FINANCIAL SERVICES FORUM

The Value and Strength of America's Largest Financial Institutions

March 2023

About the Financial Services Forum

The Financial Services Forum is an economic policy and advocacy organization whose members are the chief executive officers of the eight largest and most diversified financial institutions headquartered in the United States. Forum member institutions are a primary source of lending and investment in the United States and serve millions of consumers, businesses, investors, and communities throughout the country. The Forum promotes policies that support savings and investment, financial inclusion, deep and liquid capital markets, a competitive global marketplace, and a sound financial system.

OUR MEMBERS

Bank of America

BNY MELLON

citi

Goldman Sachs

JPMorgan Chase & Co.

Morgan Stanley

State Street

WELLS FARGO

Our value to the economy

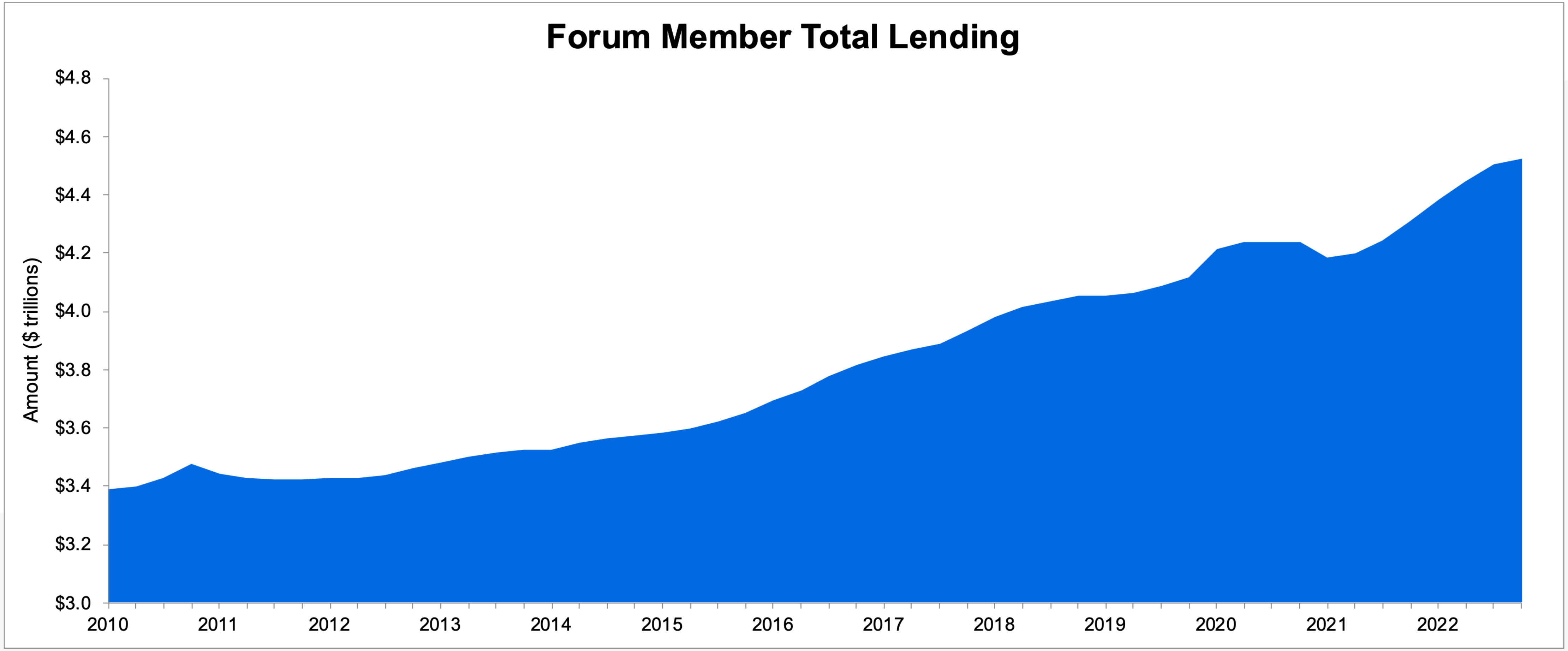
We support economic growth by lending to consumers, businesses, and other financial institutions, and foster deep and liquid capital markets that allow the U.S. government and private institutions to finance public spending and investment

FINANCIAL SERVICES FORUM

Supporting Savings and Investment Through Lending

Total Lending

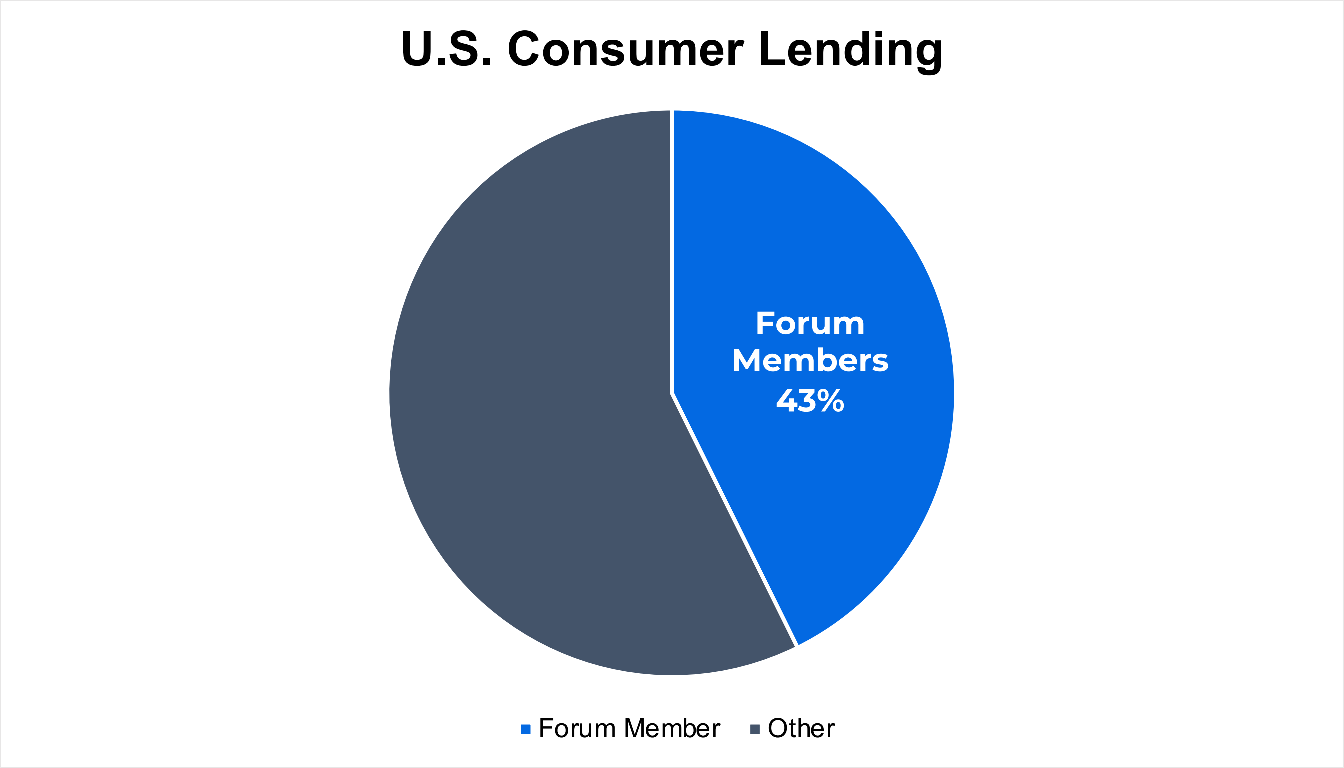
Forum members hold **$4.55 trillion in loans**, accounting for **38 percent of total lending** by banks to businesses and households.



