

$$C_r = \max \left\{ \begin{array}{l} C_8, \quad \text{if } C_{10} < C_8 \\ C_8, \quad \text{if } C_8 \leq C_{10} \leq 1.2 \times C_8 \\ \left\{ C_8 + \sum_{i=9}^{10} \text{value increases} + \sum_{i=1}^8 \text{outflows} \right\}, \text{if } C_{10} > 1.2 \times C_{180} \end{array} \right\} \quad (3.5)$$

Figure 1 Further explanation of the formula

The following rule is established to prevent that the application of the formula for the capital element leads to a negative value:

$$\text{In case } C_r - \frac{n}{8} \cdot C_b < 0, \text{ then this term is set equal to zero.}$$

The increased one-off payment T' is calculated as follows:

Where $tc \geq 0.34$ (meaning 34%) and:

where $1m \leq C_r < 2m$,	then $tc' = 0.35$
where $2m \leq C_r < 3m$,	then $tc' = 0.36$
where $3m \leq C_r < 4m$,	then $tc' = 0.37$
where $4m \leq C_r < 5m$,	then $tc' = 0.38$
where $5m \leq C_r < 6m$,	then $tc' = 0.39$
where $6m \leq C_r < 7m$,	then $tc' = 0.40$
where $7m \leq C_r$,	then $tc' = 0.41$.

The following applies: $T' = tc' \cdot C_r$.

Source: Mutual Agreement, p.1., 2012.

Table 10 Definition of variables

T	One-off payment	I	Year i, $1 \leq i \leq 10$, where year 1 starts on 1 January 2003
T'	Increased one-off payment	C_i	Capital stock at the end of year i
tr	Rate (34%)	C_8	Capital stock at the end of year 8 (31 December 2010)
tc	Tax charge	C_{10}	Capital stock at the end of year 10 (31 December 2012)
tc'	Increased tax charge	C_9, C_{10}	Nominal capital at the end of year 9 (31 December 2011), resp. year 10 (v)
C_r	Relevant capital	R	Rate of return (3%)
n	Number of years in the bank relationship before 31 December 2010, $0 \leq n \leq 8$	tr_{\min}	Minimum rate (21%)