Q3 2025

Prudential Data Report

European GSIBs Prudential Capital and Liquidity afme/ Contents

Report Scope

This publication aims to offer comparable, consistent, and timely information on banking prudential regulation. Many existing sources of prudential data and statistics provide information that is not directly comparable due to regulatory changes, or they publish this information with significant delays. This report is designed to address these shortcomings.

Other than gathering and analysing information on the prudential capital, leverage, loss-absorption capacity and liquidity ratios of European Global Systemically Important Banks (GSIBs), this report illustrates the performance of debt and contingent convertible (CoCo) securities issued by European banks.

Apart from the data on CoCo markets, all data is retrieved from public sources and updated as of September 2025. Moreover, all figures exclude any estimate of the impact of the final Basel III proposals.

In its series of reports on the matter, AFME emphasises the progress made by European GSIBs in enhancing their capital, leverage, loss-absorption and liquidity positions over the years, in line with CRDV.

CRDV rules establish minimum requirements on bank solvency and liquidity, in an effort to enhance the loss and shock absorption capabilities of the banking sector.

Notes: All banks analysed in the report are included in the 2024 FSB GSIB list. The banks analysed belong either to the euro area or to the UK.

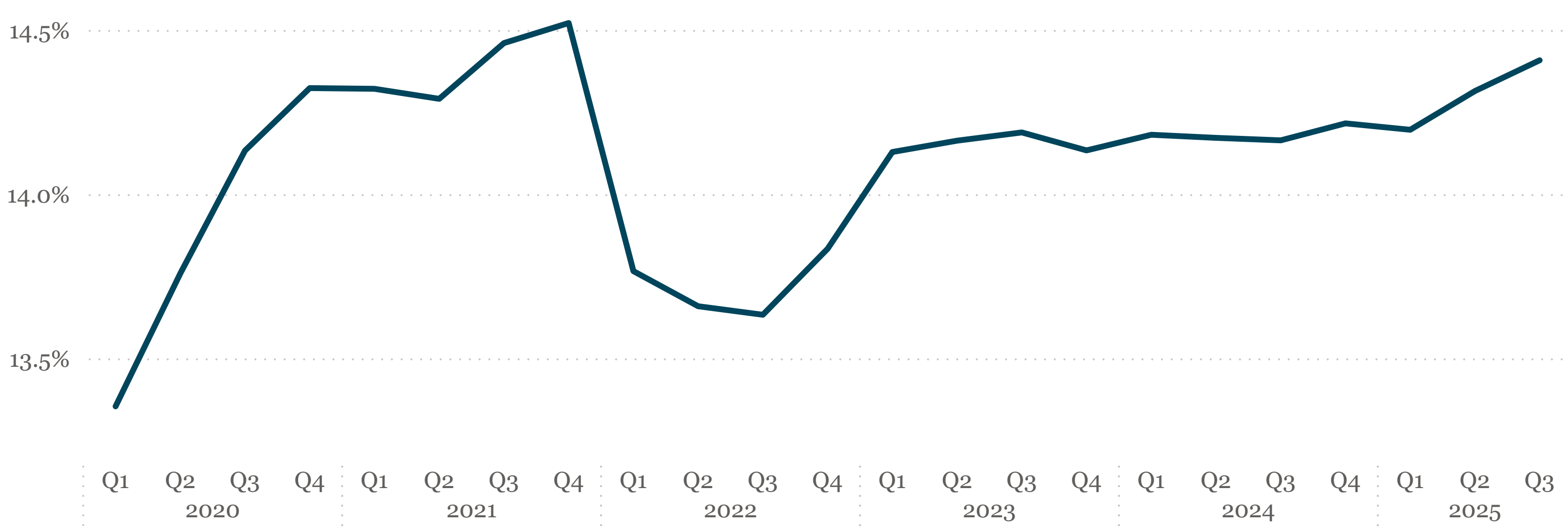
Management Summary

Key Highlights

Prudential capital ratios

	3Q20	3Q21	3Q22	3Q23	3Q24	1Q25	2Q25	3Q25
CET1 ratio (end-point)	14.1%	14.5%	13.6%	14.2%	14.2%	14.2%	14.3%	14.4%
T1 ratio (end-point)	16.1%	16.4%	15.7%	16.2%	16.3%	16.4%	16.5%	16.6%
Leverage ratio EU (end-point)	4.3%	4.6%	4.2%	4.3%	4.3%	4.3%	4.4%	4.4%
Leverage ratio UK (end-point)	4.8%	4.7%	4.4%	4.4%	4.4%	4.5%	4.6%	4.5%
Liquidity Coverage Ratio (LCR)	154.9%	149.5%	144.9%	150.5%	150.5%	147.9%	148.4%	149.0%
TLAC ratio % RWAs	27.9%	29.3%	29.7%	31.5%	32.1%	32.7%	32.0%	32.0%
TLAC ratio % exposure measure	8.7%	9.0%	9.0%	9.7%	9.7%	9.8%	9.5%	9.4%

Evolution of European GSIBs CET1 ratio



Solvency ratios continue to rise in Q3 2025

The end-point CET1 ratio of European GSIBs finalised Q3 2025 at 14.41%, 9bps above the levels observed in the second quarter of 2025 and 19bps above the observed at the end of 2024.

The quarterly increase was primarily driven by retained earnings, contributing c. 41bps. Shareholder returns partially offset the decline by 28bps. Changes in RWA had a minor effect, decreasing the ratio by c. 2bps, while FX translation and other factors provided a net negative contribution of c. 2bps.

The end-point T1 ratio increased by 14bps during Q3 2025 when compared to Q2 2025, finishing the quarter at 16.61%.

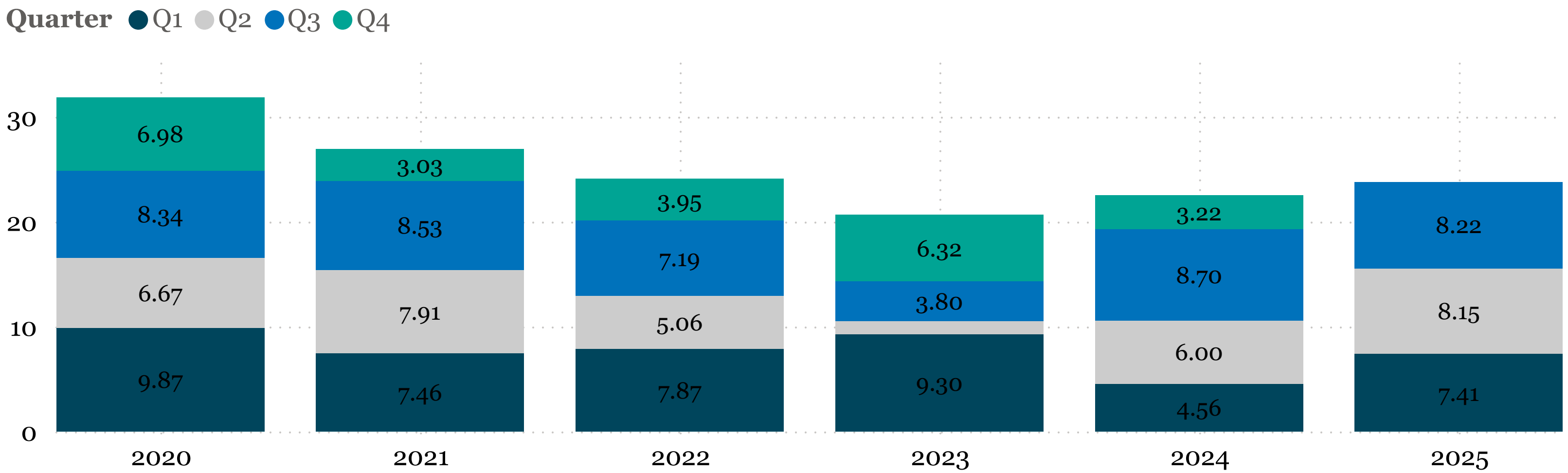
The Leverage Ratio reported by EU GSIBs in Q3 2025 was 4.37%, slightly increasing from 4.36% in Q2 2025. The average leverage ratio for UK GSIBs decreased by 7bps QoQ, closing the quarter at 4.5%.

In Q3 2025, TLAC capital covered 31.98% of RWAs and 9.43% of exposure measure. This represented a slight QoQ increase from 31.96% of RWAs and a decrease from 9.54% of the exposure measure. Both ratios have decreased year-on-year.

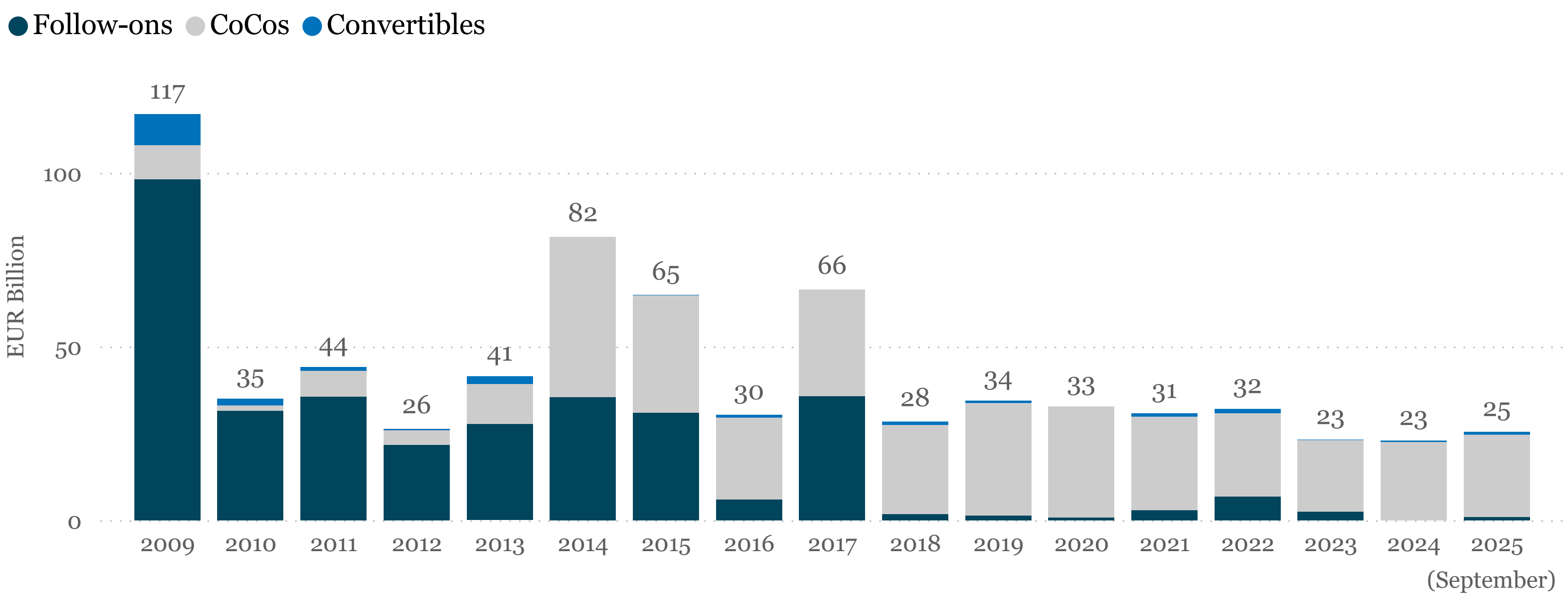
The Liquidity Coverage Ratio of European GSIBs stood at 149% at the end of Q3 2025, representing a 49% buffer above the minimum requirement.

Key Highlights

European AT1 issuance (€bn)



Fresh capital raised by European banks



Strong AT1 bond issuance supported by lower spreads

During the third quarter of 2025, European banks issued a total of €8.22bn in AT1 capital, a slight increase from the previous quarter (€8.15bn) and a 5.9% YoY decrease.

On a year-to-date basis, AT1 issuance already surpassed the issued amount of the full year in 2023 and 2024.

The increase has been driven by lower market spreads, reaching levels not seen since 2019.

AT1 risk premia closed Q3 at new lows

European AT1 option-adjusted spreads (OAS) surged to 417bps in early April following a tariff announcement that briefly disrupted credit markets. However, spreads steadily tightening throughout the second and third quarters. By the end of September, AT1 risk premia had declined to 245bps, marking a new low for 2025.

Global review of prudential requirements

The Box on page 22 of this report discusses recent international initiatives to simplify and improve global capital frameworks.

Regulators in major international banking centres have recently changed or are expected to update their local banking prudential frameworks, with the intention of striking the right balance between financial stability and enabling the banking sector to support growth.

Recent and upcoming initiatives in the EU, US, UK, and Australia focus on simplifying prudential frameworks, with measures that include simplification of capital stacks, revision to stress tests impact on capital surcharges, and recalibration of optimal capital ratios, among others.

In the United States, the Office of the Currency Comptroller (OCC), the FDIC, and the Federal Reserve Board jointly agreed a rule that reduces the enhanced supplementary leverage ratio (eSLR) standard for GSIBs from 6% to a range from 3.5% to 4.25% depending on the systemic relevance of the bank.

The Australian Prudential Regulation Authority (APRA) will phase-out the 1.5% AT1 requirement starting January 2027 and replace AT1 with at least 0.25% CET1 and up to 1.25% T2 for advanced banks, and entirely with T2 for standardised banks. Additionally, APRA reduces the minimum leverage ratio (based on CET1-only) to 3.25% from 3.50%.

In the UK, the Financial Policy Committee (FPC) has lowered its T1 capital benchmark for banks to 13% of RWAs, down from the previous benchmark of 14%.

In the EU, the ECB in the context of its simplification initiative has put forward several proposals for the European Commission's consideration. These include, among others: i) reduce the number of capital stack elements in the prudential framework; ii) adjust the design and role of AT1 and T2 instruments; and iii) align MREL and TLAC frameworks.

Members of the Eurosystem (Banque de France, Bundesbank, and Bank of Spain) have also made proposals alongside the ECB's which are summarised in the box on page 22.

The ECB has indicated its preference for a capital-neutral approach, notwithstanding that Eurozone banks currently have the highest risk-based T1 capital ratio among major banking jurisdictions.

While no formal global discussion has taken place, BIS and IMF staff have recently published analytical notes advocating for a simplified capital stack that continues to rely on releasable capital buffers.

