Bank Capital ANALYSIS

A horizontal comparison of capital adequacy

Bank Capital Analysis Semiannual Update

By Sabrina Pellerin

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The Bank Capital Analysis provides a horizontal comparison of capital adequacy among banking organizations of varying size and complexity.

Chart 1 shows leverage capital trends over time for U.S. banking organizations. Banks of all size groups entered the pandemic with stronger capital ratios than prior to the 2007-2008 financial crisis, though the trend in leverage ratios at the largest banks had started flattening and even declining in the years leading up to the pandemic. Balance sheet growth stemming from pandemic policy responses put immediate downward pressure on the weighted average tier 1 leverage ratio for all U.S. banking groups. Banks across all portfolio groups, except for U.S. Global Systemically Important Banks (G-SIBs), are approaching or have reached (regional banks), pre-pandemic levels.

The weighted average tier 1 leverage ratio across U.S. G-SIBs had also been trending upward through year-end 2023 but declined 13 basis points (bps) year-over-year (YoY) to 7.11 percent as of December 31, 2024, and remains well below leverage capital ratios for large (9.62 percent), regional (10.08 percent) and community (10.63 percent) banking organizations, as shown in Table 1. The weighted average supplementary leverage ratio (SLR), also known as the Basel III leverage ratio, for U.S. G-SIBs declined 10 bps YoY to 5.98 percent as of December 31, 2024 (Table 1).[1] The weighted average Basel III leverage ratio across foreign G-SIBs increased over this period but remains lower than that of U.S. G-SIBs with the exception of Asian G-SIBs.

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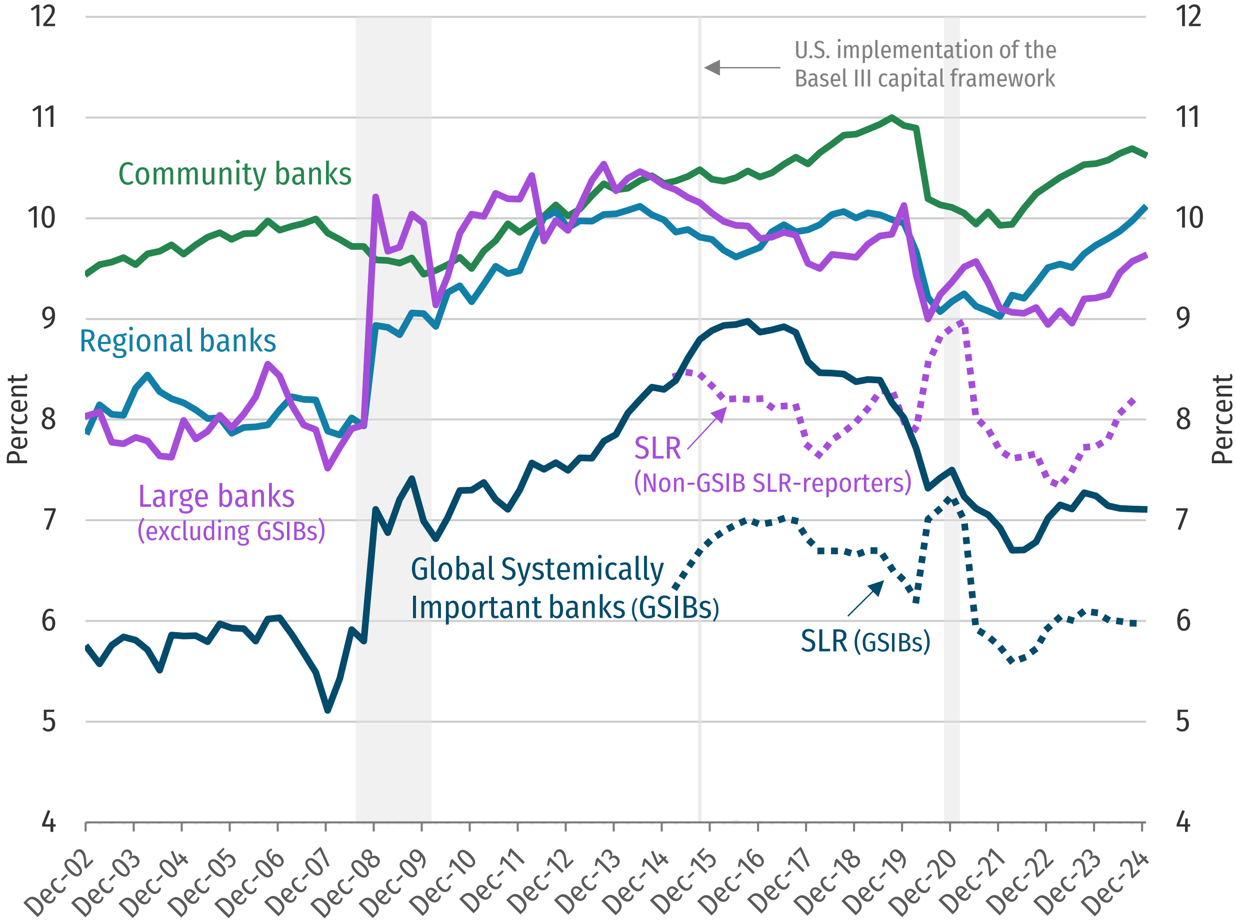
[1] Total leverage exposure, the denominator of the SLR, includes certain off-balance sheet exposures in addition to on-balance sheet assets. The tier 1 leverage ratio does not include off-balance sheet items, which are relatively negligible for all but the largest banking organizations. As such, the SLR can also be compared to the tier 1 leverage ratio for smaller banking organizations. For more information on the Bank Capital Analysis, see: Understanding the Bank Capital Analysis - Federal Reserve Bank of Kansas City (kansascityfed.org).

