The Regulatory Reality

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

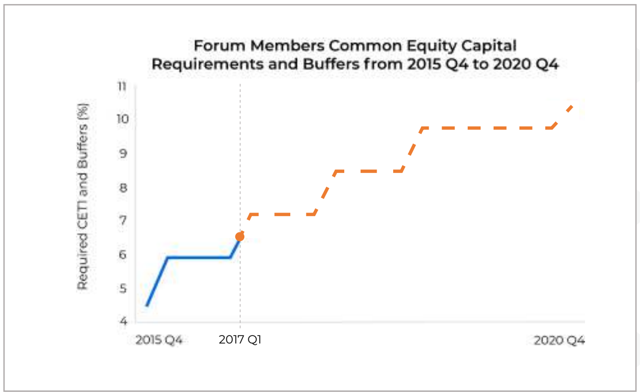
FINANCIAL SERVICES FORUM

The largest banks in the United States remain strong, well-capitalized and a source of strength during the current global health pandemic, continuing to support American consumers, businesses and communities and a robust, inclusive and sustainable economic recovery. Some suggest that the financial regulatory framework put in place to ensure the safety and soundness of the U.S. economy has been rolled back, but that just isn't the regulatory reality.

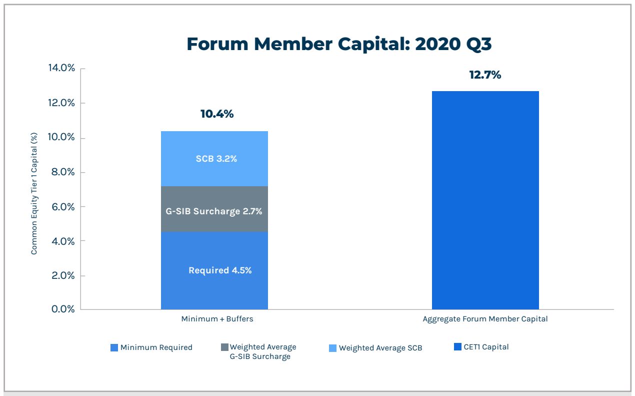
These key requirements for the largest banks remain in place and contribute to the safety and soundness of the financial system.

1. Stringent Capital Standards

Capital requirements for the U.S. eight largest banks that comprise the Forum have increased, not decreased. On average, regulatory capital requirements – inclusive of buffers – more than doubled from 4.5% in 2015 to 10.4% in 2020. Over the past decade, Forum members increased their Tier 1 capital by nearly 40 percent from $684 billion to $950 billion.



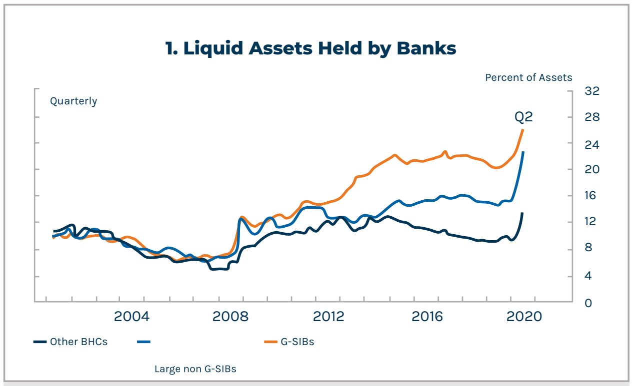
Source: FFIEC 101: Regulatory Capital Reporting for Institutions Subject to Advanced Capital Adequacy Framework, Federal Reserve



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, not decreased. In 2014, Forum members became subject to the Liquidity Coverage Ratio (LCR), which substantially tightened their liquidity requirements over the past six years. The 2020 finalization of the Net Stable Funding Ratio (NSFR) will only further enhance the stringency of liquidity requirements applied to these firms. In the past decade, Forum member firms' high-quality liquid assets, which act as an important short-term complement to capital, have more than doubled from $1.14 trillion to $2.8 trillion.

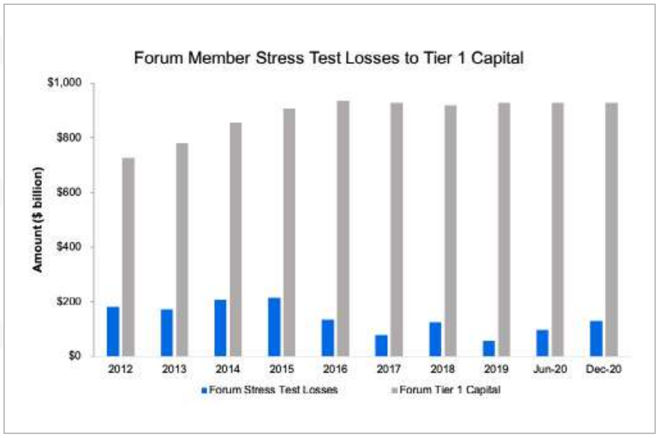


Source: Federal Reserve Board, Form FR Y-9C, Consolidated Financial Statements for Holding Companies; Federal Financial Institutions Examination Council, Consolidated Reports of Condition and Income (Call Report).

3. Regular Stress Tests

The Federal Reserve conducts stress tests of the largest financial institutions in the country at least once a year, **a requirement that remains in place for the eight largest banks that comprise the Forum**. In fact, in 2020 the Fed conducted a second round of stress testing to ensure these institutions are maintaining sufficient capital under the extraordinary circumstances of 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 2020 the average amount of estimated stress test losses was $140 billion compared to an average of $884 billion in Tier 1 capital maintained by Forum member banks.



The Results

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

During the COVID-19 pandemic Forum members have:

- ✓ Increased their overall lending to $4.1 trillion so far;
- ✓ Provided businesses of all sizes with $272 billion in loans in Q1;
- ✓ Dispersed $72.4 billion in loans to more than 850,000 businesses through the Paycheck Protection Program;
- ✓ Helped raise $2.2 trillion in corporate bonds and $339 billion in equity for U.S. companies.

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.

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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.