



## Kansas City Fed releases 2022 Bank Capital Analysis

June 20, 2023

Smaller banks continue to hold more capital than America's largest banks.

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KANSAS CITY, MISSOURI – The Federal Reserve Bank of Kansas City released the December 31, 2022, results from its semiannual [Bank Capital Analysis](#) (BCA), which reviews capital strength across the banking industry.

As the only tool of its kind, the Kansas City Fed's BCA presents a comparative view of capital levels across banking organizations of various sizes, including the 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.

Capital is a key indicator of a bank's safety and can provide a buffer against financial loss. Undercapitalized banks are less able to provide loans to creditworthy borrowers and can pose risks to financial stability.

Data from year-end 2022 showed one measure of capital--the weighted average supplementary leverage ratio (SLR)--for U.S. G-SIBs increased 30 basis points to 5.94 percent since June 2022. This trend, driven by a reduction in total leverage exposure, represented the first period in which the SLR has risen since the onset of the COVID-19 pandemic when excluding the impact of the Federal Reserve's temporary capital relief measures.

Additional highlights included in the report are:

- Community banks' capital on average, as measured by their tier 1 leverage ratio, was more than 10 percent, while the average for the country's eight largest banks (G-SIBs) was less than 6 percent. This continues a long trend of community banks holding higher capital than much larger institutions.
- The trend in leverage ratios at the largest banks had started flattening and even declining prior to the pandemic.
- Bank balance sheets remained inflated, collectively having grown 31 percent from year-end 2019 to year-end 2022, but banks' deployment of excess funds has evolved.

### About the BCA

The Bank Capital Analysis provides a horizontal comparison of capital adequacy among banking

organizations of varying size and complexity. A supplement to the Bank Capital Analysis Report provides additional data and insights on factors influencing capital adequacy, such as changes to regulatory requirements and shareholder distributions.

**Read the BCA term glossary [here](#).**

As the regional headquarters of the nation's central bank, the Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the seven states of the Tenth Federal Reserve District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

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