Sources: Federal Reserve data, Assets and Liabilities of Commercial Banks in the United States – H.8, available at https://www.federalreserve.gov/releases/h8/default.htm; FR Y-9C data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx
Note: Chart represents a rolling four-quarter average

Lending to Consumers

Forum members provide $801 billion in consumer loans, accounting for nearly half of all consumer loans by banks in the United States. Consumer lending supports loans for a variety of household needs, such as the purchase of a car or furnishing a new home.



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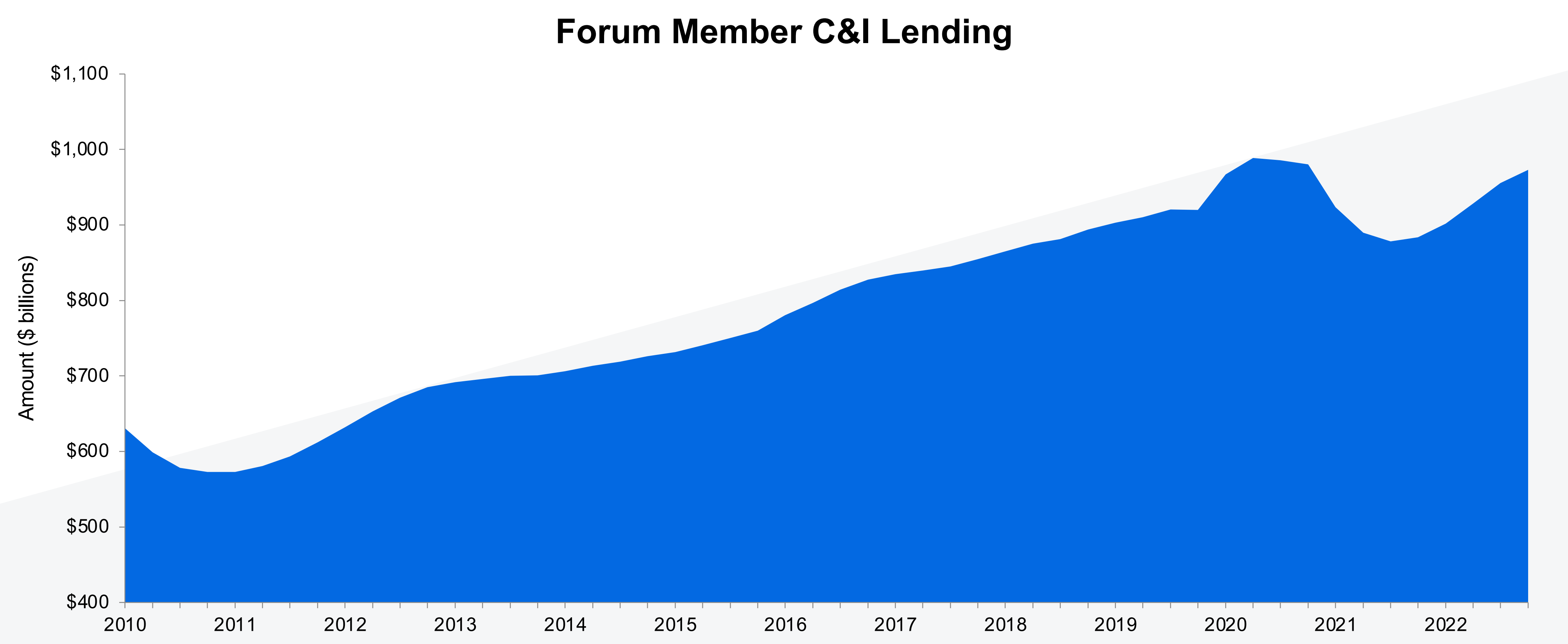
Note: Consumer lending defined as credit cards, other revolving credit plans, automobile loans, and other personal loans held for trading

Commercial and Industrial (C&I) Lending

Our C&I lending has greatly increased since 2010, accounting for **35 percent of total C&I lending by banks** in the market, helping businesses grow and contribute to the economy.



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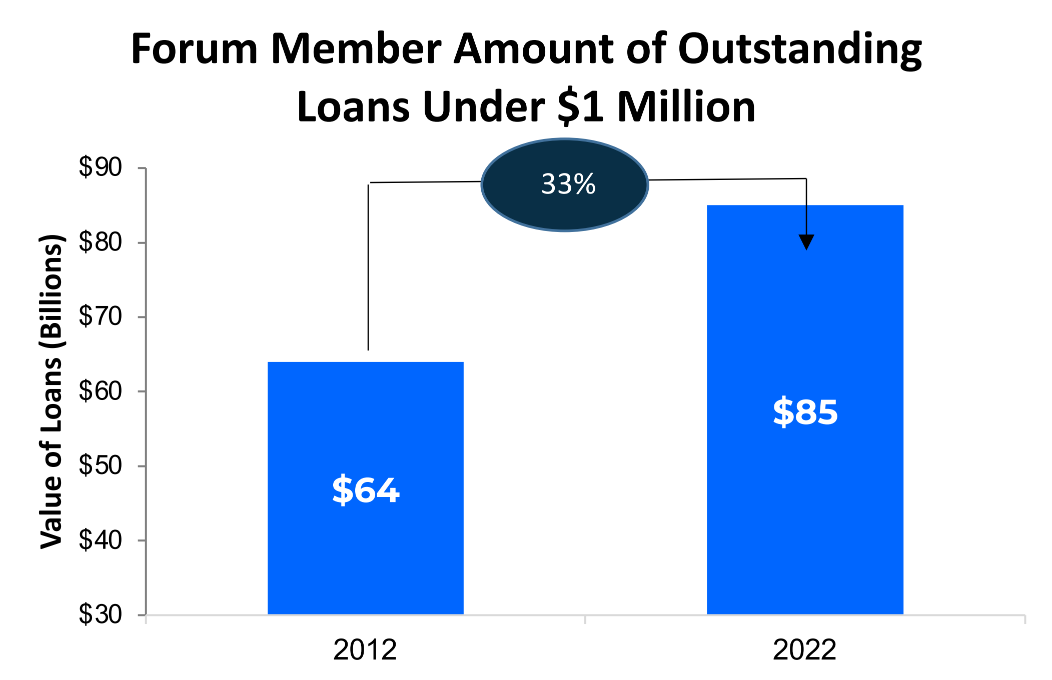
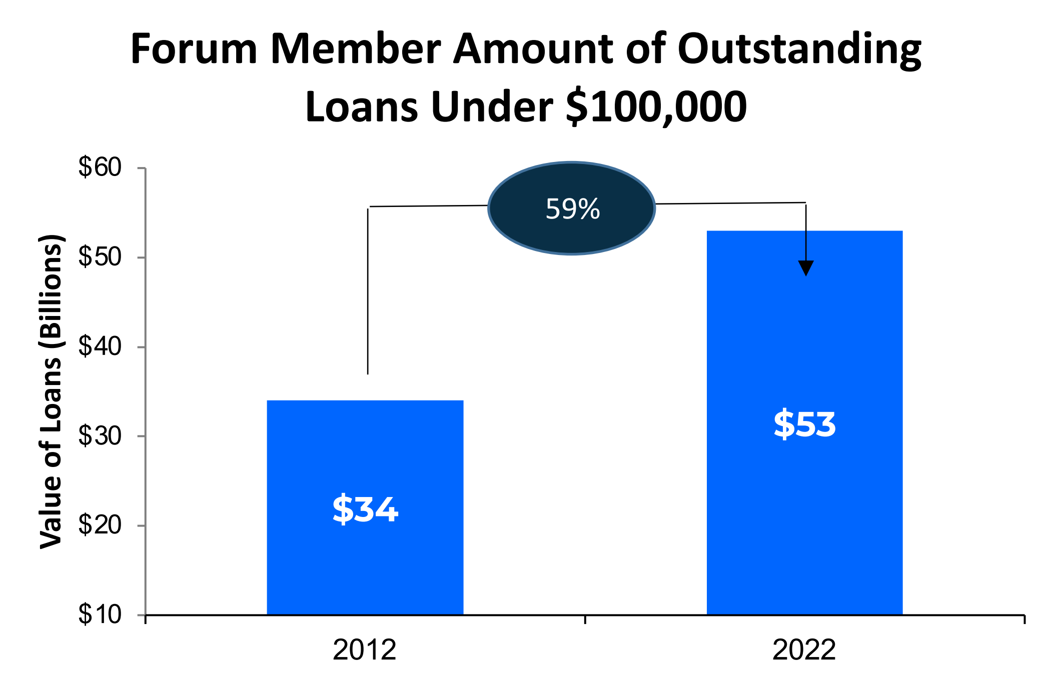
Small Business Lending

We are a major source of lending to small businesses, helping the economy grow at both a community and national level. Our members hold **$85 billion in small business loans**.