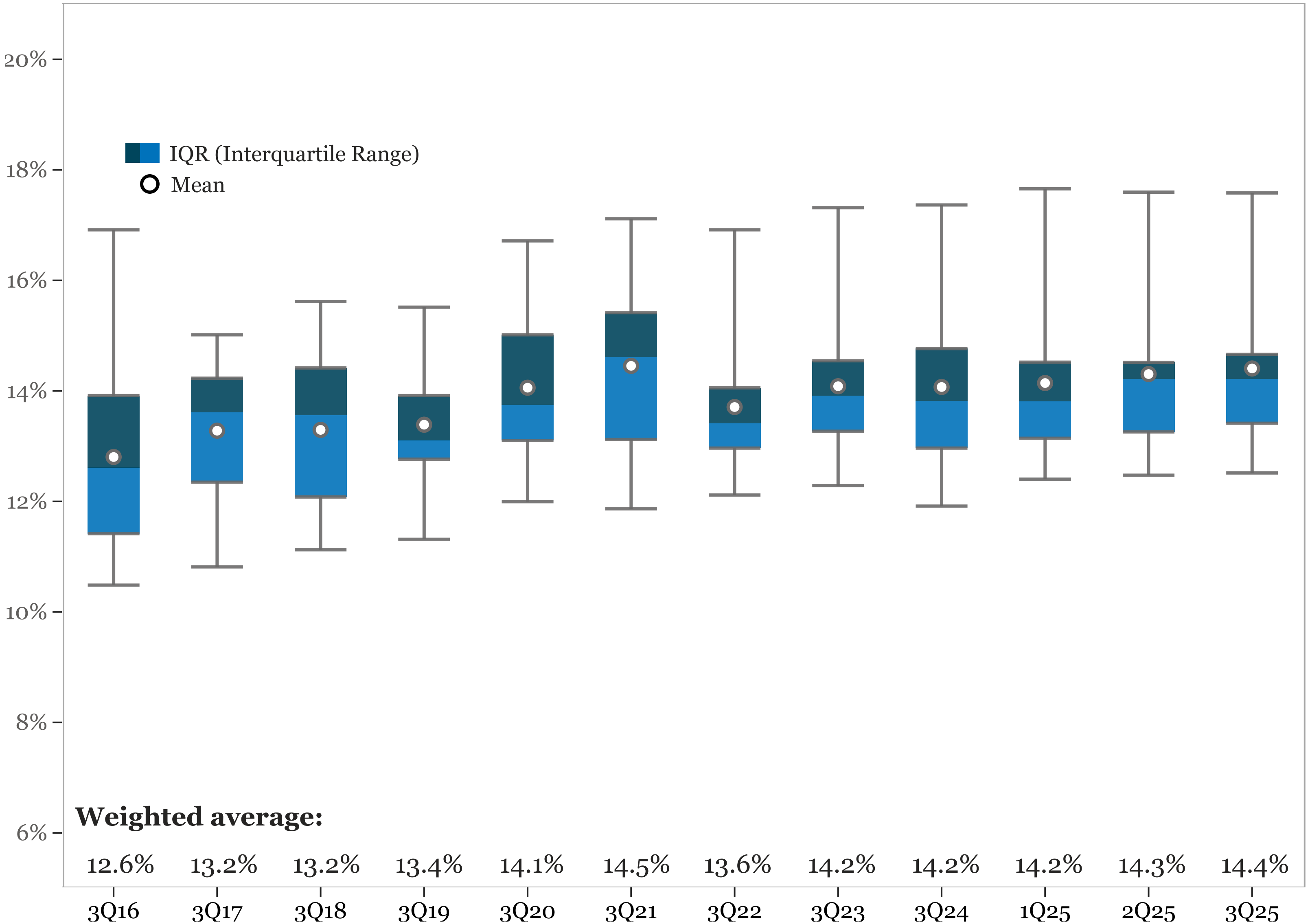
AFME and its members are actively contributing to the European policy discussions and will be undertaking more detailed work in the upcoming weeks which will lead to the development of further alternative suggestions around simplification at the European level.

Further details are available on p. 22 of this report.

Capital and Liquidity Ratios

CET1 ratio analysis

CET1 end-point ratio



Source: European GSIBs earning report

Slight increase in CET1 ratio

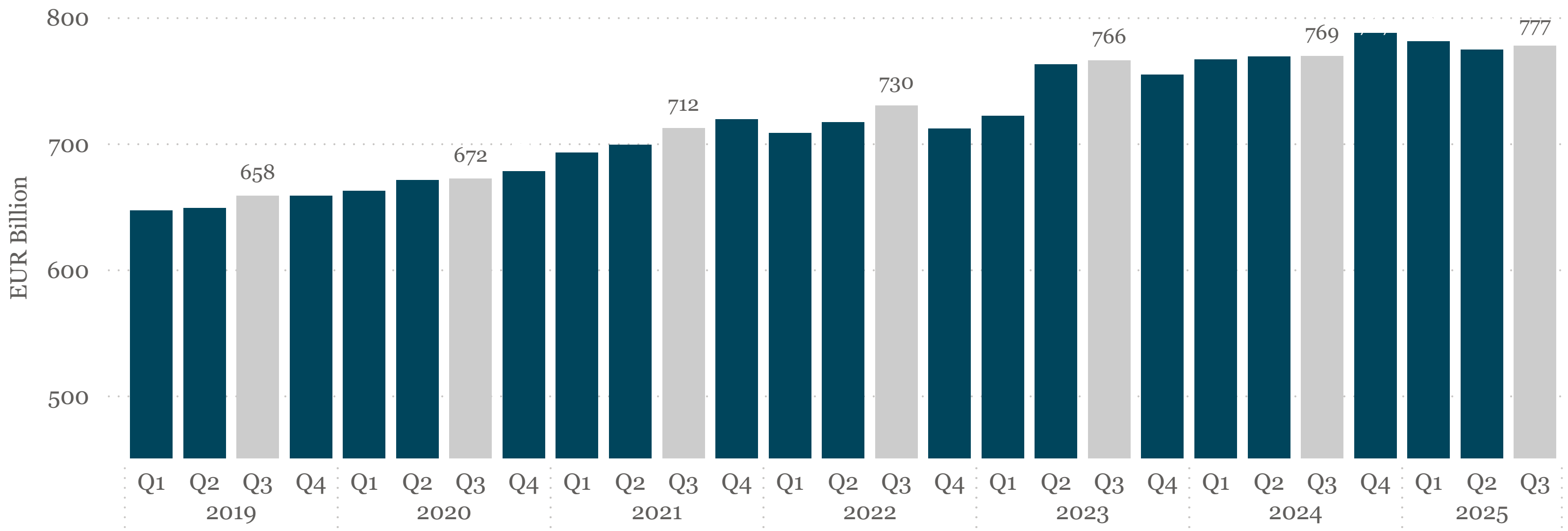
Eight of the eleven banks covered in this report reported a quarterly increase in their CET1 ratio, one bank maintained the same level of CET1 ratio, while the remaining three banks reported a decrease.

Since early 2023, CET1 ratios have remained stable, with only a limited variation in both the weighted average and the distribution across banks.

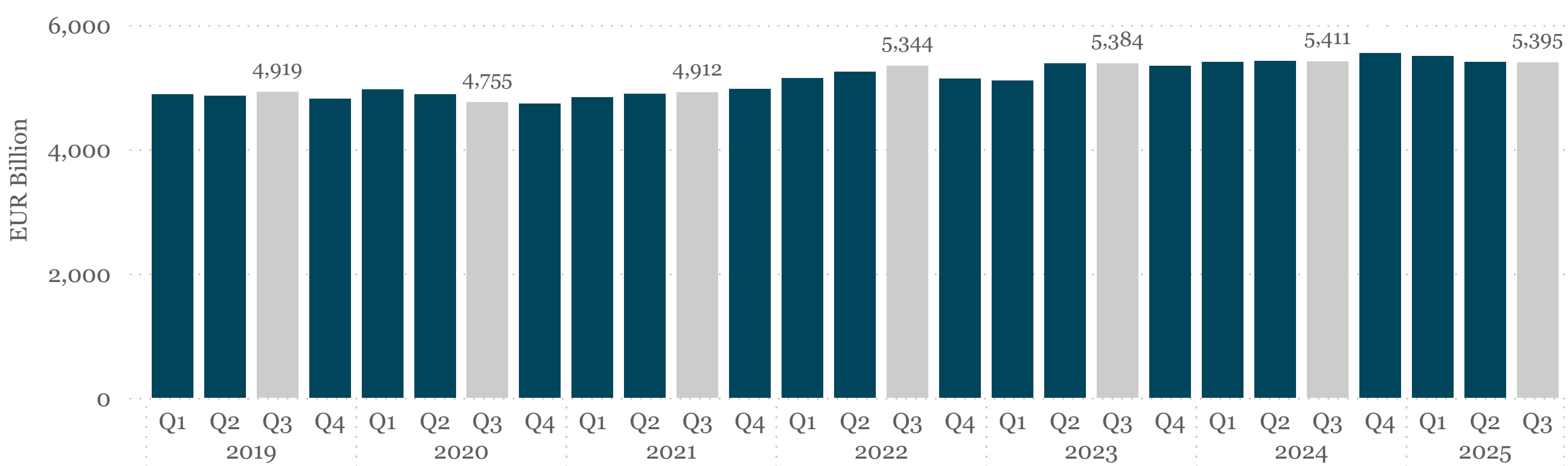
The average CET1 ratio has fluctuated around 14.3% in recent quarters, indicating a consistent capital position among the institutions covered.

CET1 and RWA levels

CET1 capital



RWA (€bn)



Source: European GSIBs earning report

Increase in CET1 capital levels

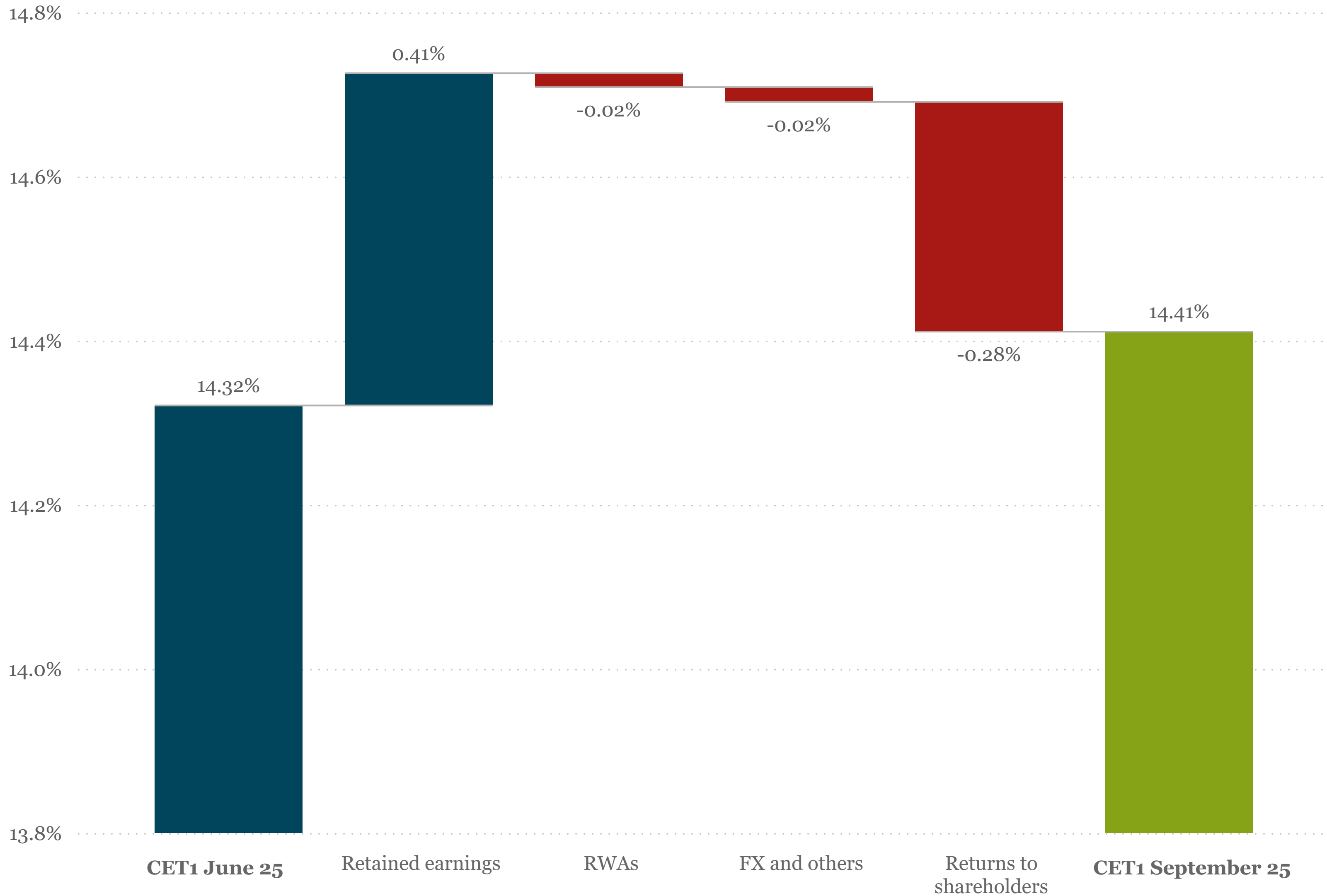
European GSIBs finalised the third quarter of 2025 with €777.3bn in CET1 capital, a slight increase from the €774.09bn reported in the previous quarter. Moreover, this marks an increase of €8.35bn compared to Q3 2024 levels.

8 of the 11 banks included in this report saw an increase in CET1 capital over the quarter.

During Q3 2025, the aggregate RWAs of European GSIBs stood at €5,395bn. This represents a slight quarter-on-quarter decrease of 0.12% and a year-on-year decrease of 0.3%.

CET1 ratio drivers

Change in CET1 ratio by components in Q3 2025 (%)



Source: estimates based on European GSIBs earnings reports

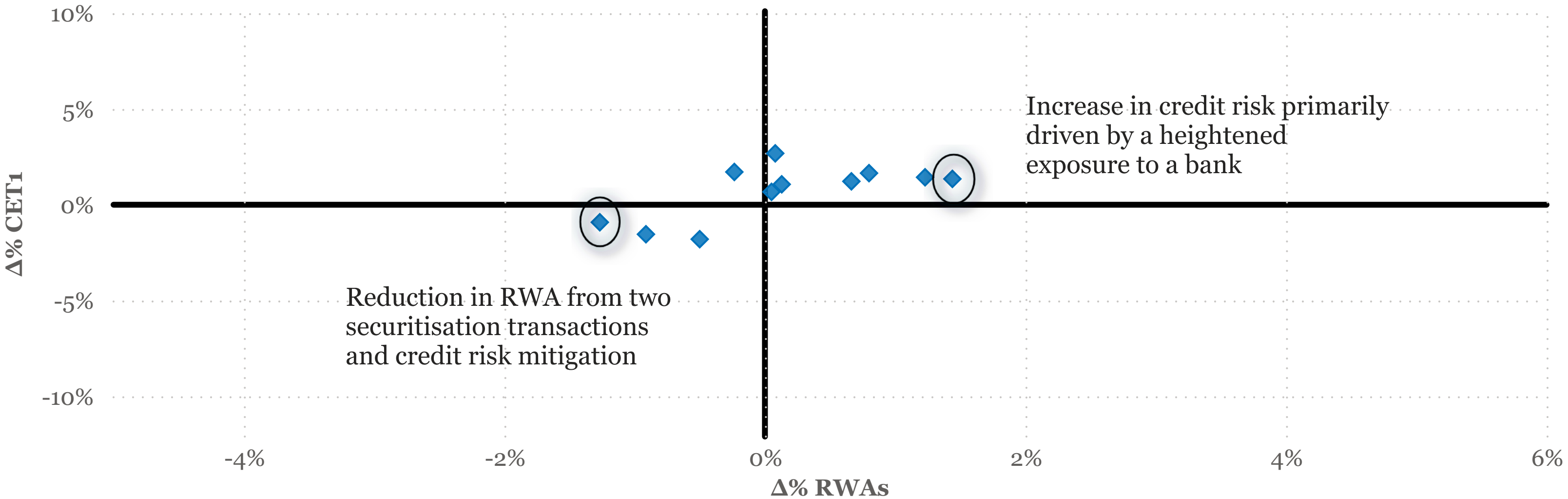
CET1 ratio variation by component:

The average CET1 ratio of European GSIBs increased by 9bps from 14.32% to 14.41% during Q3 2025.

