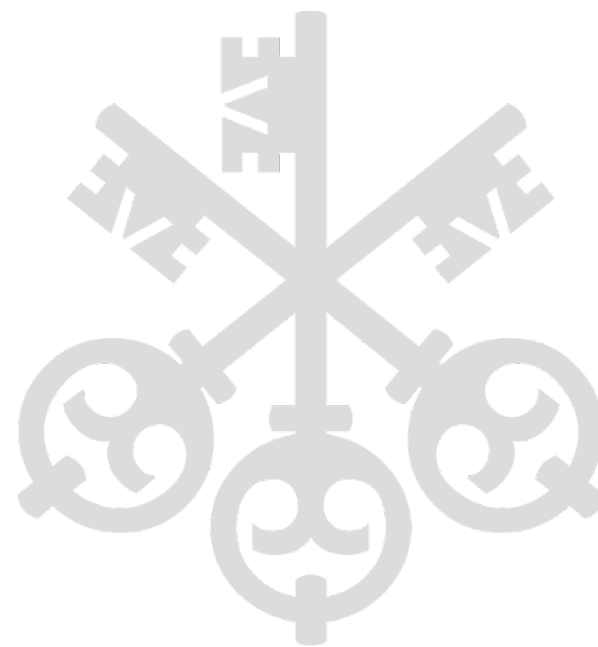


Ministry of Finance

Considerations around tax deductibility for AT1



Executive summary

We understand there remain potential concerns with regards to granting tax deductibility to AT1 securities for banks and insurers. However we do not believe these are justified

- 1 We **do not expect corporates to start issuing hybrids in same form as Bank AT1**
 - all recent **corporate hybrids issuance out of the Netherlands** has been **tax deductible already**
 - Basel 3 / CRD IV's **criteria for AT1** are **not a must have for corporates** to get the right **equity credits** for ratings agencies (or be equity accounted)

- 2 If the **Dutch authorities** were to **approve tax deductibility for hybrids** (to be precise: AT1) issued by **banks/insurers only**, we **do not believe this could qualify as State Aid**
 - A both the **UK** and **Italy** have approved (or are in the process of approving) their tax regime changes for **banks and insurance companies only** (*ie only for "regulatory" capital*), setting a clear **precedent in the European context** and a counter to such a path being considered as State Aid
 - moreover, besides the clear precedent set by the UK and Italy, we conclude that a very strict read of the State Aid definition still leaves ample room to make AT1 coupons tax deductible
 - B an **European level playing field would be denied to Dutch banks**. Not a single country in the EU has indicated that it intends to make AT1 coupons NOT tax deductible and the majority of EU countries have been accommodative from a tax perspective. The State Aid rules are there to guarantee a level playing field between Member States (*Article 107.1*). As in many countries no tax law changes were required, "labelling" the bank specific tax changes in the UK and Italy as State Aid would only further distort the level playing field in Europe
 - C **State Aid concerns can be waived in "some circumstances if necessary for a well-functioning and equitable economy"**. Bank lending is a critical input for the slow recovery of the Dutch economy. **Denying the Dutch banks the option to diversify their capital base** with AT1 as their European peers can could **put both the economic recovery at risk as well as long term financial stability** (as banks may run on tighter solvency levels than their European peers)

- 3 Netherlands is **one of the few regions where no formal ruling has been made on tax deductibility of AT1**
 - clarity has emerged in Belgium, Denmark, France, Italy, Spain, Switzerland and the UK while clarity is expected shortly in Austria and Germany
 - we understand Dutch banks are ready to issue AT1 but currently being held back by uncertainty on tax – putting them at a disadvantage versus their European peers
 - in the last twelve months, we have seen issuance of **€26bn CRD IV compliant AT1** by banks in **Belgium, Denmark, France, Italy, Spain, Switzerland** and the **UK**

1 We do not expect corporates to start issuing hybrids in Bank AT1 form

Will corporates issue hybrids in same form as Bank AT1?

- Corporates can **achieve equity accounting with a perpetual and deferrable cash cumulative coupons**
 - this also achieves 50% equity credit from agencies, which is why this format has dominated corporate hybrid issuance
- **As corporates seek higher equity credit** (100% from S&P / 75% from Moody's) there is **the need to incorporate mandatory deferral triggers, non-cum, non-step etc..**
 - however, there is **still no requirement for writedown / conversion** (unless very short maturities) and therefore it **will not be in the same form as loss absorbing Bank AT1**
- For a comparison of bank and corporate structure, please see the next slide

