some way,

				such as deferred taxes from losses confirmed in the taxation or a surplus arising from the calculation of pension liabilities, are not eligible for inclusion in original own funds against losses. Such items may be recognised in own funds in a proportion equivalent to taxable income or pension expenses already incurred. - Any dividend entered under non-restrictive equity capital during the previous accounting period and the projected dividend for the current accounting period.
France	Yes	Yes	Accumulated losses and, the loss determined on dates other than the end of the annual accounting period	- The amounts of pension commitments and similar benefits not otherwise booked as provisions for liabilities and charges. - The unpaid portion of the capital is deducted. - For institutions other than those subject to IFRS, revaluation differences on tangible and financial fixed assets shall be deducted from core capital net of tax deducted. 45% of such differences before tax shall be included in supplementary capital. - According to the BCBS and CEBS guidance, prudential filters for institutions using the IFRS. -For financial conglomerates difference arising from the consolidation by the equity method due to undertakings in insurance sector
Germany	Yes (indirectly; net of)	Yes	Yes	- BaFin may require deduction of other elements potentially able to reduce Tier 1 - Any material losses arising from trading book positions, (CAD Annex VII) - Loans to shareholders in a private or public limited company or a limited company with one or more general partners, and - loans to silent partners whose contribution to the capital amounts to more than 25 per cent of the core capital, excluding the capital contributions of silent partners, if they have not been granted on market terms or if they are not adequately secured in line with banking practice. - IFRS prudential filters (see reserves in annex 4) - Less net gains from securitisation
Greece	Yes	Yes	Any losses	Any shortfall of provisions based on accounting rules compared to provisions calculated for regulatory purposes is deducted 50% from original own funds and 50% from total own funds.
Hungary	Indirectly. When subscribed capital is calculated.	Yes	All the losses	No
Ireland	Yes	Yes	Yes	Implementation notices allow for further deductions required by the Financial Regulator. Securitisation - first loss deductible.
Italy	Yes	Yes	Intangibles at fair value are deducted netted by the losses of actual and previous years	- Bank of Italy may require deduction of other elements potentially able to reduce Tier 1 - Net cumulate Capital Gain on Financial Liabilities at Fair Value not included as Own Funds (Fair Value Option) - Negative Reserves on Available for Sale securities

		specific revaluation reserve.		
Latvia	Yes	Yes	Yes	Revaluation reserve for the available-for-sale assets shown under the balance sheet item "Revaluation reserves" where this revaluation reserve is negative.
Lithuania	Yes	Yes	Any losses	No
Luxembourg	Yes	Yes	Losses brought forward and interim losses	No
Malta	Yes	Yes	Yes	<ul style="list-style-type: none"> - Shares issued by the capitalisation of property revaluation reserve - Unrealised fair value movements on 'Designated at inception at fair value through the profit and loss account' financial instruments. Profits should be deducted and losses should be added back to neutralise their effect on the profit and loss account. - Where a credit institution is the originator of a securitisation transaction, the said institution is to report any net gains arising from the capitalisation of future income from the securitised asset/s, together with any unrealised fair value movements that might take place. This does not include any residuary income. - Excess on the limits of 15% on innovative instruments.
Netherlands	Yes	Yes	Any losses	CEBS-prudential filters
Norway	Own shares and primary-capital-certificates	Yes	Any losses	<ul style="list-style-type: none"> - Deferred tax assets, because their values are dependent on future income. - Net pension liabilities may be negative (an asset). Such assets are deducted because they are not realisable and their values are dependent on a potential reduction of future pension costs. For an institution in the process of being wound up, net pension assets will generally belong to the pension scheme and not to the credit institution.
Poland	Yes	Yes	Net loss	<ul style="list-style-type: none"> - Loss from previous years - Loss in the process of approval
Portugal	Yes	Yes	<p>Material losses brought forward from previous financial years and current year (in the latter case, end of the month figures).</p> <p>For institutions that prepare their financial statements in</p>	<ul style="list-style-type: none"> - Insufficient building up of provisions, under the terms to be defined by Banco de Portugal (Institutions that prepare their financial statements in accordance with IAS/IFRS - financial statements on a consolidated basis -, shall deduct from the consolidated original own funds the sum of the differences, when they are positive, between the value of regulatory provisions that would result from the implementation of the rules of Notice no. 3/95 and the impairment value, calculated as regards each entity comprised in the consolidation that is subject to the provisions of this Notice on an individual basis) - Deferred costs regarding post-employment benefits (pension funds) to the employees, due to specific banking sector arrangements.