Chart 1
SLR and Tier 1 Leverage Ratio
U.S. banking organizations by supervisory portfolio group (% weighted average)



Notes: Tier 1 capital as a percent of total leverage exposure (for SLR) and as a percent of average total assets (for Tier 1 Leverage ratio). SLR reported only by banking organizations that generally have assets greater than $250 billion or on-balance sheet foreign exposures above $10 billion. Portfolio groups are established by the federal banking agencies and reflect the group banking organizations were in as of April 16, 2025. Gray shaded bars denote recessions.
Sources: Federal Reserve Y-9C Reports, FFIEC Call Reports, and S&P Global Market Intelligence LLC.

Table 1
Capitalization Ratios
U.S. Global Systemically Important Banks (G-SIBs) and Large, Regional, and Community Banking Organizations[i]

	Tier 1 Capital[ii] ($Billions)	Total Assets[iii] ($Billions)	Risk-Weighted Assets[iv] ($Billions)	Leverage Exposure[v] ($Billions)	Tier 1 Risk-Based Capital Ratio[vi] (Percent)	Tier 1 Leverage Ratio[v] (Percent)	SLR[v] (Percent)	Goodwill and Other Intangibles[vii] ($Billions)	Deferred Tax Assets[viii] ($Billions)	Price-to-Book Ratio[ix]	Price-to-Adjusted Tangible Book Ratio[ix]
U.S. G-SIBs											
Bank of America Corporation	223	3,262	1,696	3,818	13.18	6.90	5.85	71	15	1.23	1.79
Bank of New York Mellon Corporation	23	416	168	354	13.73	5.73	6.52	19	0	1.49	3.17
Citigroup Inc.	175	2,353	1,140	2,985	15.31	7.17	5.85	23	31	0.69	0.97
Goldman Sachs Group, Inc.	116	1,676	689	2,121	16.80	6.83	5.45	7	8	1.64	1.89
JPMorgan Chase & Co.	295	4,003	1,757	4,838	16.78	7.24	6.10	55	12	2.07	2.61
Morgan Stanley	85	1,215	472	1,518	17.97	6.93	5.59	23	3	2.13	2.94
State Street Corporation	17	353	126	270	13.16	5.22	6.16	9	1	1.26	2.18
Wells Fargo & Company	153	1,930	1,216	2,268	12.57	8.08	6.74	26	2	1.44	1.74
U.S. G-SIBs ($ Total, % Weighted Average)	1,086	15,208	7,264	18,171	14.95	7.11	5.98	233	71	1.47	2.03
European and Canadian G-SIBs											
Banco Santander (Spain)	93	1,902	647	1,952	14.44		4.78	20	32	0.69	1.39
Barclays (UK)	76	1,901	448	1,510	16.93		5.00	10	8	0.65	0.86
BNP Paribas (France)	118	2,800	789	2,551	14.93		4.62	10	6	0.58	0.67
Crédit Agricole Group (France)	124	2,694	676	2,249	18.29		5.50	21	8	NA	NA
Deutsche Bank (Germany)	63	1,436	370	1,362	17.02		4.60	8	10	0.49	0.66
Group BPCE (France)	76	1,640	473	1,487	16.17		5.14	6	5	NA	NA
HSBC (UK)	144	3,017	838	2,571	17.19		5.60	12	8	1.06	1.21
ING Bank (Netherlands)	55	1,057	345	1,170	15.97		4.72	1	2	0.93	0.99
Royal Bank of Canada (Canada)	72	1,558	490	1,636	14.63		4.40	19	8	2.04	2.62
Société Générale (France)	65	1,629	403	1,493	16.06		4.34	9	5	0.36	0.46
Standard Chartered (UK)	42	850	247	868	16.87		4.80	6	1	0.69	0.83
Toronto Dominion (Canada)	66	1,480	448	1,573	14.73		4.20	16	7	1.35	1.95
UBS (Switzerland)	88	1,565	499	1,519	17.60		5.77	7	13	1.14	1.48
European and Canadian G-SIBs ($ Total, % Weighted Average)	1,081	23,529	6,674	21,942	16.20		4.93	145	113	0.69	0.99
