SIFMA Research Quarterly – 4Q21

US Financial Institutions

Financial & Regulatory Data

March 2022

SIFMA Research Quarterly Reports contain data and statistics on U.S. markets.

This report analyzes publicly available financial and regulatory requirement metrics for CCAR firms and may serve as a proxy for the state of the financial services industry. It includes information on income statement metrics, balance sheet categories and regulatory ratios.

Other quarterly reports include an equity and related quarterly (cash equities, ETFs, listed options and capital formation) and two fixed income quarterlies (issuance and trading; outstanding). These reports and corresponding databases can be found at www.sifma.org/research.

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Executive Summary

The U.S. financial system, with over $22 trillion in assets[1], is a large, complex system set up to serve the needs of individuals, corporations, and governments of all sizes. Since the global financial crisis, financial institutions and regulators have worked to shore up the strength and resiliency of the system. Today's U.S. financial system is more liquid and better capitalized than ever, positioning it to weather future shocks.

This quarterly report provides a snapshot of the current landscape, looking at select income statement, balance sheet and regulatory ratio statistics and trends. (Please see the Appendix for methodology and firm lists.) We highlight the following trends: (aggregate of all CCAR firms, unless indicated)

- Income Statement (2021)
  - Total revenue $712.6 billion, +7.4% Y/Y
  - Operating expenses $456.1 billion, +8.2% Y/Y
  - Net income available to common $221.5 billion, +98.0% Y/Y
- Balance Sheet (2021)[2]
  - Total assets $18.4 trillion, +7.9% Y/Y
  - Net loans $6.5 trillion, +7.3% Y/Y
  - Deposits $12.1 trillion, +10.8% Y/Y
  - As compared to 2009
    - Liquidity 17.0%, +8.2 pps since 2009
    - Non-performing loans (NPLs)/Total Loans 0.6%, -2.7 pps since 2009
    - Net charge-offs (NCOs) 34.9%, -305.0 pps since 2009
- Regulatory Ratios (2021)[3]
  - Common Equity Tier 1 (CET1) Capital 11.5%; +3.0 pps since 2009, +1.0 pps above maximum requirement
  - Tier 1 (T1) Capital 13.1%; +1.2 pps since 2009, +7.1 pps above requirement
  - Data for G-SIBs only
    - Supplemental Leverage Ratio (SLR) 6.2%, +0.2 pps above maximum requirement
    - Liquidity Coverage Ratio (LCR) 117.0%, +17.0 pps above maximum requirement
    - Total Loss Absorbing Capital (TLAC) as % of RWA 31.8%, +13.8 pps above requirement

[1] Source: FRED Economic Data (total assets for all commercial banks as of December 29, 2021)
[2] Net loans = loans - allowance for loan loss. Liquidity = (cash + deposits at banks) / total assets
[3] Levels may fluctuate with changes in regulations/taxes/laws. Basel III minimums: CET1 = minimum 7.0%, G-SIB max 10.5%; T1 = 6.0%; SLR = B3 minimum 3.0%, U.S. bank holding company 5.0%, U.S. bank 6.0%; LCR = 100.0%; TLAC/RWA = 18.0%. RWA = risk-weighted assets

Overview: Financial Statements

We highlight the following trends:

Income Statement ($B)	4Q21	3Q21	4Q20	Q/Q	Y/Y
Net Interest Income					
All CCAR Firms	78.6	76.2	74.4	3.2%	5.6%
G-SIBs	50.1	48.2	47.7	3.9%	5.0%
Non G-SIBs, Assets >$250B	15.7	15.4	14.8	1.7%	5.7%
Non G-SIBs, Assets $100B-$250B	12.8	12.5	11.9	2.4%	8.0%
Non-Interest Income					
All CCAR Firms	98.2	99.9	90.2	-1.7%	8.8%
G-SIBs	72.7	75.4	68.3	-3.7%	6.4%
Non G-SIBs, Assets >$250B	8.8	9.1	8.1	-3.1%	8.7%
Non G-SIBs, Assets $100B-$250B	16.7	15.4	13.9	8.6%	20.7%
Total Revenue					
All CCAR Firms	176.8	176.1	164.7	0.4%	7.4%
G-SIBs	122.8	123.7	116.0	-0.7%	5.9%
Non G-SIBs, Assets >$250B	24.5	24.5	22.9	-0.1%	6.7%
Non G-SIBs, Assets $100B-$250B	29.6	27.9	25.7	5.8%	14.8%
Operating Expenses					
All CCAR Firms	117.5	111.3	107.3	5.5%	9.4%
G-SIBs	81.6	77.8	76.2	4.9%	7.0%
Non G-SIBs, Assets >$250B	15.7	15.0	13.9	4.7%	12.9%
Non G-SIBs, Assets $100B-$250B	20.2	18.6	17.2	8.9%	17.2%
Loan Loss Provision					
All CCAR Firms	(2.1)	(5.0)	(0.3)	58.8%	-522.3%
G-SIBs	(2.4)	(3.6)	(1.7)	33.9%	-35.5%
Non G-SIBs, Assets >$250B	(0.1)	(1.0)	0.6	94.0%	-109.9%
Non G-SIBs, Assets $100B-$250B	0.4	(0.4)	0.8	205.1%	-51.9%
Net Income Available to Common					
All CCAR Firms	47.3	53.2	44.9	-11.0%	5.4%
G-SIBs	34.0	38.1	32.4	-10.7%	4.9%
Non G-SIBs, Assets >$250B	6.6	8.0	6.5	-16.7%	1.8%
Non G-SIBs, Assets $100B-$250B	6.7	7.2	6.0	-6.0%	12.3%

Source: Bloomberg, SIFMA estimates

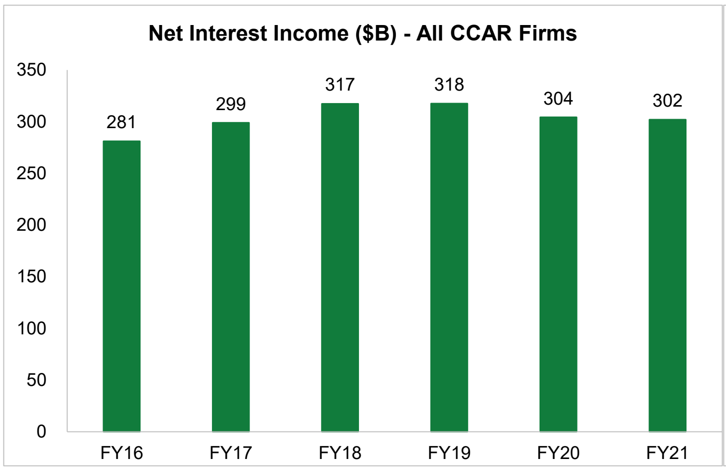
Balance Sheet ($T, unless indicated)	4Q21	3Q21	4Q20	Q/Q	Y/Y
Assets					
Cash & Cash Equivalents*					
All CCAR Firms	3.1	3.2	3.0	-1.5%	5.2%
G-SIBs	2.7	2.7	2.4	0.4%	10.9%
Non G-SIBs, Assets >$250B	0.2	0.2	0.3	-13.0%	-30.6%
Non G-SIBs, Assets $100B-$250B	0.3	0.3	0.3	-9.7%	-8.5%
Loans					
All CCAR Firms	6.6	6.4	6.2	3.4%	6.4%
G-SIBs	4.4	4.3	4.2	3.3%	6.0%
Non G-SIBs, Assets >$250B	1.2	1.2	1.1	2.9%	7.0%
Non G-SIBs, Assets $100B-$250B	1.0	1.0	0.9	4.5%	7.0%
Allowance for Loan Loss ($B)					
All CCAR Firms	112.0	117.9	159.4	-5.0%	-29.8%
G-SIBs	62.2	66.9	95.8	-7.0%	-35.0%
Non G-SIBs, Assets >$250B	26.5	27.4	34.1	-3.5%	-22.4%
Non G-SIBs, Assets $100B-$250B	23.3	23.6	29.5	-1.3%	-21.1%
Net Loans					
All CCAR Firms	6.5	6.3	6.1	3.5%	7.3%
G-SIBs	4.4	4.2	4.1	3.4%	7.0%
Non G-SIBs, Assets >$250B	1.2	1.1	1.1	3.1%	7.9%
Non G-SIBs, Assets $100B-$250B	1.0	0.9	0.9	4.6%	7.9%
Total Assets					
All CCAR Firms	18.4	18.4	17.1	0.2%	7.9%
G-SIBs	14.6	14.6	13.5	-0.2%	8.0%
Non G-SIBs, Assets >$250B	2.1	2.1	2.0	1.3%	7.8%
Non G-SIBs, Assets $100B-$250B	1.7	1.7	1.6	2.2%	7.1%
Liabilities					
Deposits					
All CCAR Firms	12.1	11.9	10.9	1.9%	10.8%
G-SIBs	9.1	8.9	8.2	1.7%	11.0%
Non G-SIBs, Assets >$250B	1.6	1.6	1.5	2.3%	10.7%
Non G-SIBs, Assets $100B-$250B	1.3	1.3	1.2	2.9%	9.9%
Total Liabilities					
All CCAR Firms	16.7	16.7	15.4	0.3%	8.4%
G-SIBs	13.3	13.3	12.3	-0.2%	8.5%
Non G-SIBs, Assets >$250B	1.9	1.8	1.7	1.6%	8.8%
Non G-SIBs, Assets $100B-$250B	1.6	1.5	1.5	2.7%	7.1%

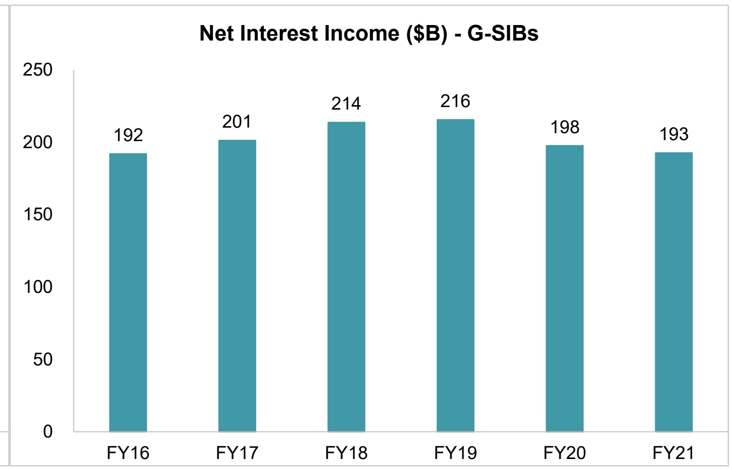
Note: Cash & cash equivalents = cash and due from banks plus deposits with banks; a small portion of this is restricted cash. Net loans = loans - allowance for loan loss

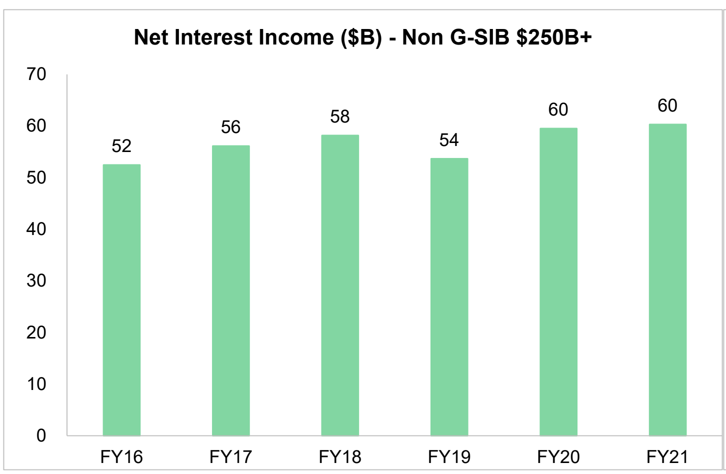
Chart Book: Income Statement Metrics

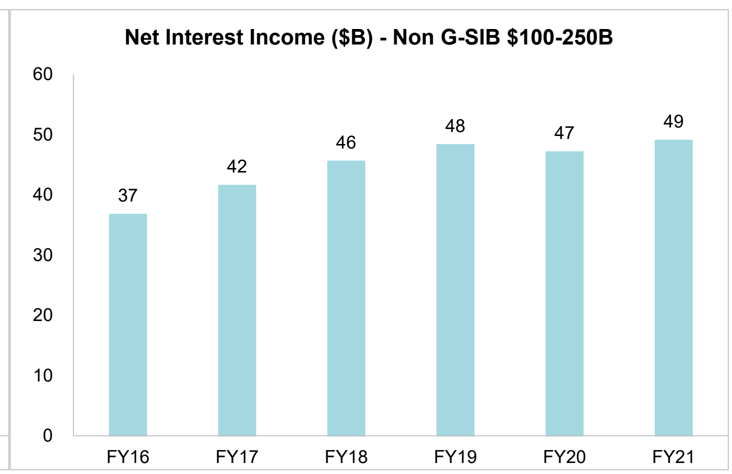
In this section, we highlight key income statement metrics, from revenue to expenses and then profitability.

