FOR IMMEDIATE RELEASE
May 6, 2020

KANSAS CITY FED RELEASES SEMI-ANNUAL UPDATE OF THE BANK CAPITAL ANALYSIS

KANSAS CITY, MO. – The Federal Reserve Bank of Kansas City today released the December 31, 2019 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.

As of December 31, 2019, the weighted average supplementary leverage ratio (SLR), also known as the Basel III leverage ratio, for U.S. G-SIBs was 6.4 percent, down 29 basis points from June 30, 2019. Over this same timeframe, U.S. G-SIBs’ weighted average tier 1 risk-based capital ratio decreased 32 basis points to 13.8 percent. The weighted average Basel III leverage ratio across foreign G-SIBs increased 14 basis points over this period to 4.8 percent and continues to remain lower than that of U.S. G-SIBs. U.S. G-SIBs’ SLR remains below leverage capital ratios for regional (9.9 percent) and community (10.8 percent) banking organizations.

These results predate the effects of the recent 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.1 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.

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, home to more than 760 regional and community banks.

# # #

1 These actions include an interim final rule that temporarily excludes Treasuries and deposits held at the Federal Reserve Banks from the leverage exposure measure of the SLR as well as an interim final rule that encourages banks to more freely draw from their capital buffers.