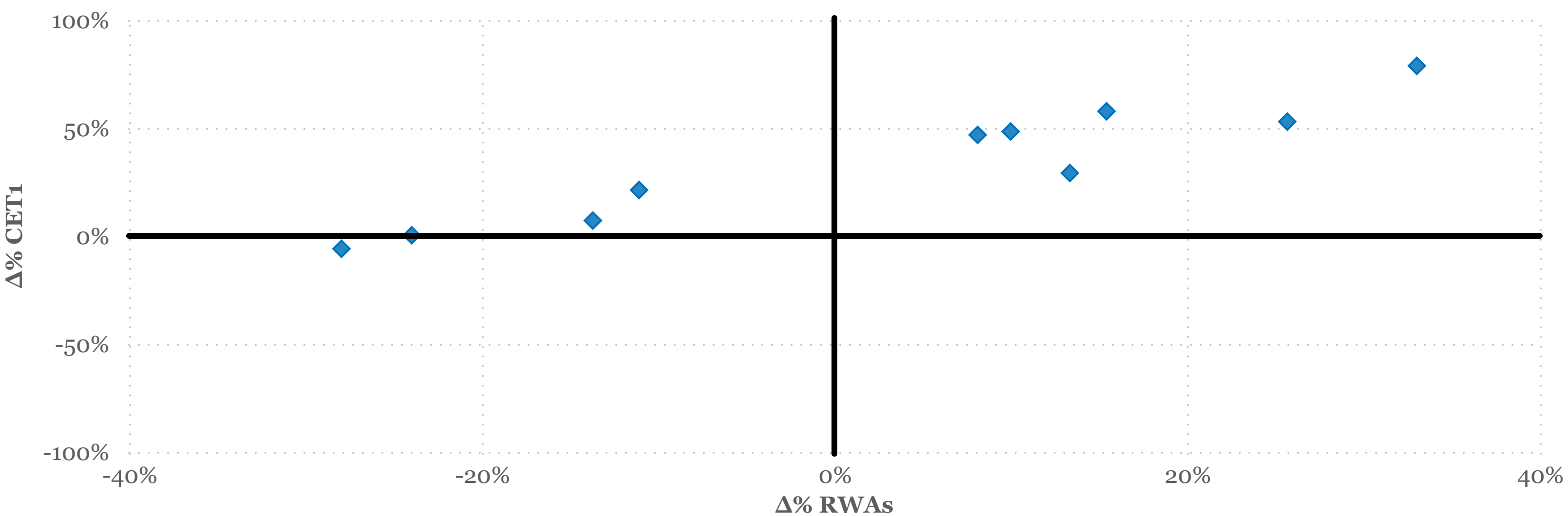
The variation in the ratio was primarily driven by retained earnings, contributing to c. 41bps rise. However, this was partly offset by shareholder returns, which reduced the ratio by c. 28bps. Changes in RWA had a minor effect, decreasing the ratio by c. 2bps, while FX translation and other factors provided a net negative contribution of c. 2bps.

CET1 ratio and RWA delta by bank

Percentage change: QoQ



Percentage change since Dec-2014



Source: European GSIBs earning report

CET1 and RWA variations by bank:

During Q3 2025, eight of the eleven banks included in this report recorded an increase in their CET1 capital, while the remaining three experienced lower levels.

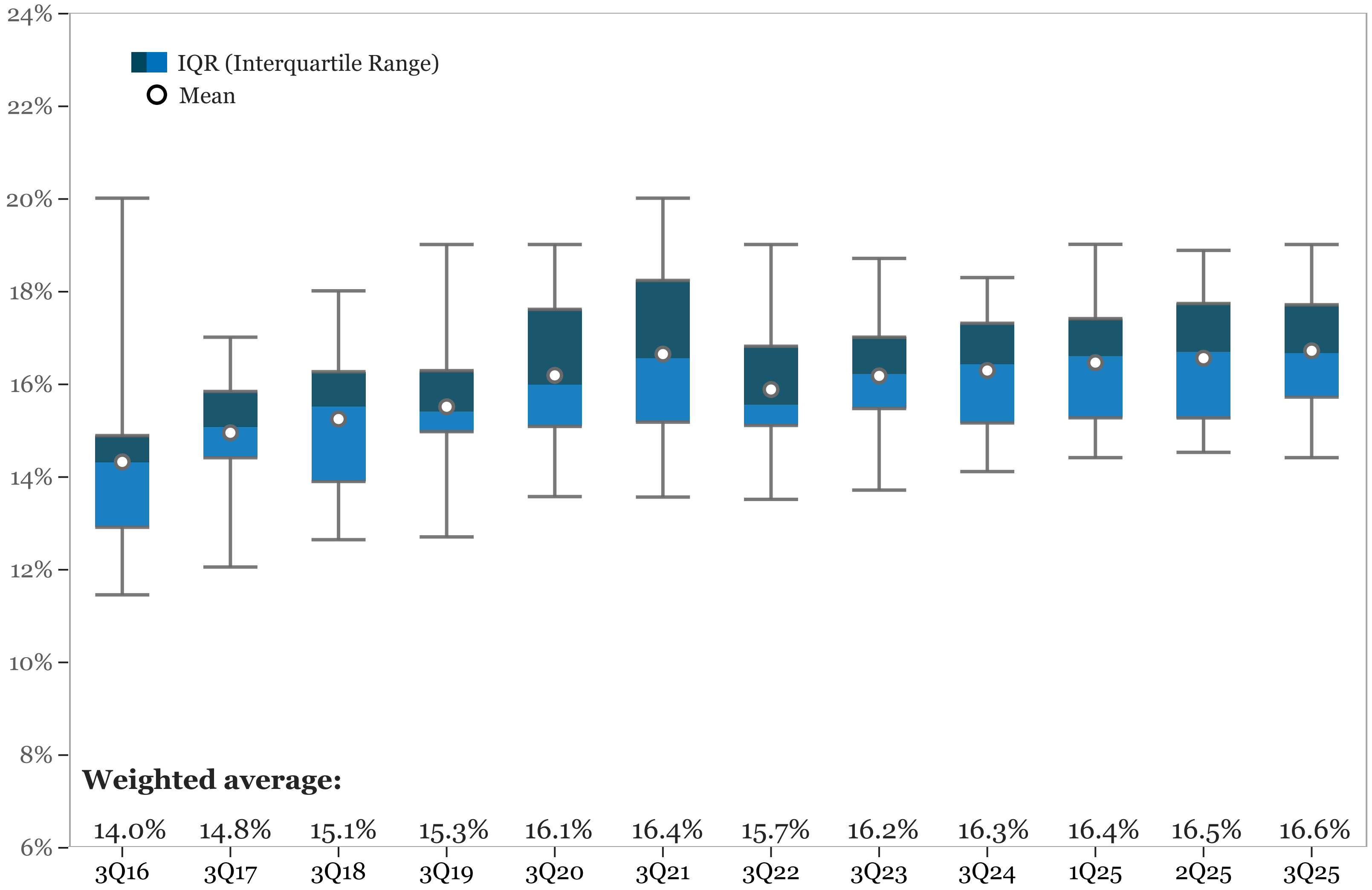
RWAs increased for seven of the GSIBs analysed.

Bank-specific factors contributing to these changes, such as heightened exposures and securitisation activity, are illustrated in the top chart.

Following the changes in CET1 and RWA since December 2014, two distinct strategic approaches to comply with the Capital Requirements Directive have emerged: reducing RWAs, or increasing both CET1 and RWAs.

T1 ratio

T1 end-point ratio



Source: European GSIBs earning report

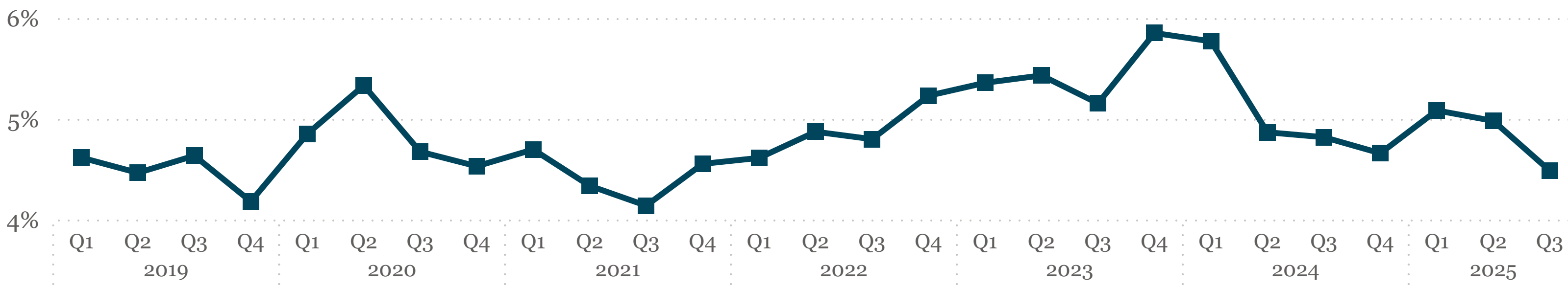
Continued T1 capital resilience

In Q3 2025, the weighted average T1 ratio of European GSIBs reached 16.61%, a 14bps increase since last quarter (16.47%).

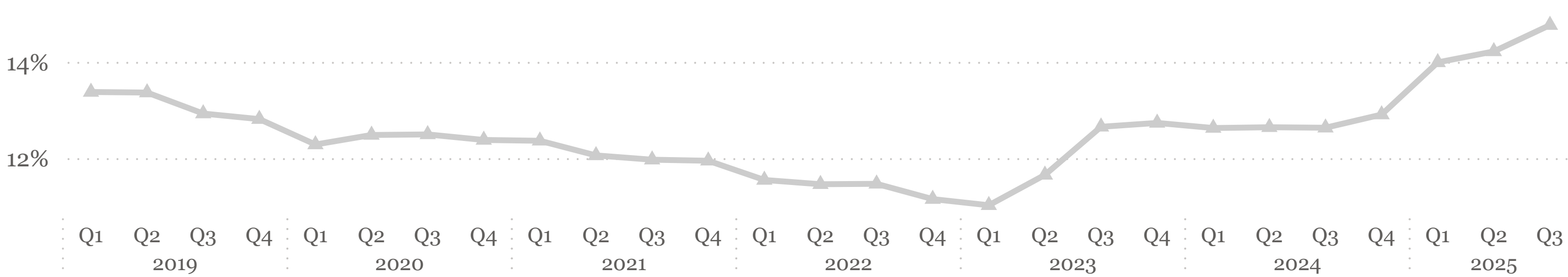
Since 2022, European banks have continued to strengthen their capital positions, maintaining levels above those seen prior to the COVID-19 pandemic.

Development of RWA risk composition

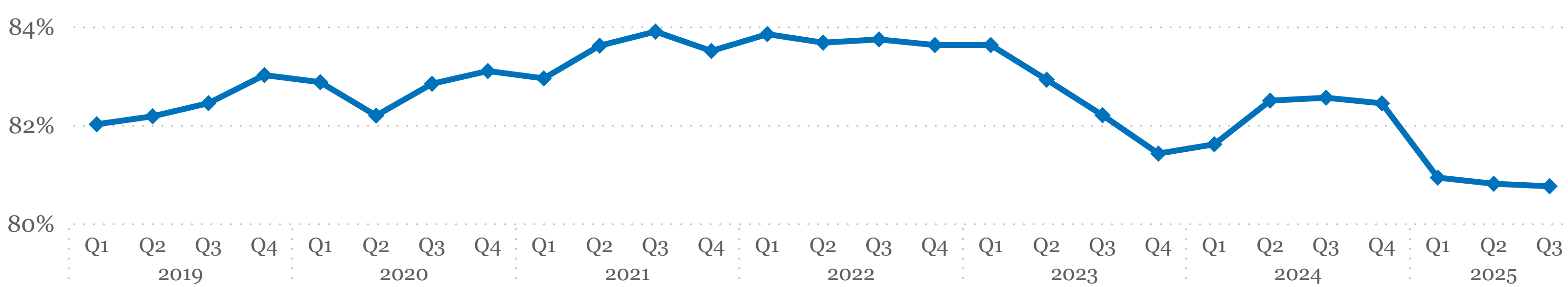
Market



Operational



Credit



Source: European GSIBs earning report

Operational risk continues its upwards trend

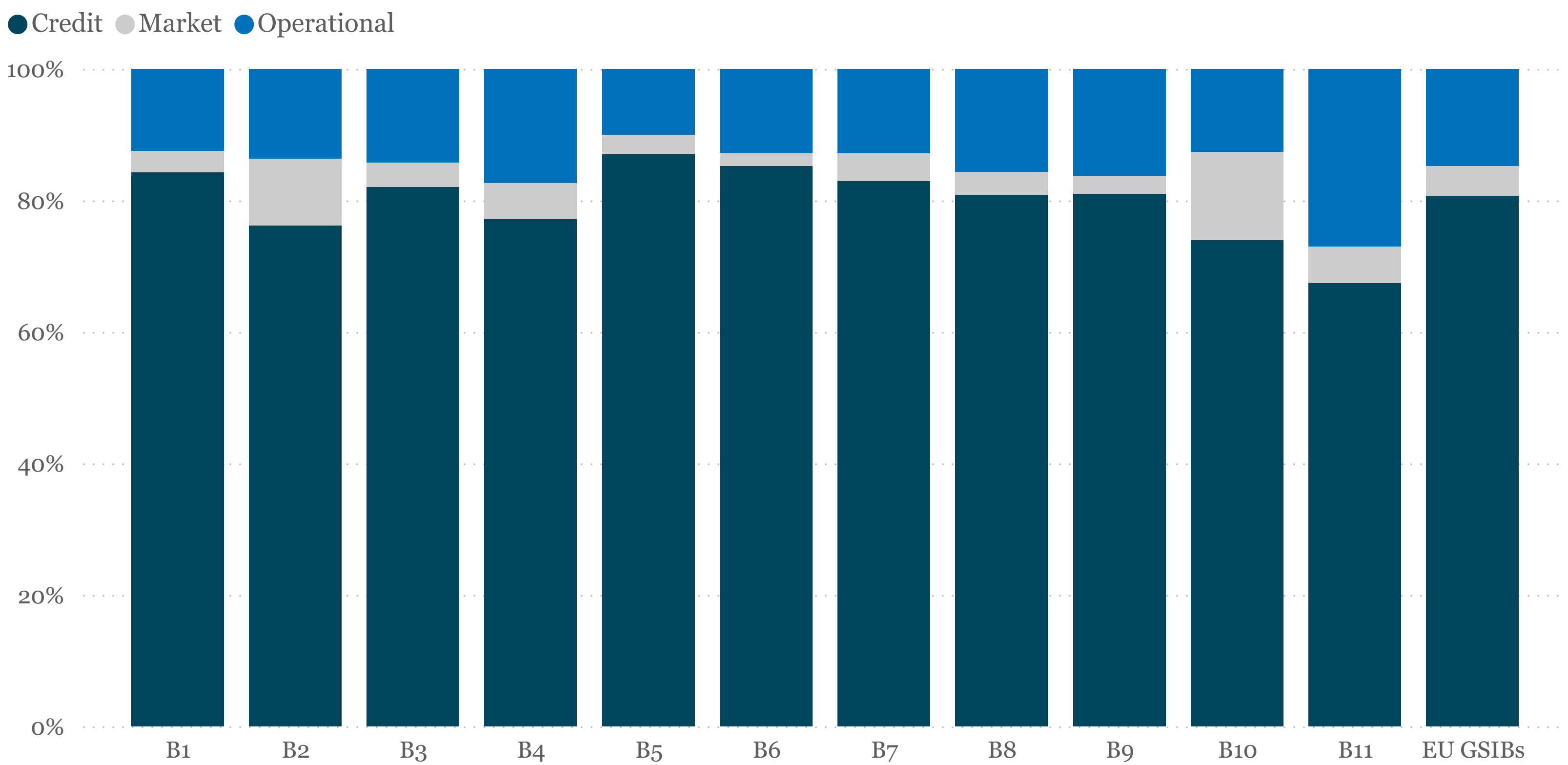
Market risk RWAs have continued to decline, falling from c. 5% of total RWAs in Q2 2025 to 4.5% in Q3 2025.