Net Interest Income



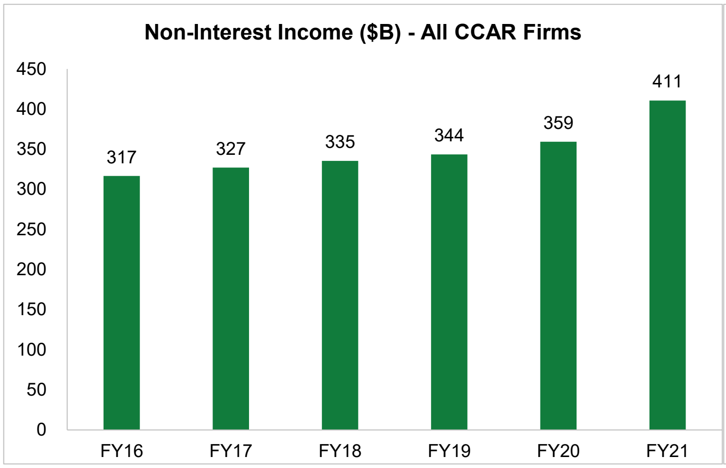


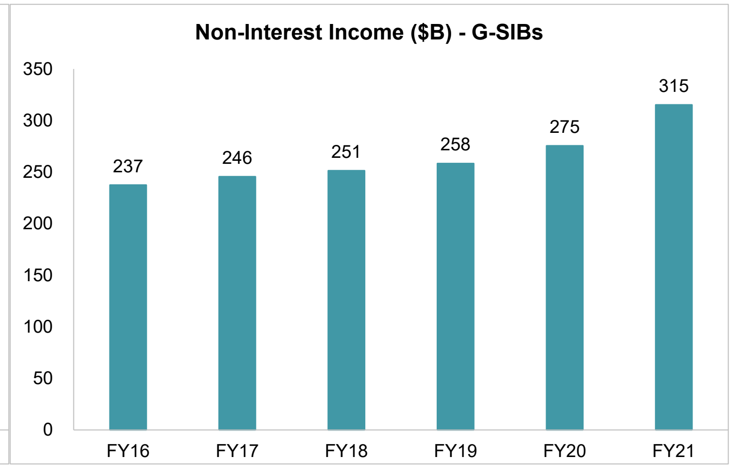


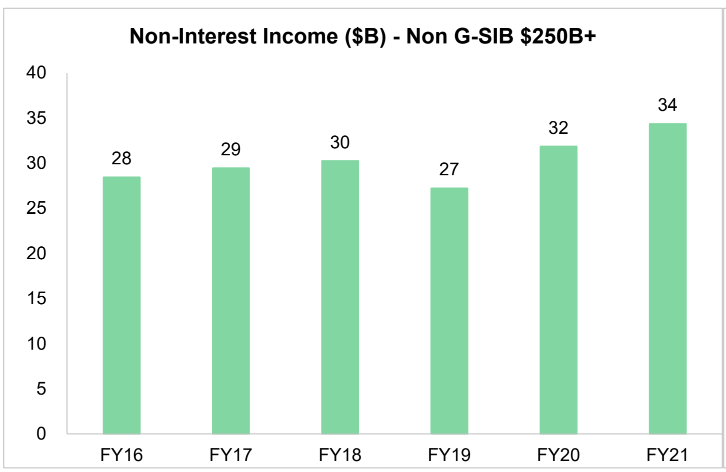


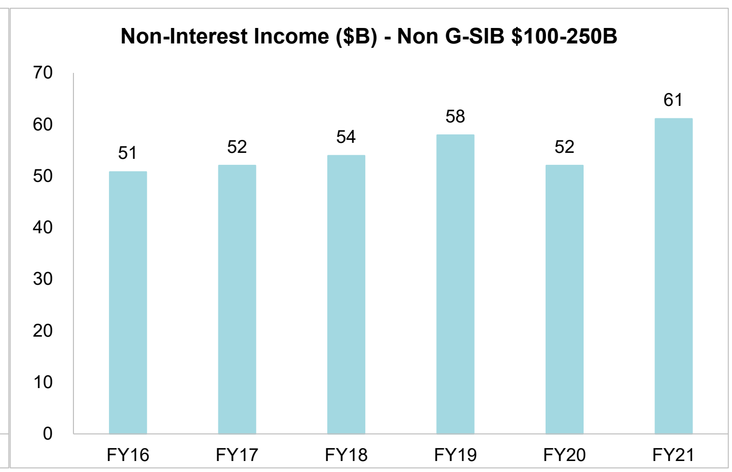
Source: Bloomberg, SIFMA estimates

Non-Interest Income



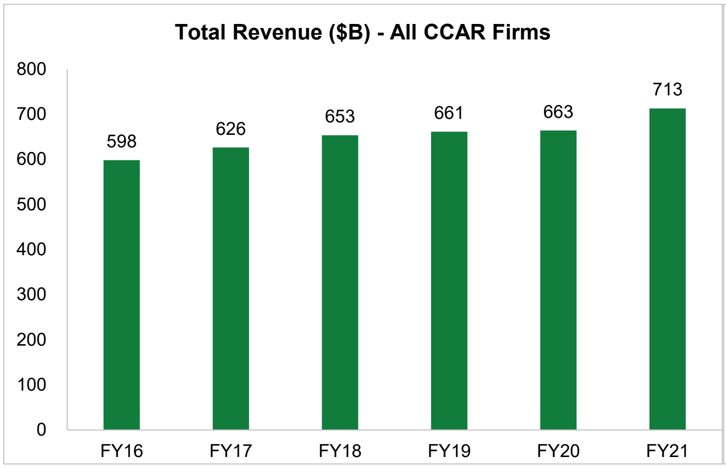


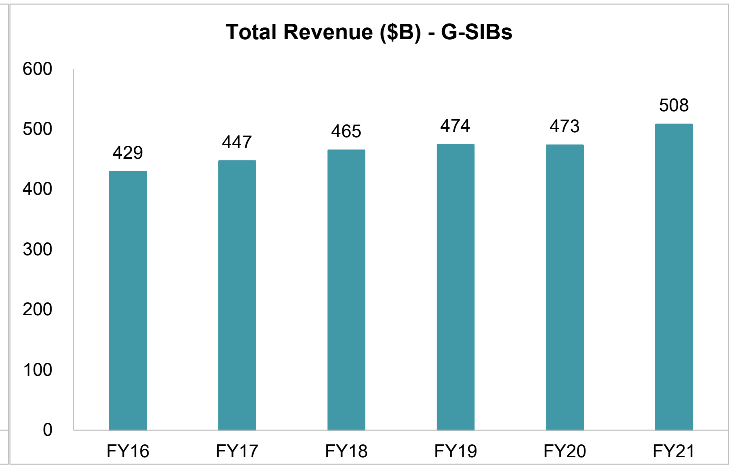


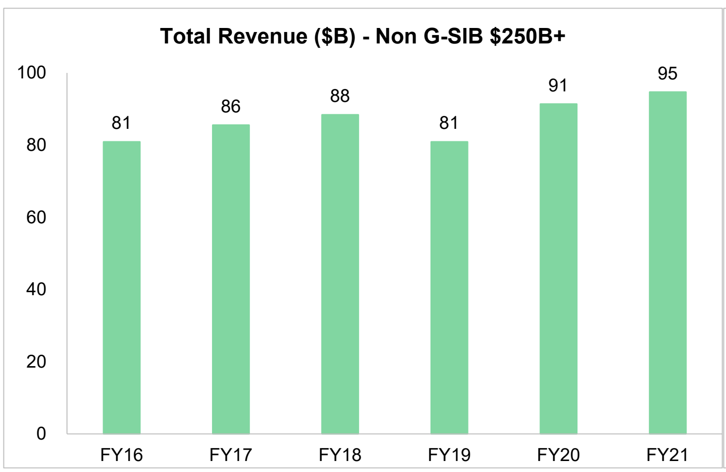


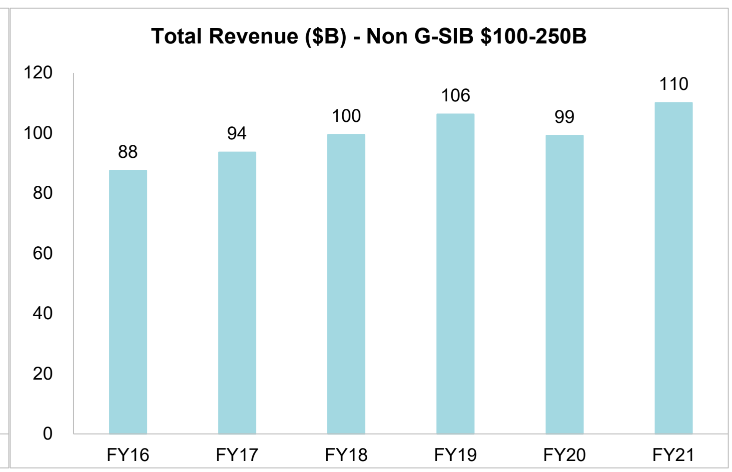
Source: Bloomberg, SIFMA estimates

Total Revenue



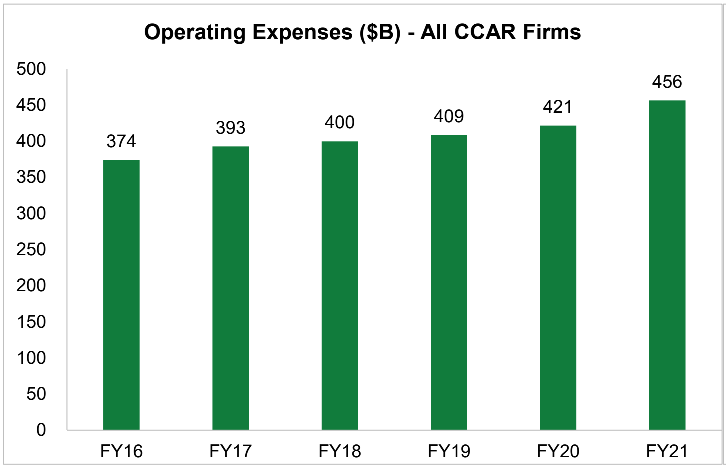


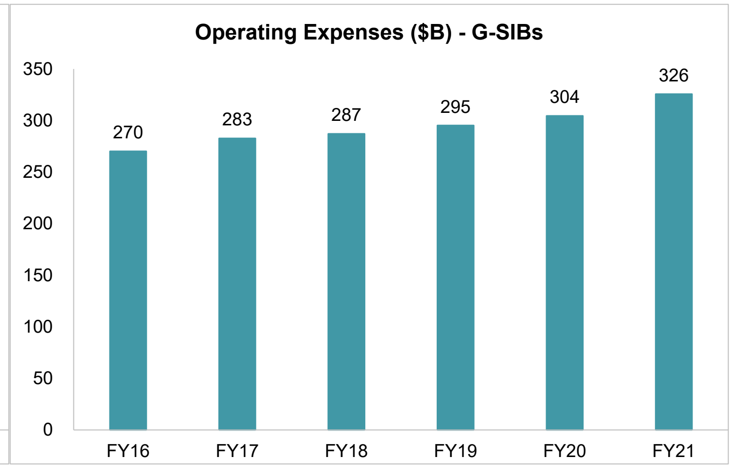


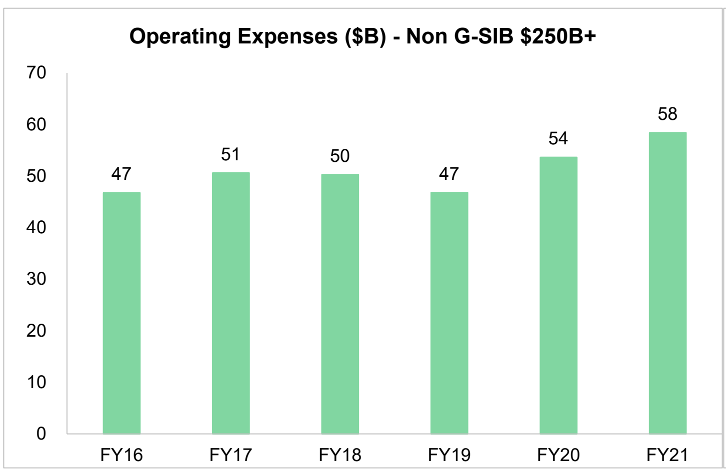


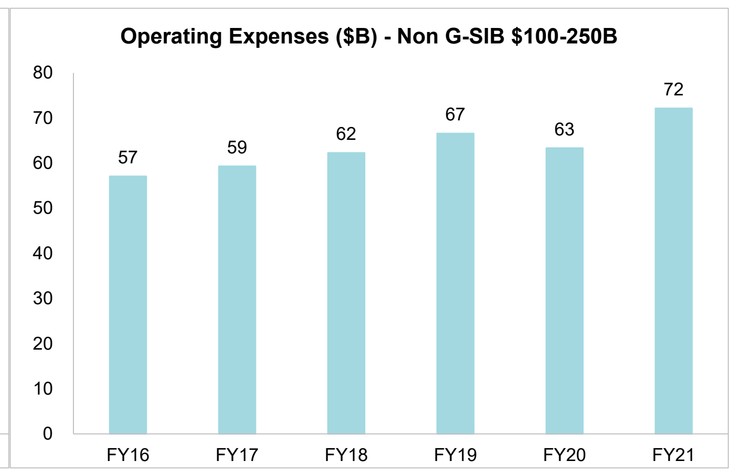
Source: Bloomberg, SIFMA estimates

Operating Expenses



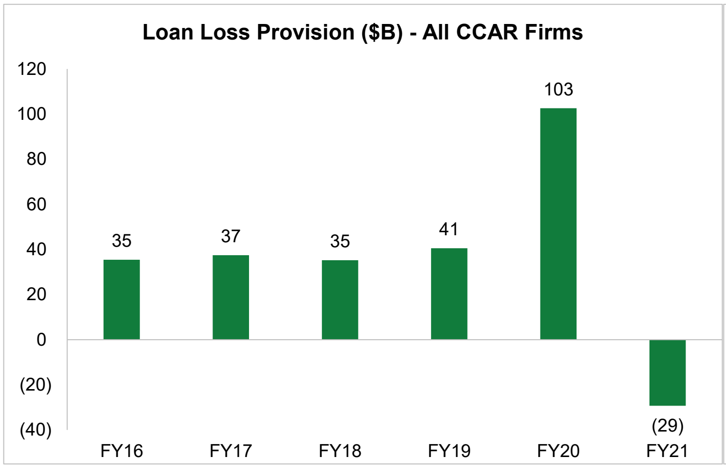


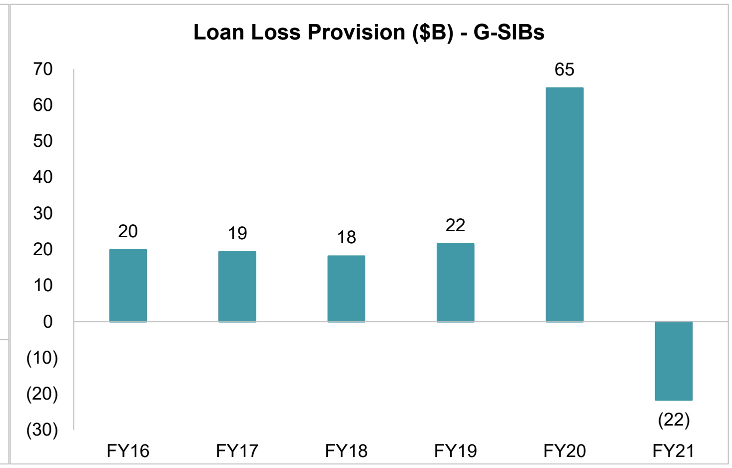


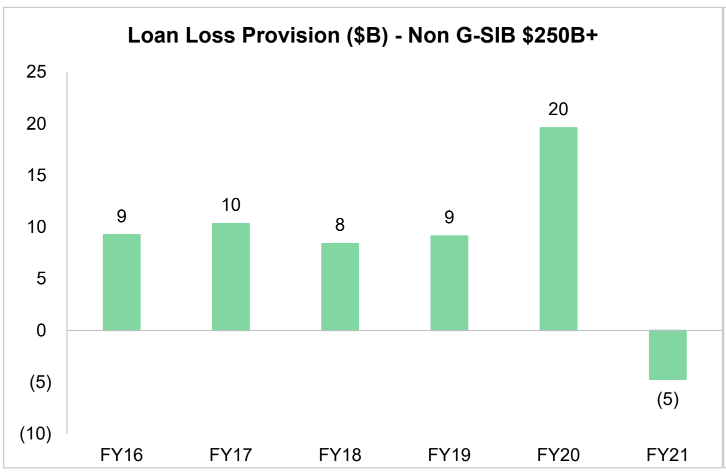


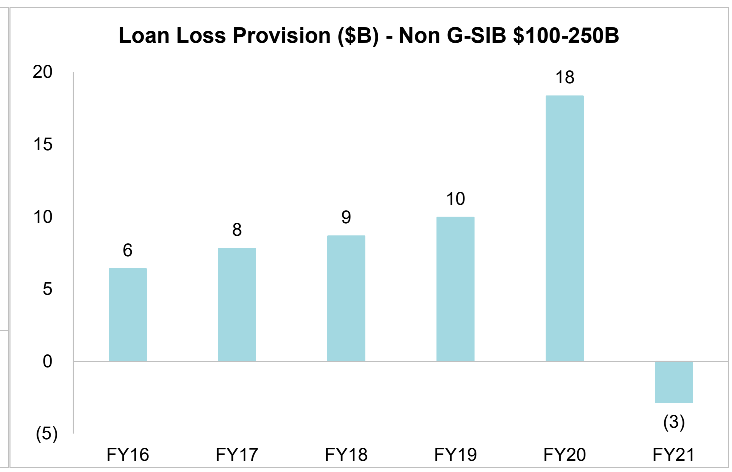