Recent (2013 – YTD) corporate hybrid issuance

- Majority of corporate hybrids has a **perpetual tenor** and **deferrable coupons**, driven by ratings requirement to achieve 50% equity credit
 - majority of corporate hybrids is issued as a **legal form note**, which for most ensures tax deductibility
- **We are not aware of any corporate hybrids that did not achieve tax-deductibility on coupons** as otherwise it becomes inefficient from a cost perspective for issuer relative to equity and thus hybrid is unattractive to issue.
- The **only jurisdiction where a perpetual would have been an issue for tax purposes is Italy**
 - hence Telecom Italia and Enel issued in 60 year format

Dutch corporate issuance

- 2013 saw **KPN** and **Alliander** issuing corporate hybrids
- In March 2013, KPN issued €1.1bn PerpNC5.5, £1.0bn 60NC12 and US\$0.6bn 60NC10
 - the €1.1bn PerpNC5.5 is equity accounted, while the £1.0bn 60NC12 and US\$0.6bn 60NC10 hybrids are debt accounted
 - the different maturities were driven by hedge accounting as KPN wanted to swap the GBP / USD back to EUR
- In November 2013, Alliander issued €500m PerpNC5
 - this hybrid is equity accounted
- KPN and Alliander's hybrids had tax deductible and deferrable coupons, and received 50% rating equity credit
 - this means for both S&P and Moody's 50% of the coupons are discounted in the cash flow calculations, and 50% of the debt is treated as equity in the leverage calculations

We do not expect corporates to issue in the same loss absorbing form as bank AT1 for higher equity credit

1 Key differences for corporate equity credit versus recent bank paper

Although, from a structural perspective, a 100% S&P equity credit is a significantly more palatable proposition for the investor than what can be offered in the bank perpetual AT1 space, **we have not seen any European 100% S&P credit issuance so far**













	"Standard 50/50"	75% Moody's credit ¹ (Basket D)	100% S&P credit	Bank Additional Tier 1
Maturity	At least 60 years	At least 60 years	Perpetual	Perpetual
Minimum non-call period	5 years	None if no step-up	10 years	5 years
Incentive to redeem	Yes – implicit due to loss of S&P equity credit	Yes– up to 100bps, if minimum non-call period of 10 years	No	No
Deferral	Optional only	Optional and Mandatory	Mandatory	Optional and Mandatory
Dividend pusher / stopper	Both dividend pusher and stopper permitted	Both dividend pusher and stopper permitted	Dividend pusher on deferred payments permitted	None
Accumulation	Cash cumulative	Optional deferred may be cash cumulative Mandatory deferred must be non-cumulative ¹	Cash cumulative	Non-cumulative
Loss Absorption	None	None	None	Yes – principal writedown or conversion
Replacement language	Intentional replacement	None	None	Subject to regulator

¹ For Moody's, to get 75% credit (Basket D), coupon deferral is mandatory upon breaching Moody's FFO/ND threshold and mandatory deferred coupons must be non-cumulative. This could be an issue

We understand that the cash cumulative deferral will already ensure tax deductibility, should Dutch corporates wish to issue a hybrid targeted at 100% S&P credit

1 Hybrid issuance from European jurisdictions, 2013 – YTD

Hybrid structure required for rating agency equity credit are already tax deductible

	Corporates	Issued (2013 – YTD)			Banks AT1	Banks Ruling or Clarity	Comments
		SI Tier 2	SI Tier 1	SII Tier 2			
 Austria	<ul style="list-style-type: none"> Telekom Austria Voestalpine 	X	X	<ul style="list-style-type: none"> Vienna Insurance UNIQA 	X	Expected shortly	
 Belgium	X	X	X	<ul style="list-style-type: none"> AG Insurance 	<ul style="list-style-type: none"> KBC 	✓	
 Denmark	<ul style="list-style-type: none"> Dong Energy 	X	X	X	<ul style="list-style-type: none"> Danske Bank 	✓	
 France	<ul style="list-style-type: none"> Veolia; EDF GDF; Casino Solvay; Orange 	<ul style="list-style-type: none"> MACIF Coface 	X	<ul style="list-style-type: none"> AXA La Mondiale CNP; SCOR 	<ul style="list-style-type: none"> SocGen CASA 	✓	<ul style="list-style-type: none"> No legislative change so regulator taking a view on banks only (but a good case for insurers)
 Germany	<ul style="list-style-type: none"> ENBW Volkswagen Deutsche Annington 	X	X	<ul style="list-style-type: none"> Allianz 	X	Expected shortly	
 Italy	<ul style="list-style-type: none"> Telecom Italia Enel 	<ul style="list-style-type: none"> Intesa Vita 	X	<ul style="list-style-type: none"> Cattolica 	<ul style="list-style-type: none"> UniCredit 	✓	<ul style="list-style-type: none"> Tax ruling covers banks and insurance
 Netherlands	<ul style="list-style-type: none"> KPN Alliander 	X	X	<ul style="list-style-type: none"> Achmea Nationale Nederlanden 	X	Expected	<ul style="list-style-type: none"> Achmea's €500m 30NC10 Tier 2 and NN's €1.0bn 30NC10 Tier 2s are debt accounted
 Norway	X	X	X	<ul style="list-style-type: none"> Storebrand 	X	?	
 Portugal	X	X	X	X	X	X	
 Spain	<ul style="list-style-type: none"> Iberdrola Telefonica 	X	X	X	<ul style="list-style-type: none"> BBVA; BPE Santander 	✓	
 Sweden	X	X	X	<ul style="list-style-type: none"> SPP Liv Forsakrings 	X	?	
 UK	<ul style="list-style-type: none"> National Grid 	X	<ul style="list-style-type: none"> Prudential 	<ul style="list-style-type: none"> Aviva; Pru ScotWid; LV Bupa Royal Ldn 	<ul style="list-style-type: none"> Barclays Lloyds Nationwide 	✓	<ul style="list-style-type: none"> Tax ruling covers bank capital only; insurance expected soon

