

# THE FINANCIAL SERVICES ROUNDTABLE



## *Financing America's Economy*

To: Representatives of the Financial Services Roundtable, GAC, Public Affairs Council, All Staff

### **Fast Facts: BANK BALANCE SHEETS**

*The following data is taken from the Federal Reserve's H.8 report - Assets and Liabilities of Commercial Banks in the U.S; the FDIC Statistics on Depository Institution; and NYSE*

**Despite the fact that the number of commercial banks and savings institutions on the FDIC's "Problem List" is increasing, bank balance sheets are stronger overall.**

**FACT:** Tier 1 capital is the core measure of a bank's financial strength. From March 31, 2007 to March 31, 2010 (the most recent FDIC data available), commercial banks:

- Increased their capital reserves by 31%.<sup>i</sup>
- Increased Tier 1 capital by \$242 billion, or 38%.
- Increased Tier 1 capital as a percentage of assets from 7.17% to 8.13%.

**FACT:** Total assets for commercial banks decreased by \$177.3 billion between June 2009 and June 2010. However, total liabilities decreased by more – \$288.8 billion, meaning that banks net \$111.5 billion year-over-year.

**FACT:** 62% of our member companies reported higher earnings in Q2 2010 than in Q2 2009. Overall, reported earnings are \$12.79 billion higher than this same period last year.

**FACT:** Aggregate lending decreased by 1.5% between June 2009 and June 2010, but consumer credit increased by nearly 40%. Banks provided \$1,167 billion outstanding credit to consumers in June 2010, compared to \$813.0 billion in January 2010 and \$856.9 billion in June 2009.

This report is also attached as a PDF. If you have questions or comments, please do not hesitate to contact Abby McCloskey, Director of Research at the Financial Services Roundtable, at [abbyresearch@fsround.org](mailto:abbyresearch@fsround.org).

### **Definitions**

**Tier 1 Capital** consists of equity capital and disclosed reserves.

**Tier 1 Capital Ratio** is the ratio of a bank's core equity capital to its total assets.

**Problem Institutions** are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability.

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<sup>i</sup> This does not factor in asset growth. Assets increased 21% over this same period. Thus, holding asset growth constant, bank reserves increased 10% and Tier 1 capital increased by 17%.