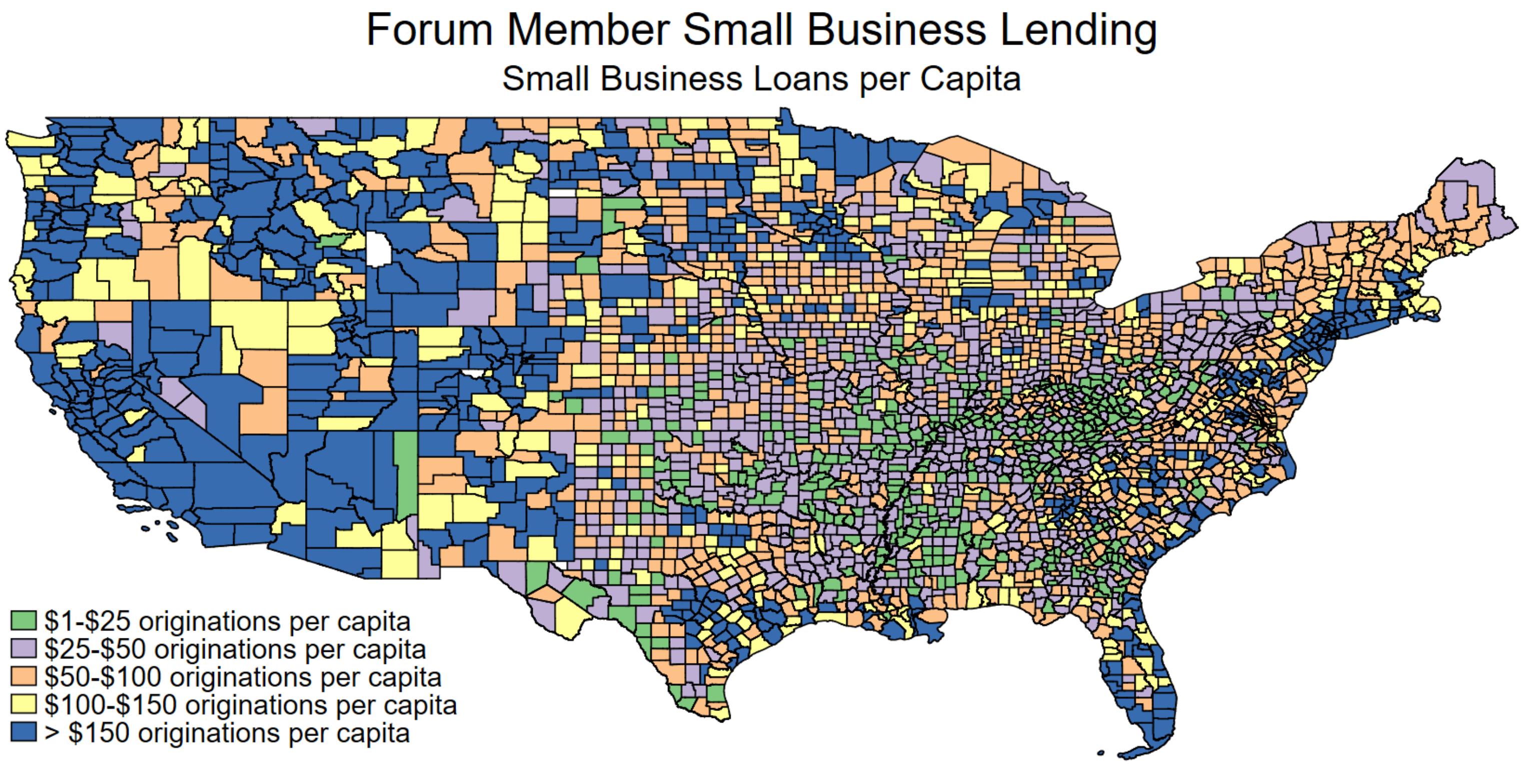
- We provide $85 billion in business loans less than $1 million, representing 33% of all such loans by banks to small businesses

- We also provide $53 billion in business loans less than $100,000, representing 34% of all such loans by banks to small businesses

Sources: FDIC Call Report data, available at https://cdr.ffiec.gov/public/; FDIC Loans to Small Businesses and Small Farms, available at https://www.fdic.gov/bank/analytical/qbp/timeseries/small-business-farm-loans.xls

Forum members lend to small businesses across the United States

Forum member small business lending supports entrepreneurship across the nation and in a wide array of communities.



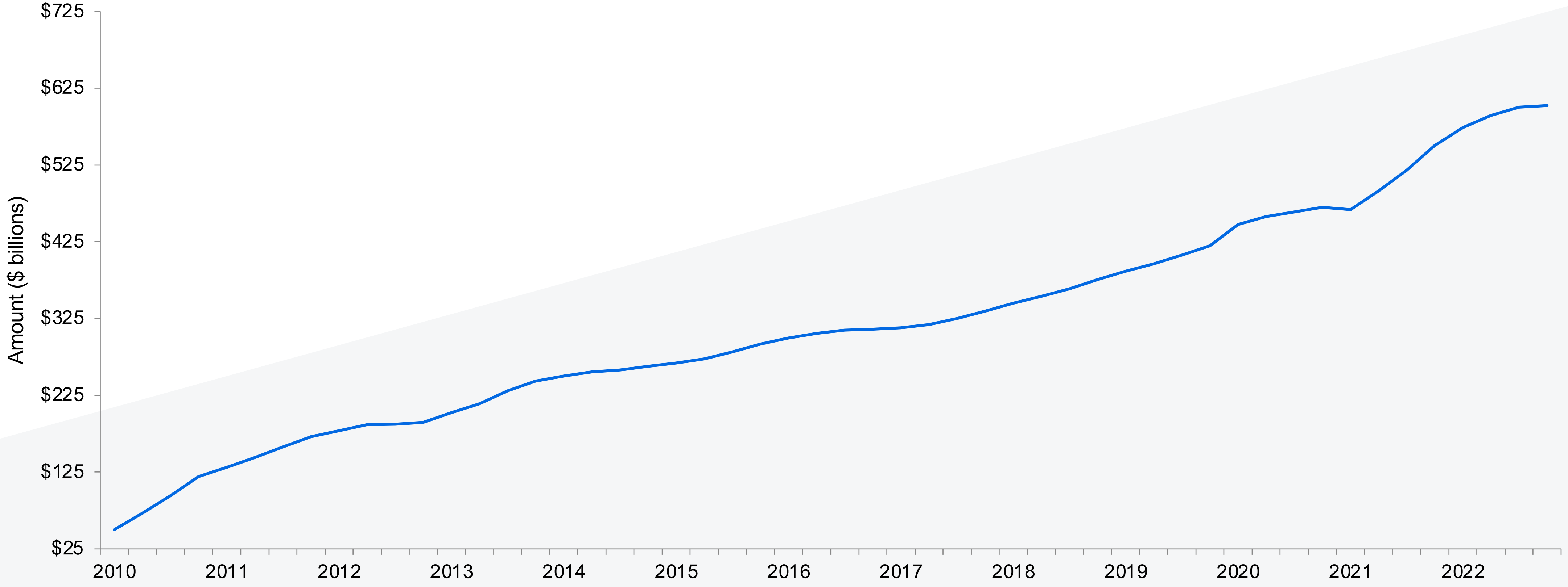
- These data reflect originations of small business loans from 2010-2021 by Forum members
- Small business lending is spread throughout the United States and areas with the highest percentage of small business lending per capita represent a diversity of geographic regions

Sources: FFIEC Community Reinvestment Act, available at https://www.ffiec.gov/cra/default.htm, U.S. Census Bureau County Population Totals, available at https://www.census.gov/data/datasets/2017/demo/popest/counties-total.html

Lending to Other Financial Institutions

We meet two-thirds of the bank funding needs of other financial institutions. Lending to financial institutions supports the needs of community banks, insurance companies, and mortgage finance companies, which provide important services to businesses and households.