2A Precedents: UK and Italy – Banks (and insurance) only

Both the UK and Italy have approved (or are in the process of approving) their tax regime changes for banks and insurance companies only, setting a clear precedent in the European context and a counter to such a path being considered as State Aid



UK

Banks

- In the UK, uncertainty on tax treatment of CRD IV compliant AT1 (and Tier 2) was resolved with the **Taxation of Regulatory Capital Securities Regulations 2013**
 - these Regulations provide that where **AT1 and T2 securities** are issued other than in the form of shares (except for AT1 issued by a building society) they will also be **taxed as if they had been accounted for as debt** (whether or not they are), and hedging instruments associated with them will also be treated similarly, as if hedging debt (documented loans will also count as debt securities in this regard)
 - there will be **no tax liability upon write-down** of these instruments, and conversely **no tax credit** as a result of the principal amount being written up
 - "security" is not defined in the regulation, but we know it will be **broadly interpreted**, to include for example documented loans which qualify as CRR capital
 - the regulations pertain in full to **any instrument that at some point in its lifetime qualifies as CRR capital in whole or in part**; thus Tier 2 instruments are fully tax deductible even in the five years before maturity, for example, and AT1 instruments issued in 2013 (but only AT1 since 1st January 2014) also qualify
- In an accompanying explanatory memo, HRM stated that "**These Regulations will not apply** to a regulatory capital security if there are arrangements where the main or **one of the main purposes is to obtain a tax advantage** in respect of that security."
- The regulations came into effect on 1 January 2014
 - any instruments issued prior to the regulation coming into force (e.g. 1 January 2014) were covered by transitional provisions

Insurance

- At Autumn Statement 2013, the Government announced that **Finance Bill 2014** will contain powers to enable **regulations** to be made to set out the **tax treatment of insurers' Solvency 2 compliant capital instruments** in advance of agreement on Solvency 2
 - the Budget announcement states that the treatment of such instruments (issued in the form of debt) as debt instruments for tax purposes will be subject to the outcome of the OECD base erosion and profit shifting (BEPS) project
 - subject to this, it is anticipated that such regulations will, to a large extent, be **similar to the Taxation of Regulatory Capital Securities Regulations 2013**



Italy

- In Italy, under an **amendment to the Italian Stability Bill for 2014**, the write-down/conversion or write up of instruments that are eligible for capital adequacy requirements of banks (and insurance companies) will not be taken into account for tax purposes
 - as a consequence, any foreseeable tax payment on the amount of the conversion or write-down, the **full nominal amount** of the instrument will be **recognised as Additional Tier 1 capital**
 - the amendment also clarified that the **new provision does not affect the existing provision**, introduced back in 2012, which expressly stipulates the **full deductibility of the remuneration of instruments that are taken into account for capital adequacy requirements**, regardless of how they are accounted for
- The amendment concerns **both banks and insurers**, and was approved on 16 December 2013
 - upon approval, the new regime was applicable to **instruments issued as of the date of entry into force of the relevant legislation**

2B Definition of State Aid—Article 107

Without tax deductibility for hybrids, an European level playing field would be denied to Dutch banks

“

1. Save as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or **threatens to distort competition by favouring certain undertakings** or the production of certain goods shall, **in so far as it affects trade between Member States**, be incompatible with the internal market.
2. The following shall be compatible with the internal market:
 - a) aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination related to the origin of the products concerned;
 - b) aid to make good the damage caused by natural disasters or exceptional occurrences;
 - c) aid granted to the economy of certain areas of the Federal Republic of Germany affected by the division of Germany, in so far as such aid is required in order to compensate for the economic disadvantages caused by that division. Five years after the entry into force of the Treaty of Lisbon, the Council, acting on a proposal from the Commission, may adopt a decision repealing this point.
3. The following may be considered to be compatible with the internal market:
 - a) aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment, and of the regions referred to in Article 349, in view of their structural, economic and social situation;
 - b) aid to promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State;
 - c) aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest;
 - d) aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest;
 - e) such other categories of aid as may be specified by decision of the Council on a proposal from the Commission.