Source: Bloomberg, SIFMA estimates

Loan Loss Provision



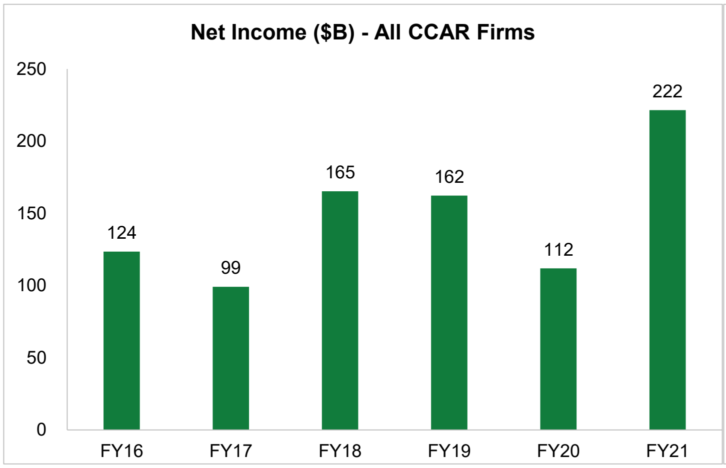


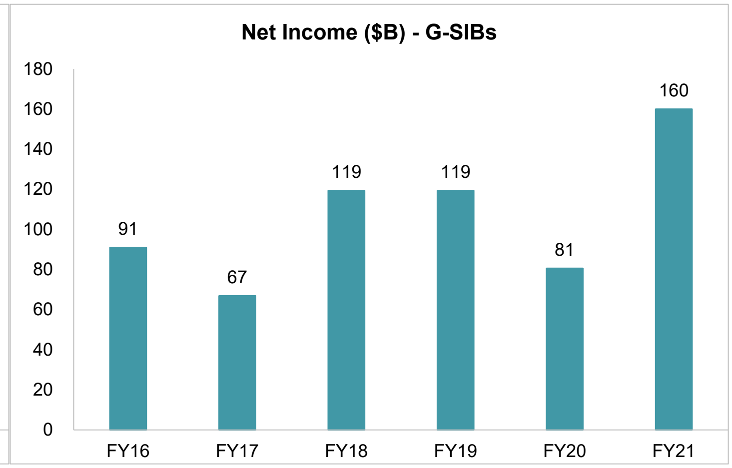


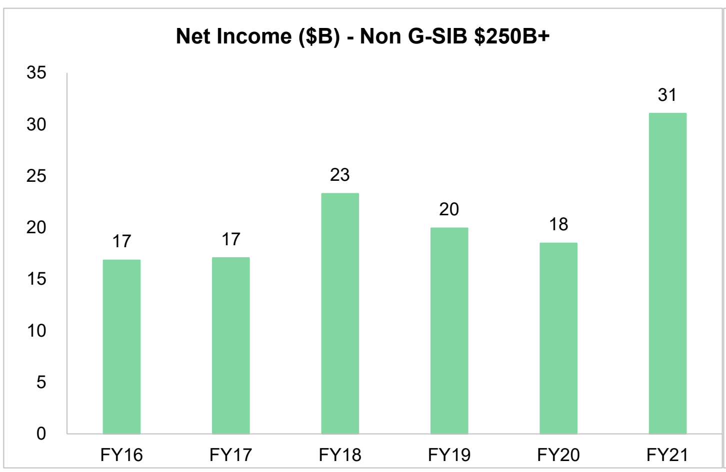


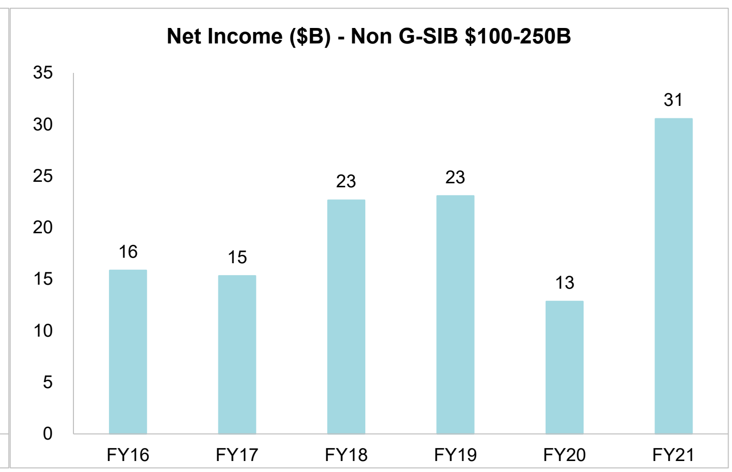
Source: Bloomberg, SIFMA estimates

Net Income Available to Common







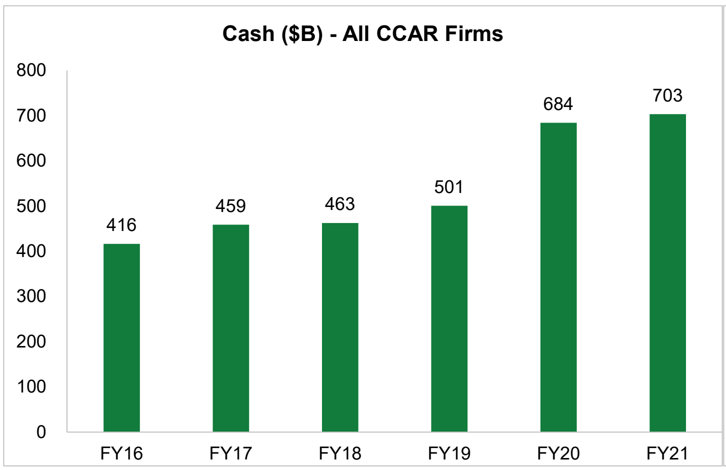


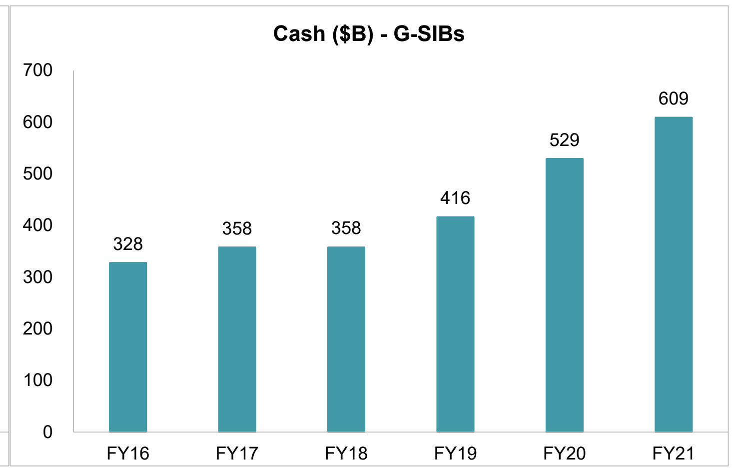
Source: Bloomberg, SIFMA estimates
Note: Net Income = net income available to common shareholders

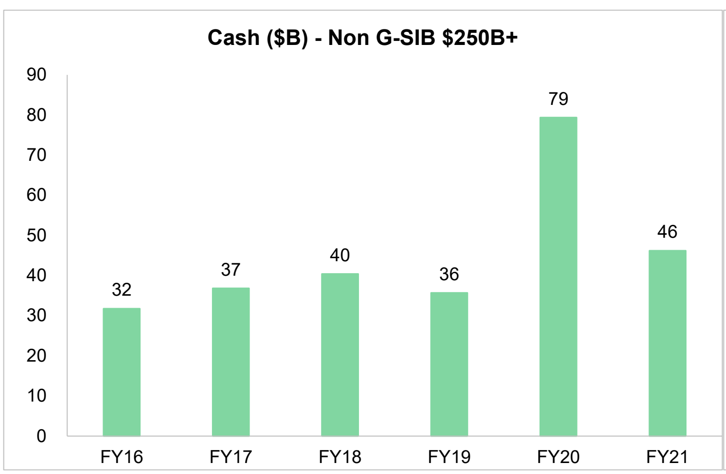
Chart Book: Balance Sheet Metrics

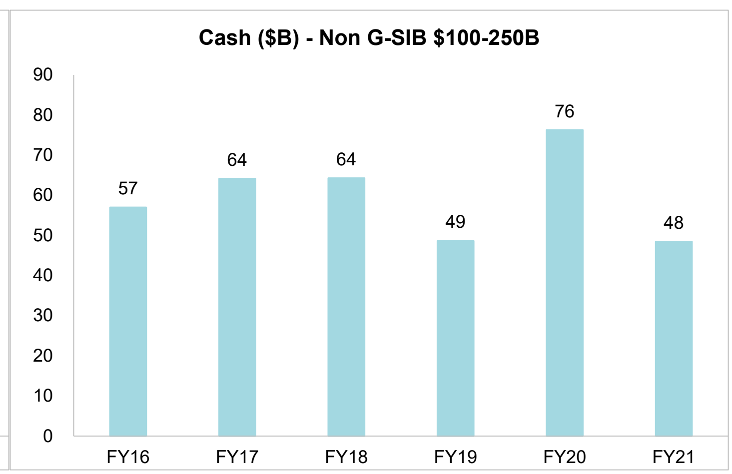
In this section, we highlight key balance sheet metrics, from both the asset and liability side. We also look at select ratios indicative of balance sheet health as compared to 2009 (ex: net charge-offs), showing the improved strength of the system since the global financial crisis.