Forum Member Lending to Other Financial Instituions



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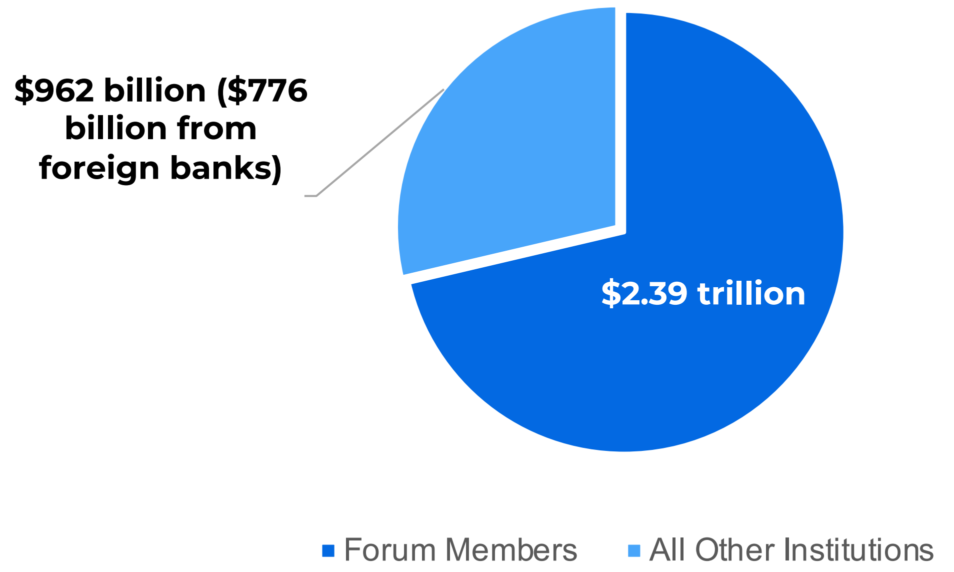
Note: Chart represents a rolling four-quarter average

Supporting Deep and Liquid Capital Markets

Total Debt and Equity Underwriting Activity

Our members underwrite nearly three-quarters of debt and equity transactions—such as initial public offerings—among large institutions in the U.S., providing a critical service that other U.S. institutions cannot offer on a similar scale.

Four-quarter average for periods ending Q4 2021 and Q4 2022



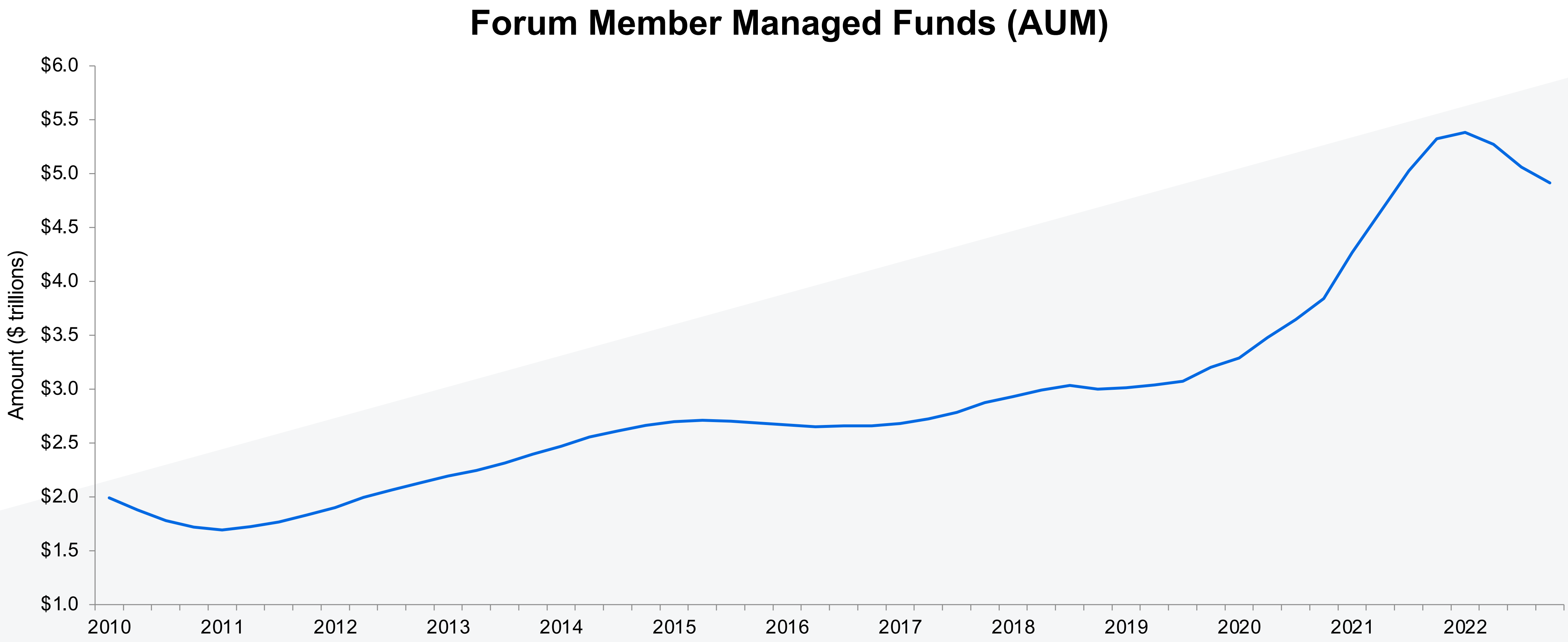
Our underwriting activities:

- foster deep and liquid capital markets
- support corporate investment in the real economy

Source: FR Y-15 data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx
Note: The data cover debt and equity underwriting for all holding companies with total consolidated assets in excess of $50 billion

Mutual Funds and Annuities

With **$4.8 trillion of mutual funds and annuities under management**, we support retirement and other saving needs.



Sources: Federal Reserve data, Assets and Liabilities of Commercial Banks in the United States – H.8, available at https://www.federalreserve.gov/releases/h8/default.htm; FR Y-9C data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx
Note: Chart represents a rolling four-quarter average

Municipal Securities Holdings

With **$94 billion in municipal securities holdings**, we finance a significant portion of state and local government expenditures for vital projects, such as hospitals, roads, bridges, and schools. Examples:

- Morgan Stanley in 2022 underwrote $79 million in municipal bonds for Leon County, Florida, to finance projects including the Airport Gateway, the Leon County Research and Development Authority Business Incubator, Florida State University's Doak Campbell Stadium, and Animal Service Centers in Leon County.