Operational risk RWAs, which had been gradually declining over the past five years, began rising in early 2023. This shift was largely driven by the acquisition of a major Swiss bank by a GSIB. After stabilising between Q3 2023 and Q3 2024, operational risk RWAs rose sharply, from 12.9% in Q4 2024 to 14.8% in Q3 2025.

After a decline throughout 2023 and a temporary increase in 2024, credit risk RWAs have resumed a decline in 2025. In Q3 2025, credit risk accounted for 80.8% of total RWAs, from 84% in 2022.

RWA risk composition

RWA risk composition in Q3 2025



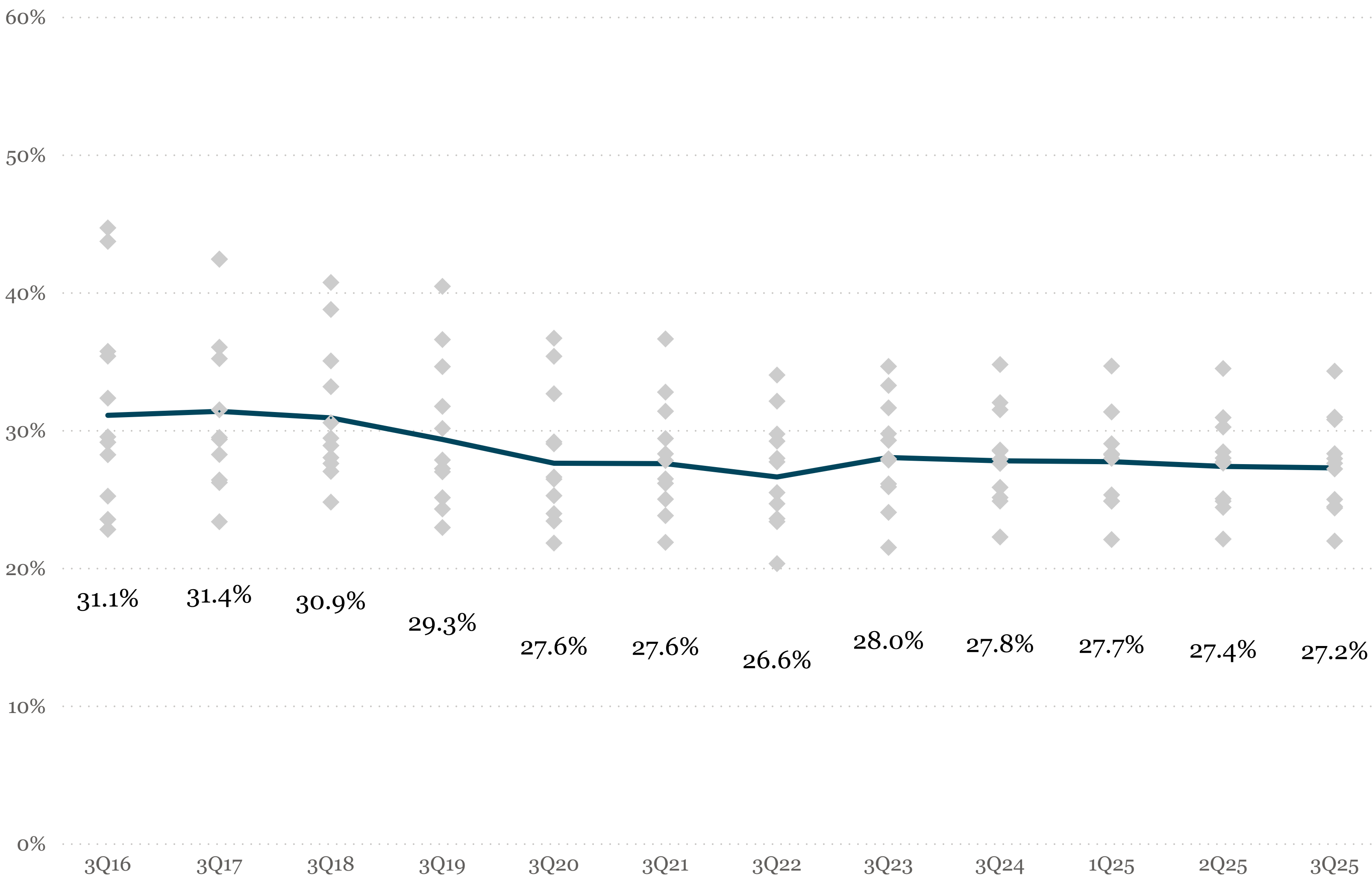
Source: European GSIBs earning report

Asset risk composition:

The primary balance sheet risk of European GSIBs is credit risk (80.8%), with operational and market risks following in significance (14.8% and 4.5% respectively).

RWA Densities

RWA densities: RWA/total assets



Source: European GSIBs earning report

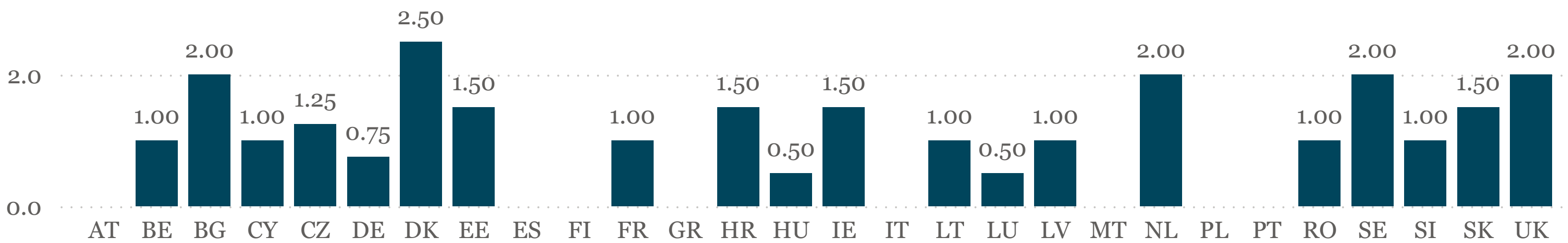
GSIBs have shifted towards lower-risk assets

Since 2015, RWA densities have steadily declined, indicating a strategic shift among European GSIBs toward balance sheet activities with lower risk weights. As of the latest data, RWA density appears to have stabilised at between 28 and 27%.

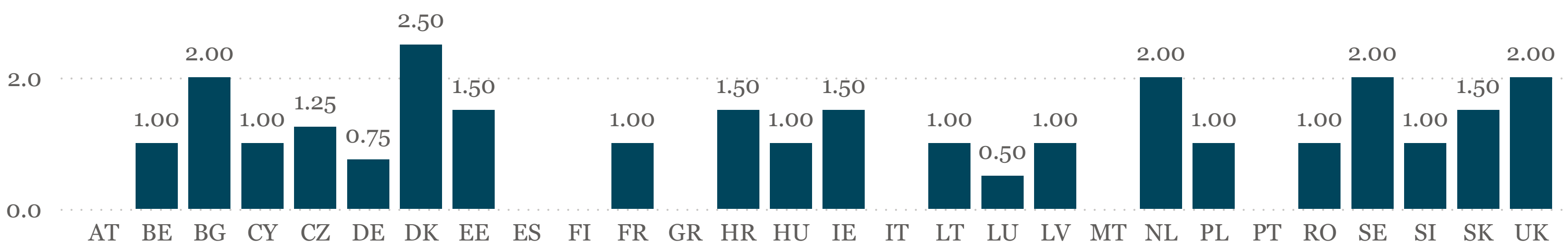
Moreover, the variation in RWA densities across banks has narrowed over time, from a gap between banks with the highest and lowest density ratios of 20pp in 2016 to 10pp in 2025.

Countercyclical capital buffers

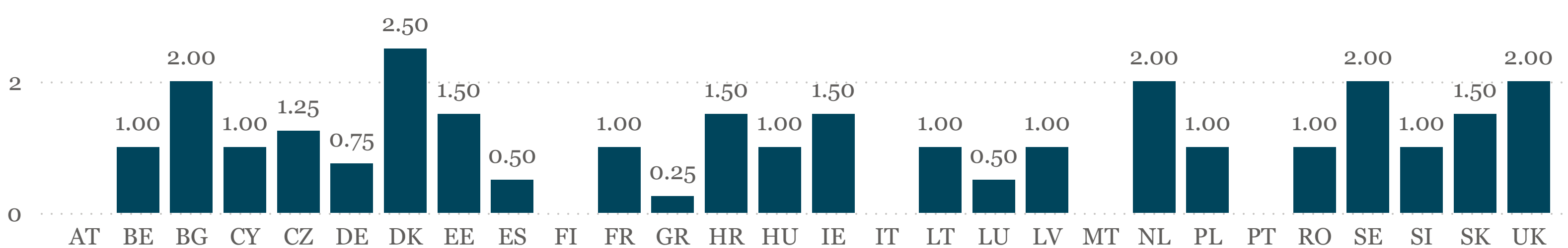
Current CCyB rates by country (%): 2025-Q2



2025-Q3



2025-Q4



Notes: Exemptions are provided for certain small and medium-sized investment firms from holding a CCyB in the following countries: Croatia, Cyprus, Luxembourg, Malta, Poland, Slovakia, Sweden and the United Kingdom.

Source: ESRB

Higher CCyB across Europe

During Q3 2025, one national macroprudential authority (Hungary), increased its CCyB rate, from 0.5% to 1%. Poland implemented a countercyclical buffer (1%) for the first time.

As illustrated in the bottom chart, Greece implemented a further CCyB rate increase during Q4 2025, while Spain has started implementing a countercyclical buffer initially at 0.5% from Oct 2025.

Additionally, six countries are expected to modify their national CCyB rates in the future. These include:

•Cyprus: exp. 1.5% in Jan 2026

•Portugal: exp. 0.75% in Jan 2026 (first use of the buffer)

•Belgium: exp. 1.25% in Jul 2026

•Poland: exp. 2% in Sep 2026

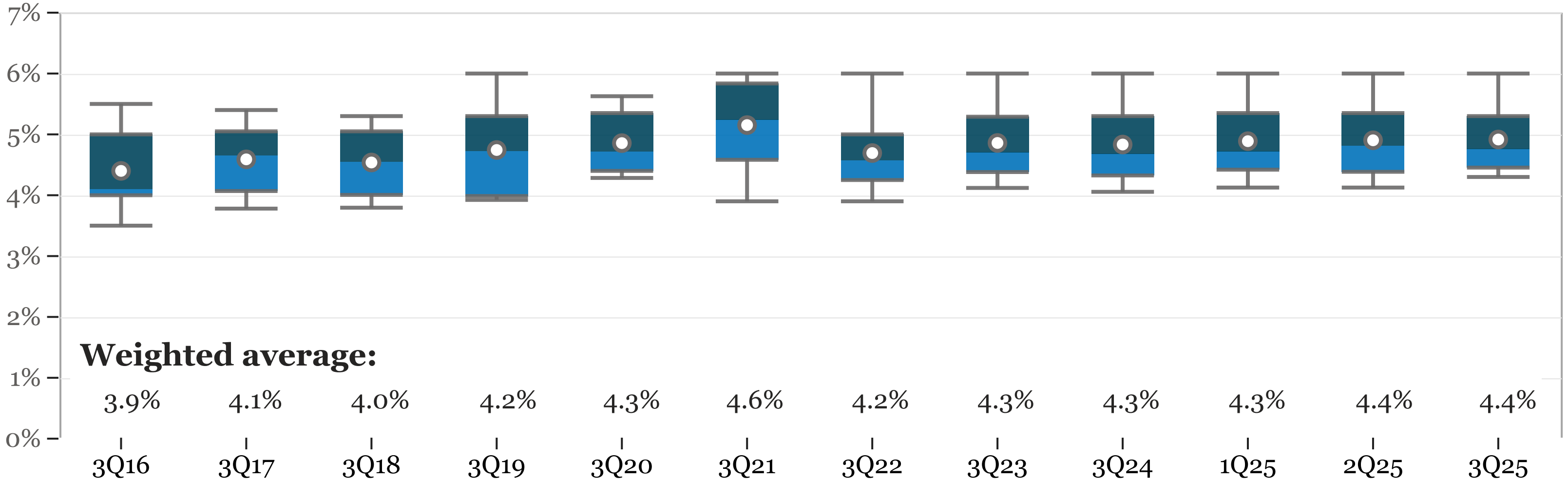
•Greece: exp. 0.5% in Oct 2026

•Spain: exp. 1% in Oct 2026

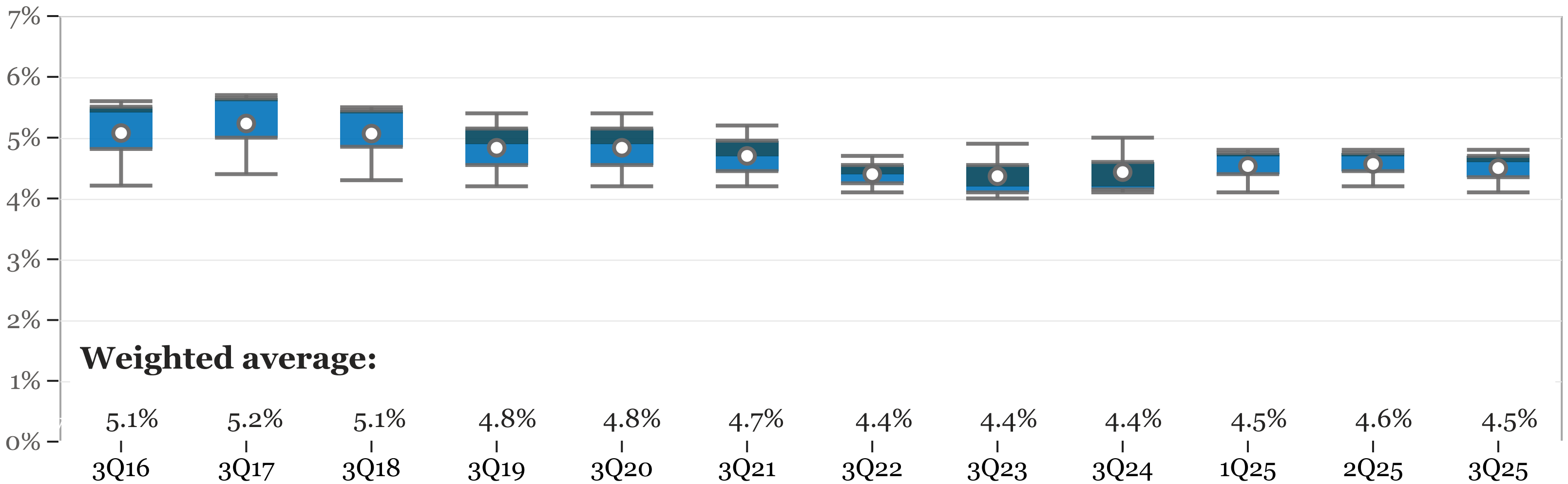
Austria, Finland, Italy and Malta remain the only countries not using nor planning to use this buffer.

afme/ Leverage Ratio (LR)

Leverage ratio: End-point (EU)



Leverage ratio: End-point (UK)



Stability in leverage ratio

The leverage ratio of EU GSIBs has remained relatively stable over the past two years, with the average fluctuating within a range of 4.3% to 4.4%.

In Q3 2025, EU GSIBs reported an average leverage ratio of 4.37%, a slight increase of 1 bps QoQ and of 7 bps YoY.

