This paper develops a model of banking to study the risk-taking consequences of contingent capital (CC). It begins with the observation that partial conversion of CC provides its owners with a portfolio of equity and debt. Since the former (latter) asset typically induces a preference for risk taking (safety), the net preference of CC-holders upon conversion should depend on their relative holdings of each asset, which in turn, depends on the amount of CC converted. In addition to acquiring cash-flow rights, these conversions provide CC-holders with equity control rights, which afford them greater influence over management's portfolio selection. The paper demonstrates that rational shareholders - that anticipate these endogenous preferences and equity control rights - may be inclined to either: (1) dilute their own equity stakes through “excessive” risk taking in order to create risk-loving and influential CC-holders; or (2) rule-out conversion altogether through “excessive” safety, thereby preempting the creation of influential and safety-loving CC-holders. The results also suggest that higher CC-to-equity ratios can reduce the likelihood of reaching an "excessive" risk-taking equilibrium.