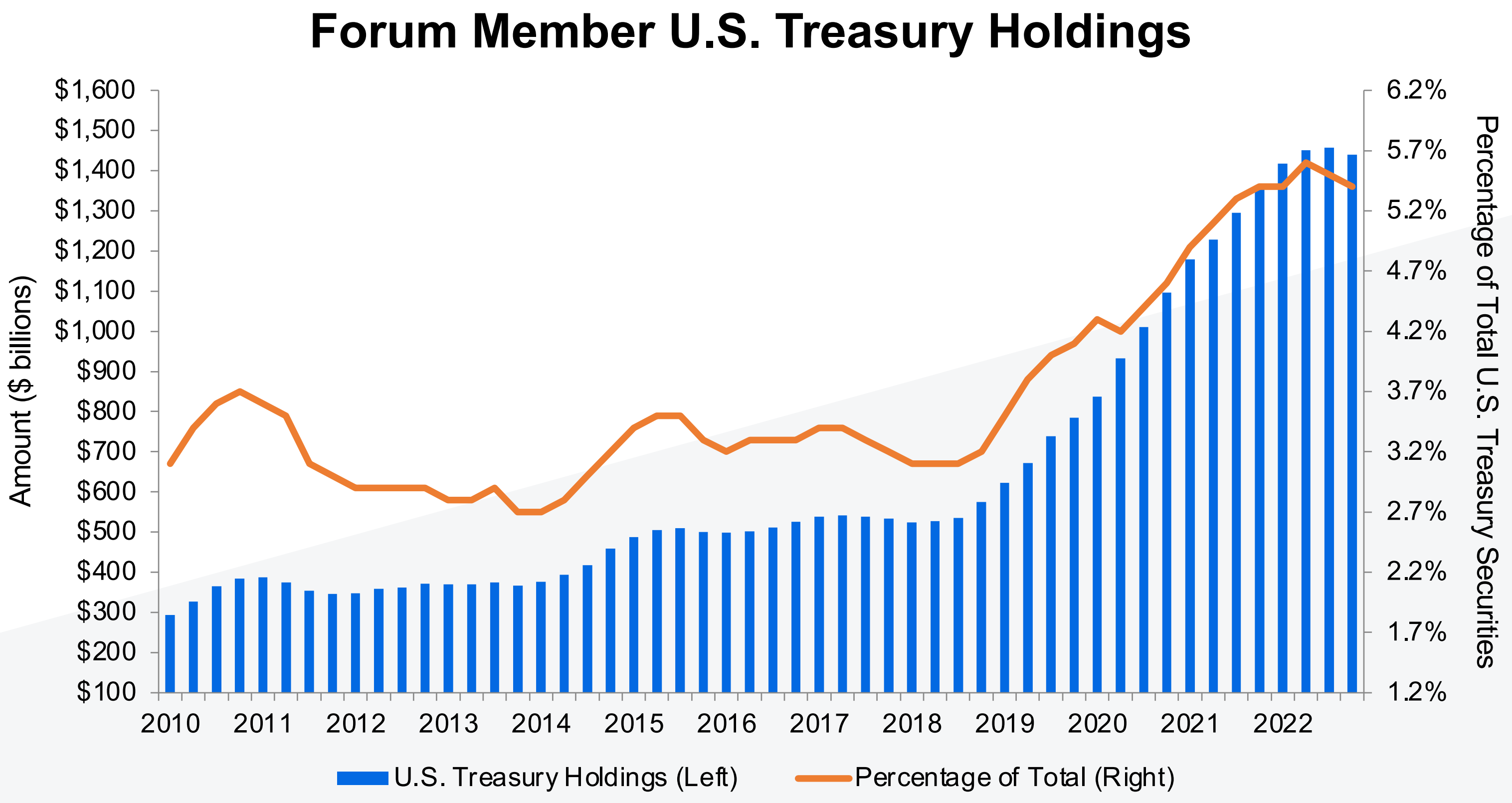
- JPMorgan in 2021 underwrote $48 million in municipal bonds for Michigan's South Redford School District to finance capital improvement projects throughout the school district, including upgrades to science labs, career education centers, playgrounds, parking lots, and athletic fields.

- Bank of America in 2022 underwrote $246 million in municipal bonds for the city of Denver to support the Elevate Denver projects, including repairs and additions to bike lanes and pedestrian walkways throughout the city, improvements to city libraries, and renovations of city swimming pools, parks, and recreation centers.

Our holdings of municipal securities also foster liquid secondary markets, thus improving the ease and cost with which state and local governments can access capital markets and finance public spending and investment.

U.S. Treasury Securities

With over **$1.4 trillion in U.S. Treasury securities holdings**, we also finance a significant portion of federal government expenditures.



- Our holdings of U.S. Treasury securities also foster liquid secondary markets, thus improving the ease and cost with which the U.S. government can access capital markets and finance public spending and investment

Sources: Federal Reserve data, Financial Accounts of the United States - Z.1, available at https://www.federalreserve.gov/releases/Z1/current/default.htm; FR Y-9C data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx
Note: Chart represents a rolling four-quarter average

Improvements in resiliency, resolvability, and supervision

- We have substantially improved our capital and liquidity positions in the past several years

- In addition, a number of regulatory and supervisory changes have led to further improvements in our resiliency and resolvability

- These changes have resulted in a more robust banking system that supports a strong economy

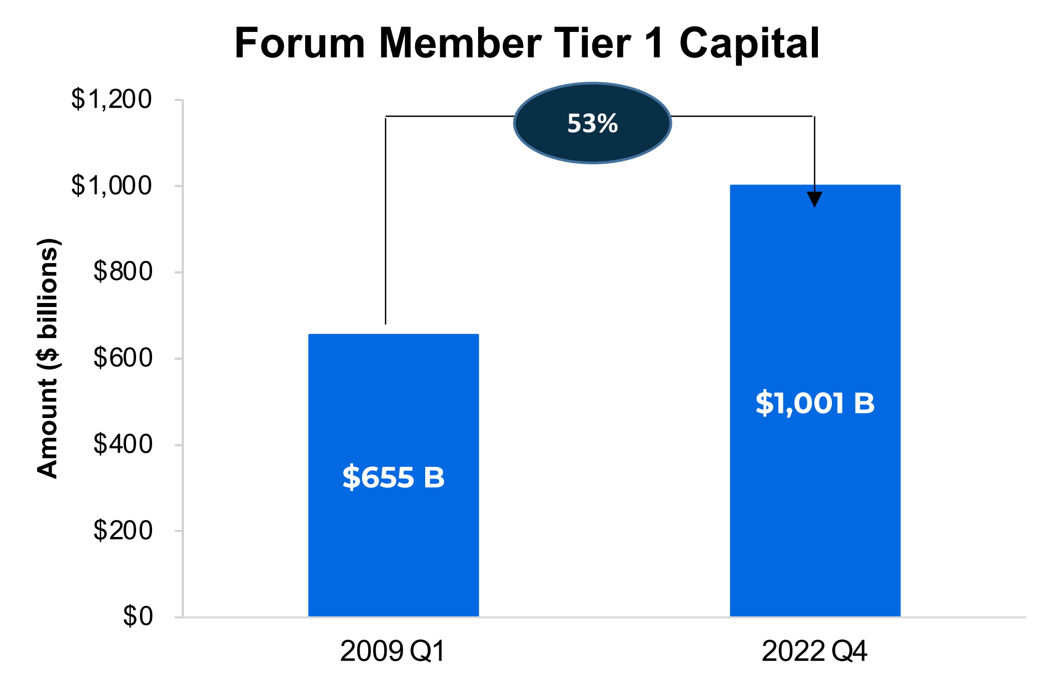
- Prudential regulation should promote safe and sound institutions that can lend in both good and bad times