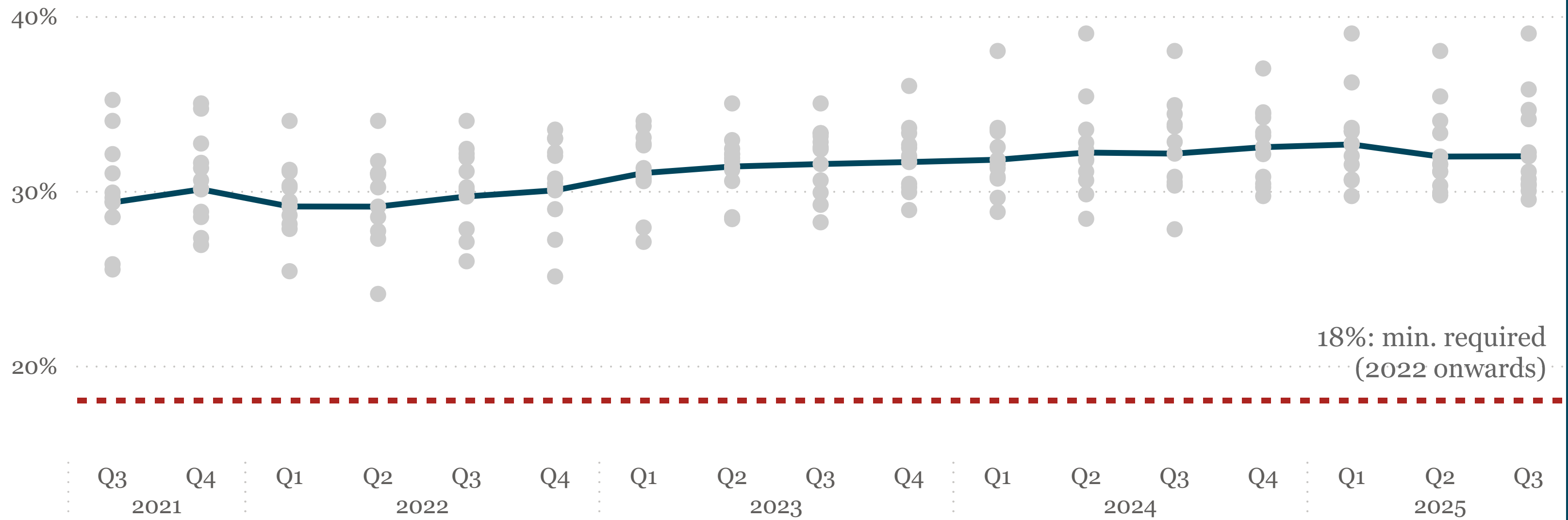
Meanwhile, in Q3 2025, UK GSIBs reported a leverage ratio of 4.5%, decreasing by 7bps QoQ and increasing by the same amount YoY.

TLAC ratio development

TLAC ratio (as % of RWAs)

Average value:

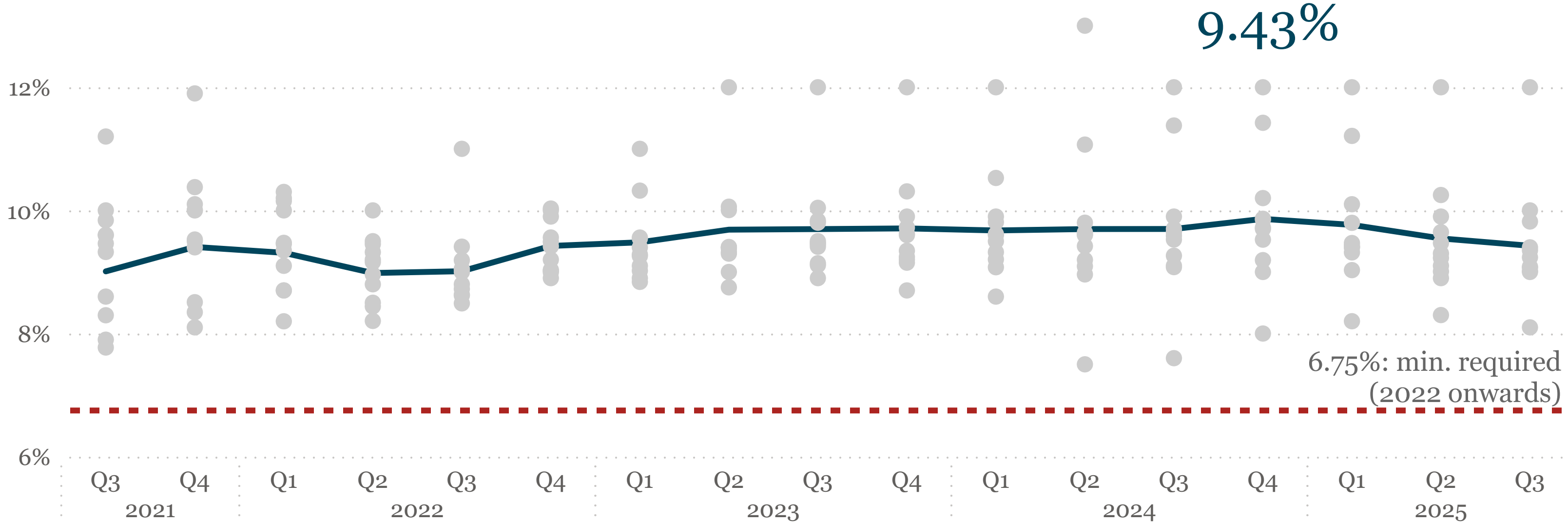
31.98%



TLAC ratio (as % of exposed measure)

Average value:

9.43%



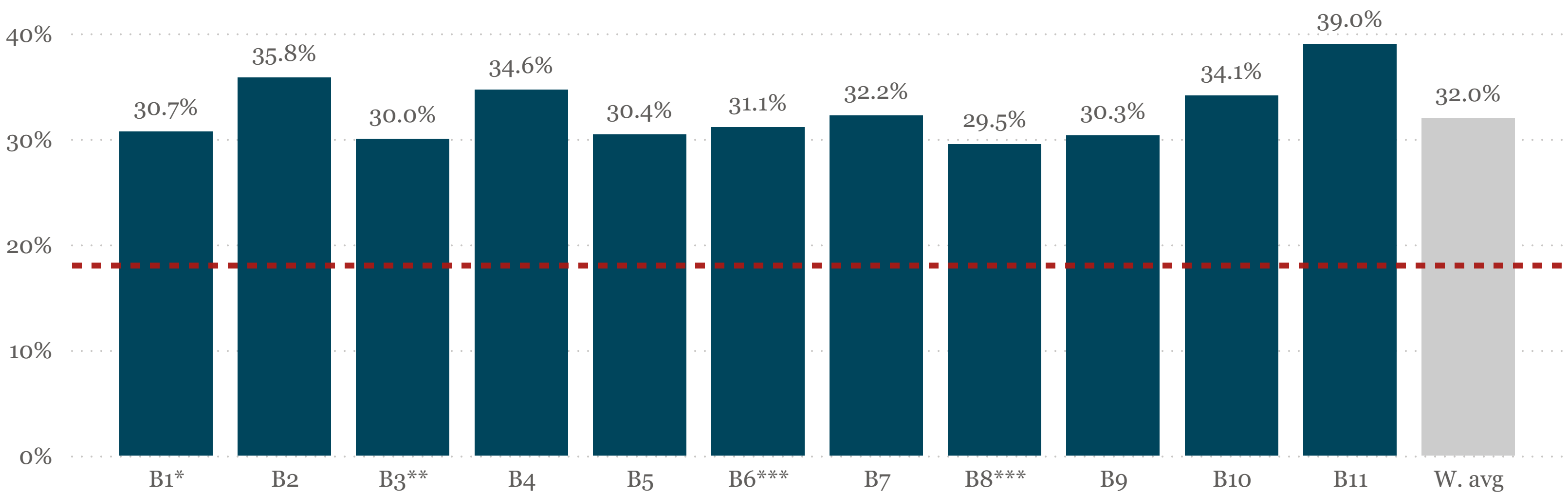
TLAC ratio

The average TLAC ratio of European GSIBs relative to RWAs reached 31.98% in Q3 2025, an increase of 2bps compared to the previous quarter.

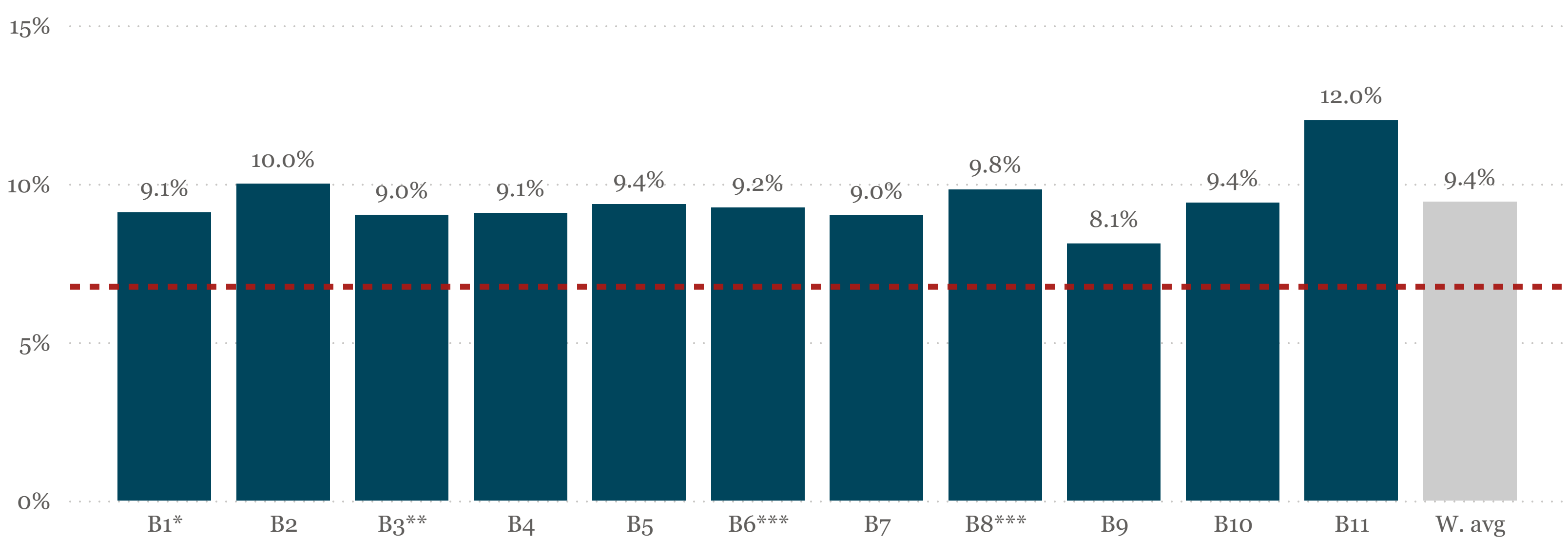
Conversely, the TLAC capital relative to the exposure measure saw a slight decrease in Q3 2025, averaging 9.43% (down from 9.54% in Q2 2025).

TLAC ratio by GSIB

TLAC ratio (as % of RWAs)



TLAC ratio (as % of exposed measure)



GSIBs TLAC ratios well above requirement

AFME estimates suggest that European GSIBs hold c. €1.73tn TLAC-eligible liabilities at the end of Q3 2025.

During the quarter, the TLAC ratio relative to both RWAs and exposure measure stood significantly above the minimum requirement of 18% and 6.75% respectively.

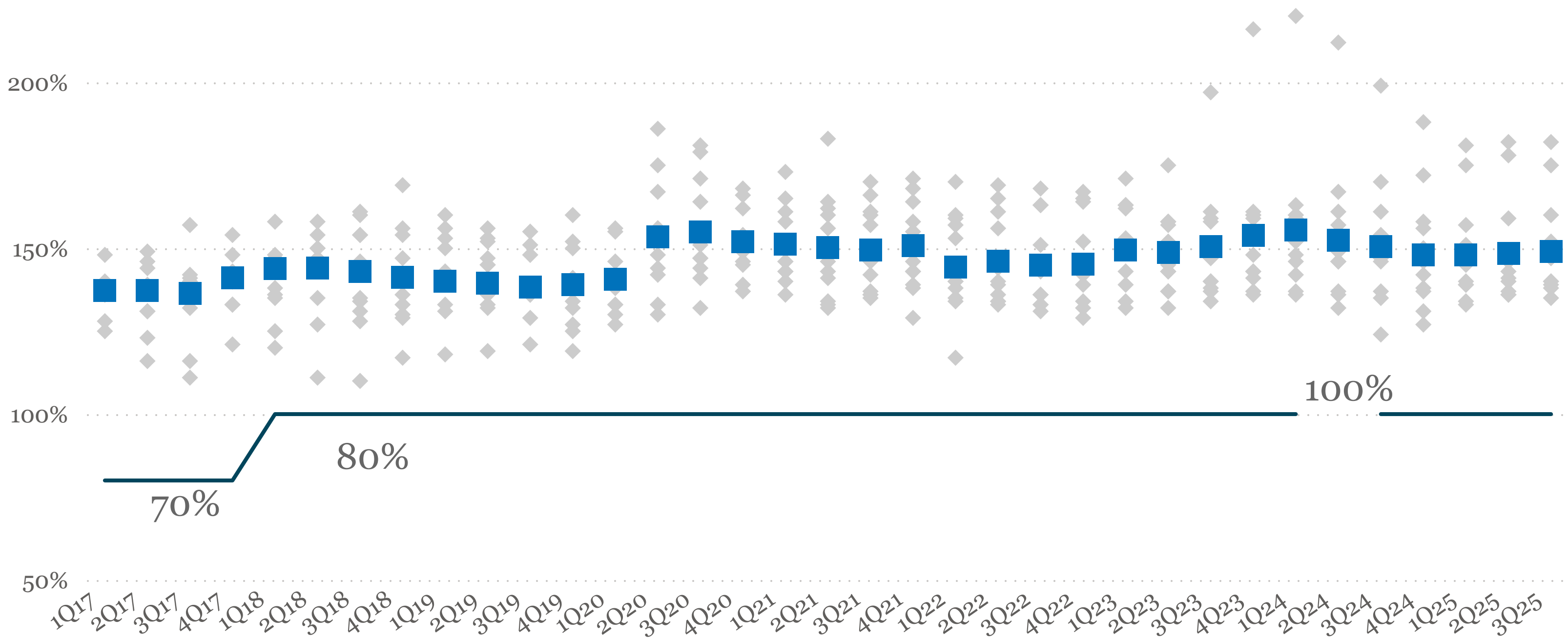
afme/

Liquidity Coverage Ratio

Average value:

149.0%

Liquidity coverage ratio (%)



Strong liquidity buffers

The aggregate liquidity coverage ratio remains well above the 100% requirement (49% above the minimum requirement).

Since the COVID pandemic, banks have structurally increased their liquidity buffers from c40% to c50% above requirement. Notably, one of the GSIBs stood out as an outlier at the start of 2024, maintaining liquidity at twice the required amount, but this level has steadily declined, reaching a significantly lower level by Q3 2025.

afme/

Box: Global review of prudential requirements to support growth

Global review of prudential requirements

Regulators in major international banking centres have recently changed or are expected to update their local banking prudential frameworks, with the intention of striking the right balance between financial stability and enabling the banking sector to support growth.