”

Article 107

Consolidated version of the Treaty on the Functioning of the European Union - PART THREE: UNION POLICIES AND INTERNAL ACTIONS - TITLE VII: COMMON RULES ON COMPETITION, TAXATION AND APPROXIMATION OF LAWS - Chapter 1: Rules on competition - Section 2: Aids granted by States - Article 107 (ex Article 87 TEC)

2C What is State aid?

State Aid concerns can be waived in “some circumstances if necessary for a well-functioning and equitable economy”

“

State aid is defined as an advantage in any form whatsoever conferred on a selective basis to undertakings by national public authorities. Therefore, subsidies granted to individuals or general measures open to all enterprises are not covered by this prohibition and do not constitute State aid (examples include general taxation measures or employment legislation).

To be State aid, a measure needs to have these features:

there has been an intervention by the State or through State resources which can take a variety of forms (e.g. grants, interest and tax reliefs, guarantees, government holdings of all or part of a company, or providing goods and services on preferential terms, etc.);
the intervention gives the recipient an advantage on a selective basis, for example to specific companies or industry sectors, or to companies located in specific regions
competition has been or may be distorted;
the intervention is likely to affect trade between Member States.

Despite the general prohibition of State aid, in some circumstances government interventions is necessary for a well-functioning and equitable economy. Therefore, the Treaty leaves room for a number of policy objectives for which State aid can be considered compatible. The legislation stipulates these exemptions. The laws are regularly reviewed to improve their efficiency and to respond to the European Councils' calls for less but better targeted State aid to boost the European economy. The Commission adopts new legislation is adopted in close cooperation with the Member States.

”

State Aid overview





















http://ec.europa.eu/competition/state_aid/overview/index_en.html (retrieved on 2 April 2014)

Appendix A

Tax overview for European financial institutions











Tax overview—European banks

Some issuers have come to market without a formal ruling

	CRD IV AT1 announced	Ruling	Clarity	Tax deductibility of AT1	Is there currently a taxable gain upon loss absorption?
 Austria	• na	X	Expected shortly	• As a general rule, Austrian tax law does not follow the accounting treatment; Austrian may be expected shortly to follow the German precedent	• Amendments under consideration by regulator, discussions ongoing
 Belgium		X	✓	• Yes —Qualified as debt for tax purposes	• Yes —expected upon write-down, although full capital recognition from a regulatory perspective • No —in the event of conversion into shares
 Denmark		✓	✓	• Yes —It is expected that the existing tax law will apply for CRDIV AT1 instruments—however this is not yet binding into law	• Yes —under the current tax regime any profit would create a taxable gain upon (i) a writedown and (ii) a conversion into shares, if the value of the shares received is less than the principal, although full capital recognition from a regulatory perspective
 France		X	✓	• Yes —legal form debt interests deductible	• Yes —upon write-down or a conversion into shares, although full capital recognition from a regulatory perspective
 Germany	• na	X	Expected shortly	• Yes —the Lander have as a group approved the recognition of AT1 interest as an allowable expense for tax purposes	• Yes —expected upon write-down, discussions ongoing—we understand the German banking association is petitioning for full capital recognition from BaFin • No —in the event of conversion into shares
 Italy		✓	✓	• Yes —legal form debt interests deductible	• No —statutory exemption from taxable gain on loss absorption
 Netherlands	• na	X	Expected	• Yes —tax law changes announced	• Not expected —consistent tax treatment would lead to no taxable gain; instrument currently treated as “equity” from a tax perspective. However, this could change if the instrument is considered debt for fiscal purposes.
 Norway	• na	X	X	• Yes —as a general rule, AT1 instruments are regarded as debt instruments	• Not expected —NFSA does not intend to make any taxable gain deductions to AT1 upfront. However the treatment by tax authorities remains unclear
 Portugal	• na	X	X	• Yes —as a general rule, tax law follows accounting treatment	• Uncertain —Discussions on-going
 Spain		X	✓	• Yes —preference shares are deductible by law	• No —instrument accounted for as “equity” from an accounting perspective therefore assumed no taxable gain upon writedown—although not officially confirmed. Conversion will not be taxable
 Sweden	• na	X	X	• Provided that the instrument qualifies as debt, the issuer can normally deduct any coupon against its corporate income for tax purposes • However, the possibility of a temporary write-down may cause the debt to be classified as a profit participating debenture (kapitalandelslån) for tax purposes	• Uncertain given lack of specific tax rules defining what constitutes a debt and with very little guidance to be found in Swedish doctrine or case law
 Switzerland		X	✓	• Yes —legal form debt interests deductible	• Yes —although full capital recognition upfront is permitted under the Swiss Finnish
 UK		✓	✓	• Yes —legal form debt interests deductible	• No —statutory exemption from taxable gain on loss absorption