FINANCIAL SERVICES FORUM

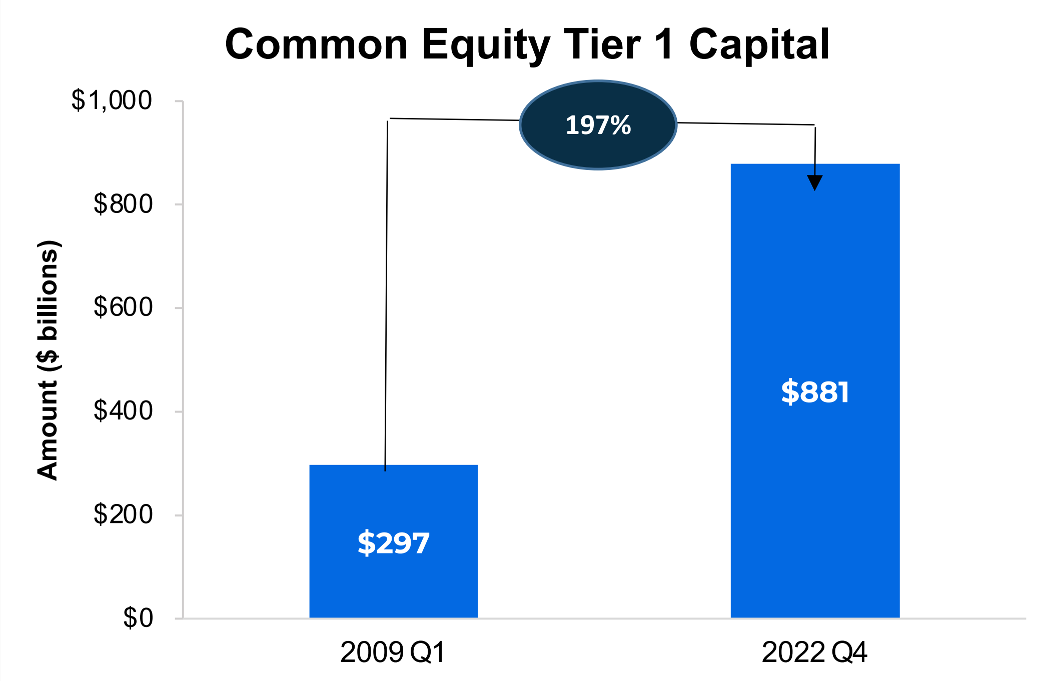
Improvements in Capital and Liquidity

Improvements in Tier 1 Capital and Resiliency

We have significantly enhanced the quality and quantity of our capital. Since 2009, **Tier 1 capital has increased by 53 percent and Common Equity Tier 1 capital has nearly tripled**. Our members currently maintain **$1 trillion of T1 capital, $881 billion of which is CET1 capital.**



- Both dollar amounts of capital and capital ratios have improved markedly since 2009

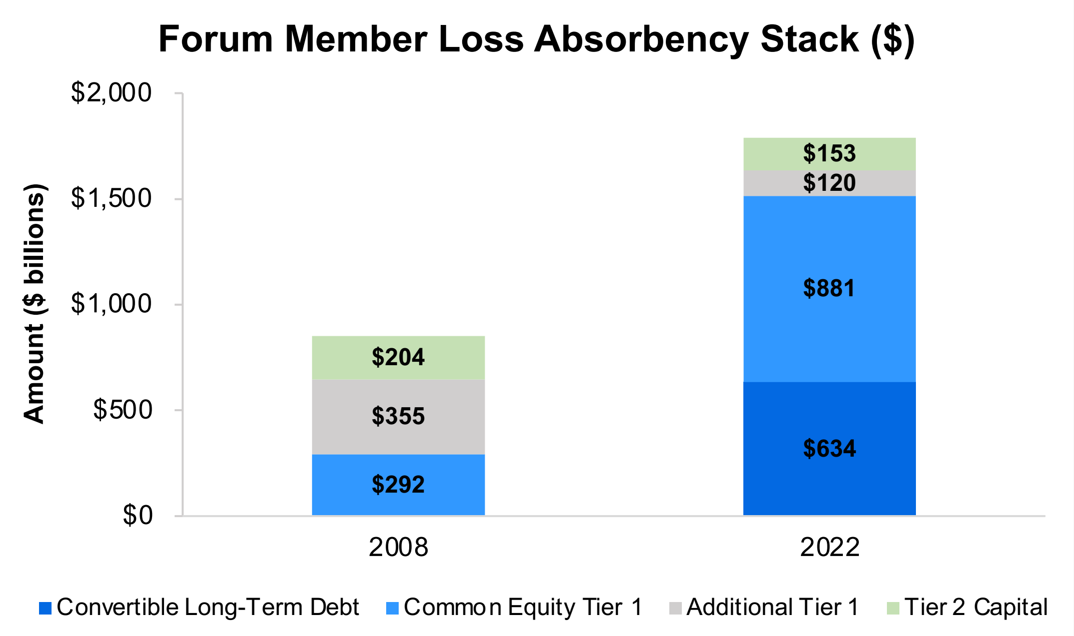


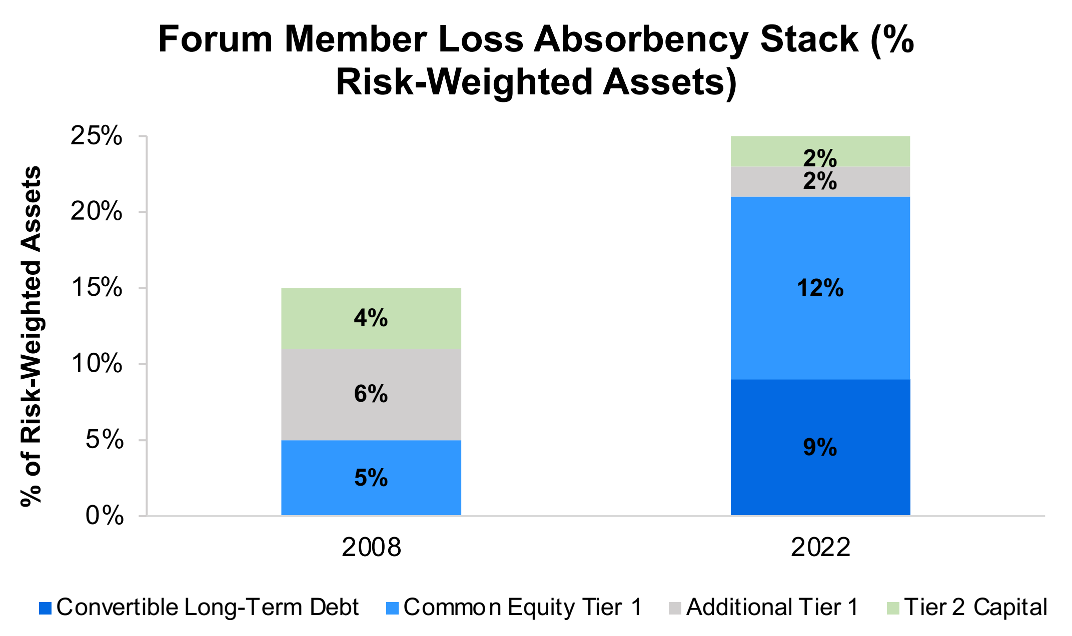
- The share of Tier 1 capital accounted for by Common Equity Tier 1 capital has improved markedly

Source: FR Y-9C data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx
Note: Capital amounts are reflective of the regulatory definition of capital at each point in time.