Asian G-SIBs											
Agricultural Bank of China Limited (China)	422	5,924	3,097	6,205	13.63		6.80	4	20	0.56	0.60
Bank of China Limited (China)	379	4,804	2,633	5,026	14.38		7.53	4	9	0.46	0.48
Bank of Communications Co., Ltd.	156	2,041	1,290	2,248	12.11		6.95	1	6	0.46	0.48
China Construction Bank (China)	455	5,558	2,994	5,858	15.21		7.78	3	17	0.48	0.50
Industrial and Commercial Bank of China (China)	541	6,689	3,522	6,982	15.36		7.75	6	12	0.48	0.50
Mitsubishi UFJ FG (Japan; JPY, Local GAAP)	115	2,628	701	2,161	16.38		5.31	12	1	1.05	1.17
Mizuho FG (Japan; JPY, Local GAAP)	72	1,815	469	1,558	15.46		4.64	5	1	0.93	1.03
Sumitomo Mitsui FG (Japan; JPY, Local GAAP)	86	1,977	610	1,705	14.09		5.03	7	0	0.97	1.04
Asian G-SIBs ($ Total, % Weighted Average)	2,227	31,436	15,316	31,743	14.54		7.01	42	66	0.52	0.55
U.S. banking organizations by size group ($ Total, % Weighted Average)											
G-SIBs	1,086	15,208	7,264	18,171	14.95	7.11	5.98	233	71	1.47	2.03
LBOs[x] (>$100B, excluding GSIBs)	431	4,538	3,394		12.70	9.62	8.16	103	36		
RBOs ($10B - $100B)	288	2,905	2,172		13.24	10.08		71	16		
CBOs (<$10B)	304	2,859	1,700		13.58	10.63		19	13		

Sources: Federal Reserve Y-9C Reports, FFIEC Call Reports, FFIEC 101 Reports, and S&P Global Market Intelligence LLC.

[i] G-SIBs: The Financial Stability Board (FSB) publishes the list of Global Systemically Important Banks (G-SIBs) each November. The December 31, 2024, Bank Capital Analysis uses the list of G-SIBs released on November 26, 2024. The list included eight U.S. banking organizations and 21 non-U.S. organizations, which reflects the addition of Bank of Communications (China) and the removal of Credit Suisse and UniCredit and is available on the FSB's website: www.fsb.org. Note that the other groups of U.S. banks reflect the supervisory portfolios of the federal banking agencies as of April 16, 2025. Data sources: FR Y-9C and S&P Global Market Intelligence LLC for U.S. G-SIBs and S&P Global Market Intelligence LLC for foreign G-SIBs. Large Banking Organizations (LBO): Banking organizations with total assets greater than $100 billion, excluding G-SIBs and subsidiaries of G-SIBs and non-U.S. banks. There are 16 bank holding companies included in the LBO group. Data source: FR Y-9C. Regional Banking Organizations (RBO): Generally, banking organizations between $10 billion and $100 billion, excluding subsidiaries of G-SIBs, non-U.S. banks and LBOs. There are 95 bank holding companies and four depository institutions with no holding company included in the RBO group. Data source: FR Y-9C (FFIEC Call Report for RBOs with no holding company). Community Banking Organizations (CBO): Banking organizations with total assets less than $10 billion, excluding subsidiaries of G-SIBs, non-U.S. banks, LBOs and RBOs. There are 3,714 depository institutions included in the CBO group. Data source: FFIEC Call Report, as banking organizations with less than $3 billion in assets do not file the FR Y-9C.