Cash

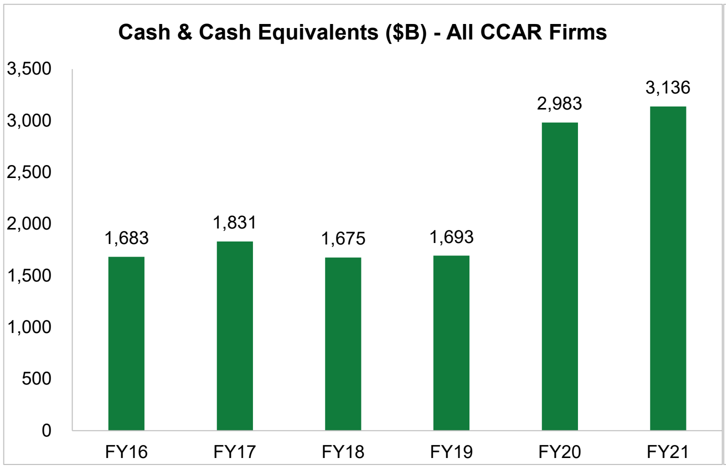


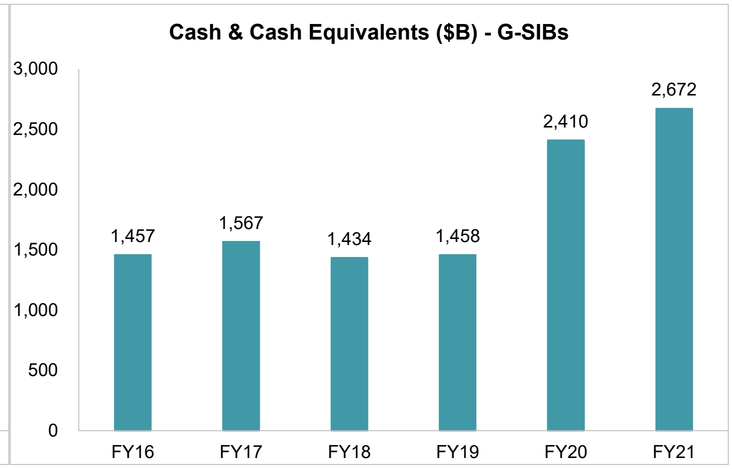


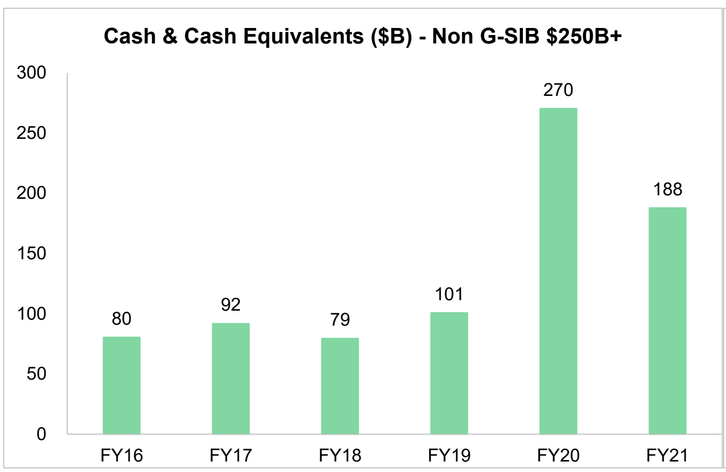


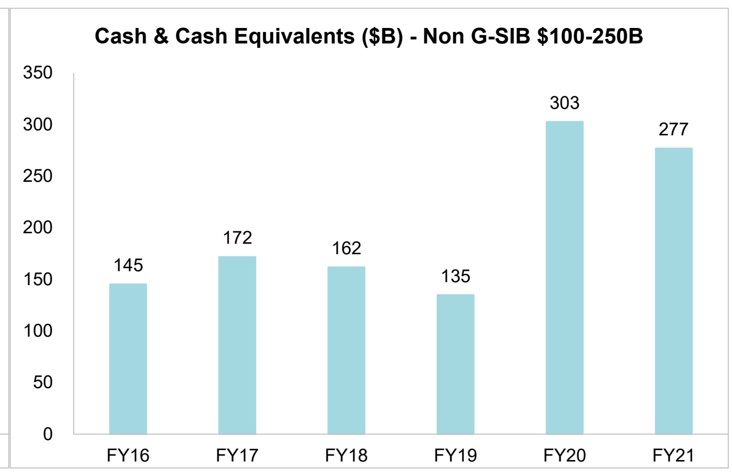


Cash & Cash Equivalents

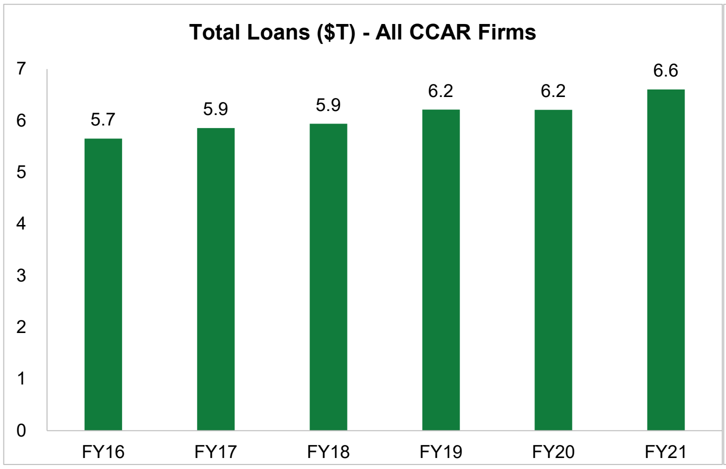


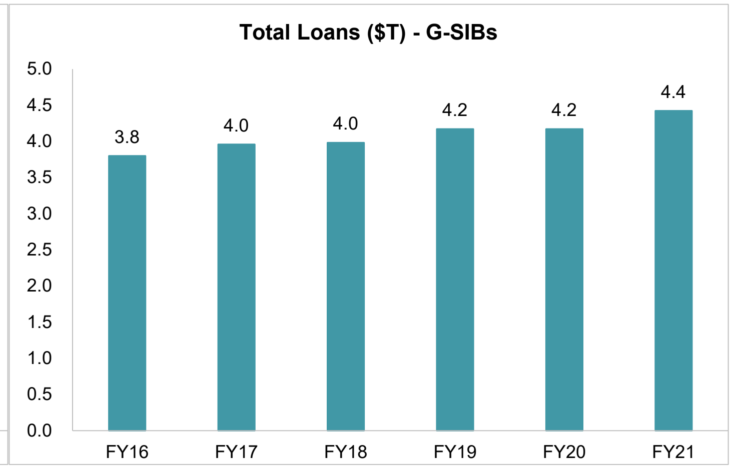


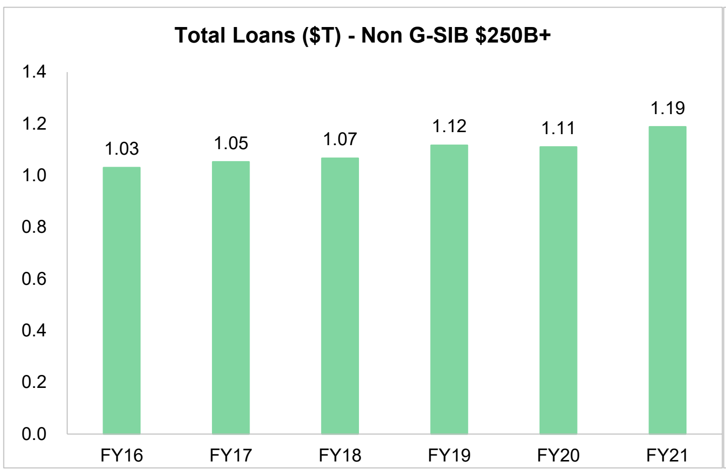


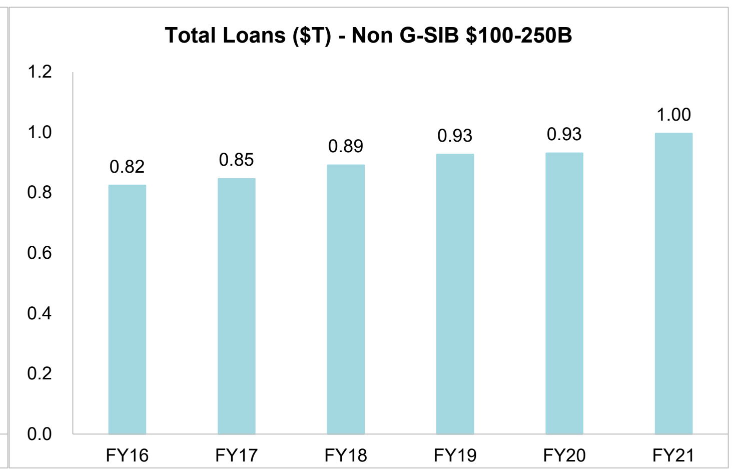


Total Loans



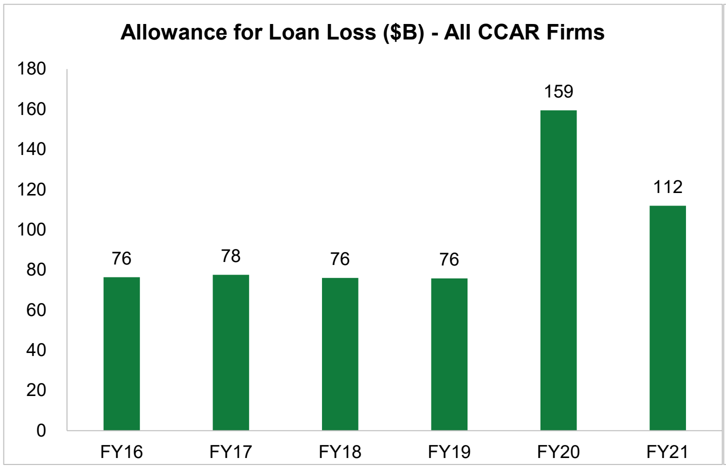


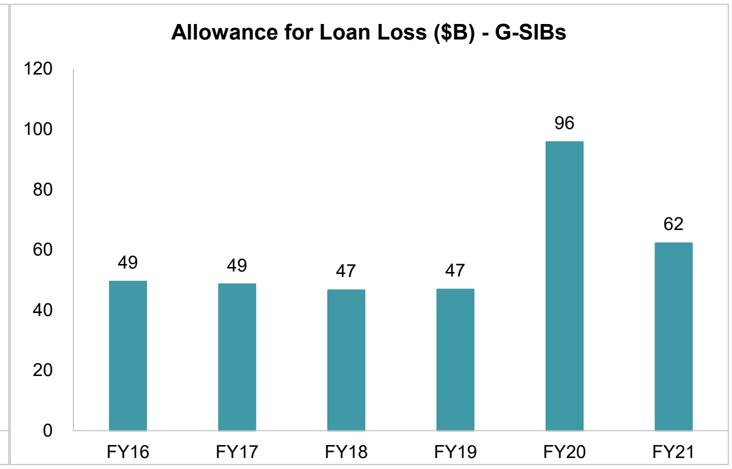


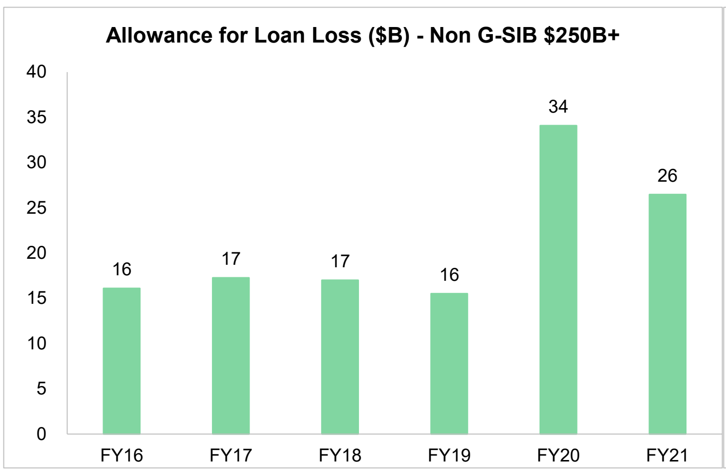


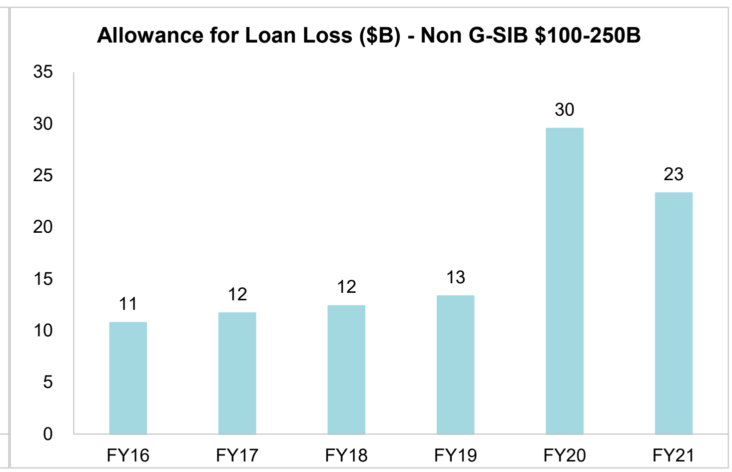
Source: Bloomberg, SIFMA estimates

Allowance for Loan Loss



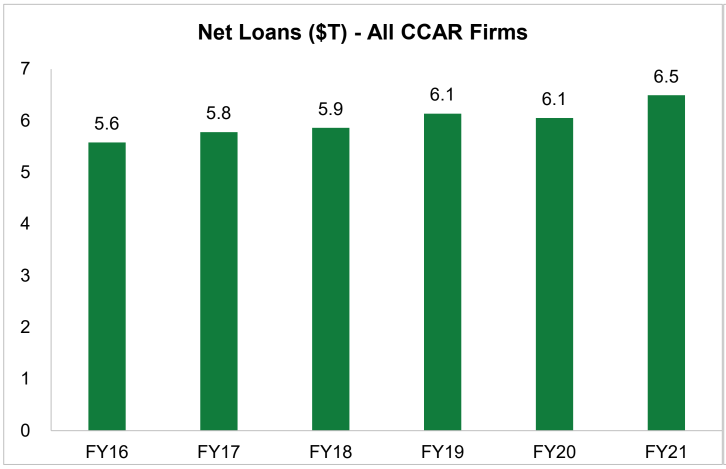


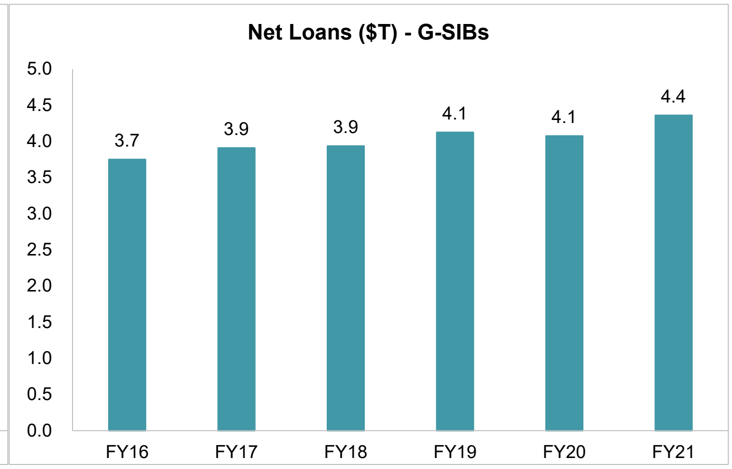


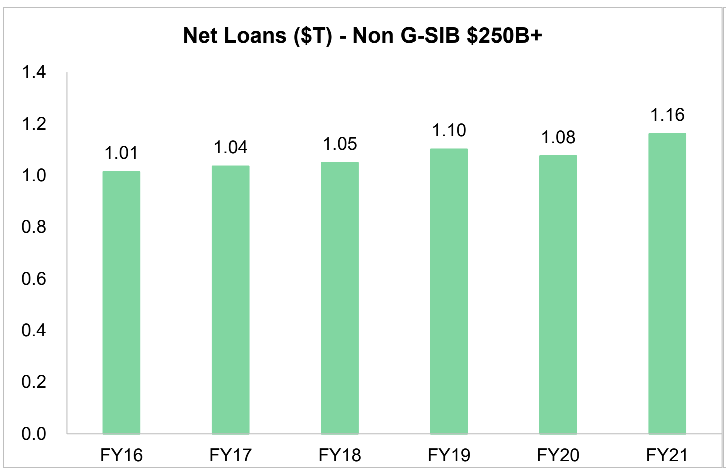


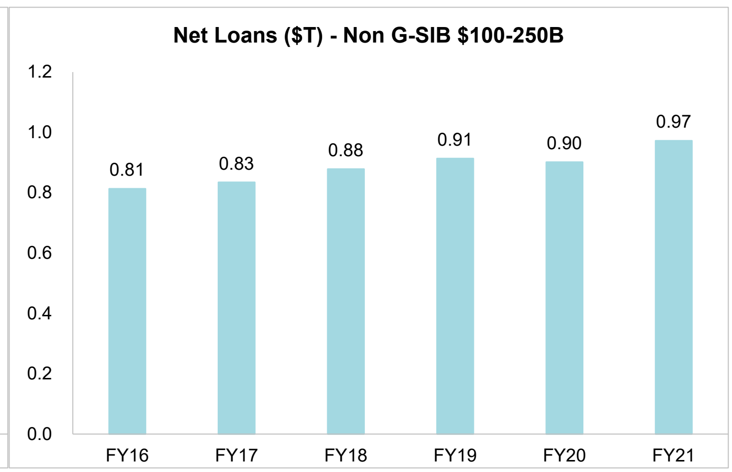
Source: Bloomberg, SIFMA estimates

Net Loans

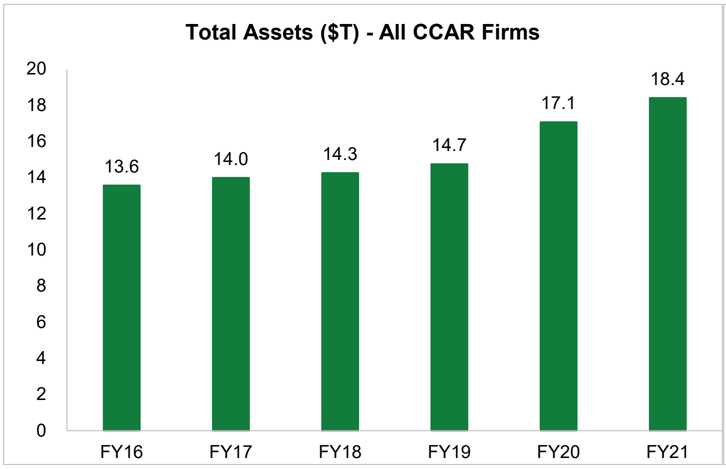

Net Loans ($T) - All CCAR Firms
7
6
5
4
3
2
1
0
5.6
5.8
5.9
6.1
6.1
6.5
FY16
FY17
FY18
FY19
FY20
FY21

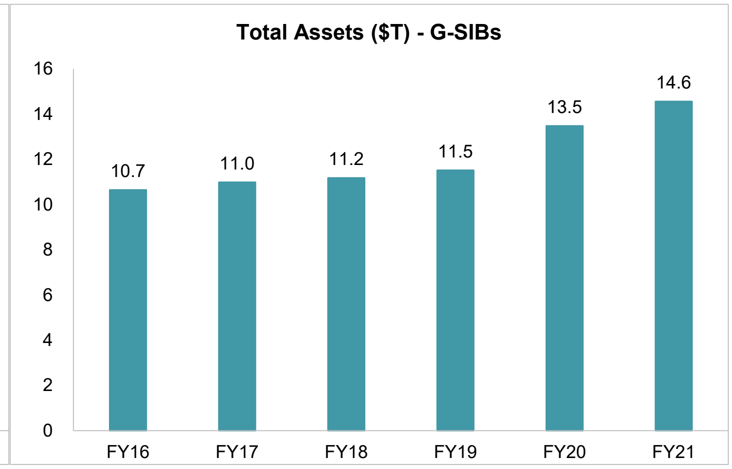

Net Loans ($T) - G-SIBs
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
3.7
3.9
3.9
4.1
4.1
4.4
FY16
FY17
FY18
FY19
FY20
FY21

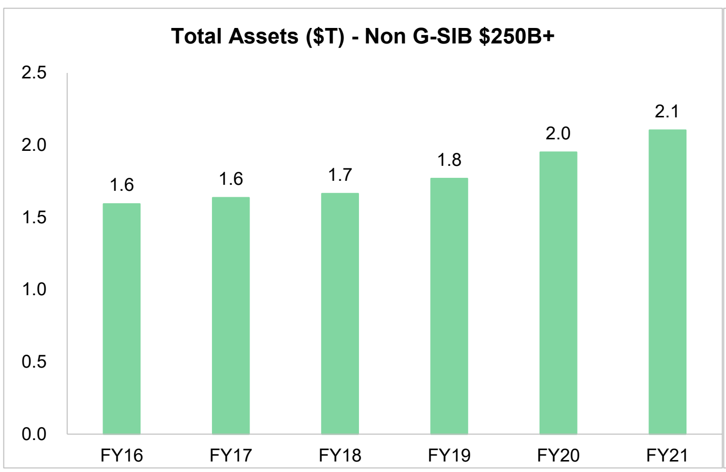

Net Loans ($T) - Non G-SIB $250B+
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
1.01
1.04
1.05
1.10
1.08
1.16
FY16
FY17
FY18
FY19
FY20
FY21

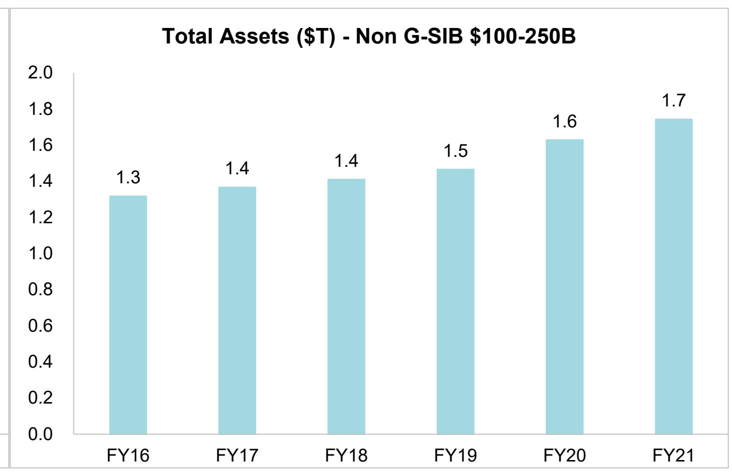

Net Loans ($T) - Non G-SIB $100-250B
1.2
1.0
0.8
0.6
0.4
0.2
0.0
0.81
0.83
0.88
0.91
0.90
0.97
FY16
FY17
FY18
FY19
FY20
FY21