Forum Member Total Loss Absorbency

Since 2008, **Forum members' total loss absorbency**—measured by convertible long-term debt, Tier 2 capital, common equity Tier 1 and additional Tier 1 capital—**has grown by $937 billion, more than doubling, substantially improving Forum members' ability to withstand losses.**





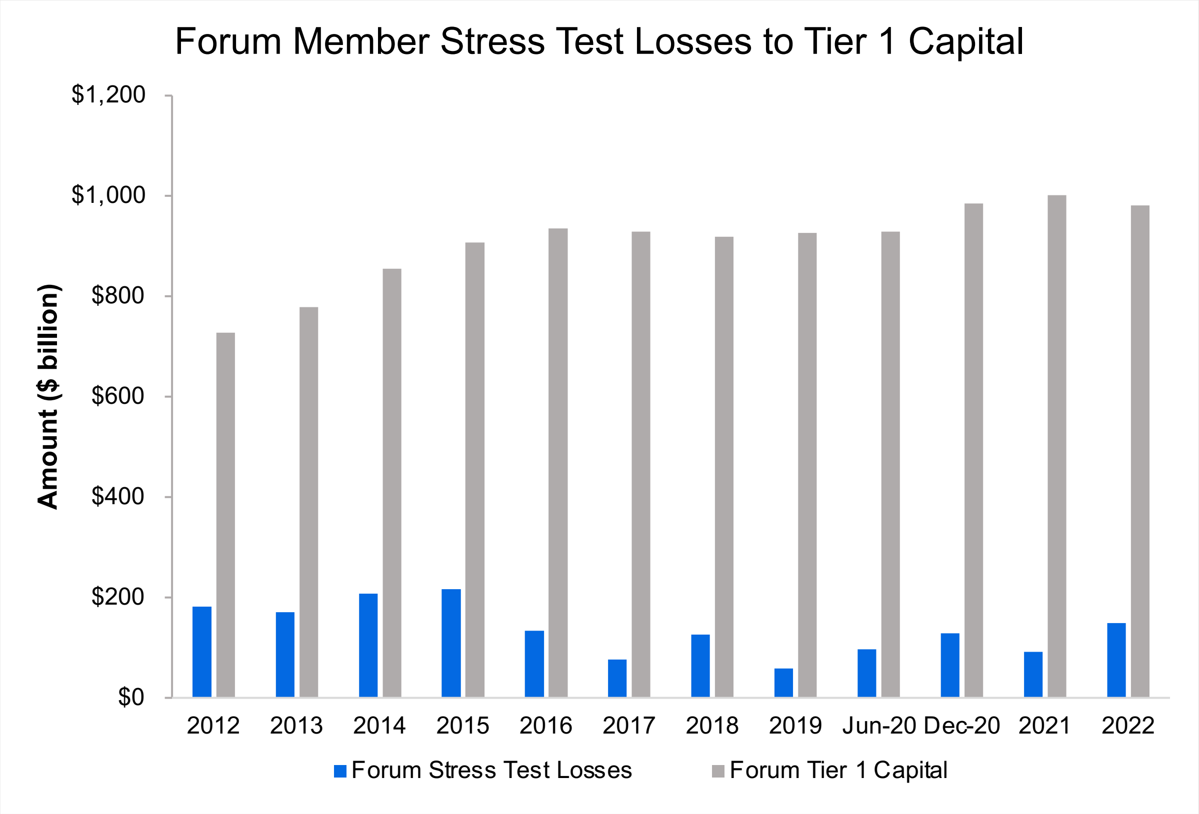
- Common equity Tier 1, the most loss absorbing form of capital, has grown by $589 billion since 2008, and has increased as a percent of total Tier 1 capital, from 45 percent to 88 percent

- Estimated convertible long-term debt, debt that may be converted into equity to absorb losses

Sources: FR Y-9C data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx; Federal Reserve Board "The Supervisory Capital Assessment Program: Overview of Results, available at https://www.federalreserve.gov/newsevents/files/bcreg20090507a1.pdf

Forum Capital Resiliency and Stress Tests

Stress tests have become an important part of the capital regime for Forum members. While losses sustained from stress tests are significant, they pale in comparison to the amount of Forum member Tier 1 capital.

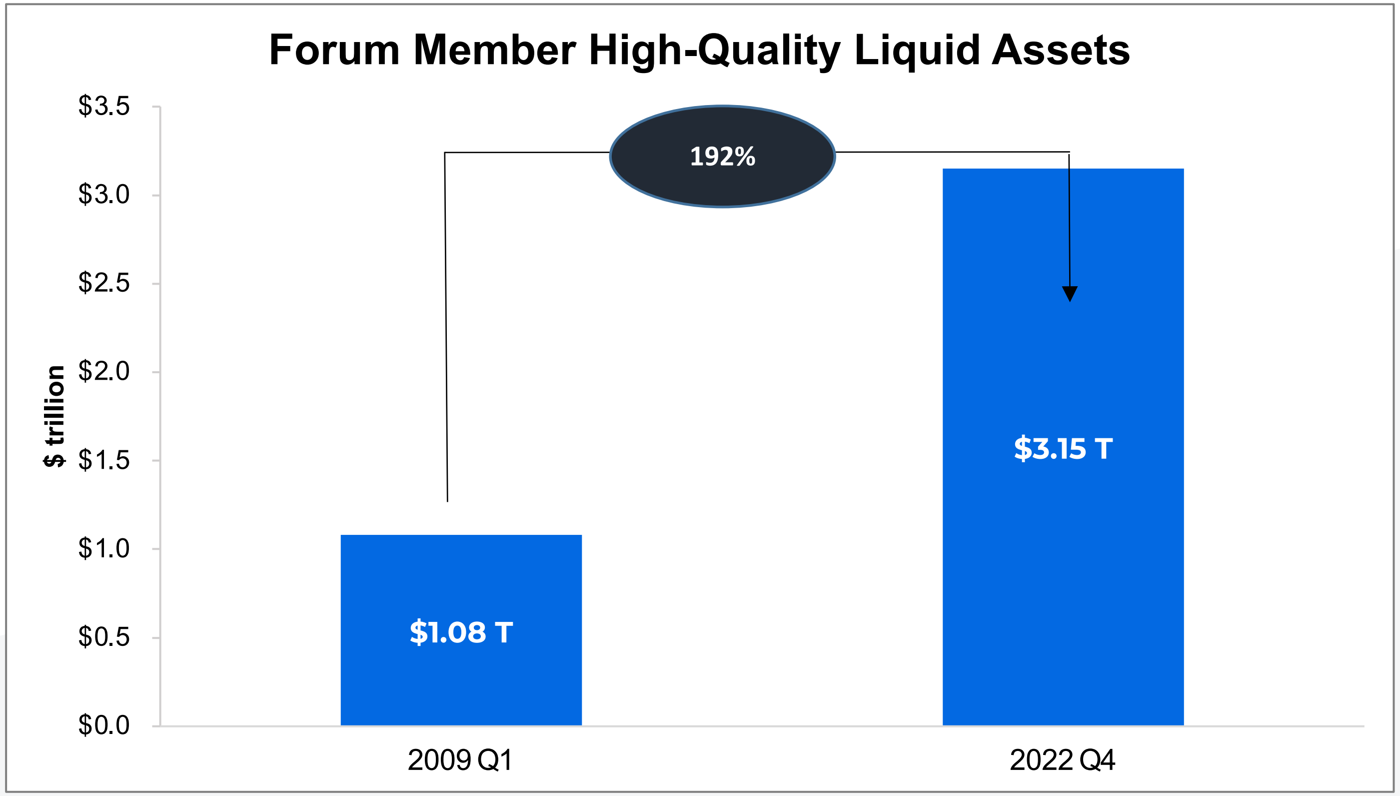


- Forum aggregate stress test losses range from 6.3 percent to 25.0 percent of Forum aggregate Tier 1 capital, demonstrating that Forum members maintain substantial capital to sustain losses as severe as those contemplated in the stress tests
- In addition, stress test losses are significantly more severe than the experience of the financial crisis

Sources: FR Y-9C data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx; Federal Reserve Board Dodd-Frank Act Stress Tests, available at https://www.federalreserve.gov/supervisionreg/dfa-stress-tests.htm, staff calculation. Note: Capital amounts are reflective of the regulatory definition of capital at each point in time.

Improvements to Liquidity Profile

We have also greatly increased our liquidity profiles and now hold **$3.15 trillion in high-quality liquid assets** (HQLA). Since 2009, HQLA has nearly tripled.