[ii] Tier 1 capital is common equity capital less goodwill, certain other intangible assets, disallowed deferred tax assets (DTAs), plus additional qualifying Tier 1 capital components. Advanced approaches (Category I and II) banking organizations, generally those with total assets above $700 billion in assets, must include most effects of accumulated other comprehensive income (AOCI), such as unrealized gains and losses on available-for-sale securities, in Tier 1 capital, while non-advanced approaches organizations may neutralize the effects of most components of AOCI in Tier 1 capital. Tier 1 capital is the numerator of the Tier 1 risk-based capital ratio, which uses risk-weighted assets (RWA) in the denominator, and of the Tier 1 leverage ratio and SLR. Note that regulatory capital measures are based on principles agreed to by the Basel Committee on Banking Supervision (BCBS) and implemented by regulators in member countries. In the U.S., capital requirements are established by the three federal banking agencies. U.S. regulations include standardized approaches and advanced approaches. The requirements for Board-regulated institutions are in 12 CFR 217. The general phase-in period for the capital rules in the U.S. was 2014-2018. The phase-in period may differ for non-U.S. G-SIBs. The regulatory capital data for non-U.S. G-SIBs may be transitional or fully phased-in, depending upon data availability.

[iii] Total assets as reported in regulatory financial statements, which are subject to jurisdictional accounting standards.

[iv] In the U.S., advanced approaches banks calculate RWA and risk-based ratios using the standardized and advanced approaches and use the lower of the two ratios (the higher RWA amount).

[v] Leverage ratios and leverage exposure: In the U.S., but not in other BCBS member countries, all banking organizations must report the Tier 1 leverage ratio (Tier 1 capital/average assets for the leverage ratio). U.S. Category I, II and III banking organizations must also calculate the SLR, known outside the U.S. as the Basel III leverage ratio. The minimum required Basel III leverage ratio is 3 percent for G-SIBs and Category I-III organizations, and the BCBS leverage framework requires a buffer above the minimum Basel III leverage ratio for G-SIBs. In the U.S., the buffer, referred to as the enhanced SLR, is 2 percentage points for the holding company and 3 percentage points for the insured depository institution. The denominator of the SLR, called total leverage exposure, is a broader measure than the denominator for the Tier 1 leverage ratio. Total leverage exposure adjusts regulatory balance sheet assets for derivatives exposure, securities financing exposure and commitments. All G-SIBs report total leverage exposure using the same reporting form (Pillar 3 Report). U.S. G-SIBs report the SLR ratio in the FR Y-9C and the SLR details in the FFIEC 101 report. S&P Global Market Intelligence LLC reports the fully phased-in Basel III leverage ratio. In response to the COVID-19 pandemic, SLR-reporting U.S. banking organizations were temporarily permitted to exclude on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks from the calculation of leverage exposure, the denominator of the SLR, starting with June 30, 2020 financials through March 31, 2021 (see Board of Governors' April 14, 2020 Interim Final Rule available here). Jurisdictions in other countries also temporarily permitted the exclusion of central bank deposits from the Basel III leverage ratio, but the exclusion is not reported similarly across foreign G-SIBs and the effective dates differ. More detail is available here.

[vi] This ratio measures Tier 1 capital to RWA. CBOs that qualify for the Community Bank Leverage Ratio are not required to report RWAs and are therefore excluded from the weighted average.

[vii] Goodwill and other intangibles, such as deposit intangibles, purchased credit card relationships and nonmortgage servicing assets.

[viii] DTAs are the amounts by which taxes payable in future periods may be decreased due to temporary timing differences. DTAs may also include carryforwards of unused tax losses and carryforward of unused tax credits and are net of any valuation allowance.

[ix] Median price-to-book ratios and price-to-adjusted book ratios are used instead of averages for comparative groups. The price-to-book ratio is price as a percent of book value per share. Book value is calculated using financial period end common equity and common shares outstanding values. The price-to-adjusted tangible book ratio is calculated using financial period end tangible common equity (common equity is adjusted for goodwill, other intangibles and DTAs) and common shares outstanding values. Price-to-book ratios for the Chinese G-SIBs reflect H-shares. Data are not available for the Credit Agricole Group and Group BPCE.

[x] The SLR reported for the LBO group is the weighted average SLR for five of the 16 LBOs (U.S. Bancorp, The PNC Financial Services Group, Inc., Capital One Financial Corporation, Truist Financial Corporation, and Northern Trust Corporation) that are required to report the SLR.