Tax overview – European insurers

French and Italian regulators have approved the issuance of Solvency I instruments in 2013

		Issuance (2010 to date)				
		Solvency I Tier 2	Solvency I Tier 1	Solvency II Tier 2	Tax deductibility of Tier 1	Comments
	Austria	X	X	✓ • Vienna Insurance • UNIQA	<ul style="list-style-type: none"> As a general rule, Austrian tax law does not follow the accounting treatment. Hybrids will have to be looked at on a case by case basis 	<ul style="list-style-type: none"> The existing Austrian insurance regulation are more conservative than Solvency II Hence existing instruments Tier 2 also incorporate (i) mandatory coupon deferral based on an annual profits test and (ii) a form of loss absorption
	Belgium	X	X	✓ • AG Insurance	<ul style="list-style-type: none"> No official legislation although good case to be made given bank AT1 considered debt for tax purposes 	<ul style="list-style-type: none"> Have only issued in perpetual Tier 2 format
	France	✓ • MACIF • Coface	X	✓ • AXA; La Mondiale • CNP; SCOR	<ul style="list-style-type: none"> Legal form debt interests deductible under French GAAP 	<ul style="list-style-type: none"> Have approved the issuance of S1 Tier 2 for MACIF / Coface but likely to push for larger insurers to continue down S2 route. More flexibility in S1 Perp space SCOR also issued CEL with UBS in 2010
	Germany	X	X	✓ • HanRe; Talanx • Allianz; MunRe	<ul style="list-style-type: none"> Official decision expected imminently – unclear whether deductibility shall cover insurers at this stage 	<ul style="list-style-type: none"> BaFin expected to take a conservative approach with issuers who have already issued in Solvency II format
	Italy	✓ • Intesa Vita	X	✓ • Generali; Cattolica	<ul style="list-style-type: none"> Legislation passed to allow for tax deductible coupons for both banks and insurers 	<ul style="list-style-type: none"> IVASS has approved S1 Tier 2 for Intesa Vita and may be more susceptible for old style issuance more generally before 1 Jan 2016
	Netherlands	X	X	✓ • Achmea; Delta Lloyd • SRLEV; Nationale Nederlanden	<ul style="list-style-type: none"> Tax law changes to be announced for banks but unclear whether that will cover insurance at this stage 	<ul style="list-style-type: none"> Have only issued in dated Tier 2 format
	Norway	X	X	✓ • Storebrand	<ul style="list-style-type: none"> As a general rule, AT1 instruments are regarded as debt instruments 	<ul style="list-style-type: none"> Regulator has permitted the replacement of perpetual UT2 with dated SII Tier 2 instruments
	Sweden	X	X	✓ • IF Skadeforsakring • SPP Liv Forsakrings	<ul style="list-style-type: none"> Provided that the instrument qualifies as debt, the issuer can normally deduct any coupon against its corporate income for tax purposes 	<ul style="list-style-type: none"> Have only issued in dated Tier 2 format
	Switzerland	<ul style="list-style-type: none"> Are regulated under SST framework Upper Additional Capital – Helvetia; ZFS; Swiss Life; Swiss Re Lower Additional Capital – ZFS; Swiss Re Contingent capital - Swiss Re 			<ul style="list-style-type: none"> Legal form debt interests deductible 	<ul style="list-style-type: none"> Interest in complying with Solvency II as well given possible convergence of frameworks in the future
	UK	X	✓ • Prudential • Aviva	✓ • Friends; Aviva; • OldMut; Direct Line; • Standard Life; ScotWid; • Pru; Bupa; Royal Ldn	<ul style="list-style-type: none"> Legislation will be introduced in the Finance Bill 2014 to ensure Solvency II compliant capital instruments are issued in the form of debt and are taxed as debt instruments 	<ul style="list-style-type: none"> UK PRA unlikely to approve old style issuance Tier 1 ExCaps issued by Aviva and Prudential have been approved given anytime exchange into preference shares Assumed ExCaps shall be grandfathered as Tier 1 under Solvency II