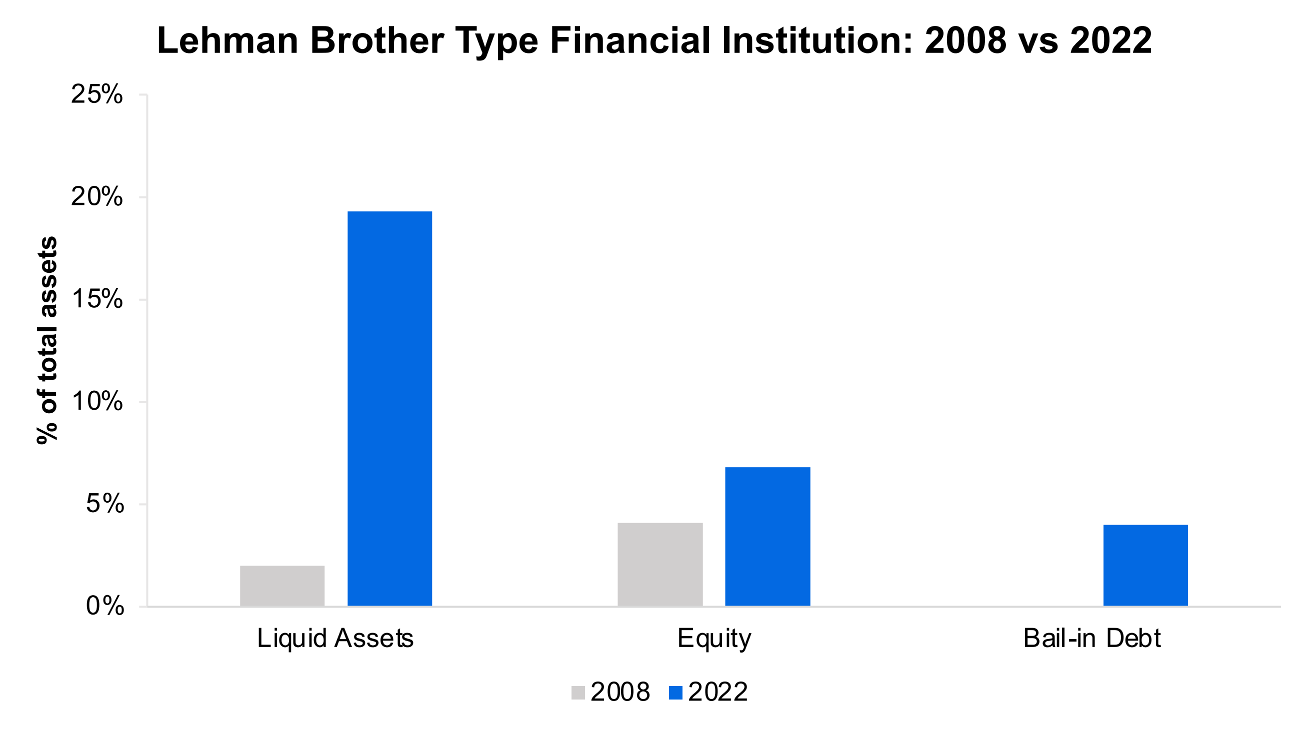


- Increased liquidity complements increased capital and improves resiliency to adverse shocks
- We have substantially increased HQLA, both in dollar amount and relative to total assets

Source: FR Y-9C data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx; Forum Members' LCR disclosures
Note: HQLA is reported according to Basel III at the Bank Holding Company level; Chart represents a rolling four-quarter average; 2022 Q3 HQLA data from firms' LCR disclosures

Post-Crisis Reforms and Resiliency

The collapse of Lehman Brothers is often regarded as the turning point of the 2007-2009 recession. A similarly sized financial entity subject to today's regulatory standards would be significantly more resilient to large shocks like those experienced during the financial crisis.



- In 2008, Lehman held low levels of cash and liquid resources making it susceptible to adverse shocks. Post-crisis liquidity regulations require much higher levels of liquidity
- Post-crisis capital requirements would result in a near doubling of capital levels relative to 2008
- Large banks now issue significant amounts of debt that can be "bailed in" to support a resolution event. Such debt was not available in 2008
- A number of additional regulatory and supervisory enhancements have strengthened the resiliency of the financial system

Sources: FR Y-9C data, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx, Lehman Brothers 2008 Q2 10-q, available at https://www.sec.gov/Archives/edgar/data/806085/000110465908045115/a08-18147_110q.htm

Improvements in Regulation and Supervision

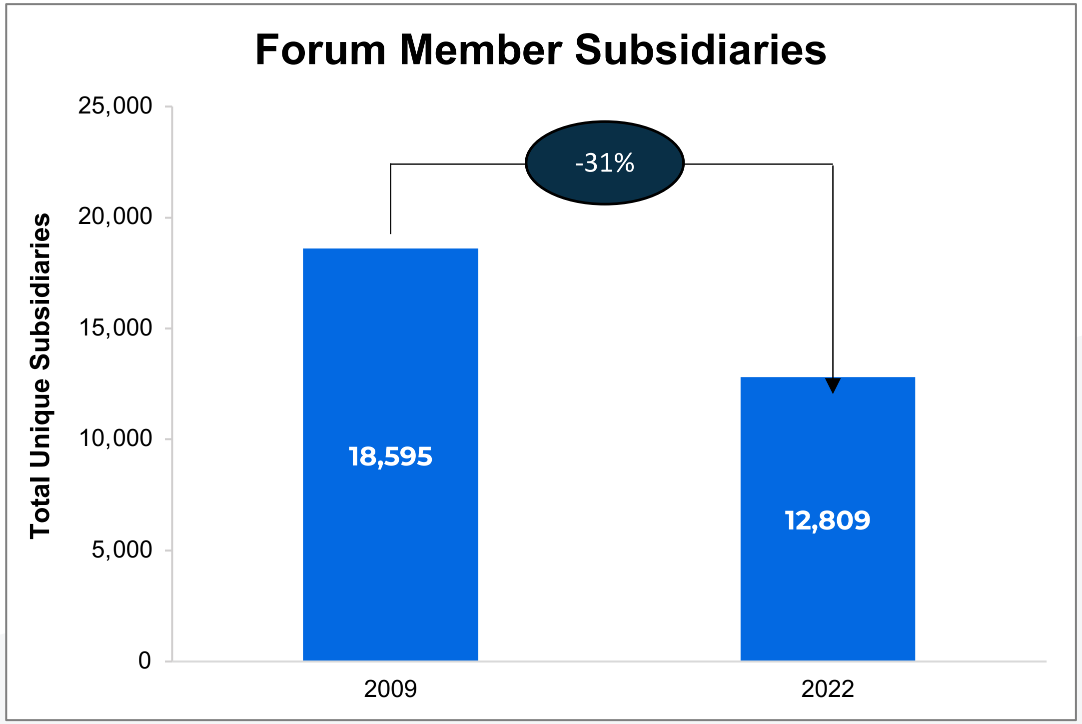
Additional Regulatory and Supervisory Developments

In conjunction with significantly higher levels of capital and liquidity, several post-crisis regulatory and supervisory reforms have greatly increased the resiliency of the U.S. financial system.

1	**Enhanced Supervision**	**Increased supervision at member institutions further promotes safety and soundness**
2	**Title II – OLA**	**A new legal and structural framework for resolving large banks lowers the cost of resolving a member institution**
3	**Living Wills**	**Members have undertaken an extensive review and planning process designed to improve their resolvability under bankruptcy**
4	**Total Loss-Absorbing Capacity and Long-Term Debt Requirements**	**New requirements to issue long-term debt and equity support the Title II resolution process**
5	**Derivative Reforms**	**Mandates for central clearing, margin, and recognition of stays reduce systemic risks from derivatives**

Resolution: Overview and Improvements

In concert with a regulatory requirement to submit resolution plans (often referred to as "living wills"), U.S. GSIBs have made **significant progress to reduce their organizational complexity and increase their resolvability.**



Total subsidiaries at U.S. GSIBs have **declined by 31%** since 2009, which suggests a significant decrease in organizational complexity

Through the regular submission of resolution plans to the FRB and FDIC, large banks explain how they would undergo a rapid and orderly resolution in the event of material financial distress or failure – decreased organizational complexity would facilitate such a resolution proceeding

Source: FFIEC National Information Center, HC > $10B Organizational Hierarchy, available at https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx