Criteria | Financial Institutions | Banks:

Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions

January 29, 2015

(***Editor's Note:*** *This article has been superseded by "Hybrid Capital: Methodology And Assumptions," published July 1, 2019, but may still be in use in certain markets.)*

1. This criteria article discusses the methodology and assumptions for identifying, categorizing, and rating bank hybrid capital and provides additional clarity regarding the criteria for assigning issue credit ratings to bank hybrid capital instruments (also known as hybrids) and incorporates the impact of changing regulatory standards on such instruments. Hybrids include so-called "contingent capital" instruments and those with write-down features. The "Principles Of Credit Ratings," published Feb. 16, 2011, on RatingsDirect, form the basis of these criteria.

2. The criteria comprise standards for:

   - (i) Determining whether a hybrid capital instrument is eligible for inclusion in the calculation of a bank's total adjusted capital (TAC), which is the numerator of S&P Global Ratings' risk-adjusted capital (RAC) ratio for banks, the starting point for assessing the strength of a bank's capitalization under the criteria for rating banks;
   - (ii) Determining whether a hybrid capital instrument is eligible for inclusion in the calculation of a finance company or securities firm's capital;
   - (iii) Classifying a bank's, finance company's, or securities firm's hybrid capital instrument based on its degree of equity content; and
   - (iv) Assigning a rating to a bank's, finance company's, or securities firm's hybrid capital instrument.

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I. SCOPE OF THE CRITERIA

6. These criteria apply to all existing and future hybrid capital instruments and nondeferrable subordinated debt instruments issued by banks that S&P Global Ratings rates. The term "banks" includes banks, other deposit-taking institutions, finance companies, bank nonoperating holding companies, and, for the purpose of these criteria, securities firms (sometimes referred to as brokers). The term "other deposit-taking institutions" includes entities such as building societies

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and banks that are subsidiaries of bank, insurance, or corporate groups.

7. These criteria do not apply to hybrid capital instruments issued by stock exchanges, clearing houses, asset managers, insurance companies, or corporate issuers, even when they are subsidiaries or parent companies of banks. For these issuers, the applicable criteria are in "Hybrid Capital Handbook: September 2008 Edition," published Sept. 15, 2008, and related articles.

II. SUMMARY OF THE CRITERIA

8. Hybrids include--but are not limited to--preferred stock, deferrable subordinated instruments, trust preferred securities, certain nondeferrable subordinated debt instruments, and mandatory convertible securities (see paragraphs 34-40 and 100-102). The equity content of a hybrid capital instrument can affect the rating on a bank by influencing the measurement of the bank's capitalization or financial flexibility.

9. Equity content refers to the extent to which a bank hybrid capital instrument can function as equity and therefore--via features such as coupon nonpayment or deferral, a principal write-down, or conversion into common equity--absorb a portion of a bank's losses. The criteria classify the equity content of bank hybrid capital instruments into one of three categories: (i) high, (ii) intermediate, or (iii) minimal.

10. To qualify for inclusion in TAC (or an equivalent metric if we do not calculate TAC for that issuer), subject to certain limits, a hybrid must qualify for inclusion in regulatory capital--if the entity is subject to prudential regulation--and have features consistent with the criteria for classification in either the high equity content category or the intermediate equity content category (see table 1, which should not be read in isolation because it shows the features necessary for an instrument's inclusion in TAC, but other conditions could lead to its classification as having lower equity content. For example, concerns about management's intent in periods of regulatory uncertainty may still lead to a classification of minimal equity content. See also question 6 in Appendix A). TAC is defined in "Risk-Adjusted Capital Framework Methodology," published July 20, 2017. A hybrid with minimal equity content is not eligible for TAC.

Table 1
Bank Hybrid Capital Instruments: Equity Content And Eligibility For TAC*

Equity content category	Maximum amount in total adjusted capital (TAC)§	Qualifying instruments
High	An amount equivalent to up to 50% of adjusted common equity (ACE)	1. Short-dated MCS that convert into common equity at a price not lower than the common share price of the bank on the date it issued the MCS†: • In less than three years if the bank's SACP‡ is at 'bbb-' or higher, • Within two years if the bank's SACP is in the 'bb' category, and • Within one year if the bank's SACP is in the 'b' category. 2. Certain government-owned hybrids, without a limit (see paragraph 66).
Intermediate	An amount equivalent to up to 33% of ACE. However, if hybrid capital instruments with high equity content exhaust the 50% limit, those with intermediate content are not included in TAC	Subordinated instruments, preferred stock, trust preferred securities, and contingent capital instruments that meet all five conditions below: 1. Can suspend coupons, write down principal, or convert into common equity, without causing a default or wind-up of the bank; 2. Have no material restriction on payment deferrals or can absorb losses while the bank is a going concern**; 3. Are perpetual or have a residual life of at least 20 years if the bank's SACP is at 'bbb-' or higher, at least 15 years if the SACP category is 'bb', at least 10 years if the SACP category is 'b' or lower, or a shorter residual life if they are going-concern contingent capital instruments (see paragraph 69); 4. Do not contain a step-up clause, or other incentives to redeem associated with a call date during the residual life periods described above (see paragraph 58). Even if a step-up clause applies during the residual life period, an instrument still qualifies for intermediate equity content if it also has a contingency feature that can be activated on a going-concern basis and is consistent with the features in paragraph 69; and 5. Coupons can be cumulative or noncumulative.
Minimal	Not included in TAC	Instruments without features consistent with high or intermediate equity content.

*This table replaces Table 2a in "Hybrid Capital Handbook: September 2008 Edition," published Sept. 15, 2008. In addition to meeting the features in the table, instruments must be part of regulatory capital to qualify for high or intermediate content (see subpart V.A.1). §"Amount" refers to the par amount, or the par amount adjusted for any write-downs of the instrument, unless an eligible instrument is subject to regulatory amortization, in which case, its inclusion in TAC refers to the amortized amount. Inclusion in TAC occurs until the aggregate amount of eligible instruments exceeds the TAC limits in this table. †See "Intermediate Equity Content For Certain Mandatory Convertible Preferred Stock Hybrids," published Nov. 26, 2008, for the criteria for mandatory convertible preferred stock issued by Australian banks. ‡The methodology for determining a bank's SACP is in the criteria for rating banks. **See "Assumptions: Clarification Of The Equity Content Categories Used For Bank And Insurance Hybrid Instruments With Restricted Ability To Defer Payments," published Feb. 9, 2010. MCS--Mandatory convertible securities. SACP--Stand-alone credit profile.

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11. Qualifying for inclusion in regulatory capital is a necessary condition for a prudentially regulated issuer, but does not automatically qualify a hybrid capital instrument for inclusion in TAC (or an equivalent metric if we do not calculate TAC for that issuer). Inclusion in the calculation of TAC also depends on an instrument's specific features (see subpart V.B.) as well as the issuer's adjusted common equity (ACE).

12. The only types of hybrids that can qualify for the high equity content category are: (i) mandatory convertible securities (MCS) that meet the conditions specified in Table 1, and (ii) qualifying government-owned hybrids (see paragraph 66). This treatment is more restrictive than that in the criteria for hybrids issued by insurance companies and nonfinancial corporations because banks' sensitivity to market confidence is generally greater than that of other issuers.

13. To qualify for the intermediate equity content category, a hybrid capital instrument must be able to absorb losses on a "going-concern basis" through nonpayment of coupons, principal write-down, or conversion into common equity. A so-called "going-concern contingent capital" instrument can qualify for this category if it can absorb losses on activation of its contingent capital clause while the bank is a going concern. The method of absorbing losses may be conversion into common equity or a write-down of principal (see paragraphs 68 and 69). The criteria classify a contingent capital instrument that cannot absorb losses on a going-concern basis (either through a contingent capital feature or coupon nonpayment) in the minimal equity content category.

14. A hybrid capital instrument with minimal equity content, such as one that absorbs losses only in a "nonviability" situation, is ineligible for inclusion in TAC. Nonviability refers to when a bank is in breach of, or about to breach, regulatory requirements for its license (see also paragraph 37). Such instruments include nonviability contingent capital (NVCC). The market sometimes refers to NVCC instruments as "bail-in" capital if these instruments share the cost of a government's rescue of a bank.

15. However, even though an instrument is an NVCC instrument, it can qualify for the intermediate equity content category if it can also absorb losses on a going-concern basis and it meets the other conditions for classification in the high equity content or intermediate equity content category.

16. The criteria for assigning an issue credit rating to a bank hybrid capital instrument apply to all bank hybrid capital instruments, even those classified as having minimal equity content.

17. An issue credit rating on a bank hybrid capital instrument is a forward-looking opinion that reflects the risk of loss absorption (including nontimely or partial payment) and the subordination of the instrument to the issuer's other obligations. The methodology for assigning an issue credit rating to a bank hybrid capital instrument is to notch down from the bank's SACP, which we determine as part of the process of assigning an issuer credit rating (ICR) to the bank. In certain situations, the notching is from the ICR instead of the SACP (see paragraphs 74-80). We assign a rating of 'D' to a hybrid capital instrument only when it is in default according to our criteria (see table 2, footnote*). Apart from those nondeferrable subordinated debt instruments that we analyze as hybrids (see paragraph 22), the minimum notching for a bank hybrid capital instrument is two notches below the SACP if the SACP is at 'bbb-' or higher, or three notches below the SACP if the SACP is at 'bb+' or lower (subject to the application of the "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012).

18. If an instrument shows a higher risk of nontimely or partial payment than the SACP assessment or standard notching indicates, additional notching from the SACP applies (see paragraphs 91-96).