			accordance with IAS/IFRS (consolidated basis) or in accordance with the adjusted IAS framework (solo basis), the "material losses" to be considered under this item is that arising after the application of the "prudential filters".	
Slovakia	Yes	Yes	Any losses	<ul style="list-style-type: none"> - The portion of a bank's expected on-balance sheet assets loss, which was not reflected in its revaluation, and the portion of expected loss from the bank's off-balance sheet items for which no provisions were formed - Start-up expenses incurred to establish an accounting unit - Gross book value of equity investments in a bank's shareholder that holds 5 percent or more of the bank's share capital, up to the issue price of the bank's shares held by the shareholder concerned, less the proportional part of a provision for such investment covering the risk of loss and depreciation
Slovenia	Yes	Yes	Net loss brought forward from previous years and the net loss of the current financial year	<p>- In the sum of loss item the following are also included:</p> <ul style="list-style-type: none"> (i) impairments of financial assets measured at amortised cost and provisions for contingencies and commitments including off-balance-sheet items on the basis of the IFRS which as at the own funds calculation day have not yet been established owing to a delay in book-entry; (ii) the difference between the declared impairments of financial assets and provisions for contingencies and commitments including off-balance-sheet items on the basis of the bank's own methodology or the IFRS and the sum of impairments and provisions calculated in accordance with the valid regulation governing the estimation of losses from credit risk;" - Other items having the character of the items own shares, intangible assets and losses (i.e. the revaluation adjustments of the stated items); - Other items as part of prudential filters (it is expected that this item will be changed in the near future due to adequate implementation of CEBS guidelines on prudential filters): (i) cumulative profits from financial assets (and liabilities) designated at fair value through P&L (i.e. primarily unrealised gains in connection with the valuation of financial assets designated at fair value through P&L and debt securities available

				for sale designated at fair value) and (ii) cumulative profits from investment properties measured at fair value model.
Spain	Yes	Yes	Any losses	<p>-Loans to third parties whose object is the acquisition of shares, contributions or other securities computable as own funds either of the institution which granted them or of other institutions of its consolidated group. This deduction shall not be extensive to loans given to the personnel of the institution or of other institutions of the consolidated group, provided that the amount does not exceed 30,000 euros per party. (3.000 euros per party in the case of investment firms). In the case of investment firms, when the total amount of loans given to the personnel are above 10% of capital, the excess must be deducted</p> <p>- The shares, contributions or other securities computable as own funds of the "Institution" and which are owned by non-consolidated institutions of the same economic group up to the limit reached, directly or indirectly, by the participations, credits or commitments granted to the holding institutions by the institution.</p> <p>When the holder of shares, contributions or other securities computable as own funds of the "Institution" is a non-consolidated subsidiary, this deduction may not be lower than the institution's proportion of these shares, contributions or computable securities based on its participation in the holding company.</p> <p>For the purposes of this deduction, to calculate the percentage of participation in respect of indirect participations, only those held through subsidiary and multigroup undertakings shall be computed.</p> <p>This deduction shall be calculated on the basis of the value at which these own funds have been computed by the institution, without prejudice to applying, as relevant, the limit laid down in the first subparagraph of this deduction.</p> <p>The shares, contributions or other securities computable as own funds of a subsidiary located in Spain, which are held by its foreign parent undertaking or by any institution of the consolidated group of the parent undertaking, shall be excluded from this deduction, provided that the subsidiary is subject to the supervision on a consolidated basis of its parent undertaking or of the group to which it belongs in its country of origin, and that said parent undertaking and group are subject to own funds requirements equivalent to those laid down in Spanish regulation.</p> <p>- Preferential shares issued by foreign subsidiaries and "participaciones preferentes" in excess of 30% of original own funds - Preferential shares issued by foreign subsidiaries and "participaciones preferentes" with features that create a presumption that the issue will be redeemed in excess of 15% of original own funds</p>
Sweden	Yes	Yes	Yes	Deferred tax assets
United Kingdom	Yes	Yes	All interim net losses	<p>- Excess of drawings over profits for partnerships - Net losses on equities held in the available-for-sale financial asset category</p>

The table represents unofficial English translations of the original laws of the countries.