Total Assets



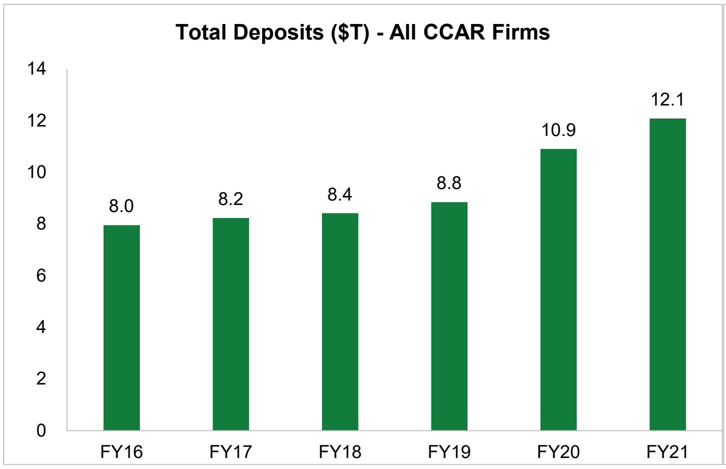


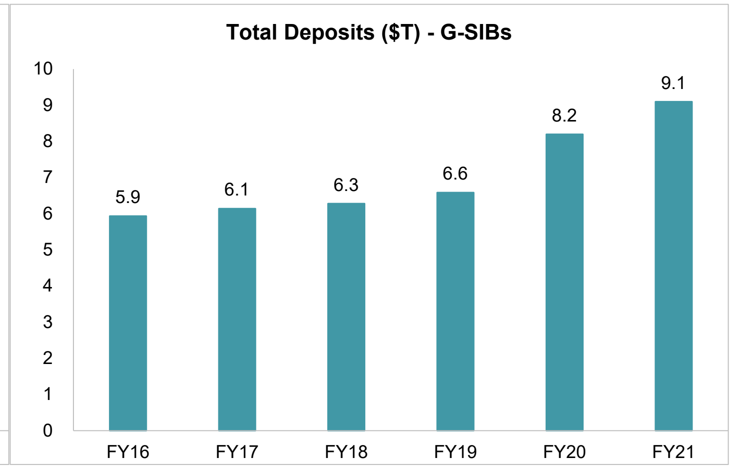


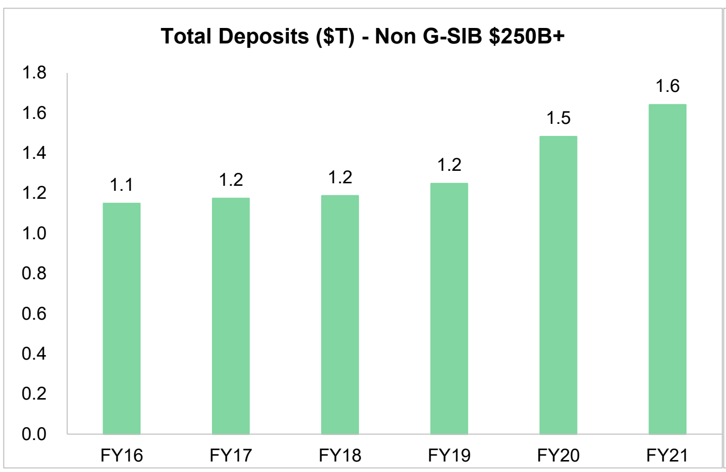


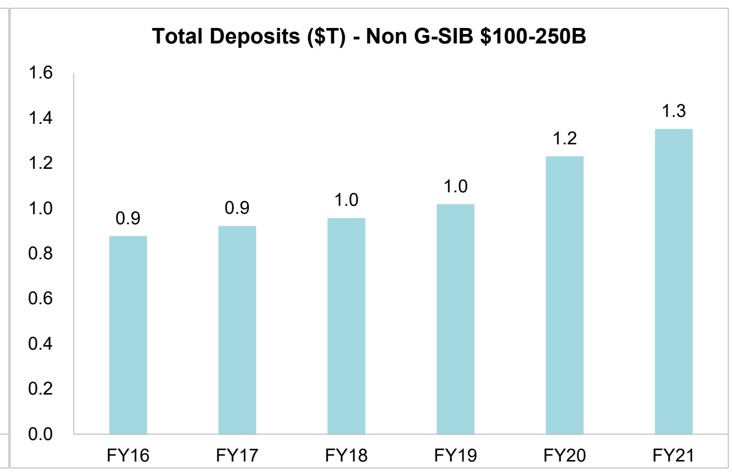
Source: Bloomberg, SIFMA estimates

Total Deposits



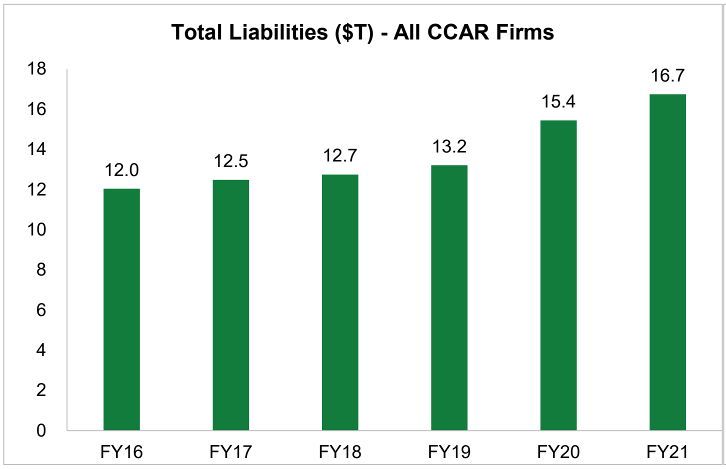


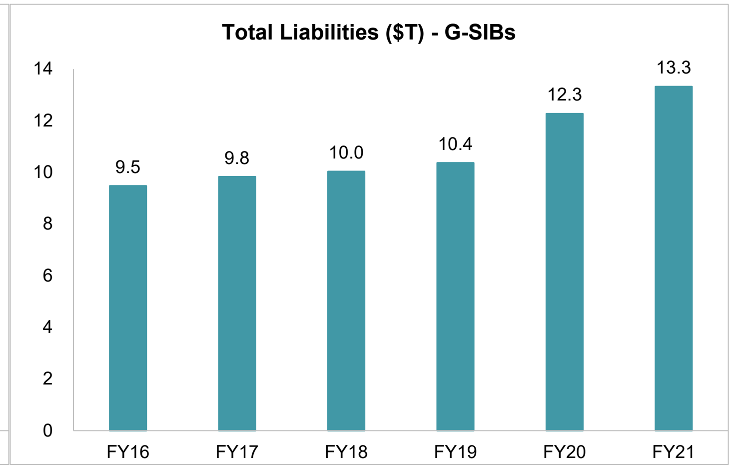


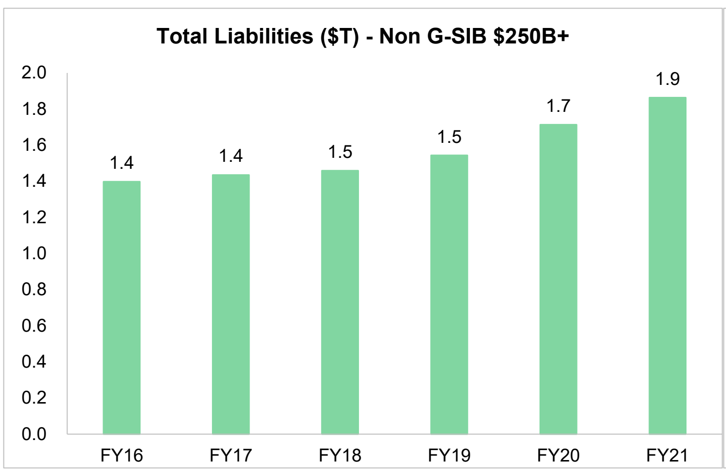


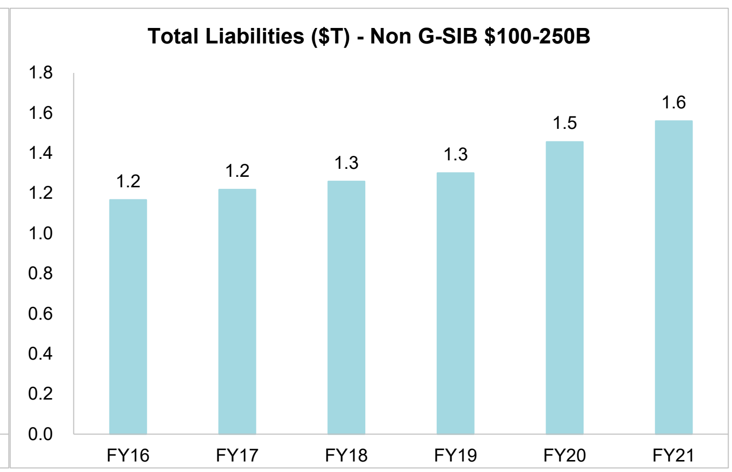
Source: Bloomberg, SIFMA estimates

Total Liabilities



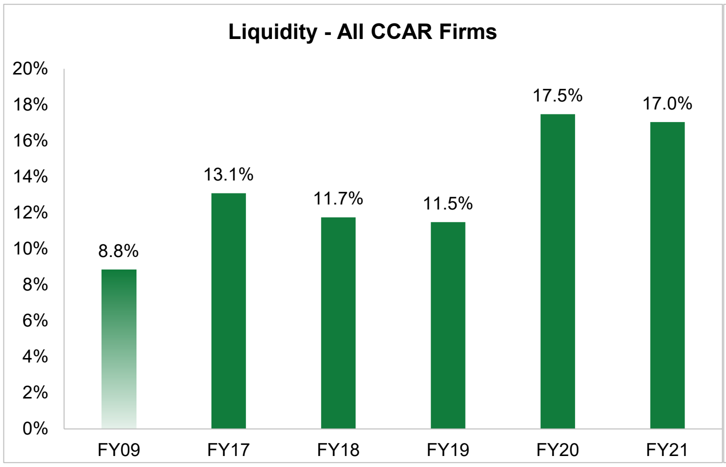


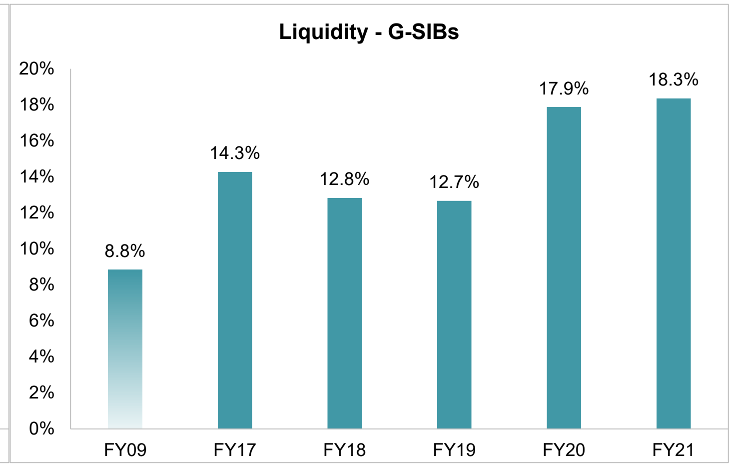


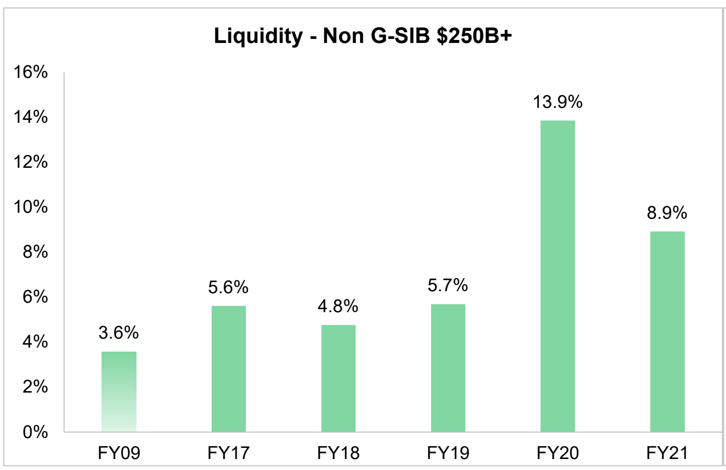


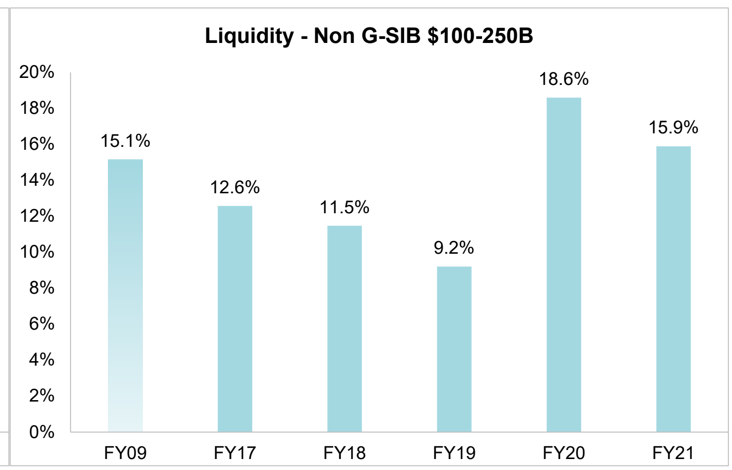
Source: Bloomberg, SIFMA estimates

Liquidity



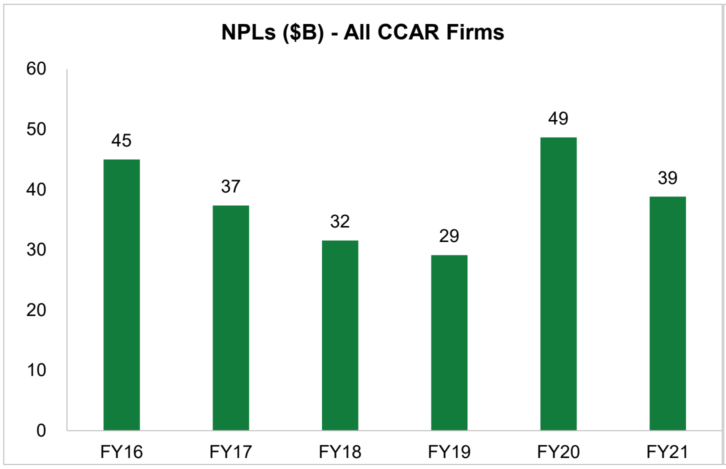


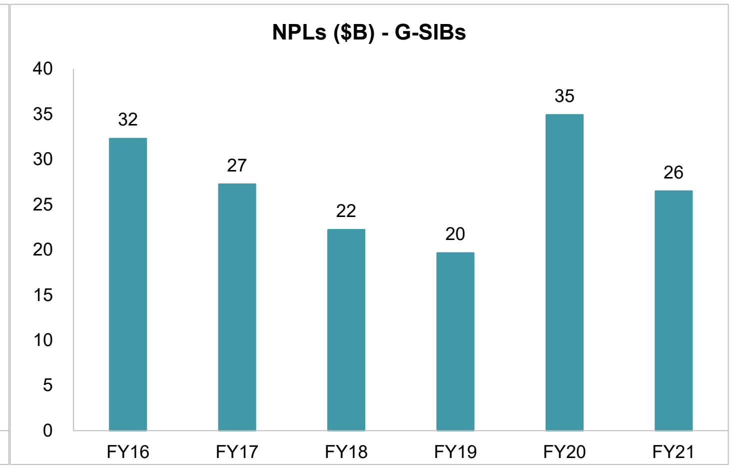


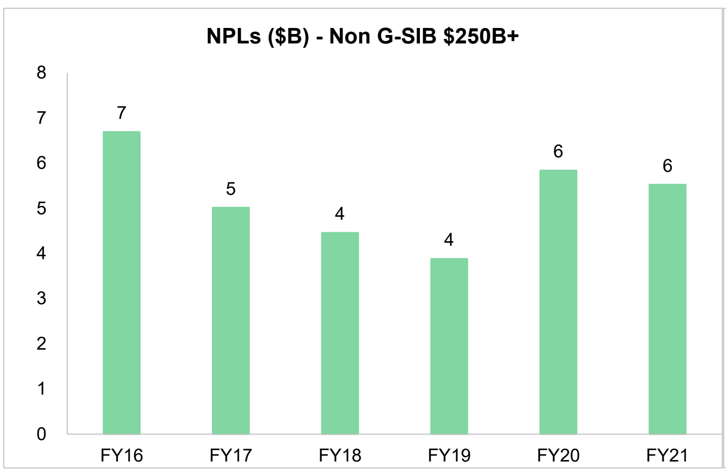


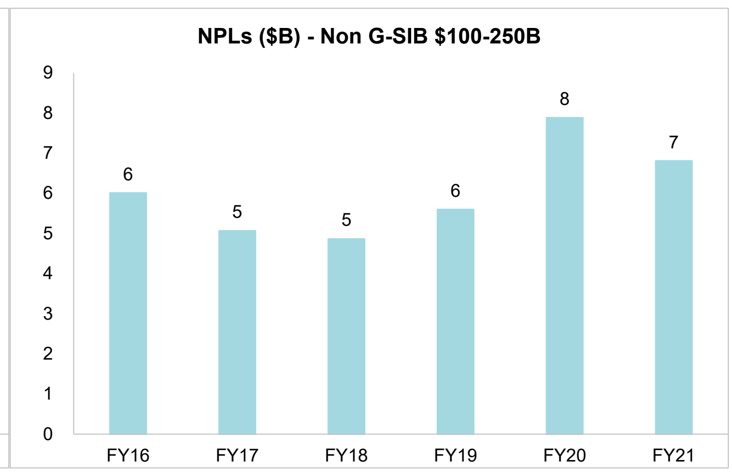
Source: Bloomberg, SIFMA estimates
Note: Liquidity = (cash + deposits at banks) / total assets; decreases = denominator expanding faster than numerator