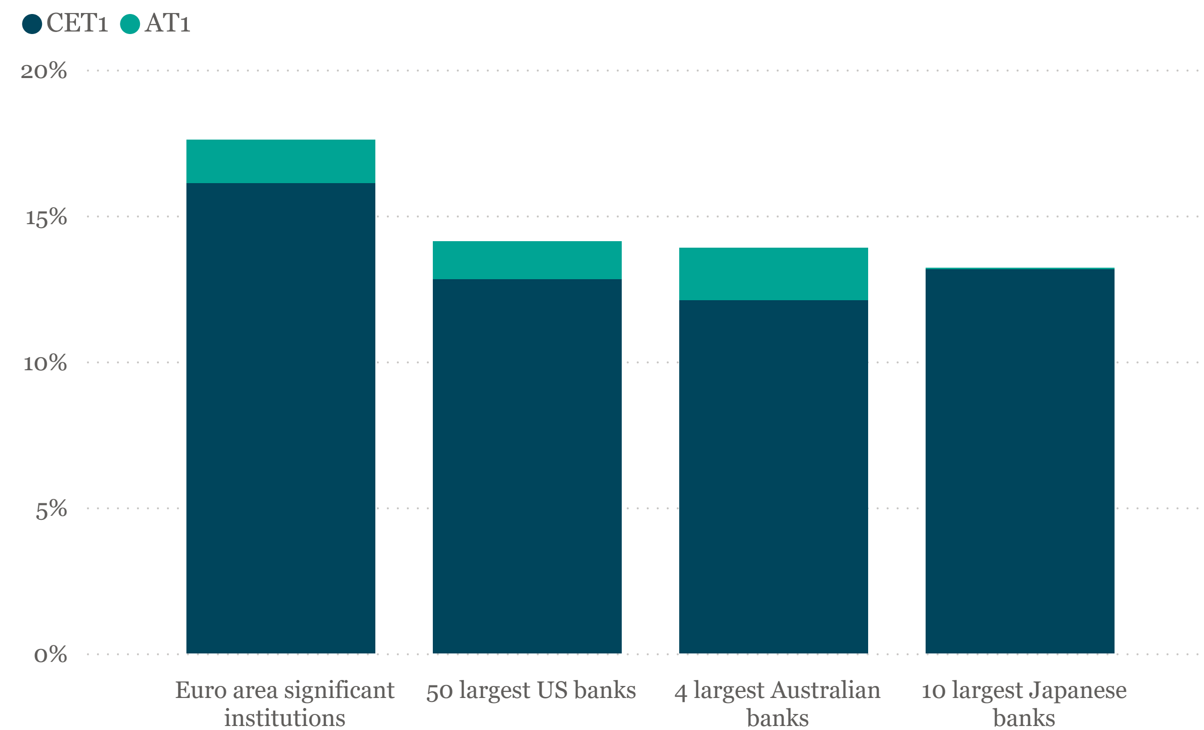
Recent and upcoming initiatives in the EU, US, UK, and Australia focus on simplifying prudential frameworks, with measures that include simplification of capital stacks, revision to stress tests impact on capital surcharges, and recalibration of optimal capital ratios, among others.

The major banking centres are making use of the Basel framework flexibility to adjust and optimise capital stacks and leverage ratios, aiming for greater competitiveness by preserving resilience as macroeconomic conditions evolve.

In this box, we summarise the recent proposals across major jurisdictions, which reflect a range of approaches. From capital-neutral simplification in the EU, to reductions in capital targets and simplification in the UK, Australia and the US.

BIS and IMF staff have recently published analytical notes advocating for a simplified capital stack that continues to rely on releasable capital buffers which are also summarised in this box.

Tier1 ratio across jurisdictions



*Capital ratios for: the euro area significant institutions as of Q2 2025, the 50 largest US banks as of Q2 2025, the 4 largest Australian banks for 2025, the 10 largest internationally active Japanese banks as of the fiscal year ended March 31, 2025.

Source: BoE, ECB, FED, FSA, KPMG

Review of prudential requirements in the EU

The ECB's High Level Task Force on Simplification issued in December 2025 several recommendations for simplifying the European prudential regulatory, supervisory and reporting framework for banks (see here).

The proposals are intended for the European Commission's consideration. The European Commission is expected to produce a report in 2026 evaluating the state of the EU banking sector and ultimately propose regulatory changes to the design of the EU banking framework.

The ECB recommendations cover a wide range of areas, including on supervision, reporting, and ambitions to finalise the Banking Union and the Savings and Investments Union.

The ECB proposals are intended to be capital-neutral, although its implementation might pose challenges to fulfil this aim. More specifically, the ECB proposes:

- reduce the number of capital stack elements. Merge capital buffers into just two types: non-releasable and releasable;
- reduce the leverage ratio to two elements: a 3% minimum requirement and a single buffer which could be set to zero for smaller banks;
- enhance the capacity of AT1 capital to absorb losses, or alternatively remove non-CET1 elements from the going-concern capital stack without any replacement;
- introduce a simpler prudential regime for small and non complex institutions (SNCI);
- intra-EU reciprocating national measures up to a certain threshold;
- Align MREL and TLAC gone concern requirements. For example, MREL set at a uniform floor equivalent to TLAC and a bank-specific component

Review of prudential requirements in the EU

Alongside the ECB, Presidents of central bank Members of the Eurosystem have recently shared their proposals in the context of the simplification initiative. These include:

Bundesbank non-paper on simplification (see here, and AFME analysis here)

- phase out AT1 from capital requirements over a transitional period of more than five years.
- merge buffers (e.g. CCyB and SyRB) into a single releasable buffer;
- Recognise only AT1, T2 and subordinated eligible liabilities in MREL (i.e. exclude CET1 and non-subordinated liabilities);
- introduce a small bank regime

Banco de España (see here)

- merge the Capital Conservation Buffer (CCoB) with P2R/P2G and CCyB with SyRB;
- replace the current MREL framework with a subordinated requirement set as a fixed percentage of total assets.

Banque de France (see here)

- merge or eliminate buffers;
- remove MREL and Leverage ratio-based Maximum Distributable Amount (MDA);
- streamline MREL to align better with TLAC;
- avoid further capital increases for already well-capitalised banks.

AFME and its members will be undertaking more detailed work in the upcoming weeks which will lead to the development of further alternative suggestions around simplification at the European level.

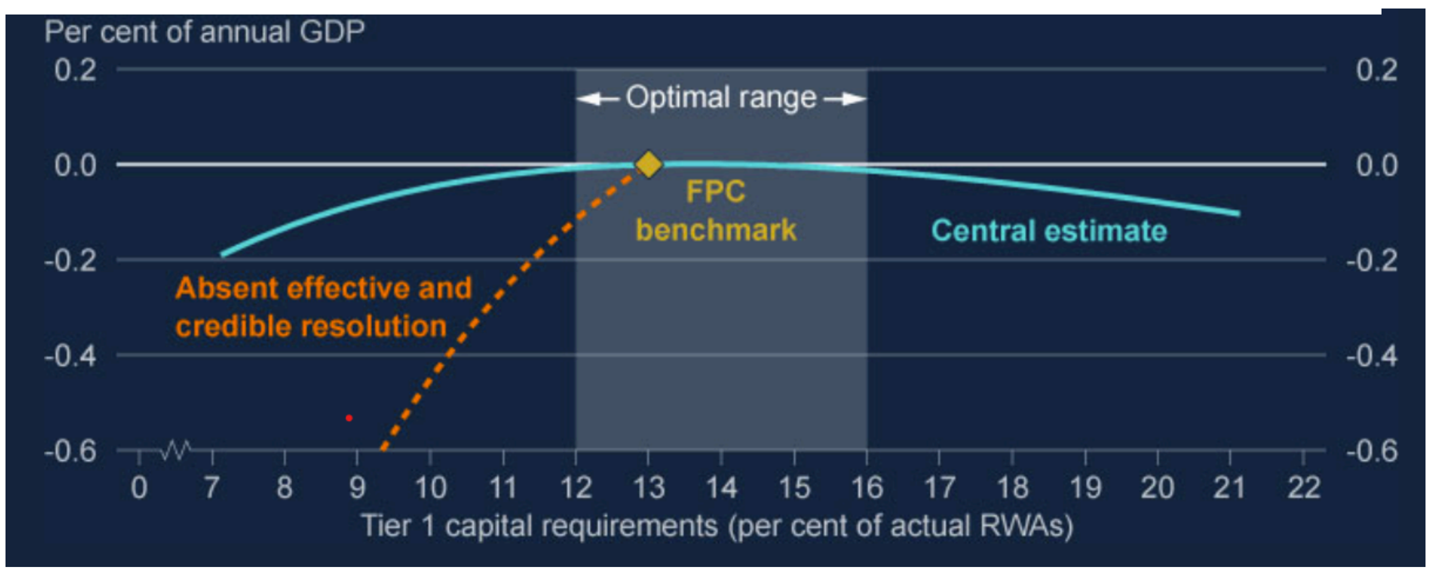
afme/ Review of prudential requirements in the UK

Bank of England (see here)
The Financial Policy Committee (FPC) of the Bank of England lowered the system-wide **Tier 1** benchmark to **13%** of RWAs (equivalent to a CET1 ratio of c11%), down from 14%.

Other priorities for upcoming consideration with the Prudential Regulation Authority (PRA), international authorities, and within the FPC include:

- make buffers more usable in stress;
- review leverage ratio as it becomes binding for more banks;
- assess interaction of domestic capital tools (CCyB, O-SII);
- improve proportionality and update thresholds systematically;
- support ring-fencing review and mortgage risk-weight modelling.

Estimates of the expected net benefits of varying system-wide Tier1 capital requirements (as a % of annual GDP)



Macroeconomic costs could rise when capital requirements fall outside the estimated optimal range of 12% to 16%.

Source: Bank of England

Regulatory developments in the US and Australia

United States
Recently approved and upcoming initiatives include:

- The OCC, the FDIC, and the Federal Reserve Board jointly agreed a rule that reduces the enhanced supplementary leverage ratio (eSLR) standard for GSIBs from 6% to 3% plus the lesser of (a) 1%; or (b) 50% of the GSIB capital surcharge which ranges from 1-2.5%, meaning that the eSLR would range from 3.5% to 4.25% depending on the systemic relevance of the bank. (see here). The final rule will become effective on April 1 2026, but banks can adopt the final rule as early as January 1st 2026.

- The Federal Reserve Board proposed in April 2025 a rule to average stress test results over two consecutive years to reduce volatility (see here). The 2025 stress tests results were significantly favourable for US banks contributing to a reduction of 62bps in capital buffers (the steepest decline since the framework was introduced in 2020). Approval of the FED rule would signify a longer-lasting favourable impact from the 2025 stress test results.

- Likely neutral Basel III end game proposal implementation.

Australia (see here)
The Australian Prudential Regulation Authority (APRA) in December of 2025 finalised amendments to its bank prudential framework to phase-out AT1 capital instruments. More specifically:

- remove the 1.5% AT1 requirement from the prudential framework starting January 2027;
- replace AT1 with at least 0.25% CET1 and up to 1.25% Tier 2 for advanced banks, and entirely with Tier 2 for standardised banks.
- deduct internal T2 issued by overseas subsidiaries from the parent's T2;
- reduce the minimum leverage ratio (on CET1-only) to 3.25% from 3.50%.

afme/ Global regulatory developments

While no formal global discussion has taken place, BIS and IMF staff have recently published analytical notes advocating for a simplified capital stack that continues to rely on releasable capital buffers.

IMF (here)

- supports releasable capital buffers to maintain lending during shocks, even without prior excessive credit growth;
- sectoral buffers (via CCyB or SyRB) can also help address risks tied to specific exposures (e.g. housing, FX loans, or sovereign debt).
- Support for a positive neutral CCyB approach. 24 countries have already adopted a positive neutral CCyB rate, ranging between 0.5% and 2-2.5%.

BIS (here)

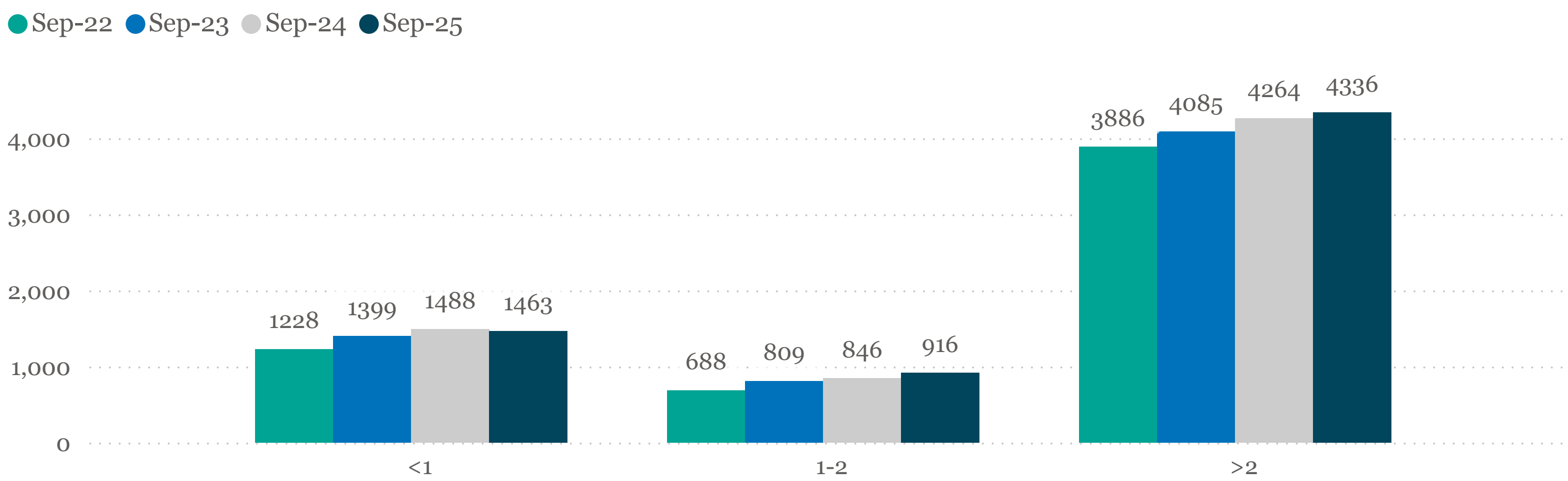
A staff paper recently published by the Financial Stability Institute proposes the following ideas for wider consideration:

- Simplify buffers. Add a cycle-neutral adjustable buffer alongside the CCyB (and optionally keep CCoB). Ensure buffers are releasable to support credit in times of stress;
- establish a single minimum capital requirement to be fully met with CET1 capital;
- replace TLAC/MREL with ARLAC (additional resources for loss-absorbing capacity), to be met with eligible debt instruments and scaled by systemic importance, for use in resolution;
- differentiate the penalties associated with a breach of the (single) minimum requirement from those associated with a breach of the resolution-specific requirement
- AT1 should function as gone-concern bail-in debt, not going-concern capital.

