Annex 7

Calculation of consolidated core original own funds
Overview of the national rules

Country	Consolidated reserves (negative items)				Deductions (positive items) in connection with minority interest, first consolidation difference, translation difference and differences arising from the consolidation by the equity method	Remarks
	Minority interest	First consolidation difference	Translation difference	Differences arising from the consolidation by the equity method		
Austria	Yes	Yes	Yes	Yes	Yes, they are fully deducted.	
Belgium	Yes	Yes	Yes	Yes	Yes	CBFA may exclude minority interests from tier 1 if they are not bearing risks and can not be used effectively to cover losses.
Cyprus	Yes	Yes, but no explicit reference.	Yes, but no explicit reference.	Yes, but no explicit reference.	Yes	For the calculation of own funds we use the consolidated figures and consolidation is made for all banking and banking related subsidiaries.
Czech Republic	Yes	We apply IFRS thus this item is not acceptable	No	We apply IFRS thus this item is not acceptable		Minority interests in the items a), b) and interim profit are included in tier 1 on consolidated basis Deductions: 1. minority interests in accumulated losses of previous years, loss in the approval process and loss of the current year are deducted, 2. goodwill from consolidation is deducted, 3. own shares and participation held by members included in consolidation
Denmark	According to the current rules a negative item will be	No	No	No	According to the current rules only goodwill is explicitly deducted from the tier 1 own funds	Also hybrid core capital issued in a subsidiary which is either a credit institution or an investment firm will be

	deducted. ttherefore Yes					included in Tier 1 on a consolidated basis.
Estonia	Yes, except for the minority holding arising from preferential shares	The unrealised differential amount created upon consolidation (is included with translation difference and consolidated reserves)	The unrealised differential amount created upon consolidation	The unrealised differential amount created upon consolidation	Yes, they are fully deducted.	
Finland	Yes	Yes. Not applicable for those applying IFRS.	Yes. Not explicitly referred to in the national regulations.	Yes	Yes, goodwill is deducted.	On a consolidated basis own funds include minority interests and negative consolidation difference both from full consolidation and equity method.
France	Yes	Yes	Yes	Yes	Yes they are partly deducted.	Where an institution calculates the amount of its own funds on a consolidated basis, the components of Tier 1 shall be included to the extent of their totals as these result from the consolidation carried out in accordance with the accounting and prudential rules. Original own funds shall then include the consolidation differences specified in the regulation: * the counterpart, in consolidated reserves, of goodwill; * differences arising from consolidation by the equity method; * translation difference; *minority interests (up to a limit of 25% of Tier 1. All

						minority interests (from subsidiaries, but also from the indirect issuance of preference shares through SPVs are included in this limit. When goodwill is recorded on the assets side of the consolidated balance sheet, it shall be deducted from core capital, including when it is included in the value of securities accounted for by the equity method.
Germany	Yes	Yes	Yes	No, equity method is not yet used.	Yes, except differences arising from the consolidation by the equity method, as the use of equity method is not yet allowed in Germany for supervisory purposes.	In 2007 there will be a new regulation in the KWG also with regard to the „at-equity“-method. The institutions will then have the possibility to report on the basis of their IAS-consolidated-accounts.
Greece	Yes	Yes	Yes	Yes	Yes they are fully deducted.	IFRS banks: Negative goodwill on an acquisition is recognised in the profit and loss under IFRS, hence it is included in consolidated original own funds (as an item of retained earnings). This is also true for equity method participations. Foreign currency holdings' translation reserves and minority interest are also included in consolidated original own funds. Goodwill is deducted, when debit.
Hungary	Yes	Yes, but deducted from Tier 2 instead of Tier1	Yes	Yes	Yes	
Ireland	Not	Not implemented	Not	Not implemented	Not implemented	

	implemented		implemented			
Italy	Yes	Yes	No	Yes	Yes they are fully deducted.	In the Consolidated Original Own Funds are included put options on own shares and on shares issued by consolidated entities for which the own credit risk is transferred to the holder.
Latvia	Yes	Goodwill	No	No	Yes, minority interest.	According to IFRS the negative goodwill should be recognised in the profit/loss account immediately
Lithuania	Yes	No	No	No	Yes, minority interest.	According to IFRS the negative goodwill should be recognised in the profit/loss account immediately
Luxembourg	Yes	Yes	Yes	Yes	Yes, the unarmortised portion	
Malta	No explicit reference. Minority interests are being reported in Tier 1 (Original Own Funds) and Tier 2 (Additional Own Funds).	No explicit reference	No explicit reference	No explicit reference	Yes, minority interests, translation differences and any other differences arising on consolidation	
Netherlands	Yes	Yes	Yes	Yes	Yes	Third-party interests are counted except in cases of significant overcapitalisation of a participating interest (case by case)
Norway	Yes	Yes, except goodwill	Yes	No, the equity method is not allowed	Yes, they are fully deducted	Provisions are to be laid down as regards the inclusion of minority interests and other capital contributions from third parties in the consolidated reserves.
Poland	Yes	Goodwill	Yes	No	Yes	

Portugal	Yes	Yes	Yes	Yes	- First consolidation positive differences - Positive differences arising from revaluation by the equity method	Remarks regarding "translation difference": The majority of Portuguese institutions prepare their consolidated financial statements in accordance with IAS/IFRS. As such, translation differences (both positive and negative) arising during consolidation are included in own funds, corresponding to the amounts determined in accordance with IAS 21 (effects of changes in foreign exchange rates).
Slovakia	Yes	Yes	No	Yes	Yes, they are fully deducted	
Slovenia	Yes	Yes	Yes	Yes	Yes, they are fully deducted	Negative goodwill is recognised in the profit and loss account under IFRS.
Spain	Yes	no	Yes	no	Yes, in particular goodwill arising from consolidation methods and from the application of the equity method	The participations representative of minority interests is distributed among items effective and express reserves, non cumulative no-voting right shares, and loan capital of indeterminate duration. Item effective and express reserves shall encompass, except for the portion related to revaluation reserves, the participations representative of common shares, non cumulative no-voting right shares and those in the form of preferred stock issued by foreign subsidiaries which fulfil the following issue conditions: - They shall be available to the issuing institution for the

						coverage of risks and losses in the same conditions as its common stock. - Their maturity shall be indeterminate, although, with the prior authorisation of the Banco de España, the issuer shall be able to proceed to their redemption or early repayment if this does not affect the issuing institution's solvency. - In the event of a deficit in the own funds of the issuing institution or of its consolidated group, pay-outs shall be subject to the prescribed limitations. - They shall not grant cumulative rights to pay-outs, thereby signifying that they shall neither accrue nor give rights to pay-outs in the event that the issuing institution records losses in its profit and loss account for the previous/current?? year, or in the shortest period set in the issue's prospectus or contract, for the duration of said situation.
Sweden	Not used	Not used	Not used	Not used	Not used	
United Kingdom	Yes	Yes	Yes	Yes	Yes, they are fully deducted	

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