Appendix B

European hybrid issuance, 2013 - YTD

European hybrid issuance, 2013

Date	Issuer	Country (parent)	Ccy	Size (lcm)	Coupon (%)	Tenor	Type
Banks (excluding Tier 2)							
19-Apr-13	RAIFFEISEN SCHWEIZ	SWITZERLAND	CHF	550	3.0000	PerpNC5	AT1
26-Apr-13	BANCO BILBAO VIZCAYA ARG	SPAIN	USD	1,500	9.0000	PerpNC5	AT1
20-Aug-13	CREDIT SUISSE GROUP AG	SWITZERLAND	CHF	290	6.0000	PerpNC5	AT1
29-Aug-13	SOCIETE GENERALE	FRANCE	USD	1,250	8.2500	PerpNC5	AT1
01-Oct-13	BANCO POPULAR ESPANOL SA	SPAIN	EUR	500	11.5000	PerpNC5	AT1
13-Nov-13	BARCLAYS PLC	UNITED KINGDOM	USD	2,000	8.2500	PerpNC5	AT1
27-Nov-13	NATIONWIDE BLDG SOCIETY	UNITED KINGDOM	GBP	550	10.2500	Perpetual	CCDS
03-Dec-13	BARCLAYS PLC	UNITED KINGDOM	EUR	1,000	8.0000	PerpNC7	AT1
04-Dec-13	CREDIT SUISSE GROUP AG	SWITZERLAND	USD	2,250	7.5000	PerpNC10	AT1
11-Dec-13	SOCIETE GENERALE	FRANCE	USD	1,750	7.8750	PerpNC10	AT1
04-Dec-13	BAGGOT SECURITIES LTD	IRELAND	EUR	1,300	10.2400	3y bullet	Prefs
Insurance							
08-Jan-13	PRUDENTIAL PLC	UNITED KINGDOM	USD	700	5.2500	PerpNC5	Solvency I Tier 1
11-Jan-13	AXA SA	FRANCE	USD	850	5.5000	PerpNC6	Solvency II Tier 2
17-Jan-13	AXA SA	FRANCE	EUR	1,000	5.1250	30.5NC10.5	Solvency II Tier 2
25-Feb-13	AQUARIUS + INV ZURICH IN	SWITZERLAND	EUR	788	4.2500	30.5NC10.5	
28-Feb-13	MACIF	FRANCE	EUR	250	5.5000	10y bullet	Solvency I Tier 2
04-Mar-13	AQUARIUS + INV FOR SWISS	SWITZERLAND	USD	750	6.3750	11.5NC6.5	
14-Mar-13	AG INSURANCE SA/NV	BELGIUM	USD	550	6.7500	PerpNC6	Solvency II Tier 2
21-Mar-13	STOREBRAND LIVSFORSIKRIN	NORWAY	EUR	300	6.8750	30NC10	Solvency II Tier 2
26-Mar-13	ACHMEA BV	NETHERLANDS	EUR	500	6.0000	30NC10	Solvency II Tier 2
09-Apr-13	SCOTTISH WIDOWS PLC	UNITED KINGDOM	GBP	650	7.0000	30y bullet	Solvency II Tier 2
09-Apr-13	SCOTTISH WIDOWS PLC	UNITED KINGDOM	GBP	850	5.5000	10y bullet	Solvency II Tier 2
15-Apr-13	LA MONDIALE	FRANCE	USD	600	7.6250	PerpNC6	Solvency II Tier 2
24-Apr-13	LA MONDIALE	FRANCE	EUR	332	6.7500	31NC11	Solvency II Tier 2
18-Apr-13	BUPA FINANCE PLC	UNITED KINGDOM	GBP	500	5.0000	10y bullet	Solvency II Tier 2
15-May-13	LV FRIENDLY SOC LTD	UNITED KINGDOM	GBP	350	6.5000	30NC10	Solvency II Tier 2
26-Jun-13	MACIF	FRANCE	EUR	150	5.5000	10y bullet	Solvency I Tier 2
02-Jul-13	AVIVA PLC	UNITED KINGDOM	EUR	650	6.1250	30NC10	Solvency II Tier 2
12-Jul-13	CNP ASSURANCES	FRANCE	USD	500	6.8750	PerpNC6	Solvency II Tier 2
16-Jul-13	AQUARIUS + INV ZURICH IN	IRELAND	EUR	212	4.2500	30NC10	Solvency II Tier 2
23-Jul-13	UNIQA INSURANCE GROUP AG	AUSTRIA	EUR	350	6.8750	30NC10	Solvency II Tier 2
10-Sep-13	INTESA SANPAOLO VITA	ITALY	EUR	500	5.3500	5y bullet	Solvency I Tier 2
10-Sep-13	SCOR SE	FRANCE	CHF	250	5.0000	PerpNC5	Solvency II Tier 2
01-Oct-13	VIENNA INSURANCE GRP AGW	AUSTRIA	EUR	500	5.5000	30NC10	Solvency II Tier 2
30-Sep-13	SWISS REINSURANCE CO LTD	SWITZERLAND	CHF	175	7.5000	32NC7	
17-Oct-13	ALLIANZ SE	GERMANY	EUR	1500	4.7500	PerpNC10	Solvency II Tier 2
22-Nov-13	RL FINANCE BONDS	UNITED KINGDOM	GBP	400	6.1250	30NC10	Solvency II Tier 2
04-Dec-13	PRUDENTIAL PLC	UNITED KINGDOM	GBP	700	5.7000	50NC30	Solvency II Tier 2
12-Dec-13	SOC CATTOLICA ASSICURAZI	ITALY	EUR	100	7.2500	30NC10	Solvency II Tier 2

