



# Large Bank Capital Requirements

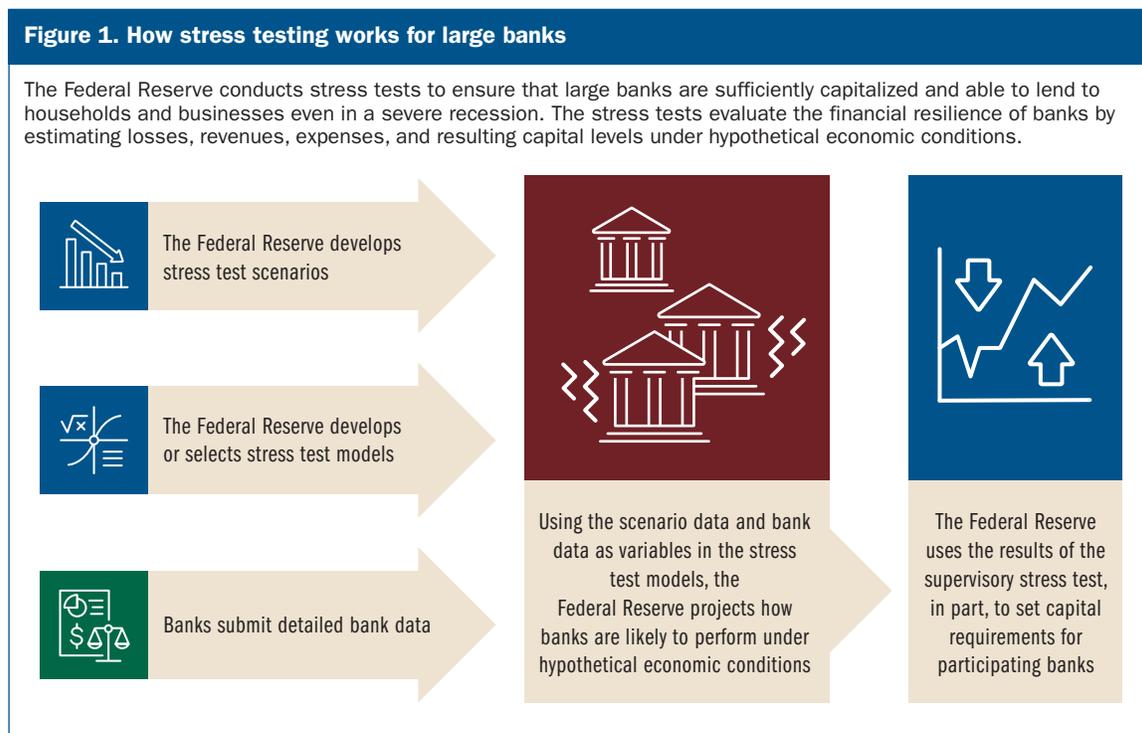
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## Background

The Federal Reserve promotes a safe, sound, and efficient banking system that supports the U.S. economy through its supervision and regulation of domestic and foreign banks.

As part of its supervision efforts, the Federal Reserve conducts annually a supervisory stress test. The stress test assesses how large banks are likely to perform under hypothetical economic conditions.<sup>1</sup> Figure 1 summarizes the stress test cycle.



<sup>1</sup> U.S. bank holding companies (BHCs), covered savings and loan holding companies (SLHCs), and intermediate holding companies of foreign banking organizations (IHCs) with \$100 billion or more in assets are subject to the Federal Reserve Board's supervisory stress test rules (12 C.F.R. pt. 238, subpt. O; 12 C.F.R. pt. 252, subpt. E) and capital planning requirements (12 C.F.R. § 225.8; 12 C.F.R. pt. 238, subpt. S).

The stress tests ensure that large banks are sufficiently capitalized and able to lend to households and businesses even in a severe recession. They evaluate the financial resilience of banks by estimating losses, revenues, expenses, and resulting capital levels under hypothetical economic conditions.

As part of this cycle, the Federal Reserve publishes four documents:

- *Stress Test Scenarios* describes the hypothetical economic conditions used in the supervisory stress test. The *Stress Test Scenarios* document is typically published by mid-February.
- *Supervisory Stress Test Methodology* provides details about the models and methodologies used in the supervisory stress test.
- *Federal Reserve Stress Test Results* reports the aggregate and individual bank results of the supervisory stress test, which assesses whether banks are sufficiently capitalized to absorb losses during a severe recession. The *Federal Reserve Stress Test Results* document is typically published at the end of the second quarter.
- *Large Bank Capital Requirements* announces the individual capital requirements for all large banks, which are partially determined by the results of the supervisory stress test. The *Large Bank Capital Requirements* document is typically published during the third quarter.

These publications can be found on the Stress Test Publications page (<https://www.federalreserve.gov/publications/dodd-frank-act-stress-test-publications.htm>).