19. The ICR on a bank that is a subsidiary of a group (including a nonfinancial institutions group) may include an uplift to factor in our expectation of extraordinary group support in the event of distress because of the bank's strategic importance to the group. If this is the case (subject to the bank's group status classification), and group support covers the bank's hybrid capital instrument, we notch down from the ICR on the bank to assign the issue credit rating to the instrument (see paragraph 75). Conversely, if we believe that the support would exclude the hybrid capital instrument, then notching is from the bank's SACP.

20. We do not expect government support to cover a bank's hybrid capital instruments unless the bank is a government-related entity and, even then, only in defined circumstances globally (see paragraph 79).

21. The rating assigned to a contingent capital instrument also reflects the existence of a mandatory contingent capital clause.

22.

The methodology for rating a bank's nondeferrable subordinated debt instrument that we consider to be a hybrid capital instrument, but which does not have a mandatory NVCC feature, is to notch down from the SACP:

- By one notch, if the bank's SACP is at 'bbb-' or higher; or
- By two notches if the SACP is at 'bb+' or lower, with a floor on the issue credit rating of 'C', unless 'D' applies.

23. We treat nondeferrable subordinated bank debt as hybrid capital if the relevant legal or regulatory framework insulates senior obligations from a default on the subordinated debt. An example of such a framework is a resolution regime that allows a bank's subordinated debt to absorb losses (such as via the write-down of principal) before the bank's default.

24. We rate a nondeferrable subordinated debt instrument that is not a hybrid one notch lower than the ICR if the ICR is 'BBB-' or higher. Otherwise, the approach is to rate it two notches lower than the ICR, but no lower than 'C', unless 'D' applies.

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27. This paragraph has been deleted. See the "Revisions And Updates" section.

III. METHODOLOGY

28. The methodology for bank hybrid capital instruments incorporates:

- A. Identifying which instruments constitute bank hybrid capital;
- B. Determining whether the equity content of a bank hybrid capital instrument is high, intermediate, or minimal (see table 1); and
- C. Assigning an issue credit rating to a bank hybrid capital instrument.

29. Subpart A describes the features that identify bank capital instruments as hybrid capital.

30. Subpart B describes the criteria for classifying the equity content of bank hybrid capital instruments into one of three categories--high, intermediate, or minimal--and explains why these criteria differ from the criteria for similar instruments issued by insurance companies and nonfinancial firms. Only hybrid capital instruments classified in the high equity content category or the intermediate equity content category may count toward the calculation of TAC. TAC is the numerator of the RAC ratio, S&P Global Ratings' measure of the adequacy of bank capital. Throughout these criteria, TAC also refers to our main capital metric for in-scope issuers for which we do not calculate TAC, such as certain nonbank financial institutions.

31. Subpart C describes the criteria for assigning ratings to all bank hybrid capital instruments and nondeferrable subordinated debt instruments, even those we classify in the minimal equity content category and therefore do not include in our TAC measure. Section C.4 addresses conventional nondeferrable subordinated debt.

32. The methodology takes account of information derived from the financial crisis that started in 2008 and subsequent developments in bank regulation and legal frameworks, including the introduction of resolution regimes and bail-in provisions under which hybrid capital investors bear part of the burden of recapitalizing a distressed bank. In particular, it reflects our views on the performance of bank hybrid capital instruments during that period of bank stress, banks' high sensitivity to market and investor confidence, and the impact of changing regulatory standards on hybrid capital instruments.

33. In certain cases, if a bank benefits from substantial financial flexibility to absorb losses while a going concern, the ICR on that bank may include a one-notch uplift (see section VI. Methodology: Setting The Issuer Credit Rating in "Banks: Rating Methodology And Assumptions," published Nov. 9, 2011). This flexibility may arise from having hybrid capital instruments that are part of regulatory capital, but which we do not include in our TAC calculation, if that flexibility is not otherwise captured in the capital assessment and ICR.

A. Identifying Hybrid Capital And The Impact Of Regulatory Classification

34. A hybrid capital instrument is an obligation that displays features of both debt and equity, as defined in "Methodology: Use Of 'C' And 'D' Issue Credit Ratings For Hybrid Capital And Payment-In-Kind Instruments," published Oct, 24, 2013. S&P Global Ratings considers an instrument to be a hybrid capital instrument only if it can absorb losses via either nonpayment of the coupon or a write-down of principal, or conversion into common equity or another hybrid capital instrument, without causing a legal default or liquidation of the issuer or a default on senior unsecured obligations. A senior unsecured obligation is not a hybrid capital instrument, even if it could potentially be bailed in as part of the resolution of a distressed entity.

35. Hybrid capital instruments include--but are not limited to--preferred stock, preference shares, deferrable subordinated notes, and trust preferred securities. MCS (mandatory convertible securities) are also hybrids, irrespective of whether they are senior or subordinated before conversion into common equity. The criteria also treat deferrable subordinated debt securities, whether noncumulative or cumulative, as hybrid capital instruments.

36. Whether a nondeferrable subordinated debt instrument is a hybrid capital instrument depends on the bank's jurisdiction. It is not a hybrid if it cannot absorb losses before the bank's liquidation or without causing a default on senior debt. It is a hybrid if the regulatory and legal frameworks insulate the bank's senior debt from a default on its subordinated debt, including when the subordinated instrument is subject to an NVCC (nonviability contingent capital) feature. An example of such a framework is a bank resolution regime that allows a bank's subordinated debt to absorb losses without causing the bank's liquidation (see subpart C.4).

37. A nonviability hybrid capital instrument has features that allow it to absorb losses only when the bank is at, or close to, the point of nonviability. The criteria define a nonviability situation as one in which a bank is in breach of, or about to breach, regulatory requirements for its license, and regulatory intervention may therefore be imminent. An example of a nonviability feature is a clause that requires coupon payments or prevents a principal write-down as long as a bank meets minimum regulatory capital requirements. A similar example is a feature that allows nonpayment of the coupon or a principal write-down only after a bank has breached the minimum regulatory capital requirements. Other nonviability features may limit a bank's ability to suspend coupons or write down principal, even though it is in distress. We expect a nonviability hybrid capital instrument to typically absorb losses no sooner than when a bank's SACP is in the 'ccc' category or lower. However, the timing of the bank's or regulator's conclusion that the bank is nonviable may lead to a different scenario. If the loss absorption will only occur after a bank defaults, then the instrument is not a nonviability hybrid capital instrument under these criteria.

38. Market participants sometimes refer to nonviability hybrid capital instruments as bail-in instruments if their features mean that the holders of such instruments bear losses--for example, via a principal write-down--if the bank receives government support.

39. A going-concern hybrid capital instrument contains features that allow it to absorb losses when a bank is not at, or close to, the point of nonviability; in other words, when the bank is still a going

concern. If the bank's SACP were at 'bbb-' or higher at the time of issuance, we would generally expect its going-concern hybrid capital instruments to absorb losses early enough for the bank to maintain an SACP of at least 'b+'.

40. A contingent-capital trigger activates the mandatory conversion of contingent capital into common equity or a mandatory write-down of principal. If activation of the trigger occurs while the bank is still a going concern, we refer to the instrument as a going-concern contingent capital instrument. If activation of the trigger occurs only in a nonviability situation, the instrument is an NVCC instrument.

A.1. Regulatory classification and grandfathering of hybrid capital instruments

41. To qualify for inclusion in the calculation of TAC, a hybrid capital instrument must meet both of the following conditions:

- (i) Form part of a bank's Tier 1 regulatory capital, or count as Tier 1 regulatory capital due to "grandfathering" by the regulator, or form part of Tier 2 regulatory capital and be consistent with the features in paragraph 69, or form part of Tier 1 or Tier 2 regulatory capital and be consistent with the features of high equity content instruments; and
- (ii) Satisfy all other conditions for inclusion in TAC, as specified in this criteria article and the related criteria articles listed at the end of this document that apply to these instruments (where the conditions in those articles have not been partly superseded).

42. If an instrument that meets the conditions in (i) and (ii) is subject to regulatory amortization in the calculation of regulatory capital, the TAC calculation uses the amount that the regulator includes in regulatory capital, regardless of the instrument's principal value.

a) Treatment of a bank's Tier 1 instruments versus Tier 2 instruments

43. This section applies only to entities subject to prudential regulation as a bank (including other deposit-taking institutions such as building societies and bank nonoperating holding companies). To qualify as having intermediate equity content, a hybrid capital instrument has to form part of a bank's regulatory Tier 1 capital and otherwise meet our criteria. However, if it is a going-concern contingent capital instrument as defined in paragraphs 68 and 69, it is still eligible for the intermediate equity content category, even if it is a Tier 2 instrument, because of the higher magnitude of potential loss absorption on a going-concern basis via contingent capital features requiring principal write-down or conversion into common equity. In our view, these features provide a clear indication that the bank's management and the regulators intend these instruments to provide material loss absorption while the bank is still a going concern. Although they are not Tier 1 instruments, this does not affect the eligibility for the high equity content category of certain MCS and government-owned hybrids that regulators classify as Tier 2 capital, if they are otherwise consistent with the features for high equity content.

44. In our view, regulators intend to strengthen and simplify banks' capital structures in the wake of the 2008 global financial crisis. We anticipate that they will increasingly expect Tier 1 regulatory capital instruments to absorb losses while a bank is still a going concern. Therefore, the behavior of these instruments in a period of stress is significantly more predictable than that of Tier 2 instruments, and nonpayment of the coupon on a Tier 1 instrument is more likely to occur before a bank reaches the point of nonviability. Considering typical issuer and regulatory intentions and market expectations, we believe that Tier 1 instruments have a materially higher loss-absorption

capacity on a going-concern basis--through principal write-down, common equity conversion, or noncumulative deferral--and should, in our view, be the main contributors to intermediate equity content. To reflect the higher risk of nonpayment, we increase the notching from the SACP or ICR on the issuer to arrive at the issue credit rating on a Tier 1 instrument.