Source: Bloomberg, Dealogic

European hybrid issuance, 2013

Date	Issuer	Country (parent)	Ccy	Size (lclm)	Coupon (%)	Tenor	Equity credit
Corporates							
09-Jan-13	Veolia Environnement	FRANCE	EUR	1,000	4.4500	PerpNC5	50%
09-Jan-13	Veolia Environnement	FRANCE	GBP	400	4.8500	PerpNC5	50%
22-Jan-13	Electricite De France	FRANCE	EUR	1,250	4.2500	PerpNC7	50%
22-Jan-13	Electricite De France	FRANCE	EUR	1,250	5.3750	PerpNC12	50%
22-Jan-13	Electricite De France	FRANCE	GBP	1,250	6.0000	PerpNC13	50%
24-Jan-13	Electricite De France	FRANCE	USD	3,000	5.2500	PerpNC10	50%
24-Jan-13	Telekom Austria Ag	AUSTRIA	EUR	600	5.6250	PerpNC5	50%
21-Feb-13	Iberdrola Intl Bv	SPAIN	EUR	525	5.7500	PerpNC5	50%
25-Feb-13	Voestalpine Ag	AUSTRIA	EUR	500	7.1250	PerpNC7	50%
05-Mar-13	Koninklijke Kpn Nv	NETHERLANDS	EUR	1,100	6.1250	PerpNC5.5	50%
05-Mar-13	Koninklijke Kpn Nv	NETHERLANDS	GBP	400	6.8750	60NC7	50%
11-Mar-13	Ngg Finance Plc	UNITED KINGDOM	EUR	1,250	4.2500	63NC7	50%
11-Mar-13	Ngg Finance Plc	UNITED KINGDOM	GBP	1,000	5.6250	60NC12	50%
13-Mar-13	Telecom Italia Spa	ITALY	EUR	750	7.7500	60NC5	50%
21-Mar-13	Koninklijke Kpn Nv	NETHERLANDS	USD	600	7.0000	60NC10	50%
09-Apr-13	Valora Holding Ag	SWITZERLAND	CHF	120	4.0000	PerpNC5.5	50%
19-Jun-13	Dong Energy A/S	DENMARK	EUR	700	6.2500	PerpNC10	50%
02-Jul-13	Dong Energy A/S	DENMARK	EUR	500	4.8750	PerpNC5	50%
03-Jul-13	Gdf Suez	FRANCE	EUR	600	3.8750	PerpNC5	50%
03-Jul-13	Gdf Suez	FRANCE	EUR	750	4.7500	PerpNC8	50%
03-Jul-13	Gdf Suez	FRANCE	GBP	300	4.6250	PerpNC5.5	50%
29-Aug-13	Volkswagen Intl Fin Nv	GERMANY	EUR	1,250	3.8750	PerpNC5	50%
29-Aug-13	Volkswagen Intl Fin Nv	GERMANY	EUR	750	5.1250	PerpNC10	50%
03-Sep-13	Enel Spa	ITALY	GBP	400	7.7500	62NC7	50%
03-Sep-13	Enel Spa	ITALY	EUR	1,250	6.5000	60NC5	50%
11-Sep-13	Telefonica Europe Bv	SPAIN	EUR	1,125	6.5000	PerpNC5	50%
11-Sep-13	Telefonica Europe Bv	SPAIN	EUR	625	7.6250	PerpNC8	50%
17-Sep-13	Enel Spa	ITALY	USD	1,250	8.7500	60NC10	50%
18-Oct-13	Casino Guichard Perracho	FRANCE	EUR	750	4.8700	PerpNC5	50%
04-Nov-13	Solvay Finance	FRANCE	EUR	700	4.1990	PerpNC5.5	50%
04-Nov-13	Solvay Finance	FRANCE	EUR	500	5.4250	60NC10	50%
19-Nov-13	Telefonica Europe Bv	SPAIN	GBP	600	6.7500	60NC7	50%
20-Nov-13	Alliander Nv	NETHERLANDS	EUR	500	3.2500	PerpNC5	50%

