NACF (National Agricultural Cooperative Federation)’s Comment on Contingent Capital
(2020.10.1)

NACF, Korea

☐ NACF would be more difficult to issue contingent capital than stock companies because qualification of our equity holder is restricted to only our member cooperative bank.

☐ In future, to invest all non-common Tier1 and Tier2 instrument, the investors must be entitled to become a share holder when trigger event occurs.

☐ Under national cooperative law, NACF could not issue any contingent capital to public investors except our member cooperative banks.

☐ So we recommend that different application of contingent capital to cooperative bank such as NACF should be considered.

☐ A sufficient grace period should be allowed in order to alleviate a potential oversupply at the same time and make preparation for new regulation.