



## Bank Capital Analysis update released

August 23, 2020

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The Kansas City Fed has released the results from its semiannual Bank Capital Analysis (BCA), which provides an objective and data-based approach to judging capital strength across the banking industry.

The BCA presents leverage ratios for individual U.S. global systemically important banks (G-SIBs), non-U.S. G-SIBs, and three other groups of institutions in the United States: large, regional and community banking organizations.

Adequate capital is vital for the safety and soundness of banks and overall financial stability. It serves as a buffer against unexpected losses and insolvency, and it protects the taxpayer-backed federal safety net for banks. Capital is particularly important for the largest systemically important banking organizations as protection against economy-wide financial instability.

The results released recently are as of Dec. 31, 2019, predating the effects of the COVID-19 pandemic and resultant economic instability. The economic disruptions in financial markets have led to actions by the Federal Reserve to relax regulatory capital requirements allowing for the expansion of bank balance sheets. While many banking organizations, particularly the largest, have expanded their lending, these organizations are preparing for future expected losses through temporary suspension of stock buybacks and increasing provisions for loan losses.

### Futher Resources

[See the most recent results and related reports.](#)

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