45. Apart from the instruments discussed in paragraphs 43 and 69 and those that qualify for high equity content, a hybrid capital instrument that a regulator classifies as Tier 2 capital does not meet our criteria for intermediate equity content given its limited capacity to absorb losses on a going-concern basis compared with a Tier 1 instrument's. Although a Tier 2 instrument can have some capacity to absorb losses via coupon nonpayment, we view the magnitude of potential loss absorption as lower than for a Tier 1 instrument.

46. We note that the Basel Committee on Banking Supervision's Basel III framework only requires a Tier 2 instrument to absorb losses in a nonviability situation, that is, when a bank is otherwise going to fail, and defines such an instrument as part of "gone-concern capital." Given this regulatory intent, we are increasingly skeptical that a Tier 2 instrument would absorb losses sufficiently in a going-concern situation. The documentation for some Tier 2 instruments may mimic the coupon nonpayment features of Tier 1 instruments but, in our view, this is still not consistent with intermediate equity content classification.

A.2. Regulatory classification of hybrid capital instruments issued by a finance company or securities firm

47. If a finance company or securities firm is subject to prudential regulation that includes the concept of regulatory capital, then its hybrid capital instrument must form part of regulatory capital to qualify as having intermediate or high equity content. If the issuer is subject to the concepts of regulatory Tier 1 and Tier 2 capital, then paragraph 43 above applies.

48. Regulatory classification as Tier 1 or Tier 2 capital is not a relevant factor for the equity content we assign to hybrid capital instruments issued by a finance company or securities firm if the concept of regulatory Tier 1 or Tier 2 capital does not apply to the company. We therefore classify the instruments as having high, intermediate, or minimal equity content based on whether they are otherwise consistent with the characteristics of these equity content categories. If regulators were to introduce these concepts, we would reclassify the equity content of these instruments accordingly under these criteria.

B. Equity Content Classification

49. The criteria for classifying a bank hybrid capital instrument in the high, intermediate, or minimal equity content category differ from the criteria for hybrid capital instruments in other sectors. This is because banks are highly sensitive to market and investor confidence and often need ongoing access to wholesale debt markets. The equity content classifications reflect the relative likelihood that a bank hybrid capital instrument absorbs losses when necessary to support the bank's financial position.

50. The criteria in this subpart describe:

- Equity content categories and their effect on the calculation of capital (section B.1);
- The effect of residual maturity standards, call options, and step-ups on bank hybrid capital instruments (section B.2);
- Bank hybrid capital instruments with high equity content, including government-owned hybrid capital instruments that form part of a bank rescue or support package (section B.3); and

- Contingent capital structures and hybrid capital instruments with write-down features (section B.4).

B.1. Equity content categories

51. This section shows how hybrid capital instruments count toward bank capital, depending on the classification of equity content into one of three categories: (i) high, (ii) intermediate, or (iii) minimal. The classification determines the degree to which a hybrid capital instrument is eligible for inclusion in TAC (or the equivalent metric calculated for the issuer), depending on the features of the instrument, including its regulatory classification (see chart 1, which should not be read in isolation because it shows the features necessary for classification of intermediate or high equity content, but other conditions--such as concerns regarding management's intent--could cause us to classify an instrument as having minimal equity content).

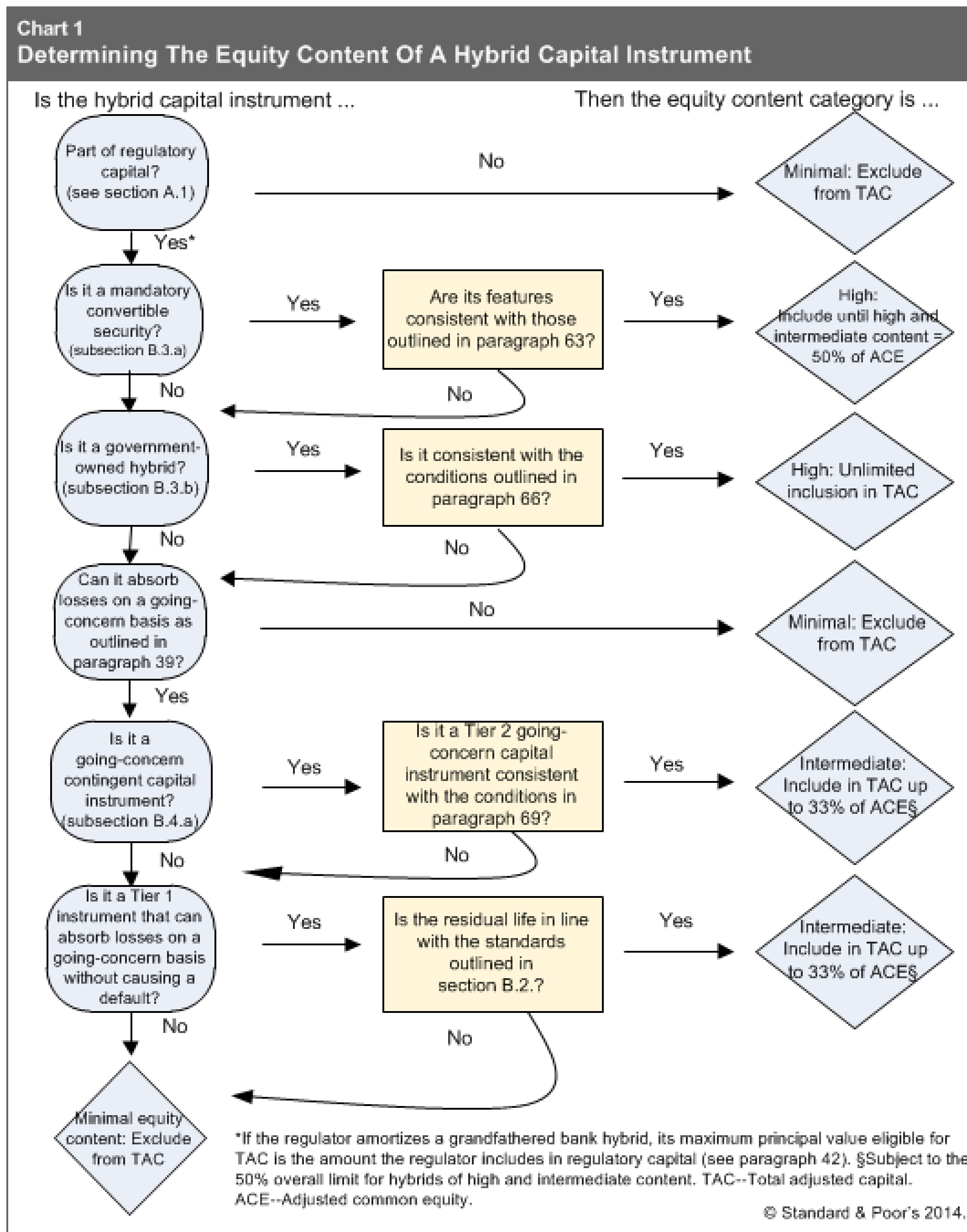
52. **a) High equity content:** Instruments in this category comprise qualifying short-dated MCS and certain government-owned hybrid capital instruments (see subpart B.3). A hybrid capital instrument with high equity content is eligible for TAC until the aggregate amount of hybrids is equivalent to 50% of the bank's ACE (adjusted common equity), or subject to the equivalent limits for an issuer for which we do not calculate TAC. For a government-owned hybrid capital instrument that qualifies for the high equity content category, there is no limit.

53. **b) Intermediate equity content:** Instruments in this category include qualifying subordinated instruments, preferred stock, or contingent capital instruments that allow loss absorption. The loss absorption takes one or several of the following forms--(i) nonpayment of coupon, (ii) principal write-down, or (iii) conversion into equity on a going-concern basis--without causing a default (see section B.4 on contingent capital structures). For an instrument to be classified as having intermediate equity content, the bank cannot choose to call the instrument until five years after the issue date. That said, call options triggered by external events such as tax, regulatory, accounting, or rating agency methodology changes are consistent with intermediate equity content, as are call options earlier than five years from the issue date, if the instrument is issued to the bank's shareholders or other affiliated parties, including national governments (see paragraph 3 of "Criteria Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions," published Oct. 22, 2012).

54. A hybrid capital instrument with intermediate equity content is eligible for the TAC calculation until the aggregate amount of all instruments with intermediate equity content is equivalent to 33% of the bank's ACE.

55. A sublimit applies for hybrid capital instruments with intermediate equity content, in that the aggregate amount of hybrid capital instruments with high and intermediate equity content cannot exceed 50% of ACE. This means that if hybrid capital instruments with high equity content are equivalent to 50% of ACE, then the overall limit is exhausted and hybrid capital instruments with intermediate equity content are not included in the calculation of TAC.

56. **c) Minimal equity content:** A hybrid capital instrument with minimal equity content is not eligible for inclusion in TAC.



57. An instrument qualifies for the calculation of TAC at the lower of its par amount, or the par amount adjusted for any write-down of the instrument, unless it is subject to regulatory amortization, in which case the amortized amount applies. If a bank hybrid capital instrument forms part of regulatory Tier 1 capital, or counts as regulatory Tier 1 capital due to regulatory grandfathering, and also satisfies all other conditions for inclusion in TAC as specified in these criteria, it may qualify for inclusion in the calculation of TAC. However, if because of regulatory amortization, part of the instrument is reclassified as Tier 2 capital, then the TAC calculation uses the amount that the regulator includes in regulatory Tier 1 capital, regardless of the instrument's principal value.

The following sections--B.2 to B.4--provide more detail on the equity content classifications of specific types of hybrid capital instruments.

B.2. Effect of residual maturity standards and step-ups on equity content classification

58. For us to classify a bank hybrid capital instrument as having intermediate equity content, it must have, at the time of the assessment:

- A residual life of at least 20 years if the bank's SACP is at 'bbb-' or higher,
- A residual life of at least 15 years if the SACP is in the 'bb' category, or
- A residual life of at least 10 years if the SACP is in the 'b' category or lower.

59. Coupon step-ups of any size on an optional call date, or features equivalent to step-ups, that may provide an incentive for the issuer to redeem an instrument sooner than the residual life standards in the previous paragraph are inconsistent with intermediate equity content (see also question 6 in Appendix A regarding management intent). Such instruments qualify for the minimal equity content category, regardless of their regulatory classification, unless the step-up date is beyond the minimum residual life periods in the previous paragraph.

60. If a step-up date falls within the minimum residual life standards in paragraph 58, the intermediate equity content category applies only if the hybrid capital instrument also qualifies as a going-concern contingent capital instrument. It does so if it has a mandatory common-equity conversion clause or principal write-down feature that can be activated on a going-concern basis, and it meets the residual life standards in paragraph 69. A hybrid capital instrument with a step-up on a call date that falls outside the residual life standards remains eligible for the intermediate equity content category if its other features are in line with this category.

61. Given the criteria in this section, Table 6 Provisions In Hybrid Instruments Viewed As The Equivalent Of Maturity, in "Hybrid Capital Handbook: September 2008 Edition," published Sept. 15, 2008, no longer applies to regulated banks and finance companies.

B.3. Bank hybrid capital instruments with high equity content

62. The only bank hybrid capital instruments that qualify for the high equity content category are: (i) instruments that convert mandatorily to common equity within a fairly short time frame, and (ii) eligible government-owned hybrid capital instruments.

63. **a) Mandatory convertible securities (MCS):** An MCS may convert into common equity on a predetermined date instead of due to a deterioration of a bank's financial position. In such cases, if the conversion is at a price that is not lower than the common share price of the bank on the date the instrument was issued, certain time horizons to conversion qualify these instruments for the high equity content category (see "Intermediate Equity Content For Certain Mandatory Convertible Preferred Stock Hybrids," published Nov. 26, 2008, for details of the criteria for mandatory convertible preferred stock issued by rated Australian banks). Specifically, the instrument must convert:

- Within three years if the bank's SACP is at 'bbb-' or higher,
- Within two years if the SACP is in the 'bb' category, and
- Within one year if the SACP is in the 'b' category.

64. Certain features of bank hybrid capital instruments are inconsistent with high equity content because of the high sensitivity of banks and finance companies to investor confidence. Examples of such features include a coupon or dividend that varies directly with changes in a bank's common stock dividend or earnings. Another example is when coupon nonpayment or a principal write-down is mandatory on the activation of a financial or rating trigger.

65. Bank hybrid capital instruments that display such attributes include contingent capital structures and instruments with principal write-down features. However, an instrument with either feature may qualify for the intermediate equity content category if the features operate on a going-concern basis. If such an instrument is also an MCS that converts into equity within the time periods outlined in paragraph 63, then it is eligible for the high equity content category.

66. **b) Government-owned hybrid capital instruments as part of a bank rescue or support package:** In addition to the MCS described in paragraphs 63-65, a bank hybrid capital instrument owned by the government also qualifies for the high equity content category when all of the following conditions apply:

- The government has invested in the instrument to rescue or provide extraordinary support to a bank, or as part of a long-term support arrangement for a bank;
- The government appears likely to continue the support if the bank does not strengthen quickly. Examples of ongoing support include conversion of a bank hybrid capital instrument into common equity and the waiver of coupons or fees;
- The instrument is either: (i) permanent, with no principal repayment dates, and will only be replaced by a similar government-owned hybrid capital instrument or common equity; or (ii) not permanent, but government's statements suggest that redemption will come only from the bank's retained earnings. After such a redemption of a dated instrument, the bank's SACP must be at 'bbb-' or higher;
- We don't expect the government to sell the hybrid capital instrument to a market investor until the bank has stabilized;
- Dividends are fully discretionary; and
- There is a distinction between the government-owned hybrid capital instrument and other hybrid capital instruments in the public market. One example is when a payment suspension on a government-owned hybrid capital instrument can occur, even if other hybrid capital instruments continue to make payments.

B.4. Contingent capital structures and hybrids with write-down features have intermediate or minimal equity content

67. A contingent capital instrument with features that could lead to mandatory conversion into common equity or a write-down of principal does not have high equity content if issued by a bank, finance company, or securities firm. This is because the activation of the loss-absorption trigger could cause a loss of investor confidence, restricting the bank's funding flexibility. Such an instrument counts as a hybrid with intermediate equity content if it satisfies the other conditions relevant for that category.

68. **a) Going-concern contingent capital:** A contingent capital instrument qualifies for the intermediate equity content category--regardless of its initial form (for example, as a deferrable or nondeferrable instrument)--if it can absorb losses on a going-concern basis. The criteria treat such an instrument as going-concern contingent capital. If the instrument is regulatory Tier 1

capital, it does not need to contain the four features in the next paragraph to be eligible for intermediate equity content if it is otherwise consistent with that category according to other criteria in this article.

69. To be eligible for intermediate equity content, a Tier 2 instrument must have all the following features:

- The regulator's classification as part of regulatory capital (if the issuer is subject to the concept of regulatory capital), whether that is Tier 1 or Tier 2;
- A residual life of at least 10 years, if the bank's SACP is at 'bb+' or lower; or at least 15 years if the SACP is at 'bbb–' or higher. These residual periods are shorter than the residual life standards for all other hybrid capital instruments with intermediate equity content;
- Even if regulatory approval is required for any redemption, documentation stipulating that it may only be replaced by issuance of new common equity instruments or by an equivalent or stronger instrument (with high or intermediate equity content) and that such a replacement would take place before the redemption of the instrument; and
- A conversion feature that transforms it into common equity or a feature allowing a permanent write-down of at least 25% of the principal. The triggers for these features would kick in mandatorily and on a going-concern basis. A temporary write-down would still be consistent with this condition if the permanent portion of any write-down is at least 25% of principal.

70. **b) Nonviability contingent capital (NVCC) and bail-in hybrids:** A bank hybrid capital instrument that can absorb losses only on a nonviability basis has minimal equity content and is sometimes referred to as bail-in capital if the holders share the cost of a government's rescue of a bank. This is because it cannot support the bank's SACP until the bank has received government support or has collapsed. In these circumstances, the instrument does not contribute to the capital strength that supports the SACP before the point of nonviability. Such instruments include those that form part of regulatory capital and may have to share the burden of a bank rescue, but cannot absorb losses before nonviability; examples include certain NVCC instruments and nondeferrable subordinated debt instruments.

71. If an NVCC instrument can also absorb losses on a going-concern basis, such as via a coupon nonpayment or deferral, it is eligible for intermediate equity content if the going-concern features are consistent with the criteria for that equity content category.

C. Assigning Issue Credit Ratings To A Bank Hybrid Capital Instrument

72. The criteria for rating a bank hybrid capital instrument apply to all such instruments, regardless of their equity content classification, and also apply when a hybrid capital instrument is not part of regulatory capital. Section C.4 describes the criteria for nondeferrable subordinated debt instruments that we do not classify as hybrid capital instruments.

73. We do not rate an instrument with a loss-absorption or contingent capital trigger that is not related to the bank's creditworthiness, in line with "Principles For Rating Debt Issues Based On Imputed Promises," published Dec. 19, 2014. Examples of such triggers are those linked to a bank's market capitalization or share price. We will also not rate instruments with triggers that are based on regulators' concerns about financial stability in the broader market, or linked to events or situations that are not observable using public information. This includes situations in which a regulator has full discretion to activate the trigger when a bank is still a going concern. However, if the regulator's discretion extends only to deciding whether a bank is about to breach a defined

and observable regulatory ratio, or only to deciding whether a bank is nonviable, then the instrument is an NVCC instrument and is ratable, in which case Table 2 applies.

C.1. Starting point for standard notching

74. We assign an issue credit rating to an operating bank's hybrid capital instrument by notching down from the "starting point," which is our assessment of the bank's SACP, except in the situations described in paragraphs 75 or 79-80, when the starting point for notching is from the ICR. The reason for this is that the ICR may include notches of uplift for our expectation of extraordinary group or government support to the bank in the event of distress, but when this support does not accrue to hybrid capital instruments, we notch from the SACP. In the case of a hybrid capital instrument issued by a nonoperating holding company (NOHC), the starting point is our assessment of the relevant unsupported or supported group credit profile (GCP; see paragraph 140), as described in paragraph 76.

75. **a) A subsidiary's hybrids:** When an issuer within the scope of this criteria article (see paragraphs 6 and 7) is a subsidiary that is core, highly strategic, or strategically important to an in-scope financial institutions group according to our "Group Rating Methodology," published Nov. 19, 2013, the following rating approach applies:

- The issue credit rating results from notching down from the ICR on the subsidiary if group support also applies to the subsidiary's hybrid capital instruments.
- If we do not expect group support to maintain payments on the subsidiary's hybrids or prevent the hybrids from absorbing losses, then the issue credit rating results from notching down from the SACP of the subsidiary.
- If the parent company is an operating entity rather than an NOHC, the issue credit rating on the subsidiary's hybrid capital instrument is capped at (but can be lower than) the issue credit rating on an otherwise identical hybrid capital instrument issued by the operating parent company. This is unless the ICR on the subsidiary is higher than that on the operating parent company, in which case the cap does not apply. If the parent has not issued a similar instrument, the cap is the issue credit rating that would have applied if the instrument had been issued by the operating parent company.

76. **b) A nonoperating holding company's hybrids:** The issue credit rating on an NOHC's hybrid capital instrument results from notching down from the unsupported GCP or the supported GCP applicable to the group or subgroup headed by the NOHC. The unsupported GCP is the starting point for an NOHC hybrid when the operating entity SACP is the starting point for an equivalent hybrid issued by the operating entity. The supported GCP is the starting point for the NOHC hybrid when the following two conditions apply:

- The ICR of the operating entity is the starting point for an equivalent hybrid issued by the operating entity; and
- We expect that the government will support the hybrid capital instrument, for example, in the case of a hybrid issued by certain GREs (see paragraph 79).

When the first condition applies, but not the second, then the starting point for an NOHC hybrid is the unsupported GCP, even when the ICR is the starting point for operating entity hybrids.

77. From the starting point defined in paragraph 76, we notch for any risk factors associated with the NOHC's hybrid applying Table 2 below.

78. Our rating on an NOHC's hybrid capital instrument includes consideration of the likelihood that default on such an instrument would occur because the NOHC had entered into resolution, the regulator had determined that the entity was nonviable, a contractual trigger leading to nonpayment had been activated, or the NOHC was unable to maintain payments on the instrument, noting that the NOHC depends on dividend flows from the operating entity.

79. **c) A government-related entity's hybrids:** To rate a hybrid capital instrument of a bank that is a government-related entity (GRE), the notching is from the bank's SACP. However, notching is from the ICR if the likelihood of government support under our GRE criteria is almost certain, extremely high, or very high, and we consider that financial support from the government would prevent loss absorption (in the form of coupon nonpayment, a principal write-down, a conversion into common equity or a distressed exchange) by the hybrid capital instrument (see "Rating Government-Related Entities: Methodology And Assumptions," published March 25, 2015). See paragraph 76 in this criteria article for the treatment of a hybrid issued by an NOHC related to a GRE).

80. If the ICR on a bank is lower than the SACP, which can occur, for example, if the long-term sovereign credit rating or transfer and convertibility assessment is lower than the SACP, then the ICR is the starting point. If an NOHC's ICR is constrained below the unsupported GCP by such considerations, then the starting point for NOHC hybrids is the NOHC ICR. (For example, if the unsupported GCP is 'bbb+', but the NOHC ICR is 'BBB' due to sovereign-related constraints, then the starting point for notching of an NOHC hybrid is the NOHC ICR.)

81. **d) A two-step rating approach:** Assigning a rating to a bank hybrid capital instrument comprises two main steps, in both of which we deduct notches from the starting point to arrive at the issue credit rating. The gap between the issue credit rating and the starting point is the sum of the notches deducted in each step:

- Standard notching, based on relatively common features of hybrid capital instruments (see table 2 step 1 and Section C.2); and
- Additional notching for specific risk factors not captured in the starting point or the standard notching (see table 2 step 2 and Section C.3).

See "Use Of 'C' And 'D' Issue Credit Ratings For Hybrid Capital And Payment-In-Kind Instruments," published Oct. 24, 2013, and "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012, for the criteria determining when a hybrid capital instrument receives those issue credit ratings, and when the rating outcome using Table 2 does not apply. We assign a rating of 'CCC+' or lower when standard, minimum notching (for subordination) leads to a rating in that category, or when the likelihood of nonpayment on such an instrument is consistent with the scenarios outlined in those criteria articles (see "Credit FAQ: Applying "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings" To Subordinated And Hybrid Capital Instruments," published July 16, 2014, for more details).

Table 2

Assigning Issue Credit Ratings To Bank Hybrid Capital Instruments

Rating approach: Deduct notches from the starting point (see paragraph 74) in each step to arrive at the issue credit rating. The difference between the issue credit rating and the starting point is the sum of the notches deducted in each step.*§

Instrument features	Number of notches	Criteria reference
Step 1: Standard notching (Section C.2)		
Step 1a: Deduct one or two notches to reflect contractual subordination, depending on the starting point level.	For a starting point of 'bbb-' ('BBB-' for the ICR) or higher, deduct one notch. For a starting point at 'bb+' ('BB+' for the ICR) or lower, deduct two notches.	Paragraphs 83-85
Step 1b: Identify whether the instrument has a discretionary or mandatory nonpayment clause, leading to coupon nonpayment, and whether the regulator classifies it as regulatory capital.	If so, deduct further notches as follows:	Paragraphs 86-89
	--If a regulatory Tier 1 instrument: deduct two notches, or one notch in a jurisdiction that is not planning to adopt the general provisions of Basel III or equivalent measures, or	
	--If a regulatory Tier 2 deferrable instrument: deduct one notch.†	
Step 1c: Identify whether the instrument has a mandatory contingent capital clause leading to common-equity conversion or a principal write-down, or both; or whether the relevant regulatory or legal framework creates the equivalent of such a clause.	If so, deduct one further notch, subject to the conditions in paragraph 90.	Paragraph 90
Step 2: Additional notching (Section C.3)		
Step 2a: Identify whether the instrument has a mandatory going-concern, regulatory capital-based trigger** (either statutory or contractual) that results in nonpayment, write-down, or conversion.	If so, deduct additional notches or apply rating caps, as follows, when we expect the regulatory capital ratio to stay within a given range of the trigger or at a minimum level:	Paragraphs 92-94
	--If 301 bps-700 bps: deduct one notch; or	
	--If 201 bps-300 bps : deduct two notches; or	
	--If 101 bps-200 bps: deduct four notches; or	
	--If 0-100 bps: deduct four notches and set the issue credit rating no higher than 'CCC'.	
Step 2b: Identify whether the instrument has a nonpayment clause that neither our assessment of the starting point nor the standard notching in Steps 1a to 1c and Step 2a fully captures.	If so, deduct one, two, or three additional notches, depending on the likelihood of nonpayment on the instrument.	Paragraph 95

Table 2

Assigning Issue Credit Ratings To Bank Hybrid Capital Instruments (cont.)

Rating approach: Deduct notches from the starting point (see paragraph 74) in each step to arrive at the issue credit rating. The difference between the issue credit rating and the starting point is the sum of the notches deducted in each step.*§

Instrument features	Number of notches	Criteria reference
Step 2c: Identify whether the instrument has a contingent capital clause leading to common-equity conversion or a principal write-down, or both, if the contingent capital trigger is based on a rating change or is exceptionally sensitive.	If so, the issue credit rating is no higher than 'CCC'.	Paragraph 96

*We assign a rating of 'D' to a hybrid capital instrument only when it is in default according to our criteria (see "Methodology: Use Of 'C' And 'D' Issue Credit Ratings For Hybrid Capital And Payment-In-Kind Instruments," Oct. 24, 2013). The deduction of notches for likelihood of nonpayment (i.e. all steps except for 1a) takes place until the point where a 'B-' issue credit rating is reached. If the likelihood of default on the instrument does not meet the criteria in paragraphs 7-14 of "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012, for 'CCC' or 'CC' ratings, the issue credit rating resulting from deducting notches for default risk alone would generally be no lower than 'B-', although notches would also be deducted for subordination in line with step 1a. See "Credit FAQ: Applying "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings To Subordinated And Hybrid Capital Instruments," published July 16, 2014, for more details of how these criteria are applied. §Additional notching is from the starting point. †See paragraph 89 for the treatment of a regulatory Tier 2 instrument with coupon payments that are linked to those on a regulatory Tier 1 instrument. **The trigger refers to a mandatory going-concern regulatory capital-based trigger, described as a specific regulatory capital ratio. Examples include documentation stating that nonpayment on an instrument is mandatory if a specified capital ratio falls below a defined level, expressed as a number, e.g., 10%, and regulation or legislation that defines the mandatory trigger ratio as a number, such as 10%. We expect to treat the entry of a capital ratio into a regulatory capital conservation buffer range as a discretionary trigger and therefore, we address it in step 2b instead of step 2a. SACP--Stand-alone credit profile. ICR--Issuer credit rating. bps--Basis points.

C.2. Standard notching

82. The notching methodology for all bank hybrid capital instruments starts with standard notching. Depending on an instrument's features, additional notching may apply (see section C.3). The standard notching for a bank hybrid capital instrument is the sum of:

- One or two notches, depending on the starting point, for contractual subordination (see step 1a);
- One or two notches, depending on the regulatory classification of the instrument, for the risk of a partial or untimely payment (see step 1b); and
- One notch if there is a mandatory contingent capital clause leading to conversion into common equity, a principal write-down, or both, which would lead to a 'D' issue credit rating if triggered (see step 1c).

83. **Step 1a:** Contractual subordination results in a one-notch deduction from a starting point that is at 'bbb-' or higher. An additional notch for subordination applies if the starting point is at 'bb+' or lower. This notching applies whenever an instrument is subordinated to senior unsecured debt, even if it is labeled as mezzanine instead of subordinated (see table 2, step 1a).

84. There is no further deduction to reflect different subcategories of contractual subordination (see table 2, step 1a).

85. If notching is from the ICR, the standard deduction for contractual subordination is one notch if the ICR is 'BBB-' or higher, or two notches if the ICR is 'BB+' or lower (see table 2, step 1a).

86. **Step 1b:** To reflect the standard risk of coupon nonpayment, we then deduct either one or two further notches under Step 1b depending on the instrument's regulatory classification.

87. We deduct two notches for a regulatory Tier 1 instrument issued by a bank that is subject to, or in

a jurisdiction that is planning to adopt, the general provisions of Basel III or equivalent rules. These rules heighten the potential for coupon nonpayment on a going-concern basis when the regulatory "capital conservation buffer" as defined under Basel III, systemically important financial institution buffers, or other regulatory core equity capital buffers apply. This is because of the increased risk of mandatory loss absorption under Basel III and equivalent rules. We also deduct these two notches for legacy Tier 1 instruments that are now subject to Basel III or equivalent rules.