Source: Bloomberg, Dealogic

European hybrid issuance, 2014 - YTD

Date	Issuer	Country (parent)	Ccy	Size (Icml)	Coupon (%)	Tenor	Type
Banks (excluding Tier 2)							
10-Jan-14	RABOBANK STAK II	NETHERLANDS	EUR	1,000	6.5000	Perpetual	CET1
15-Jan-14	CREDIT AGRICOLE SA	FRANCE	USD	1,750	7.8750	PerpNC10	AT1
11-Feb-14	BANCO BILBAO VIZCAYA ARG	SPAIN	EUR	1,500	7.0000	PerpNC5	AT1
04-Mar-14	NATIONWIDE BLDG SOCIETY	UNITED KINGDOM	GBP	1,000	6.8750	PerpNC5	AT1
05-Mar-14	DANSKE BANK A/S	DENMARK	EUR	750	5.7500	PerpNC6	AT1
05-Mar-14	BANCO SANTANDER SA	SPAIN	EUR	1,500	6.2500	PerpNC5	AT1
12-Mar-14	KBC GROEP NV	BELGIUM	EUR	1,400	5.6250	PerpNC5	AT1
20-Mar-14	LLOYDS BANKING GROUP PLC	UNITED KINGDOM	EUR	750	6.3750	PerpNC6	AT1
20-Mar-14	LLOYDS BANKING GROUP PLC	UNITED KINGDOM	GBP	750	7.8750	PerpNC15	AT1
20-Mar-14	LLOYDS BANKING GROUP PLC	UNITED KINGDOM	GBP	1,481	7.0000	PerpNC5	AT1
20-Mar-14	LLOYDS BANKING GROUP PLC	UNITED KINGDOM	GBP	1,494	7.6250	PerpNC9	AT1
27-Mar-14	UNICREDIT SPA	ITALY	USD	1,250	8.0000	PerpNC10	AT1
28-Mar-14	SOCIETE GENERALE	FRANCE	EUR	1,000	6.7500	PerpNC7	AT1
01-Apr-14	CREDIT AGRICOLE SA	FRANCE	EUR	1,000	6.5000	PerpNC7	AT1
01-Apr-14	CREDIT AGRICOLE SA	FRANCE	GBP	500	7.5000	PerpNC12	AT1
02-Apr-14	LLOYDS BANKING GROUP PLC	UNITED KINGDOM	USD	1,675	7.5000	PerpNC10	AT1
Insurance							
08-Jan-14	AXA SA	FRANCE	GBP	750	5.6250	40NC20	Solvency II Tier 2
22-Jan-14	ALLIANZ SE	GERMANY	CHF	500	3.2500	PerpNC5	Solvency II Tier 2
18-Feb-14	SPP LIV FORSAKRINGS AB	SWEDEN	SEK	700	3.2820	PerpNC5	Solvency II Tier 2
11-Mar-14	STOREBRAND LIVSFORSIKRIN	NORWAY	NOK	1,100	4.4000	PerpNC10	Solvency II Tier 2
19-Mar-14	COFACE SA	FRANCE	EUR	380	4.1250	10y bullet	Solvency I Tier 2
01-Apr-14	NN GROUP NV	NETHERLANDS	EUR	1,000	4.6250	30NC10	Solvency II Tier 2
Corporates							Equity credit
08-Jan-14	ENEL SPA	ITALY	EUR	1,000	5.0000	61NC6	50%
08-Jan-14	ENEL SPA	ITALY	GBP	500	6.6250	63NC8	50%
14-Jan-14	ELECTRICITE DE FRANCE	FRANCE	USD	1,500	5.6250	PerpNC10	50%
15-Jan-14	ELECTRICITE DE FRANCE	FRANCE	EUR	1,000	5.0000	PerpNC12	50%
15-Jan-14	ELECTRICITE DE FRANCE	FRANCE	EUR	1,000	4.1250	PerpNC8	50%
15-Jan-14	ELECTRICITE DE FRANCE	FRANCE	GBP	750	5.8750	PerpNC15	50%
29-Jan-14	ORANGE SA	FRANCE	EUR	1,000	5.2500	PerpNC10	50%
29-Jan-14	ORANGE SA	FRANCE	EUR	1,000	4.2500	PerpNC6	50%
29-Jan-14	ORANGE SA	FRANCE	GBP	650	5.8750	PerpNC8	50%
11-Mar-14	ENBW	GERMANY	EUR	1,000	3.6250	62NC7	50%
17-Mar-14	VOLKSWAGEN INTL FIN NV	GERMANY	EUR	1,750	4.6250	PerpNC12	50%
17-Mar-14	VOLKSWAGEN INTL FIN NV	GERMANY	EUR	1,250	3.7500	PerpNC7	50%
24-Mar-14	TELEFONICA EUROPE BV	SPAIN	EUR	1,000	5.8750	PerpNC10	50%
24-Mar-14	TELEFONICA EUROPE BV	SPAIN	EUR	750	5.0000	PerpNC6	50%
01-Apr-14	DEUTSCHE ANN FIN BV	GERMANY	EUR	700	4.6250	60NC5	50%



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Source: Bloomberg, Dealogic as of 3 April 2014

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