



*Banco de Portugal*

EUROSYSTEM

## NOTICE OF BANCO DE PORTUGAL

(non official translation)

The Portuguese banking system has shown a high resilience throughout the international financial crisis started in 2007.

Taking into account:

- the role played by the banking system in the Portuguese economy, especially in fund raising and in financial intermediation;
- the need to maintain and strengthen the capacity of the banking system to tackle the adverse situations that have prevailed internationally and, more recently, that have had particular impact in Portugal,
- and, finally, the advantage to anticipate the convergence to the new international standards of Basel III.

Banco de Portugal considers that it is necessary to increase the minimum levels of solvency to be complied with by the institutions subject to its supervision.

In this context, Banco de Portugal, in the use of the powers conferred by article 17 of its Organic Law and paragraph 1 of article 99 of the Legal Framework of Credit Institutions and Financial Companies (RGICSF), approved by Decree-Law No. 298/92 of 31 December, establishes the following:

### Sole Article

#### Minimum Core Tier 1 ratio

1 - Until 31 December 2011, the financial groups subject to Banco de Portugal supervision on a consolidated basis, that include some credit institution referred to in a) to c) of article 3 of the Legal Framework of Credit Institutions and Financial Companies (RGICSF) approved by Decree-Law No. 298/92 of 31 December, shall increase their Core Tier 1 ratios to not less than 8%, on a consolidated basis.

2 - Paragraph 1 shall be applied on an individual basis, by all credit institutions referred to in a) to c) of article 3 of the Legal Framework of Credit Institutions and Financial Companies (RGICSF), approved by Decree-Law No. 298/92 of 31 December, if they are not included in some financial group subject to Banco de Portugal supervision on a consolidated basis.

3 – Taking into account the Basel III framework applicable in 2013, Core Tier 1 is computed with the own funds comprising the elements referred to in a) to i) of paragraph 1 of article 3, with deduction of the elements indicated in a) to m) of paragraph 1 of article 5, taking into account the provisions of article 10, all from Notice no. 6/2010.



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4 – For the calculation of own funds on a consolidated basis, the elements listed in the preceding paragraph are computed with the amounts resulting from the consolidation carried out in accordance with the regulations of the Banco de Portugal, adding the elements referred to in a), subpoint i), of paragraph 1 of article 22 of Notice No. 6/2010 and deducting the elements referred to in a), subpoint a), of paragraph 1 and in b) and c) of paragraph 2 of article 22 of the same Notice.

5- The transitional periods, currently in force, set out in the Notices No. 12/2001 and No. 11/2008 are applicable for the calculation of own funds.

05.04.2011