88. The risk of mandatory loss absorption is lower for a Tier 1 instrument that is not subject to Basel III mechanisms, or for a regulatory Tier 2 instrument with a deferrable coupon, for which we deduct one notch to reflect the standard risk of coupon nonpayment. We also deduct one notch for legacy Tier 1 instruments that are not subject to the general provisions of Basel III or equivalent rules or where the issuer is not in a jurisdiction that is planning to adopt Basel III or equivalent measures. Conversely, under Step 1b there is no deduction for a Tier 2 instrument that has a nondeferrable coupon.

89. We use the same notching approach as for Tier 1 instruments to rate an instrument that the regulator classifies as partly Tier 1 capital and partly Tier 2, or a Tier 2 instrument for which nonpayment of the coupon is linked to nonpayment on a Tier 1 instrument. We deduct two notches when Basel III provisions apply or are planned to be adopted (and one notch otherwise), even if a bank hybrid capital instrument has a restricted ability to stop coupon payments, such as due to a clause that prevents coupon suspension because of interactions between coupon payment dates. We still deduct one notch for nonpayment risk if the restriction prevents coupon nonpayment, because these instruments offer a bank the legal right to stop paying coupons (see table 2, step 1b). If coupon nonpayment can only occur when a bank breaches its minimum regulatory capital requirements, we still deduct the relevant number of notches for a Tier 1 or Tier 2 instrument. If a hybrid capital instrument is not classified as Tier 1 or Tier 2 regulatory capital (for example because it is issued by a finance company or securities firm that is not subject to such classifications) but has a deferrable coupon, then under Step 1b we deduct in total one notch for the standard risk of coupon nonpayment.

90. **Step 1c:** We deduct a notch under Step 1c if a contingent capital clause requires the mandatory conversion of an instrument into common equity or the write-down of principal, or if there is a discretionary contingent capital clause that we expect regulators to enforce (see table 2, step 1c). This is the case if an instrument's documentation includes such a clause or if the relevant regulatory or legal framework implies the equivalent of such a clause. Step 1c applies for such going-concern or NVCC clauses unless (1) we evaluate the regulatory environment as one in which the bank is likely to receive extraordinary government support if it is in distress, in a preemptive manner and at a relatively early stage of its deterioration; and (2) based on the regulator's statements, such preemptive government support would not constitute a nonviability event and therefore not lead to a principal write-down or equity conversion of the hybrid. We also do not deduct a notch if a contractual clause is discretionary and we do not expect regulators to enforce it.

C.3. Additional notches to reflect the risk of a partial or untimely payment

91. Additional notching indicates loss-absorption risk that the SACP assessment or criteria for standard notching do not fully capture.

92. **Step 2a:** If a hybrid capital instrument has a mandatory going-concern contractual clause or a statutory nonpayment clause linked to a regulatory capital ratio in the form of a specific number, we deduct notches under Step 2a to factor in the difference between our expectations of a bank's regulatory ratios and the regulatory ratio level that triggers the nonpayment (see table 2, step 2a for the capital ratio ranges). Note that Step 2a would apply in addition to Step 1c for such an instrument.

93. Notching under Step 2a applies if the trigger results in nonpayment of coupons, or if the trigger is a contingent capital trigger that leads to a principal write-down or conversion into common equity. In these cases, we base the issue credit rating on our expectation of the regulatory ratio the bank can maintain for the subsequent 12-24 months, in line with the time frame for the outlook on the ICR; our expectation may differ from the bank's forecasts.

94. The issue credit rating reflects the capital ratio range that captures the lowest capital ratio that we expect during this time frame, or a higher capital ratio if we strongly expect that capital will strengthen imminently in response to actions the bank has announced. If the trigger relates to compliance with a minimum regulatory capital requirement to maintain a banking license, it is a nonviability trigger and neither Step 2a in Table 2 nor this paragraph applies.

95. **Step 2b:** Under Step 2b, we apply one, two, or three notches for loss-absorption risks that the starting point, standard notching, and the notching in Step 2a do not capture (see table 2, step 2b). This applies whether the loss absorption would be via coupon nonpayment, a write-down, or conversion of the principal into common equity. What follows is a nonexhaustive list of examples of such situations:

- If a bank's reporting of a loss in a particular accounting period leads to mandatory nonpayment on an instrument and the bank is therefore unable to use its reserves to offset the impact of this loss, we typically deduct one notch. This will increase to two or three notches, depending on our assessment of the likelihood of the clause being triggered.
- If we consider that a bank is at risk of insufficient distributable reserves for a regulator to permit payment on a hybrid capital instrument--even though nondistributable reserves are available--we typically deduct one notch. This will increase to two or three notches, depending on our assessment of the likelihood of the clause being triggered.
- If there is a risk of a statutory or regulatory ruling that prohibits or restricts coupon payments, we generally deduct one notch. This will increase to two or three notches, depending on our assessment of the likelihood of nonpayment on the instrument. An example of such a situation is when the European Commission requires a bank to stop coupon payments or otherwise bail-in bank hybrid capital instruments after ruling that the bank had received state aid.
- If we see a heightened risk of a bank or regulator activating a discretionary nonpayment clause--for example, when a bank's regulatory capital position means that it is at heightened risk of being subject to the capital distribution restrictions applicable for ratios within the ranges specified by Basel III's capital conservation buffer--we generally deduct one notch. This will increase to two or three notches, depending on our assessment of the likelihood of nonpayment on the instrument. This notching typically applies only to hybrids issued by banks whose regulatory capital levels are within the buffer ranges. However, we would also apply this notching if we see a heightened risk that a bank's regulatory capital would fall into the capital conservation buffer range applicable for that bank, and that this would trigger a decision by the bank or regulator to stop payments.
- If the instrument is issued from an NOHC, we consider that there is an increased likelihood of default if either or both of the following factors applies: 1) the NOHC relies on dividend flows

from the operating entity to service its instruments; 2) the NOHC has a higher likelihood of regulatory intervention that would be detrimental to creditors than the operating bank. We apply up to three notches, depending on our assessment of the likelihood of nonpayment on the instrument. We typically apply at least one notch under this step for an NOHC hybrid unless we consider that it is clear the operating company hybrid will default earlier than an equivalent NOHC hybrid. This may be the case, for example, where the regulatory approach would impose losses on similar instruments issued out of the operating bank before a default on the NOHC instrument.

96. **Step 2c:** We cap the issue credit rating at 'CCC' on a bank hybrid capital instrument with a contingent capital trigger that is linked to a specific rating (see table 2, step 2c).

C.4. Nondeferrable subordinated bank debt

97. The issue credit rating on a bank's conventional nondeferrable subordinated debt obligation (by conventional we mean that it has the same default risk as senior debt and no contingent capital clause) is one notch below the ICR if the ICR is 'BBB-' or higher. The issue credit rating is two notches below an ICR that is 'BB+' or lower, but is no lower than 'C', unless 'D' applies. The criteria assign an issue credit rating of 'D' only to an instrument that has stopped paying.

98. The notching described in the previous paragraph reflects that the default risk for the subordinated instrument is the same as that on senior debt, and that the instrument is not a hybrid capital instrument. The issue credit rating also reflects the instrument's subordinated position in an administration, an insolvency, or similar proceedings.

99. If a nondeferrable subordinated debt instrument has a mandatory contingent capital feature (either contractual or statutory), then we rate it according to Table 2 because it is a hybrid capital instrument.

100. We also consider a nondeferrable subordinated debt instrument to be a hybrid capital instrument if it constitutes part of a bank's regulatory capital and represents higher default risk than the senior debt due to a discretionary contractual or statutory contingent capital feature or to resolution regime arrangements. This occurs in countries where the regulatory and legal frameworks, including bank resolution regimes, could lead to the conversion of nondeferrable subordinated debt into bail-in capital, or to untimely or partial payment of coupon or principal, without provoking a legal default or the bank's liquidation.

101. When rating nondeferrable subordinated bank debt in a country where the features in the previous paragraph apply, our approach is to apply table 2, as for other hybrid capital instruments. This approach uses the notching for contractual subordination risk (step 1a, see paragraphs 83-85) and the other steps in table 2 (including step 2b) to denote higher default risk, where this applies. In such jurisdictions, the government is unlikely to support the payment of nondeferrable subordinated debt, even though it may support a bank's senior debt. This makes the bank's SACP or the unsupported GCP the appropriate starting point for the issue credit rating on nondeferrable subordinated debt. The rating is no lower than 'C', unless 'D' applies. We assign an issue credit rating of 'D' only to an instrument that has stopped paying.

102. Identification of the jurisdictions where this notching applies relies on whether the legal and regulatory frameworks allow the authorities to instigate restructuring of a failing bank to the detriment of nondeferrable subordinated debt. An example of such an action is when the authorities order the write-down of principal or transfer a nondeferrable subordinated instrument to a different legal entity from that carrying the senior debt, but also provide protection for the senior creditors. Such flexibility may form part of legislation, or be indicated by previous regulatory

actions or the statements of those authorities.

103. In some jurisdictions, the authorities may have power to force a default of nondeferrable subordinated debt to protect senior creditors, as described in the previous paragraph, but use of this option in that jurisdiction is uncertain. In rare circumstances, a government may indicate its intention to prevent losses on nondeferrable subordinated debt. The rating methodology in such a situation is to notch down from the ICR instead of from the SACP.

104. If regulatory actions support a bank's senior debt, but allow a default on nondeferrable subordinated debt, the affected subordinated debt instrument receives a rating of 'D' on its default.

105. For nondeferrable subordinated debt of a banking subsidiary of an operating bank parent, or nondeferrable subordinated debt of an NOHC, the criteria in paragraphs 75-78 also apply.