For information on the Federal Reserve's supervision of large financial institutions, see <https://www.federalreserve.gov/supervisionreg/large-financial-institutions.htm>. For information on the Federal Reserve's supervision of capital planning processes of banks, see <https://www.federalreserve.gov/supervisionreg/stress-tests-capital-planning.htm>.

For more information on how the Federal Reserve Board promotes the safety and soundness of the banking system, see <https://www.federalreserve.gov/supervisionreg.htm>.

## Capital Requirements

Under the Federal Reserve Board's capital framework for bank holding companies, covered savings and loan holding companies, and U.S. intermediate holding companies with \$100 billion or more in total consolidated assets, capital requirements are in part determined by the supervisory stress test results. [Table 1](#) shows the total common equity tier 1 (CET1) capital ratio requirement for each large bank, which is made up of several components, including

- a minimum CET1 capital ratio requirement of 4.5 percent, which is the same for each bank;
- the stress capital buffer (SCB) requirement, which is determined from the supervisory stress test results and is at least 2.5 percent;<sup>2</sup> and
- if applicable, a capital surcharge for global systemically important banks (G-SIBs), which is at least 1.0 percent.

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<sup>2</sup> See 12 C.F.R. §§ 225.8(f) and 238.170(f) for rules on the SCB requirement calculation and *2023 Federal Reserve Stress Test Results* (Washington: Board of Governors, June 2023), <https://www.federalreserve.gov/publications/files/2023-dfast-results-20230628.pdf> for details on the 2023 supervisory stress test results.

Firms subject to Category IV requirements are generally not required to participate in the supervisory stress test in odd years. The firms that did not participate in this year's supervisory stress test have SCB requirements based on 2022 stress test results and that have been adjusted by the Federal Reserve Board pursuant to 12 C.F.R. § 225.8(f)(4) and 12 C.F.R. § 238.170(f)(4).

<b>Table 1. Large bank capital requirements, effective October 1, 2023</b>				
<b>Percent</b>				
<b>Bank</b>	<b>Minimum CET1 capital ratio</b>	<b>Stress capital buffer requirement</b>	<b>G-SIB surcharge*</b>	<b>CET1 capital requirement</b>
Ally Financial Inc.†	4.5	2.5	n/a	7.0
American Express Company†	4.5	2.5	n/a	7.0
Bank of America Corporation	4.5	2.5	2.5	9.5
The Bank of New York Mellon Corporation	4.5	2.5	1.5	8.5
Barclays US LLC	4.5	4.7	n/a	9.2
BMO Financial Corp.	4.5	3.3	n/a	7.8
BNP Paribas USA, Inc.†	4.5	4.3	n/a	8.8
Capital One Financial Corporation	4.5	4.8	n/a	9.3
The Charles Schwab Corporation	4.5	2.5	n/a	7.0
Citigroup Inc.	4.5	4.3	3.5	12.3
Citizens Financial Group, Inc.	4.5	4.0	n/a	8.5
Credit Suisse Holdings (USA), Inc.	4.5	7.2	n/a	11.7
DB USA Corporation	4.5	9.3	n/a	13.8
Discover Financial Services†	4.5	2.5	n/a	7.0
DWS USA Corporation	4.5	5.6	n/a	10.1
Fifth Third Bancorp†	4.5	2.5	n/a	7.0
The Goldman Sachs Group, Inc.	4.5	5.5	3.0	13.0
HSBC North America Holdings Inc.†	4.5	6.4	n/a	10.9
Huntington Bancshares Incorporated†	4.5	3.2	n/a	7.7
JPMorgan Chase & Co.	4.5	2.9	4.0	11.4
KeyCorp†	4.5	2.5	n/a	7.0
M&T Bank Corporation	4.5	4.0	n/a	8.5
Morgan Stanley	4.5	5.4	3.0	12.9
Northern Trust Corporation	4.5	2.5	n/a	7.0
The PNC Financial Services Group, Inc.	4.5	2.5	n/a	7.0
RBC US Group Holdings LLC	4.5	4.2	n/a	8.7
Regions Financial Corporation†	4.5	2.5	n/a	7.0
Santander Holdings USA, Inc.†	4.5	2.5	n/a	7.0
State Street Corporation	4.5	2.5	1.0	8.0
TD Group US Holdings LLC	4.5	2.5	n/a	7.0
Truist Financial Corporation	4.5	2.9	n/a	7.4
U.S. Bancorp	4.5	2.5	n/a	7.0
UBS Americas Holding LLC	4.5	9.1	n/a	13.6
Wells Fargo & Company	4.5	2.9	1.5	8.9

\* The global systemically important bank (G-SIB) surcharge is updated annually in the first quarter. The G-SIB surcharge reported in this table is the G-SIB surcharge in effect as of October 1, 2023.

† Firm did not participate in the 2023 stress test. The SCB requirement is based on 2022 stress test results.

n/a Not applicable.