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Fast Facts: CAPITAL

FACT: U.S. financial institutions emerged from the global financial crisis with more than \$1.5 trillion in capital, [the highest capital levels in history](#).

FACT: Over the past four years, U.S. banks over \$10 billion in assets [increased Tier 1 capital](#) from \$574 billion to \$858 billion – *a 50% increase in capital* – according to the FDIC.

- Tier 1 is considered the “safest” form of capital for a bank to have on its books

FACT: By the end of 2010, the average Tier 1 ratio for the largest 18 U.S. banks was 12.2%. This is well above previous supervisory benchmarks, according to the [Federal Reserve of San Francisco](#).

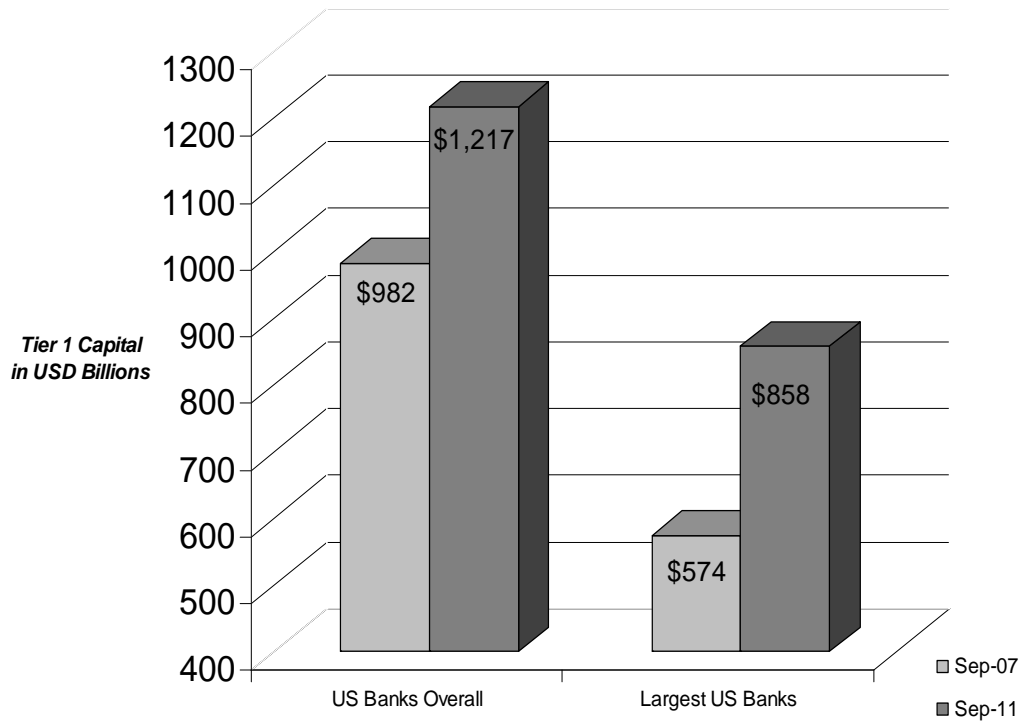
FACT: According to a September 2011 study by The Clearing House Association, capital levels are now such that if the 2008 financial crisis happened again, banks would not fail from lack of capital.

- The study, called [“How Much Capital Is Enough?”](#) analyzed capital levels of 123 large global banks over the financial crisis period.
- It concluded that **NO bank** that would have met Basel III’s 7% Tier 1 common equity requirement (1) went bankrupt, (2) was taken over by the government, (3) was forced into a distressed takeover by another bank, or (4) received government assistance greater than 30% of its Tier 1 capital.

Context: Capital is defined loosely as a bank’s assets minus liabilities, and it is critical to the safety and soundness of the financial system. Banks improve their capital ratios by growing equity, increasing Treasury holdings and cash, and reducing the riskiness of other assets. Strong capitalization levels ensure that financial institutions can withstand economic downturns and other challenges such as the tumultuous fiscal situation in Europe.



Historic Increase in US Bank Capital



Source: FDIC SDI Data

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