IV. APPENDIXES

Appendix A: Frequently Asked Questions On Applying The Bank Hybrid Capital Criteria To Specific Instruments

1. How do you treat an instrument that contains "going-concern" triggers as well as "nonviability" contingent capital triggers?

106. The issue credit rating on a hybrid capital instrument reflects our opinion of the likelihood that it will absorb losses and that a going-concern trigger will generally be activated before a nonviability trigger. A capital ratio trigger would not typically capture factors such as liquidity, which could contribute to nonviability. Nonetheless, our assessment of the issuer's stand-alone credit profile (SACP) shows our opinion of how close an issuing bank is to nonviability.

107. The criteria address mandatory nonviability contingent capital (NVCC) triggers in Step 1c, which requires a deduction of one notch to arrive at the issue credit rating. Step 2a only applies if a hybrid capital instrument contains a mandatory going-concern trigger defined as a specific capital ratio number. Both steps can apply to the same instrument.

108. If an instrument contains multiple contingent capital clauses linked to different regulatory capital ratios, the issue credit rating is based on the likelihood linked to the first trigger that would be activated. On activation of this trigger, the issue credit rating would be lowered to 'D'. If an instrument subsequently undergoes an additional write-down of principal, there is no additional rating action if the issue credit rating is already at 'D'.

2. How do you distinguish between a nondeferrable subordinated debt instrument that has NVCC status due to a statutory ruling, as opposed to one whose documentation contains a contractual NVCC clause?

109. Section C.4 of the criteria details the methodology for rating a bank's traditional nondeferrable subordinated debt instruments that do not have NVCC features.

110. If a nondeferrable subordinated debt instrument has a contractual or statutory mandatory NVCC clause, then we consider it a hybrid capital instrument for the purpose of assigning an issue credit rating, which results from notching down from the SACP as shown in Table 2.

111. Step 1b does not apply if the instrument does not have a coupon nonpayment clause because it is nondeferrable. This means, for example, that a nondeferrable subordinated debt instrument with a mandatory NVCC clause, issued by a bank with an SACP of 'bbb', would be rated 'BB+' (that is, two notches below the SACP) on the basis of standard notching in Steps 1a and 1c.

112. Legislation could allow a bank or regulator the option of treating a hybrid capital instrument as contingent capital, meaning that conversion or a write-down of principal is optional. If this is the case, we would notch from the SACP to rate the instrument, as described in paragraph 101. If a statutory ruling introduces a mandatory NVCC clause, or if we expect regulators to enforce a discretionary clause, then the rating approach is that shown in the previous paragraph.

113. If a nondeferrable subordinated debt instrument contains a contractual but optional NVCC clause, the rating approach is to notch down from the SACP, regardless of the jurisdiction.

3. What happens if the rating on a bank's nondeferrable subordinated debt is based on notching from the SACP, due to the legal framework in its jurisdiction, but the bank's subsidiary issues a similar instrument in a country where the rating approach is to notch from the issuer credit rating (ICR)?

114. If a bank subsidiary benefits from group support, we cap the rating on its hybrid capital instrument at no higher than, but potentially lower than, the issue credit rating on the parent bank's hybrid instruments (see the third bullet point of paragraph 75 of the criteria). The rating cap refers to equivalent types of hybrid capital instruments. For example, the cap relates to the issue credit rating that would have applied if the hybrid capital instrument had been issued by the parent.

115. We use this approach unless the ICR on the subsidiary is higher than that on the parent (see "Group Rating Methodology," published Nov. 19, 2013). We consider that restrictions on a parent bank's ability to pay its own nondeferrable subordinated debt are likely to affect its ability to support nondeferrable subordinated debt issued by subsidiaries.

4. How do you treat exchange offers on a bank's hybrid capital instruments and nondeferrable subordinated debt?

116. Our criteria for rating instruments subject to exchange offers are in "Rating Implications Of Exchange Offers And Similar Restructurings, Update," published May 12, 2009. That article discusses two conditions that lead us to consider certain exchange offers to be tantamount to a default under our criteria. These conditions are that we believe the offer:

- Implies the investor will receive less value than the promise of the original securities; and
- Arises from the issuer's distress and is not purely opportunistic.

117. In question 14 of the May 12, 2009, article, we discuss the treatment of hybrids. An exchange offer on a hybrid capital instrument may reflect the possibility that, absent the exchange offer taking place, the issuer would exercise its option to defer coupons or otherwise not service the instrument. If we classify an exchange offer as distressed, we lower the issue credit rating on the bank hybrid capital instrument to 'D'. The lowering of the issue credit rating to 'D' on a hybrid capital instrument following a distressed exchange does not result in the lowering of the ICR to 'SD' or 'D' if the instrument forms part of the regulatory capital of a prudentially regulated issuer. By contrast, a distressed exchange offer on an instrument that is not a hybrid capital instrument (including certain nondeferrable subordinated debt instruments) would result in the lowering of

the ICR to 'SD' or 'D'.

118. If the issuer's SACP is at 'bb-' or higher, we would not ordinarily characterize an exchange offer as a de facto restructuring. If the SACP is at 'b-' or lower, we would typically view an exchange offer as distressed. If the SACP level is 'b+' or 'b', market prices or other cues would determine whether we classify the offer as distressed.

119. We also consider any specific terms attached to an instrument that may make nonpayment more likely than suggested by the SACP (that is, features that lead to additional notching under paragraphs 91-96 of the bank hybrid capital criteria).

5. How does this criteria article relate to the Hybrid Capital Handbook?

120. This criteria article applies only to the hybrid capital instruments of banks and some other financial institutions specified in paragraph 6, and it supersedes "Bank Hybrid Capital Methodology And Assumptions," published Nov. 1, 2011. That criteria article superseded various references to bank hybrids in "Hybrid Capital Handbook: September 2008 Edition," published Sept. 15, 2008, but did not supersede the sections Equity Content: Guiding Principles, Equity Content: Ongoing Payments, and Equity Content: Permanence. In particular, our criteria consider the impact of a bank's management's intent and incentives on the likelihood of an instrument absorbing losses on a going-concern basis, and the degree of permanence of that instrument. The criteria also take into account possible implications of regulatory intent for the equity content classification of a bank's hybrid capital instrument.

121. For this reason, Table 1 Bank Hybrid Capital Instruments: Equity Content And Eligibility For TAC, should not be read in isolation. The table shows the features necessary for an instrument's inclusion in our calculation of TAC, but other conditions could result in lower equity content classification. For example, concerns regarding management's intent in light of regulatory uncertainty may lead to a classification of minimal equity content. In assessing equity content, we pay close attention to an instrument's individual features, but ultimately consider the overall effect of an instrument on the issuer's credit profile.

122. Further criteria for instruments issued by banks, as well as by corporate issuers and insurance companies, are in "Assumptions: Clarification Of The Equity Content Categories Used For Bank And Insurance Hybrid Instruments With Restricted Ability To Defer Payments," published Feb. 9, 2010, "Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers," published Feb. 10, 2010, and "Intermediate Equity Content For Certain Mandatory Convertible Preferred Stock Hybrids," published Nov. 26, 2008.

6. How does S&P Global Ratings' view of management intent affect the equity content classification of a bank hybrid capital instrument?

123. Management intent refers to a bank's commitment to allowing its hybrids to act as capital. In various circumstances, our view on this can lead us to rank an instrument in the minimal equity content category. This means that, depending on the issuer, we may classify hybrid instruments with similar structures as having different equity content. For example, we would designate the content of a hybrid capital instrument as minimal if we believed a bank's management would be unwilling to defer optional coupons on a going-concern basis or that regulators would allow the bank to make such payments. We would also examine management's intent if the structure of an instrument appears to increase uncertainty about the regulatory approach to the instrument while the bank is a going concern.

124. Another situation that could call management intent into question is if many of a hybrid capital

instrument's features are, individually, the weakest necessary to qualify that instrument for the intermediate equity content category under our criteria. These could include a cumulative deferrable coupon and a residual life at issuance equal to (or with only a small cushion to) the minimum possible maturity dates compatible with intermediate equity content.

125. For dated instruments, assuming an optional call date five years after issuance, we would question the issuer's commitment to having a hybrid act like capital if the instrument's term were close to the shortest under our criteria for inclusion in TAC.

126. Also, our view of management intent can evolve over the lifetime of a hybrid capital instrument. This can reflect changes in management teams, corporate financial policies, and legislation or regulation that can alter the issuer's incentives to defer on or retain the instrument.

7. If for one of paragraph 69's conditions, the instrument's features are more supportive of equity content (such as a full permanent write-down or a residual life of 30 years), then does this lead to a more favorable assessment of the other features or otherwise offset weakness on any of the other features? Also, to meet the third condition in paragraph 69, is a replacement capital covenant (RCC) necessary?

127. A going-concern contingent capital Tier 2 instrument is only eligible for intermediate equity content if it meets all of the four conditions listed in paragraph 69. A feature in one condition cannot offset weakness on another condition.

128. The criteria do not specify the legal format of the document that is consistent with the third condition, so it does not need to be an RCC. It can be part of an instrument's information memorandum or offering circular, for example, although senior unsecured creditors are then not beneficiaries of the clause as they typically would be under an RCC. The focus of the criteria is on assessing the content of the documentation rather than the exact form that the documentation takes.

8. Would an instrument be considered to be replaced by common equity if the issuing bank had generated capital reserves equivalent to the size of the hybrid capital instrument by the time of its redemption, for example, in the previous year?

129. No. The criteria look at situations in which the issuer replaces the hybrid capital instrument by issuing new common equity instruments.

9. How long before the redemption do the criteria expect a replacement issuance to take place?

130. The criteria do not specify the exact time period before the redemption when an issuer would issue replacement common equity shares or a replacement hybrid capital instrument. We expect that this would typically be in the year preceding the redemption date, as this gives the most clarity that the new instrument would be intended to replace that specific hybrid capital instrument. However, an earlier replacement issuance could also be consistent with the criteria. Our rating committees consider whether the new issuance can be reasonably seen as linked to the forthcoming redemption of the original instrument.

131. Note that once the replacement instrument has been issued, we would likely reclassify the equity content of the original instrument to minimal if we consider that permanence is significantly weakened--for example, because it is clearly going to be redeemed in the short term. This is likely even if some of the original instrument remains in place because, for example, the call or redemption was only partial.

10. Under paragraph 69, does S&P Global Ratings assign intermediate equity content to an instrument that, absent replacement, can only be redeemed if the issuing bank's creditworthiness has improved (for example, the rating is higher or a capital ratio has increased, since the instrument was issued)?

132. No. To be assigned intermediate equity content, the hybrid capital instrument can only be redeemed if it has been replaced by a new issuance of common equity or of a hybrid capital instrument with at least intermediate equity content.

133. The criteria do not reference situations in which the creditworthiness of the issuer might have improved (such as if the ICR or SACP reaches a certain threshold). This is because the second condition, which addresses replacement, intends to ensure sufficient "permanence." For callable instruments, permanence addresses whether we are sufficiently confident that a similar or stronger instrument will be a permanent feature of the balance sheet. If a bank shows that redemption can only take place if it would be stronger than at the point of issuance, we consider that this is insufficient to achieve intermediate equity content. This is because it does not address the "permanence" of the instrument. Our criteria regarding replacement conditions for dated hybrid capital instruments are different for banks than for other sectors, such as corporate and insurance issuers. This is because a bank's dated hybrid capital instruments are typically classified as part of regulatory Tier 2 capital and therefore are not considered by the regulator to be part of regulatory "going-concern" capital.

11. When rating bank instruments that rank senior to Tier 1 and 2 instruments and that are subject to nonpayment (through conversion or write-down) in resolution without triggering default of senior debt (sometimes referred to as "Tier 3" instruments), what considerations are relevant to the application of paragraph 90 and step 1c in the hybrid criteria?

134. The considerations for such Tier 3 instruments should incorporate applicable notching for subordination, coupon nonpayment, and conversion or write-down risks. The one-notch deduction outlined in step 1c would generally be applicable when we believe that there is incremental default risk due to the instrument's possible conversion or write-down, relative to the default risk represented by the SACP. This incremental default risk could arise from an NVCC or going-concern conversion clause (or equivalent regulatory process) that may lead to mandatory conversion or write-down of the instrument prior to the bank's entry into resolution. For Tier 3 instruments that are only subject to write-down or conversion in resolution, a 1c notch would not generally be applicable. For example, we would typically not apply the 1c notch if the Tier 3 instrument would only absorb losses after the full conversion or write-down of more junior instruments, including Tier 1 and Tier 2 regulatory capital instruments, and if the risk of conversion or write-down of the Tier 3 instrument is adequately captured by the bank's SACP.

135. Some key factors that may lead to the application of the 1c notch for such instruments include:

- The potential for conversion or write-down of the instrument (including via a distressed

exchange or restructuring) to occur in advance of the bank's entry into resolution.

- The instrument is subject to other triggers that could increase risk of conversion (such as a going concern trigger or NVCC clause).
- Our expectation, based on jurisdiction-specific factors, that the instrument would be written-down or converted pre-emptively, including for example as a condition for the provision of government support.

Appendix B: Glossary

136. **Banks:** Unless otherwise specified in parts of the criteria as applying to a narrower group of entities, the term "banks" includes banks, other deposit-taking institutions, finance companies, bank nonoperating holding companies, and, for the purpose of these criteria, securities firms (sometimes referred to as brokers). The term "other deposit-taking institutions" includes entities such as building societies and banks that are subsidiaries of bank, insurance, or corporate groups.

137. **Basel III or equivalent measures:** A regulatory framework that includes the concept of a regulatory capital buffer for banks, defined as a range of ratios. Under such a framework, a bank is required to reduce or restrict distributions on capital instruments once its regulatory capital ratio falls within that buffer range.

138. **Coupon nonpayment risk:** The risk of a partial or late payment of a coupon on a financial instrument.

139. **Government:** The word "government" includes national, regional, and local governments.

140. **Group credit profile (GCP):** This is not a rating, it is S&P Global Ratings' opinion of a group's or subgroup's creditworthiness as if it were a single legal entity, as defined in "Group Rating Methodology," published on Nov. 19, 2013. The term "unsupported GCP" designates our opinion of a group's or subgroup's creditworthiness excluding the likelihood of extraordinary support or negative intervention from a government or a wider group. The term "supported GCP" indicates that our opinion incorporates the likelihood of extraordinary support or negative intervention from a government or a wider group.

141. **Instrument features:** The terms and conditions applicable to a financial instrument, either because of the wording of the instrument's documentation or the relevant legal or regulatory framework.

142. **Legacy Tier 1 instrument:** A legacy Tier 1 instrument is a regulatory Tier 1 instrument that was issued under the provisions of the Basel II regulatory capital framework and is therefore not necessarily consistent with the Basel III framework's requirements for regulatory Tier 1 capital.

143. **Loss absorption:** A hybrid capital instrument absorbs losses when there is nontimely, incomplete, or partial payment of coupon or principal, thereby improving the relative capital position of the issuer versus full and timely payment to the investor. Examples of loss absorption include coupon nonpayment, principal write-down, conversion into common equity, and a distressed exchange. A hybrid capital instrument absorbs losses when any one of these occur.

144. **Regulatory Tier 1 instrument:** This is a hybrid capital instrument that a prudential regulator classifies as part of an issuer's regulatory Tier 1 capital. Such instruments are typically perpetual with noncumulative deferrable coupons. Under Basel III provisions, coupons should be fully

deferrable, and the instrument should have a contingent capital feature. Basel III defines Tier 1 capital as "going-concern capital" that can absorb losses on a going-concern basis, that is, when the financial institution is solvent.

145. **Regulatory Tier 2 instrument:** This is a hybrid capital instrument that a prudential regulator classifies as part of an issuer's regulatory Tier 2 capital. Basel III defines Tier 2 capital as "gone-concern capital" that absorbs losses on a gone-concern basis, that is, following insolvency and upon liquidation or resolution of the financial institution.

Appendix C

146. This paragraph has been deleted.

V. REVISIONS AND UPDATES

This article was originally published on Jan. 29, 2015. These criteria became effective on Jan. 29, 2015.

This criteria article superseded "Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions," published Sept. 18, 2014, which itself superseded "Bank Hybrid Capital Methodology And Assumptions," published Nov. 1, 2011, and "Assigning "Intermediate" Equity Content To "Tier 2" Bank Hybrid Capital Instruments," published July 16, 2013. The Sept. 18, 2014, criteria article also partly superseded paragraph 18 in "Use Of 'C' And 'D' Issue Credit Ratings For Hybrid Capital And Payment-In-Kind Instruments," published Oct. 24, 2013. Appendix A was first published as part of this article in the version dated Sept. 18, 2014.

Changes introduced after original publication:

- Following our periodic review completed on Feb. 2, 2017, we revised the contacts list and the "Related Criteria And Research" section. We also deleted sections that were no longer relevant, including paragraphs 3, 4, and 5 and the previous section III, including paragraphs 25 and 26. We also moved the previous section IV and paragraph 7 to the revision history section.
- Following our periodic review completed on Jan. 31, 2018, we updated the contacts list and related criteria references.

VI. RELATED CRITERIA AND RESEARCH

Related Criteria

- Risk-Adjusted Capital Framework Methodology, July 20, 2017
- Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- Issue Credit Rating Methodology For Nonbank Financial Institutions And Nonbank Financial Services Companies, Dec. 9, 2014

- Key Credit Factors For Asset Managers, Dec. 9, 2014
- Key Credit Factors For Financial Market Infrastructure Companies, Dec. 9, 2014
- Key Credit Factors For Financial Services Finance Companies, Dec. 9, 2014
- Key Credit Factors For U.S. Business Development Companies, Dec. 9, 2014
- Nonbank Financial Institutions Rating Methodology, Dec. 9, 2014
- Group Rating Methodology, Nov. 19, 2013
- Use Of 'C' And 'D' Issue Credit Ratings For Hybrid Capital And Payment-In-Kind Instruments, Oct. 24, 2013
- Criteria Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions, Oct. 22, 2012
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers, Feb. 10, 2010
- Assumptions: Clarification Of The Equity Content Categories Used For Bank And Insurance Hybrid Instruments With Restricted Ability To Defer Payments, Feb. 9, 2010
- Rating Implications Of Exchange Offers And Similar Restructurings, Update, May 12, 2009
- Intermediate Equity Content For Certain Mandatory Convertible Preferred Stock Hybrids, Nov. 26, 2008
- Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Related Research

- How S&P Global Ratings Proposes To Introduce Resolution Counterparty Ratings On Financial Institutions, Feb. 1, 2017
- Request For Comment: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, Feb. 1, 2017
- Standard & Poor's Finalizes The Rating Approach For Bank And Prudentially Regulated Finance Company Hybrid Capital Instruments, Sept. 18, 2014
- Credit FAQ: Applying "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings" To Subordinated And Hybrid Capital Instruments, July 16, 2014
- Credit FAQ: Intermediate Equity Content In Bank Tier 2 Hybrid Capital Instruments, May 12, 2014
- Why Banks' Dated Deferrable Hybrid Capital Instruments Often Have Minimal Equity Content, Oct. 12, 2012

- Credit FAQ: Applying The Bank Hybrid Capital Criteria To Specific Instruments, Dec. 20, 2011

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