The Regulatory Reality

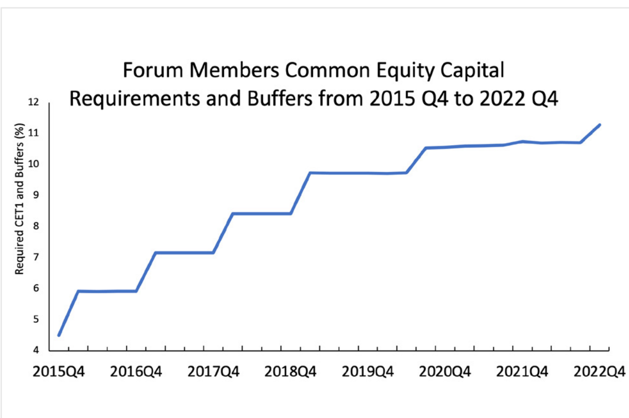
The nation's largest banks remain subject to the most stringent regulation.

The largest banks in the United States remain strong, well-capitalized and a source of strength during the global health pandemic, supporting American consumers, businesses and communities and a robust, inclusive and sustainable economic recovery.

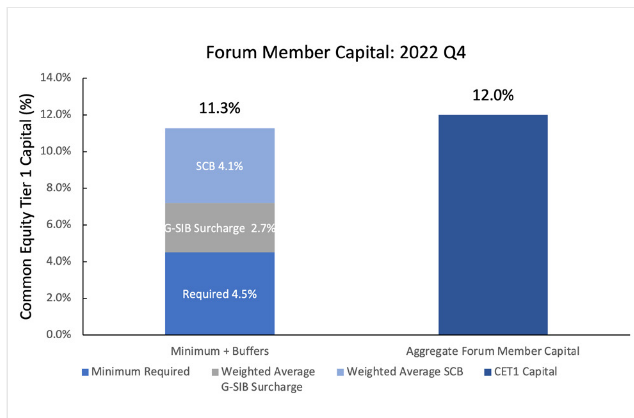
> **"…Regulation of financial institutions has been markedly strengthened. It is important to note that when the pandemic struck, although there were huge stresses in financial markets, that the core of our financial system did very well because of the improvements in capital, liquidity, risk management, stress testing, and those improvements have stayed in place…"**
>
> – Treasury Secretary Yellen, Oct. 24, 2021

1. Stringent Capital Standards

Capital requirements for the eight U.S. systemically important banks that comprise the Forum have increased, more than doubling from 4.5% in 2015 to 11.3% in 2022 on average, inclusive of buffers. Since 2009, Forum members increased their Tier 1 capital by 49% from $655 billion to $979 billion. All Forum members maintain Total Loss-Absorbing Capacity resources in excess of their regulatory requirements, improving their resiliency and resolvability.



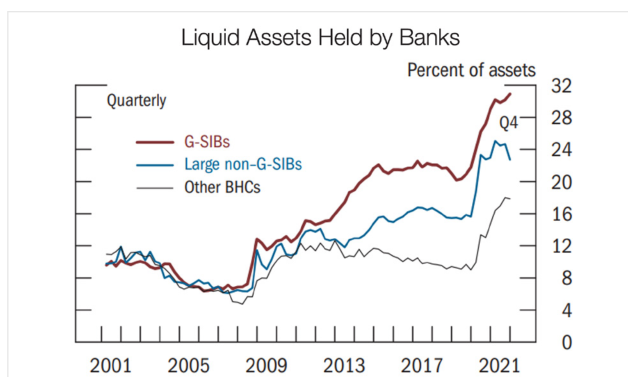
Source: FFIEC 101: Regulatory Capital Reporting for Institutions Subject to Advanced Capital Adequacy Framework, Federal Reserve



Source: Federal Reserve Y-9C: Consolidated Financial Statements for BHCs, Federal Reserve

2. New and Stronger Liquidity Requirements

Liquidity requirements for the largest U.S. banks have increased. In 2014, Forum members became subject to the Liquidity Coverage Ratio, which substantially tightened their liquidity requirements, enhanced further by the 2021 finalization of the Net Stable Funding Ratio (NSFR). Since 2009, Forum member firms' high-quality liquid assets, which act as an important short-term complement to capital, have nearly tripled from $1.08 trillion to $3.01 trillion.

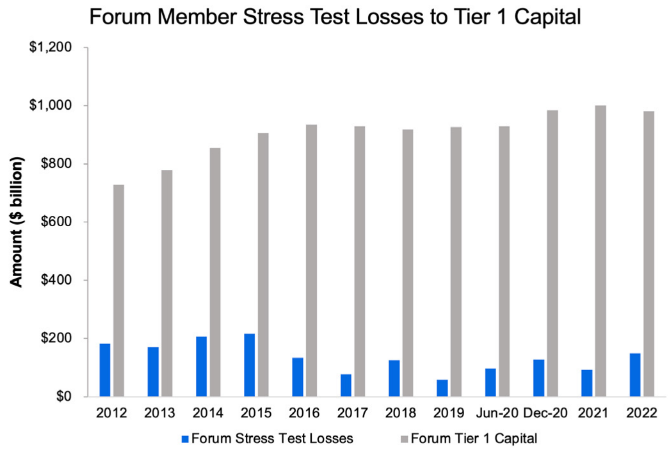


Source: Federal Reserve Board, Form FR Y-9C, Consolidated Financial Statements for Holding Companies

3. Regular Stress Tests

The Federal Reserve conducts stress tests of the largest financial institutions in the country, including Forum members, at least once a year. In 2020 the Fed conducted a second round of stress testing in response to the COVID-19 pandemic.

As part of this process, the Fed uses a hypothetical economic loss scenario substantially worse than the 2008 financial crisis. While these theoretical losses are substantial, they are consistently a fraction of the capital held by Forum member banks. For example, from 2012 to 2022 the average amount of estimated stress test losses was $136 billion compared to an average of $906 billion in Tier 1 capital maintained by Forum member banks.



The Results

The nation's largest banks have provided critical help to Main Street businesses and consumers throughout this unprecedented crisis.

Since the onset of the pandemic, Forum members have:

- ✓ Increased credit to businesses and households by $1.2 trillion to $9.2 trillion;
- ✓ Dispersed $94 billion in loans to nearly 1.25 million small businesses through the Paycheck Protection Program;
- ✓ Helped raise $5.5+ trillion in corporate bonds and $908 billion in equity for U.S. companies, allowing them to continue to operate, pay their employees, and serve their customers.

Additionally in 2021, Forum members:

- ✓ Lent or invested approximately $140 billion in low- and moderate-income communities;
- ✓ Created or preserved more than 150,000 affordable housing units.

For the members of the Financial Services Forum, the robust regulatory environment established after the 2008 financial crisis remains firmly intact and continues to promote the strength of America's largest banks and their critical support of our economy.