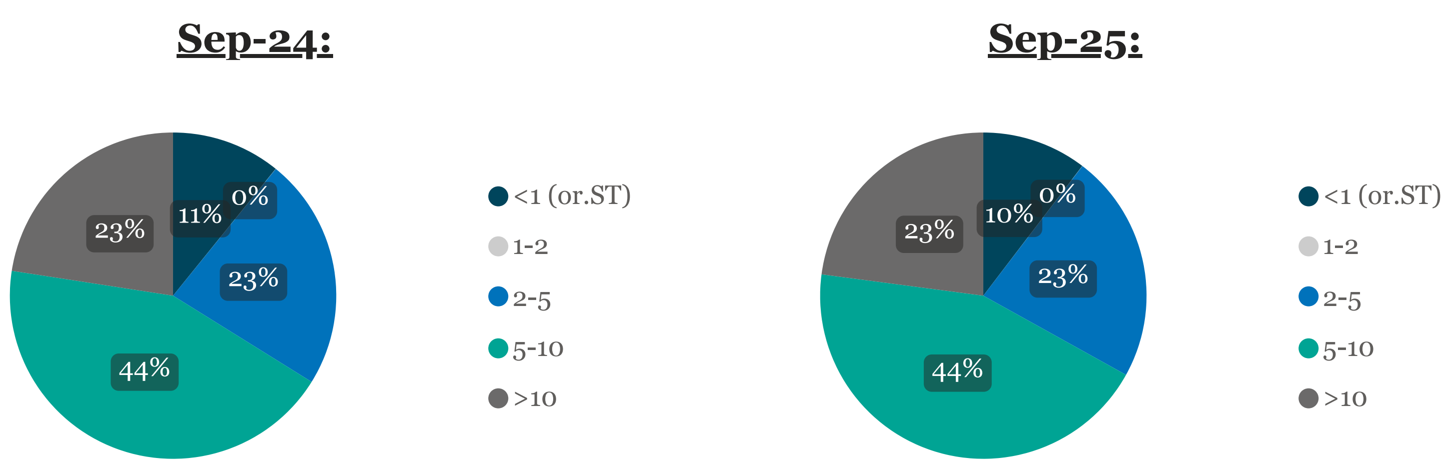
Funding Structure

EU banks: debt maturity wall

Maturity profile of EA banks' outstanding debt securities (€bn, maturity in years)



Original debt maturity



Stable magnitude of long and medium-term debt securities of European banks

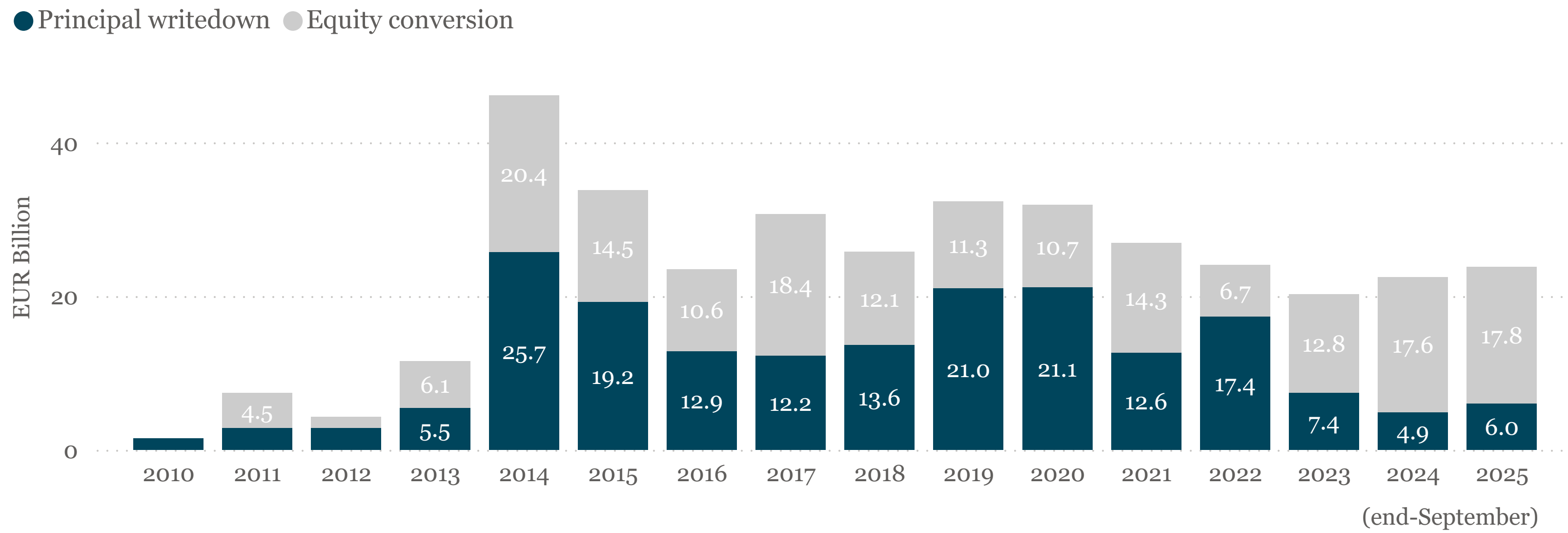
Since September 2022, European banks have steadily expanded their debt liabilities, growing at a CAGR of 5%, from €5,802bn to €6,715bn as of September 2025.

Compared to the previous year, the composition of securities has remained broadly stable, with the majority of instruments having maturities from 5 to 10 years.

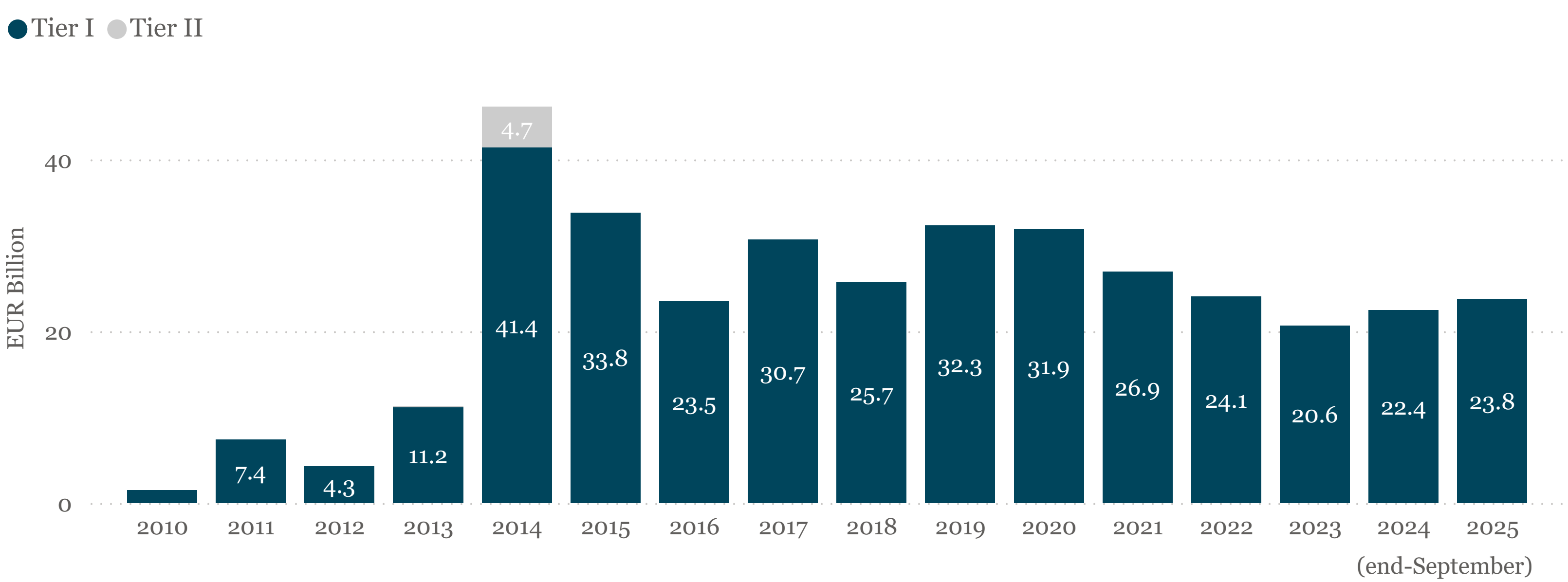
Contingent Convertibles (CoCo)

European CoCo issuance

Tier 1 CoCo issuance by loss absorbing mechanism



CoCo issuance by capital tiering



Coco Issuance largely tied to equity conversion mechanism

During the third quarter, European GSIBs have issued a total of €8.22bn in Contingent Convertible instruments, a 0.9% increase QoQ and a 5.5% decrease YoY (compared to €8.7bn issued in Q3 2024).

In 2025, CoCo instruments carrying an equity conversion loss absorbing mechanism represented c. 74.7% (€17.8bn) of issuance, while the remaining €6bn contains a principal writedown loss absorption mechanism.

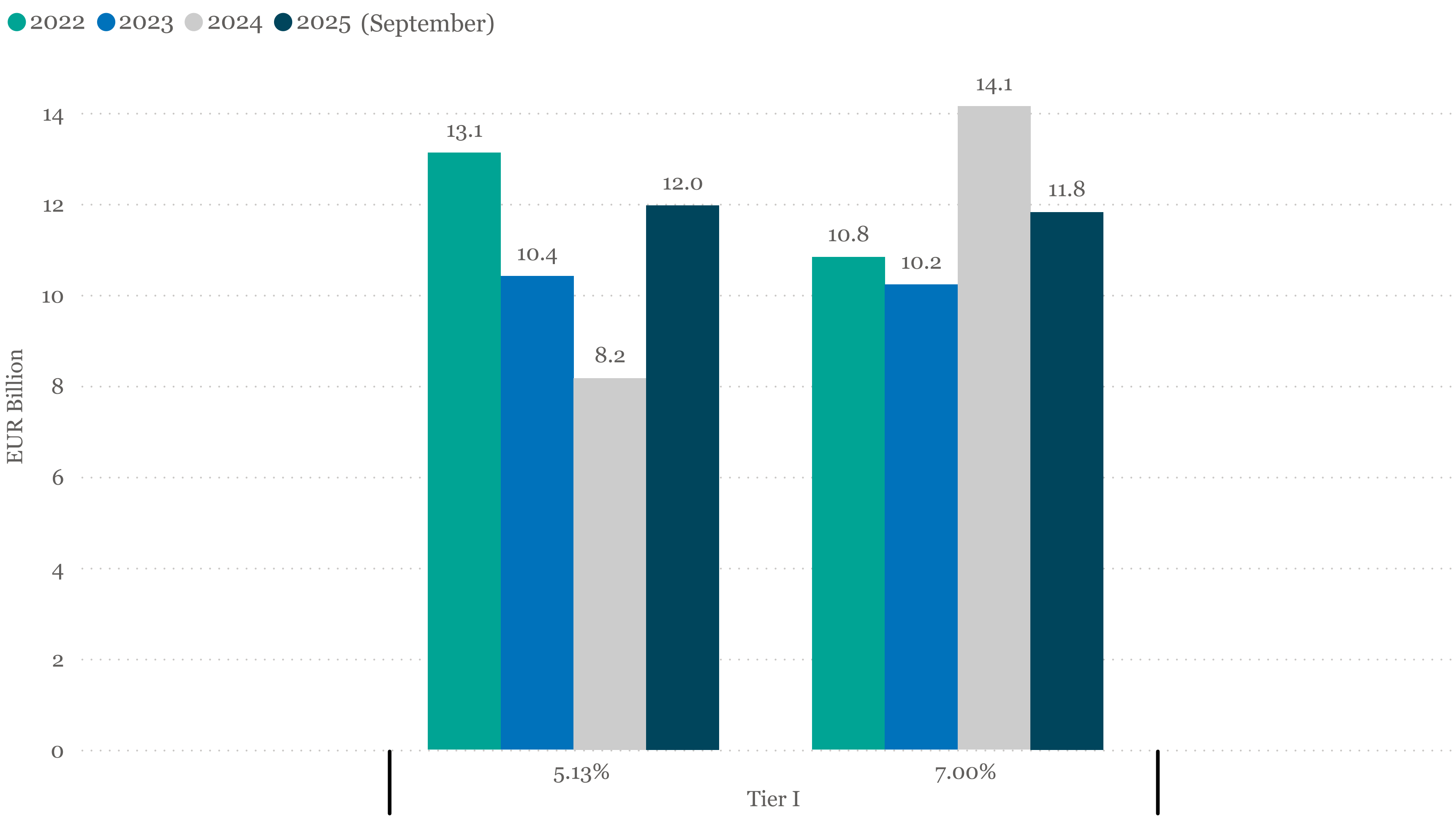
All of the CoCo instruments issued in 2025 were classified as Tier 1 capital.

The average deal value decreased in Q3, dropping from €838 millions in the first half of 2025 to €720m over the first 9 months of the year.

afme/

European CoCo issuance

CoCo Issuance by Trigger



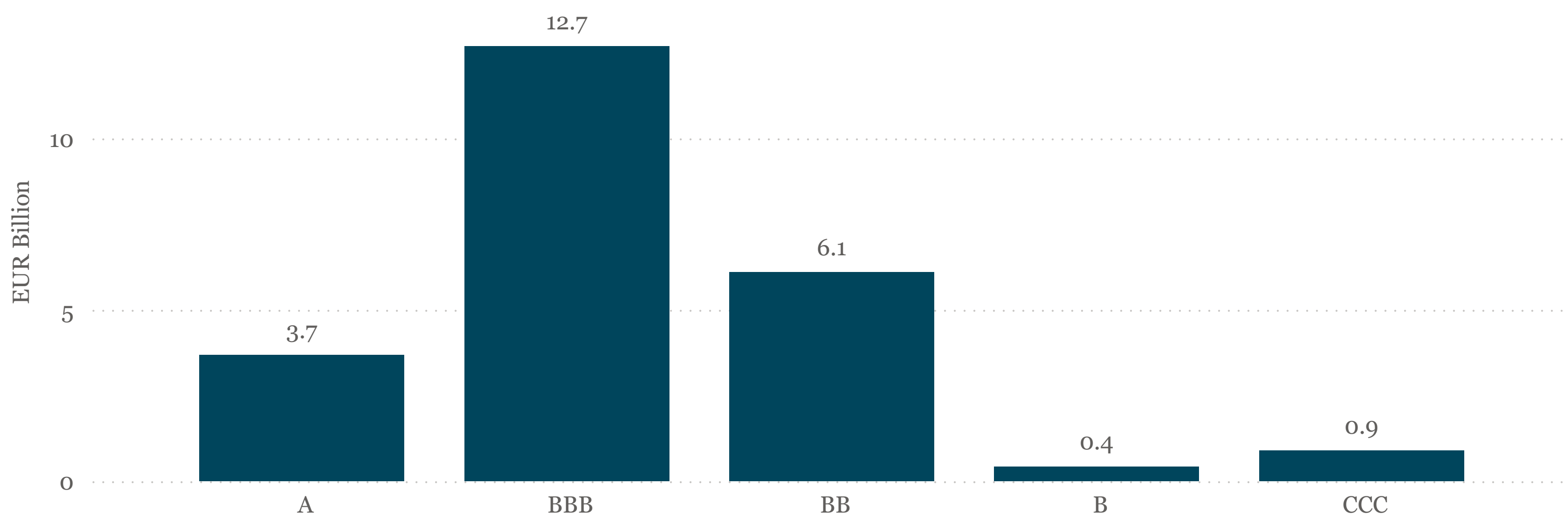
CoCo capital triggers

50.3% of the Tier 1 CoCo instruments issue
European GSIBs from the start of the year t
September 2025 were originated on the bas
5.125% capital trigger. The remaining carri
capital trigger of 7%.

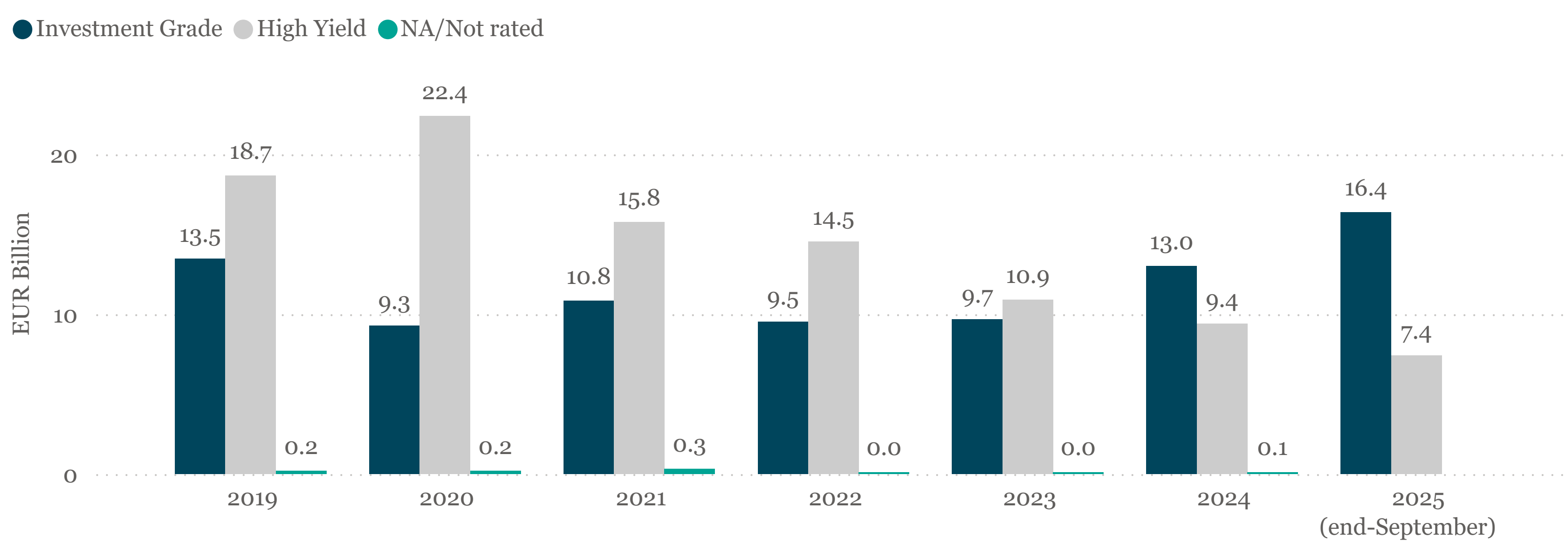
The almost equal distribution in capital trig
between 5.125% and 7% is similar to what w
observed in 2023. Conversely, the majority
CoCo issued in 2024 carried a capital trigge

European CoCo issuance

CoCo issuance by credit rating: Q3 2025



CoCo issuance by credit risk



Higher credit quality of latest CoCo issuance

Investment-grade CoCo instruments represented the majority of total issuance (68.8%), while the remaining share consisted of high yield securities (31.2%). This continues the shift initiated in 2024, which was the first year dominated by investment-grade CoCo issuance.

CoCo securities with a BBB rating accounted for 53.4% of the total 2025 issued amount. Those rated BB represented 25.6%, A-rated securities represented 15.5% and the remaining 5.6% consisted of B and CCC.

CoCo risk premia

AT1 CoCo option-adjusted spread (OAS) (%)

Tier 2 CoCo option-adjusted spread (OAS) (%)

AT1 and Tier 2 Risk Premia continue to fall

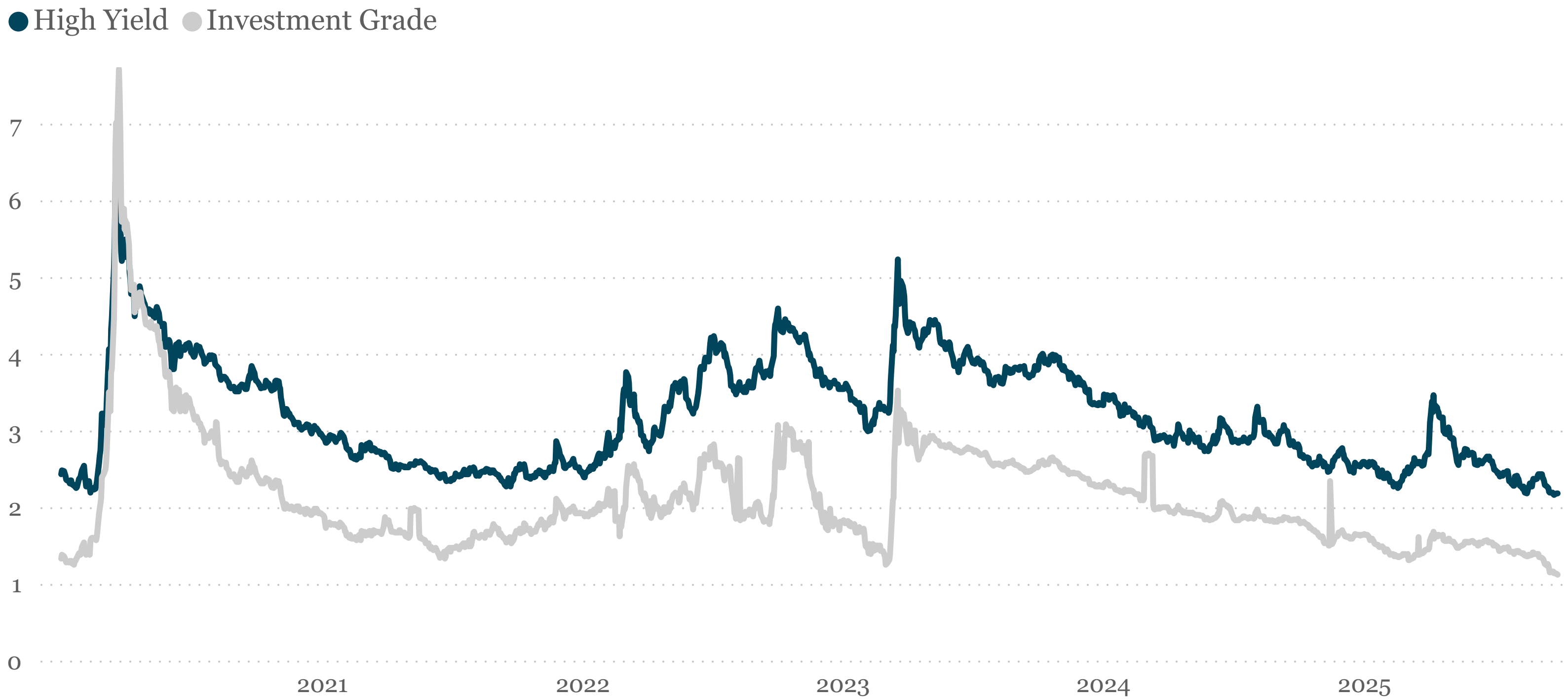
The Option-Adjusted Spread (OAS) of European Additional Tier 1 and Tier 2 CoCo instruments experienced two significant increases in the last five years. The initial surge occurred in Q1 2020 following the onset of the COVID-19 pandemic. The subsequent major shock took place in March 2023, albeit of marginally lower magnitude, following the write-down of a major Swiss bank's AT1 securities.

Option-Adjusted Spreads for AT1 and T2 temporarily increased by 100bps in early April 2025 following the US tariff announcement, before consistently trending downward since then.

AT1 and T2 OAS closed Q3 2025 at 2.5% and 3.00% respectively.

CoCo risk premia

AT1 CoCo option-adjusted spread (OAS) (%)



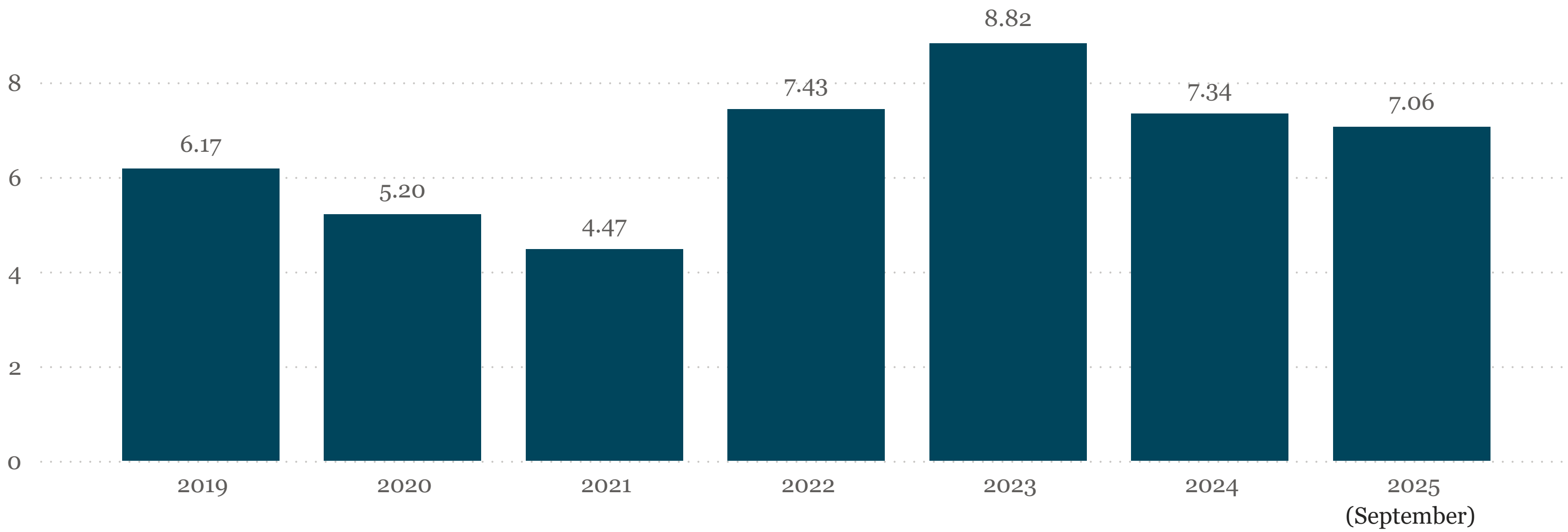
Tightening OAS for both Investment Grade and High Yield AT1

In early April 2025, the high yield OAS rose to 3.46% following the US tariff announcement, before beginning to decline. Changes to investment grade OAS were less prominent.

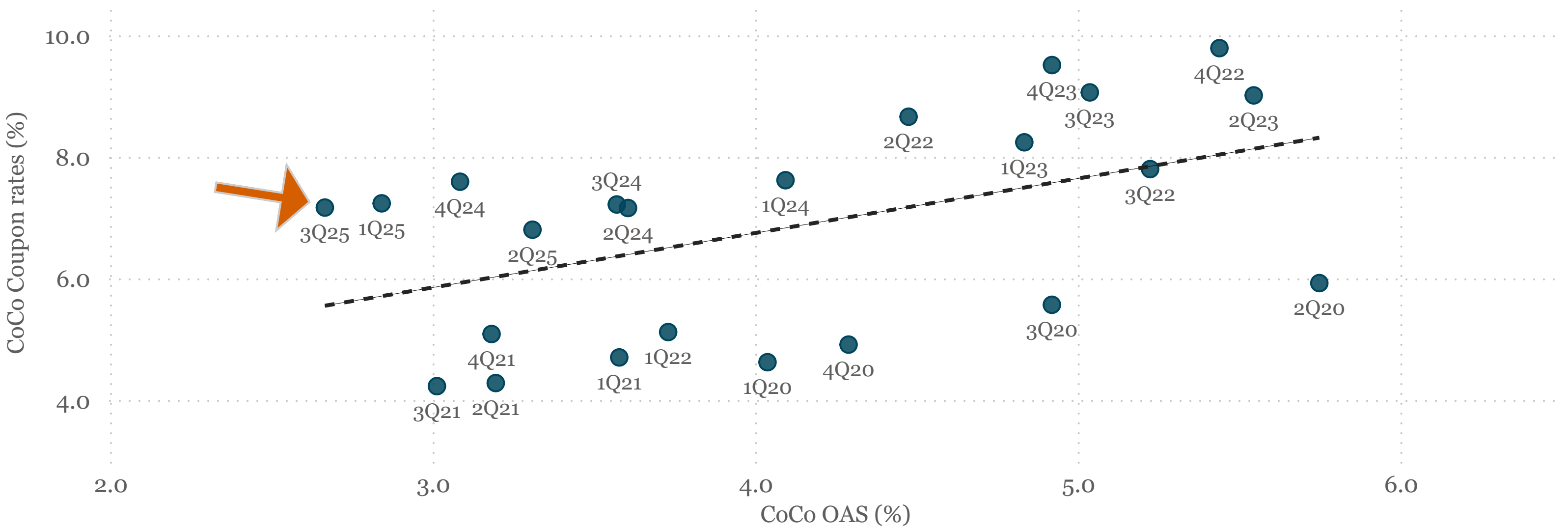
OAS of AT1 high yield products closed Q3 2025 at 2.18%, while spreads for investment grade AT1 securities finalised the quarter at 1.12%.

CoCo coupon rates

Weighted average coupons of fixed-rate CoCos (%)



Weighted average coupons of fixed-rate CoCos (%)



Coupon rates continue to decline from 2023 highs

The weighted average coupon of fixed-rate CoCo instruments issued up to September 2025 stood at 7.06%.

Coupon rates have gradually decreased over the last two years from the peak values observed in 2023, mainly driven by lower inflation expectations, a general decline in long-term yields, and lower risk premia (OAS) for AT1 instruments.

Recently issued CoCo

Pricing Date	Issuer	Tier Capital	Deal Total value (Euro)	Trigger	Conversion mechanism	Issue Rate	Effective Rating (Launch)	Maturity	Coupon
13-May-25	Erste Group Bank AG	Tier I	1,000,000,000	5.13%	writedown	Fixed rate	BBB-	Perpetual	6.38
19-May-25	Intesa Sanpaolo SpA	Tier I	1,000,000,000	5.13%	writedown	Fixed rate conv. to floating rate note	BB	Perpetual	6.38
20-May-25	KBC Group SA/NV	Tier I	1,000,000,000	5.13%	writedown	Fixed rate conv. to floating rate note	BBB-	Perpetual	6.00
27-May-25	Commerzbank	Tier I	750,000,000	5.13%	writedown	Fixed rate	BB	Perpetual	6.62
29-May-25	HSBC Holdings plc	Tier I	1,768,659,356	7.00%	equity conversion	Fixed rate	BBB	Perpetual	7.05
03-Jun-25	Nationwide Building Society	Tier I	829,678,796	7.00%	equity conversion	Fixed rate	BBB-	Perpetual	7.88
18-Jun-25	Bankinter	Tier I	500,000,000	5.13%	equity conversion	Fixed rate	BB	Perpetual	6.00
23-Jun-25	BNP Paribas	Tier I	1,302,365,965	5.13%	equity conversion	Fixed rate	BBB-	Perpetual	7.45
23-Jul-25	Sekerbank TAS	Tier I	169,969,693	5.13%	equity conversion	Fixed rate conv. to floating rate note	CCC	Perpetual	10.88
31-Jul-25	UBS Group AG	Tier I	1,738,525,730	7.00%	equity conversion	Fixed rate	BBB-	Perpetual	13.60
19-Aug-25	Nordea Bank Abp	Tier I	517,728,730	5.13%	equity conversion	Floating rate note	BBB+	Perpetual	0.00
26-Aug-25	Hoist Finance AB	Tier I	17,954,450	5.13%	writedown	Floating rate note	BB+	Perpetual	0.00
27-Aug-25	Yapi ve Kredi Bankasi AS	Tier I	428,228,845	5.13%	writedown	Fixed rate	B-	Perpetual	8.25
02-Sep-25	Credit Agricole	Tier I	1,067,372,556	5.13%	equity conversion	Fixed rate	BBB	Perpetual	7.12
02-Sep-25	ING Groep NV	Tier I	1,280,847,067	7.00%	equity conversion	Fixed rate	A	Perpetual	7.00
03-Sep-25	Nordea Bank Abp	Tier I	728,987,993	5.13%	equity conversion	Fixed rate	BBB+	Perpetual	6.75
09-Sep-25	NatWest Group plc	Tier I	576,236,026	7.00%	equity conversion	Fixed rate conv. to floating rate note	BBB	Perpetual	7.62
10-Sep-25	Raiffeisen Bank International AG	Tier I	500,000,000	5.13%	writedown	Fixed rate conv. to floating rate note	BB	Perpetual	6.38
23-Sep-25	UBS Group AG	Tier I	701,655,908	7.00%	equity conversion	Fixed rate	BBB-	Perpetual	6.38
23-Sep-25	Vanquis Banking Group plc	Tier I	68,795,505	7.00%	equity conversion	Fixed rate	BB-	Perpetual	10.88
29-Sep-25	VakifBank	Tier I	427,313,905	5.13%	writedown	Fixed rate	CCC+	Perpetual	8.20

Source: Dealogic

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