Large Bank Capital Requirements

August 2022

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 a hypothetical recession.[1]

Each year, the Federal Reserve publishes four documents, in the following chronological order:

- *Stress Test Scenarios* describes the hypothetical recessions 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. The *Supervisory Stress Test Methodology* document is typically published at the end of the first quarter.
- *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.

---

[1] 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).

For more information on how the Board of Governors of the Federal Reserve System (Federal Reserve Board or 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;[2] and
- if applicable, a capital surcharge for global systemically important banks (G-SIBs), which is at least 1.0 percent.

[2] See 12 C.F.R. §§ 225.8(f) and 238.170(f) for rules on the SCB requirement calculation and *2022 Federal Reserve Stress Test Results* (Washington: Board of Governors, June 2022) https://www.federalreserve.gov/publications/files/2022-dfast-results-20220623.pdf for details on the 2022 supervisory stress test results.

Firms subject to Category IV requirements are generally not required to participate in the supervisory stress test in odd years. This year, Category IV firms were required to participate in the supervisory stress test. SCB requirements reflect 2022 stress test results.

Table 1. Large bank capital requirements, effective October 1, 2022
Percent

Bank	Minimum CET1 capital ratio	Stress capital buffer requirement	G-SIB surcharge*	CET1 capital requirement
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	3.4	2.5	10.4
The Bank of New York Mellon Corporation	4.5	2.5	1.5	8.5
Barclays US LLC	4.5	4.3	n/a	8.8
BMO Financial Corp.	4.5	3.4	n/a	7.9
BNP Paribas USA, Inc.	4.5	5.1	n/a	9.6
Capital One Financial Corporation	4.5	3.1	n/a	7.6
The Charles Schwab Corporation	4.5	2.5	n/a	7.0
Citigroup Inc.	4.5	4.0	3.0	11.5
Citizens Financial Group, Inc.	4.5	3.4	n/a	7.9
Credit Suisse Holdings (USA), Inc.	4.5	9.0	n/a	13.5
DB USA Corporation	4.5	4.5	n/a	9.0
Discover Financial Services	4.5	2.5	n/a	7.0
DWS USA Corporation	4.5	8.7	n/a	13.2
Fifth Third Bancorp	4.5	2.5	n/a	7.0
The Goldman Sachs Group, Inc.	4.5	6.3	2.5	13.3
HSBC North America Holdings Inc.	4.5	6.4	n/a	10.9
Huntington Bancshares Incorporated	4.5	3.3	n/a	7.8
JPMorgan Chase & Co.	4.5	4.0	3.5	12.0
KeyCorp	4.5	2.5	n/a	7.0
M&T Bank Corporation	4.5	4.7	n/a	9.2
Morgan Stanley	4.5	5.8	3.0	13.3
Northern Trust Corporation	4.5	2.5	n/a	7.0
The PNC Financial Services Group, Inc.	4.5	2.9	n/a	7.4
RBC US Group Holdings LLC	4.5	3.4	n/a	7.9
Regions Financial Corporation	4.5	2.5	n/a	7.0
Santander Holdings USA, Inc.	4.5	3.7	n/a	8.2
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	2.5	n/a	7.0
U.S. Bancorp	4.5	2.5	n/a	7.0
UBS Americas Holding LLC	4.5	4.8	n/a	9.3
Wells Fargo & Company	4.5	3.2	1.5	9.2

Note: Due to certain accounting reclassifications by MUFG Americas related to a pending divestiture, the Board determined not to include MUFG Americas' final stress capital buffer requirement in this publication.

* 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, 2022.

n/a Not applicable.