Non-Performing Loans (NPL)



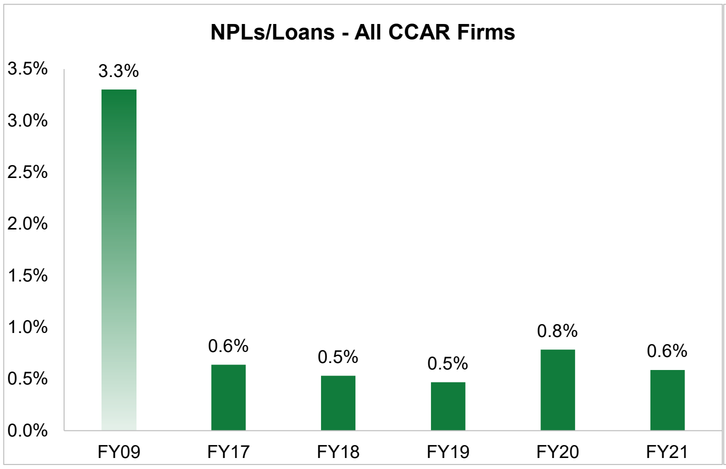


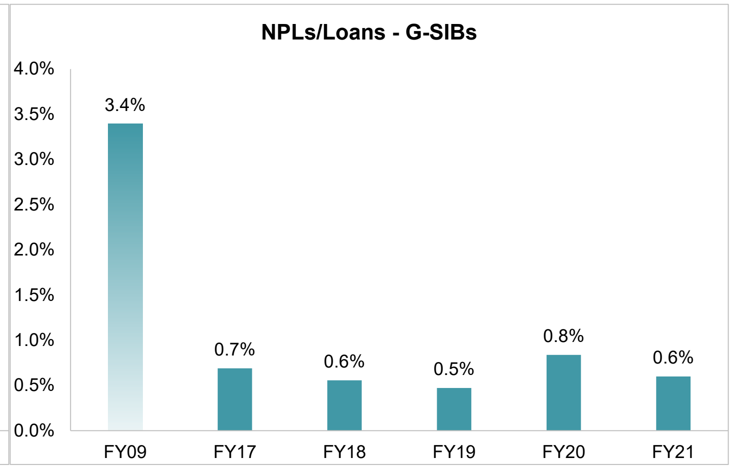


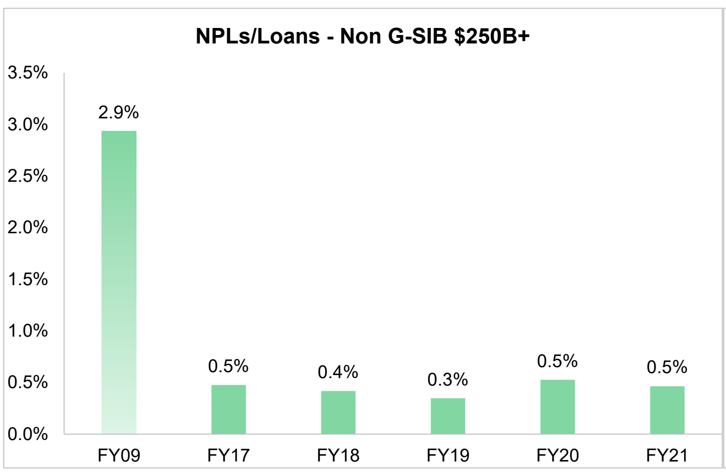


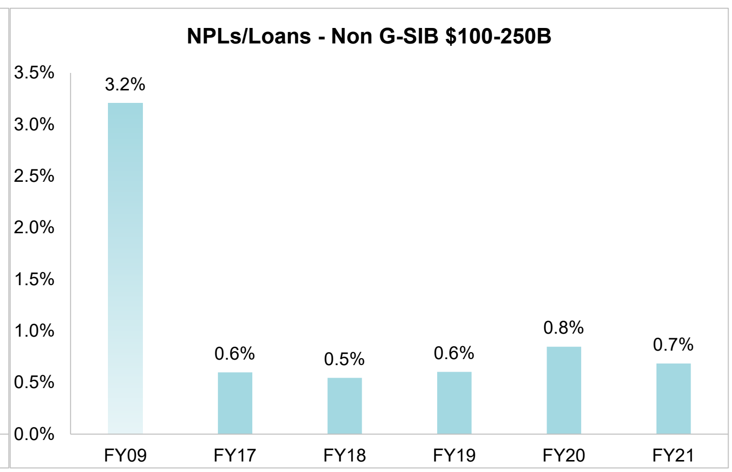
Source: Bloomberg, SIFMA estimates
Note: NPL = non-performing loans

NPLs/Loans



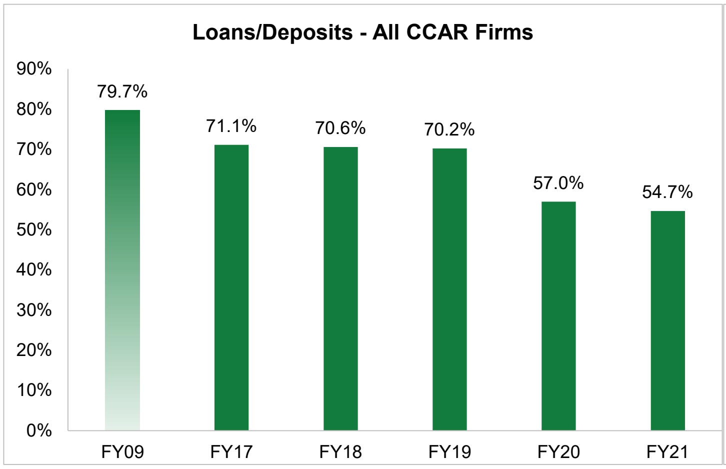


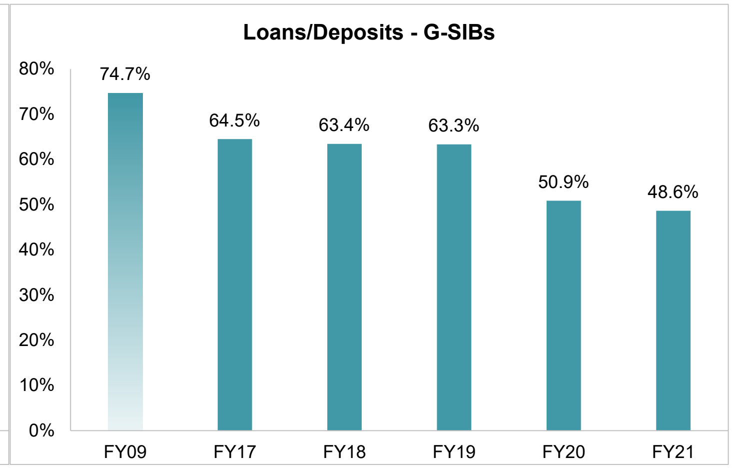


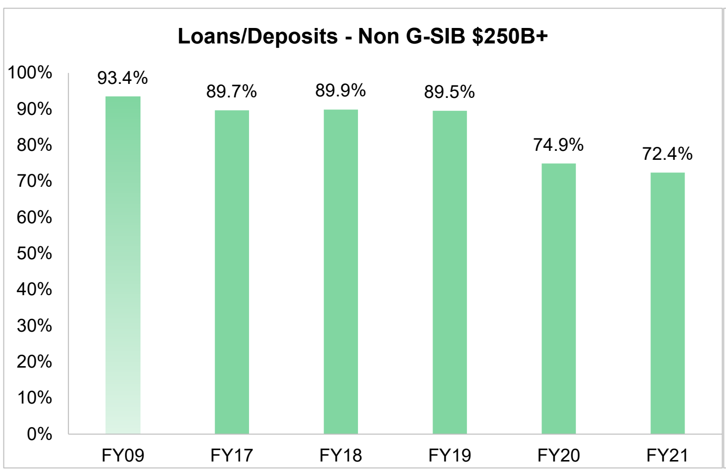


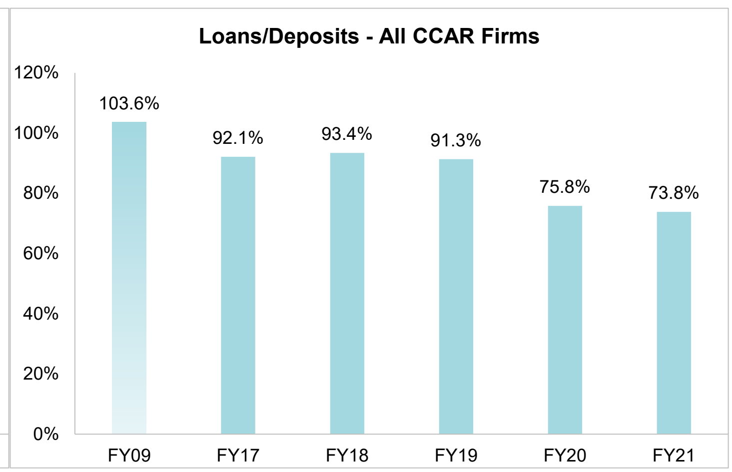
Source: Bloomberg, SIFMA estimates
Note: NPL = non-performing loans / total loans

Loans/Deposits



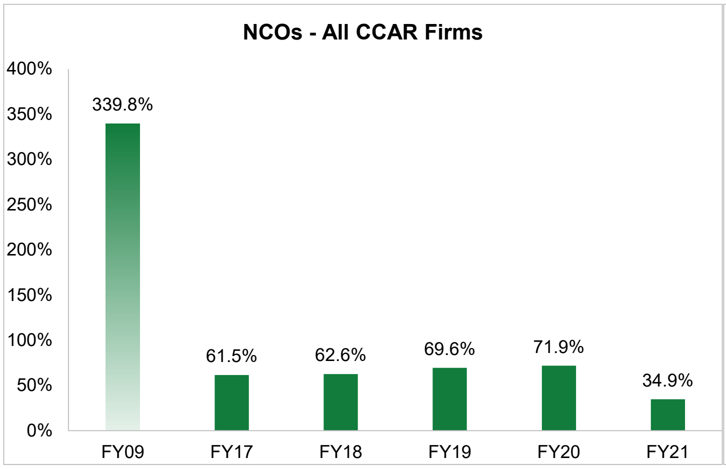


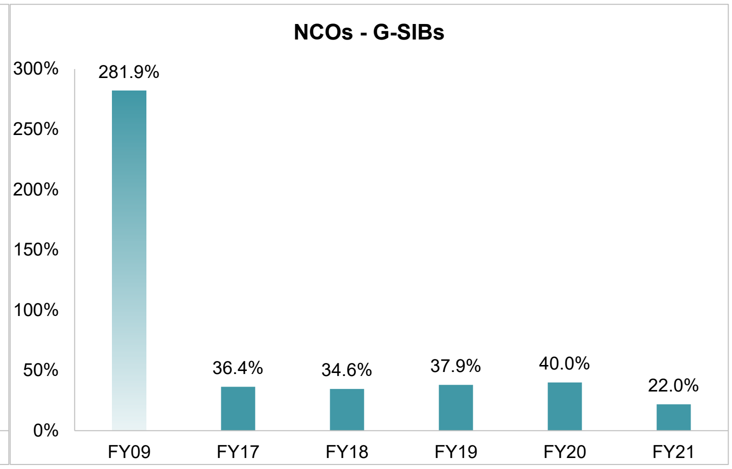


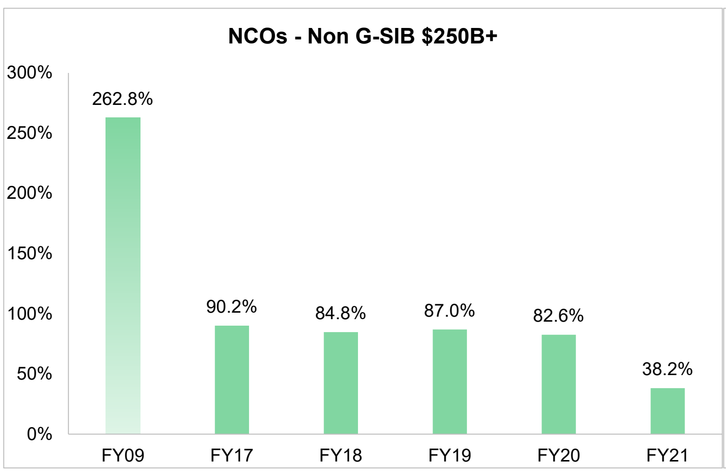


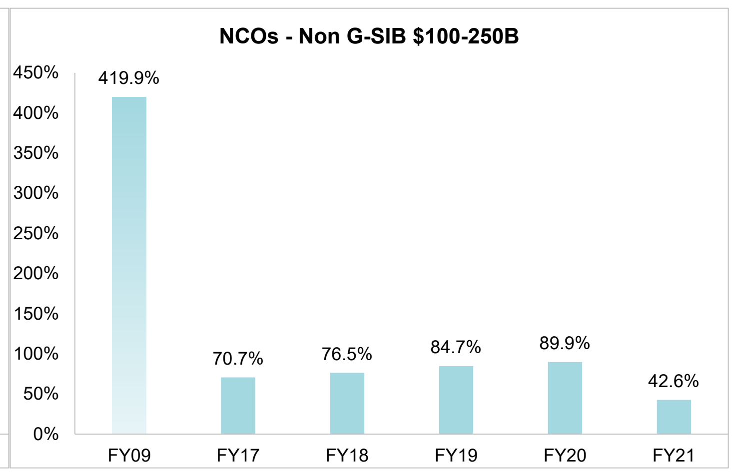
Source: Bloomberg, SIFMA estimates

Net Charge-Offs (NCO)







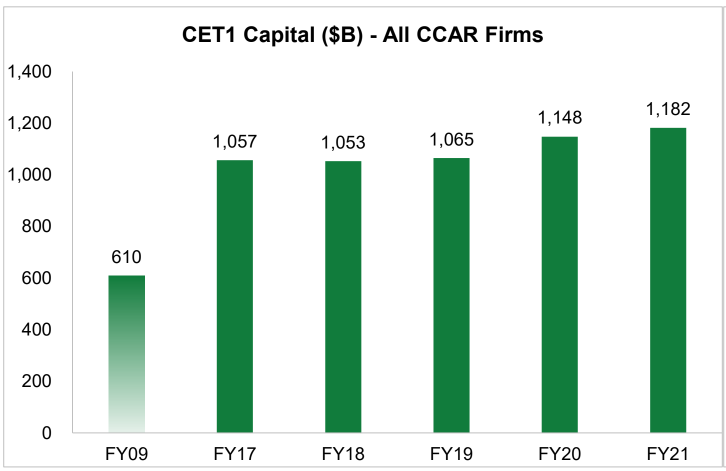


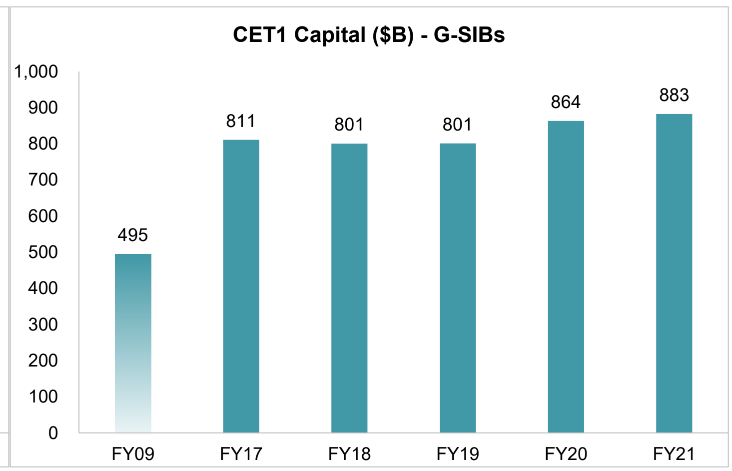
Source: Bloomberg, SIFMA estimates
Note: NCO = net charge-offs

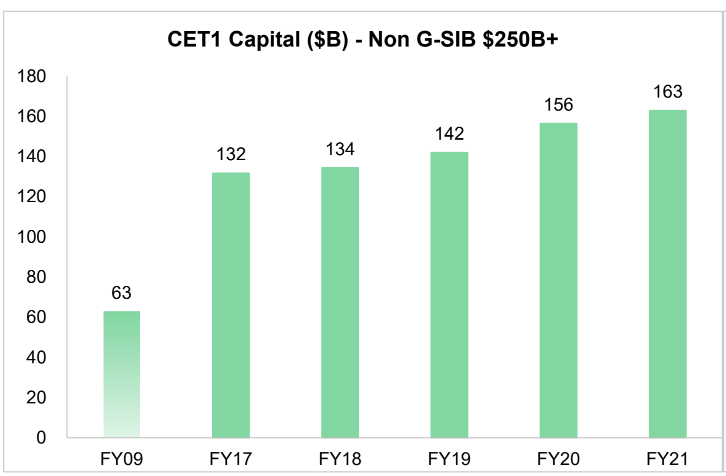
Chart Book: Regulatory Ratios

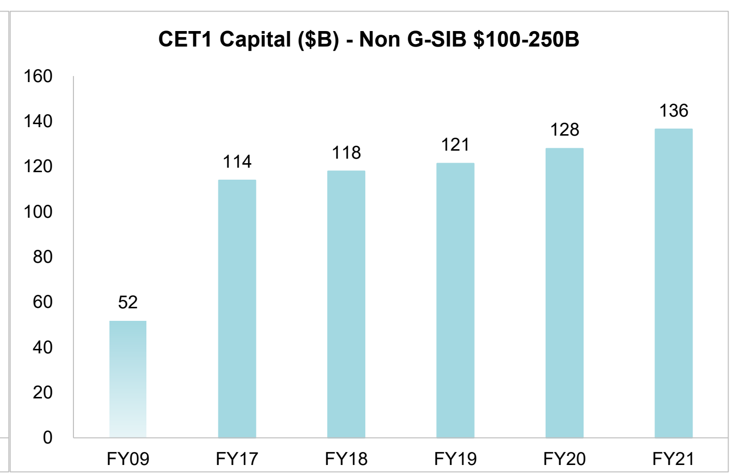
Non G-SIBs are held to a 7% minimum Basel III CET1 requirement. The G-SIBs are held to various levels of an additional buffer based on BIS methodology (please see the Appendix). We compare the average ratios for all CCAR firms and non G-SIBs to the maximum G-SIB requirements, inclusive of the highest buffers. This emphasizes the excess capital and liquidity held by financial institutions of all sizes. In general, there has been substantial growth in regulatory ratios across all categories of banks.

Common Equity Tier 1 (CET1) Capital Levels





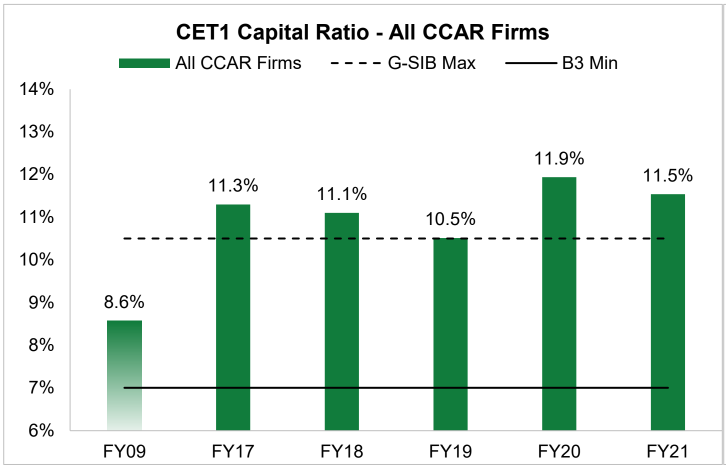


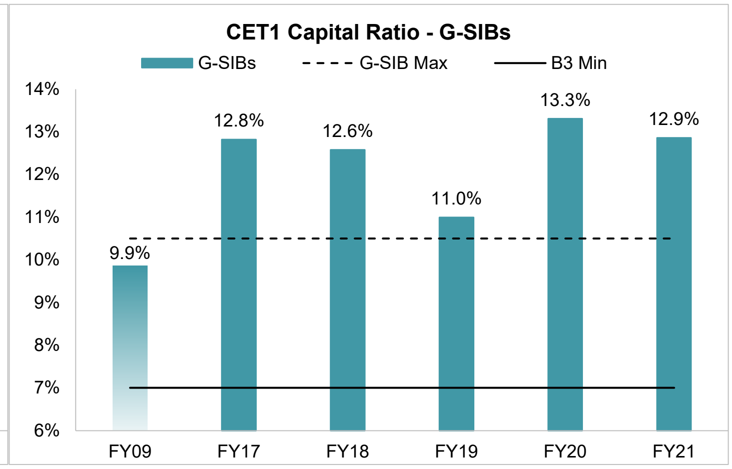


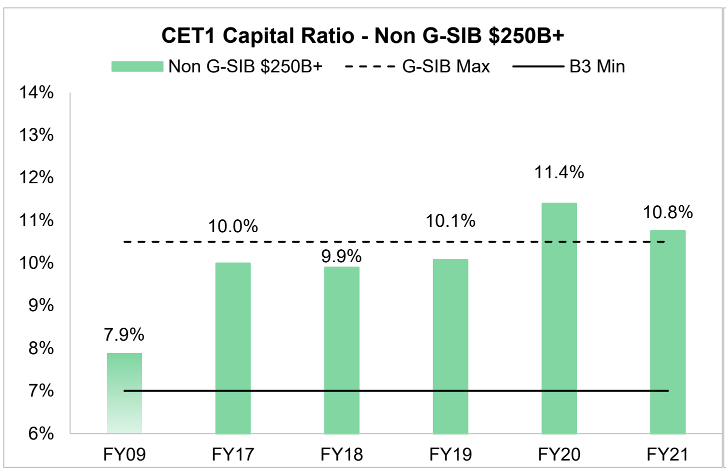
Source: Bloomberg, SIFMA estimates
Note: Capital levels may fluctuate with changes in regulations/taxes/laws

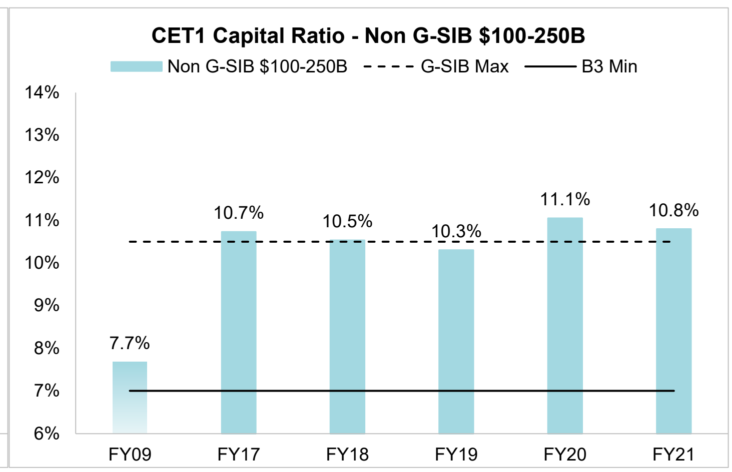
CET1 Capital Ratios

Currently, the maximum CET1 ratio inclusive of the highest surcharge would be 9.5% (no G-SIBs are currently in bucket 5). Yet, all firms are above the full maximum level of 10.5%.







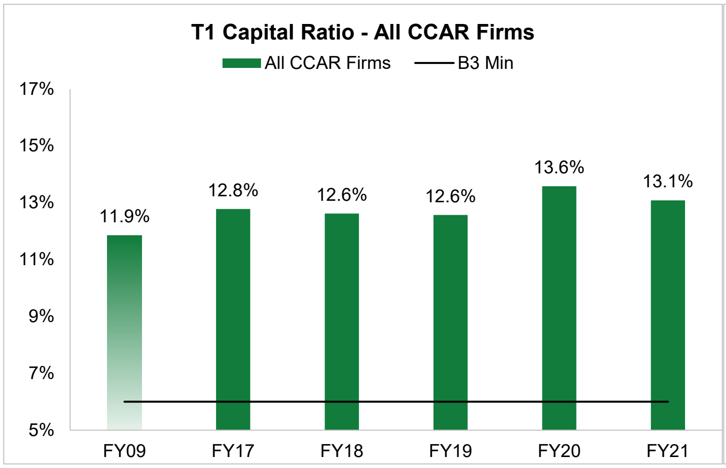


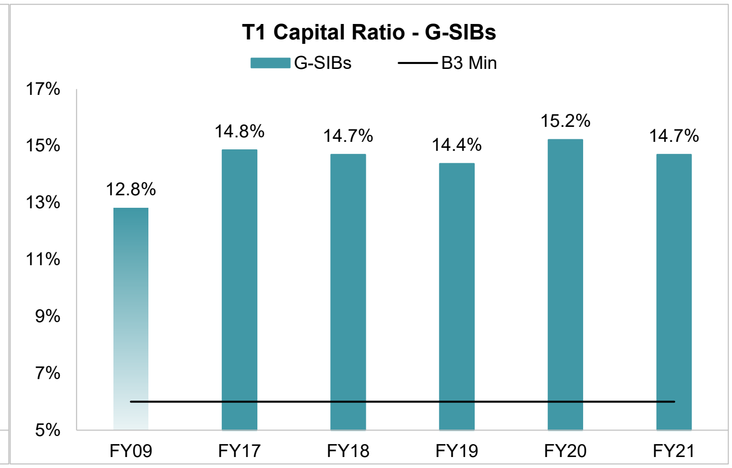
Source: Bloomberg, SIFMA estimates
Note: Capital levels may fluctuate with changes in regulations/taxes/laws. Basel III minimum = 7.0%

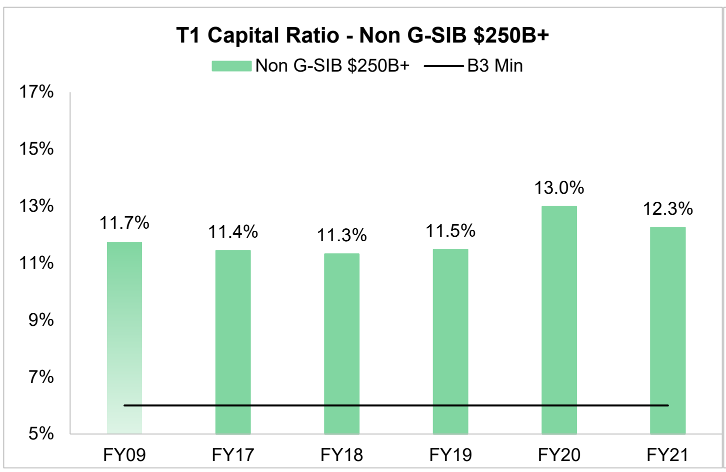
Tier 1 (T1) Capital Levels

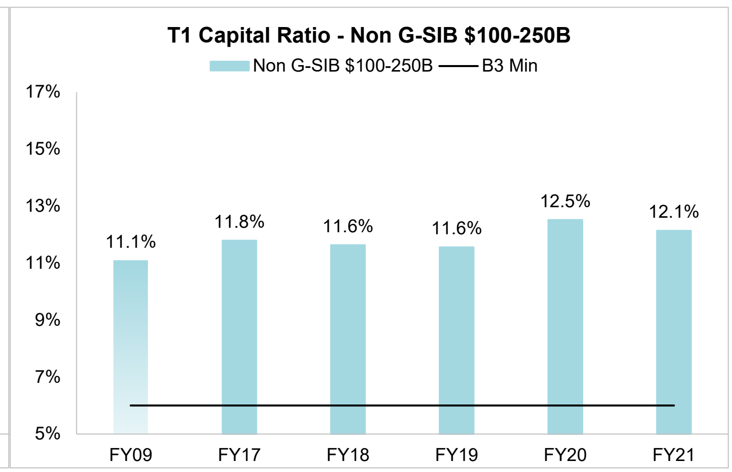
Source: Bloomberg, SIFMA estimates
Note: Capital levels may fluctuate with changes in regulations/taxes/laws

Tier 1 (T1) Capital Ratios



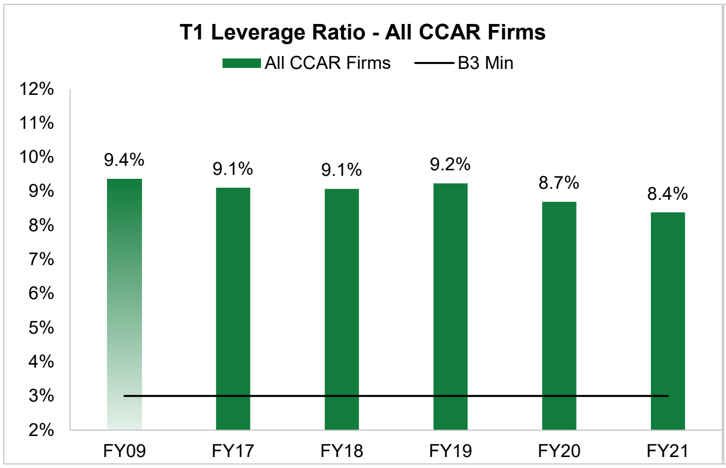


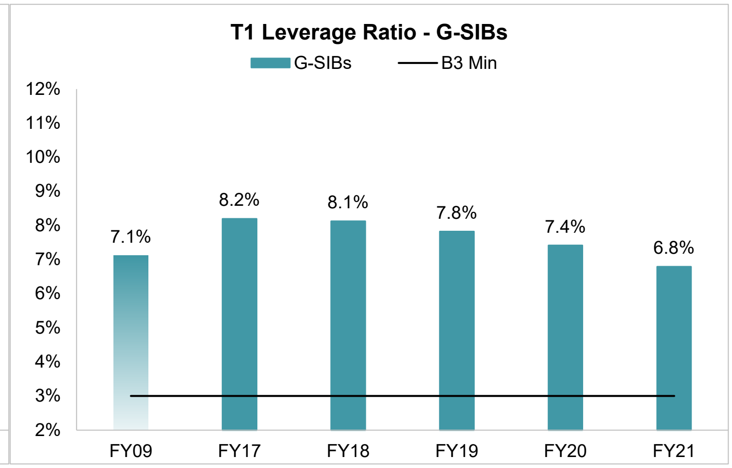


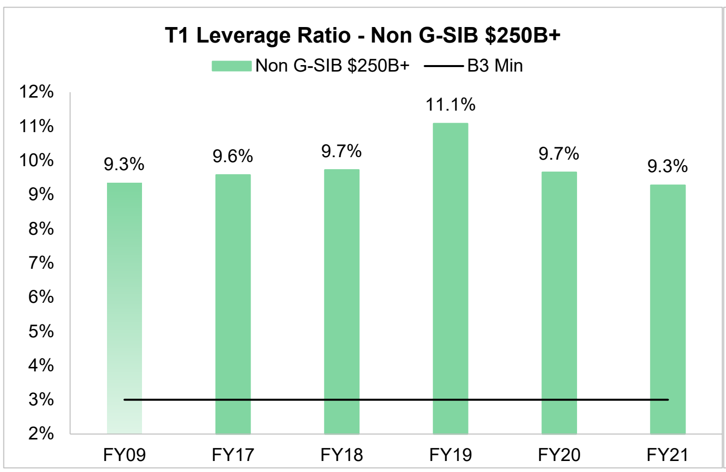


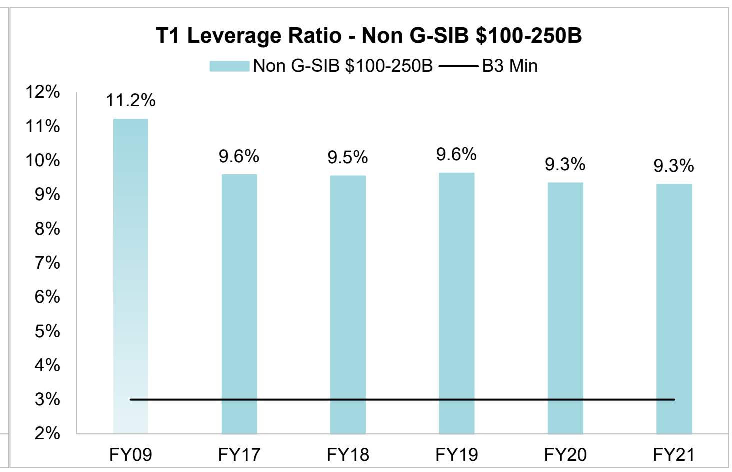
Source: Bloomberg, SIFMA estimates
Note: Capital levels may fluctuate with changes in regulations/taxes/laws. Basel III minimum = 6.0%

Tier 1 (T1) Leverage Ratios



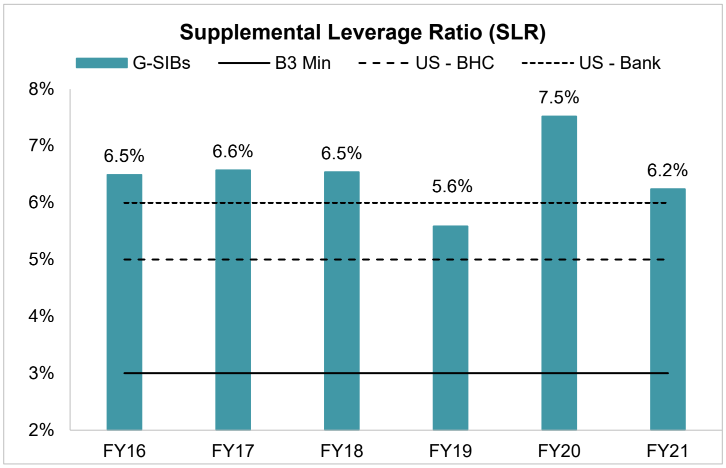




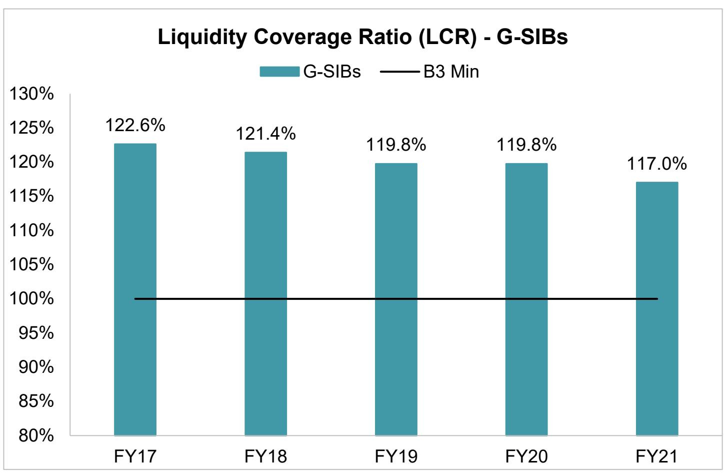


Source: Bloomberg, SIFMA estimates
Note: Levels may fluctuate with changes in regulations/taxes/laws. Basel III minimum = 3.0%

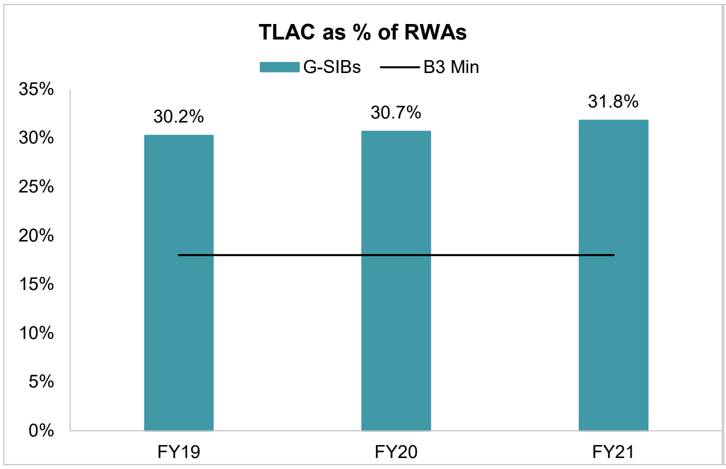
Supplementary Leverage Ratio (SLR)

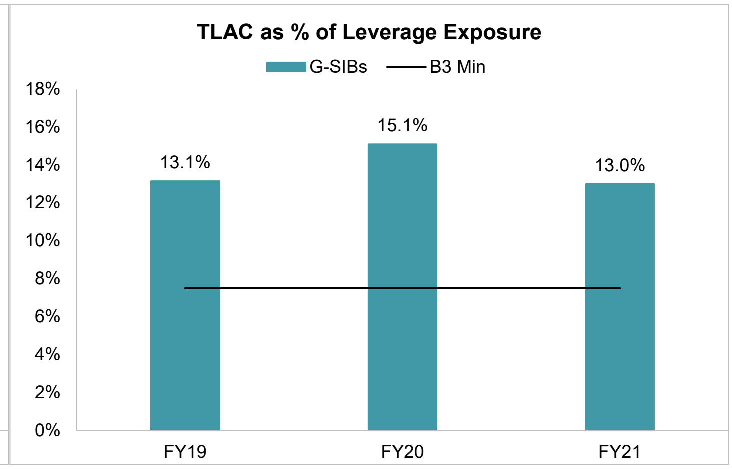


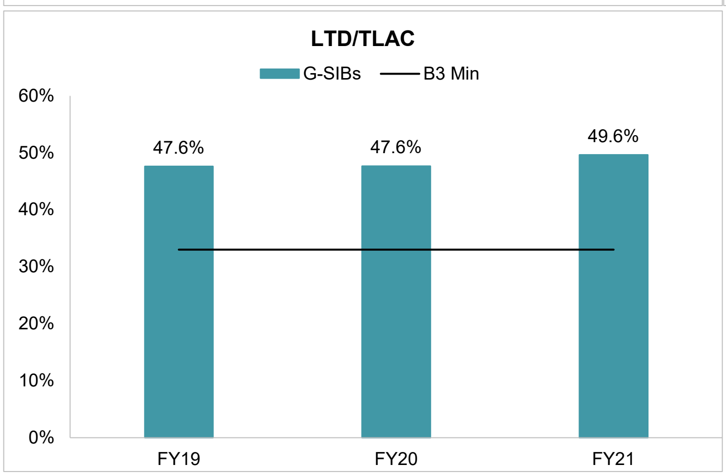
Liquidity Coverage Ratio (LCR)

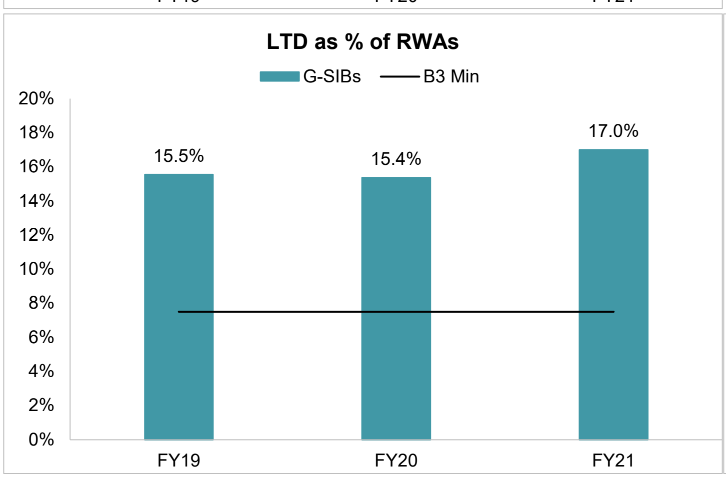


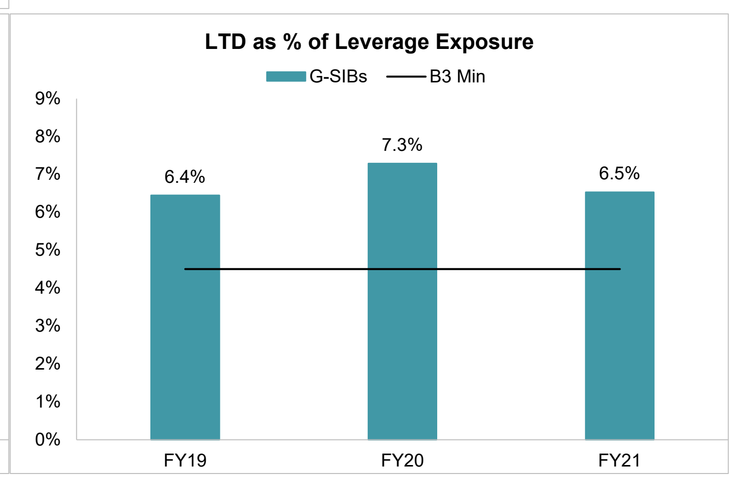
Total Loss Absorbing Capital (TLAC) Ratios











Source: Bloomberg, SIFMA estimates

Note: Levels may fluctuate with changes in regulations/taxes/laws. TLAC holdings standards for loss-absorbing and recapitalization capacity in resolution for G-SIBs only. RWA = risk-weighted assets. LTD = long-term debt. Basel III minimums: TLAC/RWA = stated as around 2x capital, or 16-18%, but we use the max of 18.0%; TLAC/leverage exposure = 7.5%; LTD/TLAC = 33.0%; LTD/RWA = 7.5%; LTD/ leverage exposure = 4.5%

Appendix: Methodology

When analyzing the charts in this report, please note the following:

- We analyze the 22 U.S. CCAR[4] banks as a proxy for the entire U.S. financial system; we do not include the U.S. operations of foreign banks included in CCAR given lack of data
- We further split the banks into subgroups
    - All 22 CCAR firms
    - The 8 global systemically important banks (G-SIB), as identified by the Bank for International Settlements' (BIS) methodology
    - The 4 non G-SIB firms with assets over $250 billion
    - The 10 non G-SIB firms with assets between $100 and $250 billion
- While the firms included in CCAR have changed over the years, we perform this analysis with the current group of firms
- Ratios and other data may fluctuate over time with changes in regulations, laws or tax codes
- The time series goes back to 2009 for regulatory ratios, but the G-SIB methodology was not published until November 2011 – therefore, firms were not "below" requirements, the requirements did not exist

[4] Comprehensive Capital Analysis and Review = a U.S. regulatory framework introduced by the Federal Reserve to analyze, supervise, and regulate the bank holding companies of large financial institutions

Appendix: CCAR Firm List

Category	Ticker	Name	U.S. Operations of Foreign Firms Not Included
G-SIB	BAC	Bank of America	Barclays US LLC
	BK	Bank of New York Mellon	BMO Financial Corporation
	C	Citigroup	BNP Paribas USA, Inc.
	GS	Goldman Sachs	Credit Suisse Holdings (USA)
	JPM	JP Morgan	DB USA Corporation
	MS	Morgan Stanley	DWS
	STT	State Street	HSBC North America Holdings Inc.
	WFC	Wells Fargo	MUFG Americas Holdings Corporation
Non G-SIB $250B+	COF	Capital One	RBC USA Holdco Corporation
	PNC	PNC Financial	Santander Holdings USA, Inc.
	TFC	Truist	TD Group US Holdings LLC
	USB	U.S. Bancorp	UBS Americas Holdings LLC
Non G-SIB $100-250B	ALLY	Ally Financial	
	AXP	American Express	
	CFG	Citizens	
	DFS	Discover	
	FITB	Fifth Third	
	HBAN	Huntington	
	KEY	KeyCorp	
	MTB	M&T Bank	
	NTRS	Northern Trust	
	RF	Regions Financial	

Note: Zions, Comerica & CIT dropped in 2018 due to regulatory reform; data not available for standalone U.S. operations of foreign firms

Appendix: G-SIB List

Bucket	Surcharge	GSIB
5	3.5%	(Empty)
4	2.5%	**JP Morgan**
3	2.0%	BNP Paribas
		Citigroup
		HSBC
2	1.5%	**Bank of America**
		Bank of China
		Barclays
		China Construction Bank
		Deutsche Bank
		Goldman Sachs
		Industrial and Commercial Bank of China
		Mitsubishi UFJ FG
1	1.0%	Agricultural Bank of China
		Bank of New York Mellon
		Credit Suisse
		Groupe BPCE
		Groupe Crédit Agricole
		ING Bank
		Mizuho FG
		Morgan Stanley
		Royal Bank of Canada
		Santander
		Société Générale
		Standard Chartered
		State Street
		Sumitomo Mitsui FG
		Toronto Dominion
		UBS
		UniCredit
		Wells Fargo

Source: Financial Stability Board (as of November 2021)

Appendix: Terms to Know

CFPB	Consumer Financial Protection Bureau (United States)
CFTC	Commodity Futures Trading Commission
FDIC	Federal Deposit Insurance Corporation
Fed	Federal Reserve System
FINRA	Financial Industry Regulatory Authority
OCC	Office of the Comptroller of the Currency
SEC	Securities and Exchange Commission

BHC	Bank Holding Company
G-SIB	Global Systemically Important Bank
LEI	Legal Entity Identifier
QIS	Quantitative Impact Studies

B3	(Basel III) International Regulatory Framework for Banks
CCAR	Comprehensive Capital Analysis and Review
CLAR	Comprehensive Liquidity Analysis and Review
DFA	Dodd–Frank Wall Street Reform and Consumer Protection Act
EMIR	European Market Infrastructure Regulation
MiFID	Markets in Financial Instruments Directive
MiFID II	Markets in Financial Instruments Directive (revised)
MiFIR	Markets in Financial Instruments Regulation

CET1	Common Equity Tier 1
T1C	Tier 1 Capital
AT1	Additional Tier 1 Capital
T2C	Tier 2 Capital
TLAC	Total Loss-Absorbing Capacity
RWA	Risk-Weighted Assets
CVA	Credit Valuation Adjustment
CTP	Correlation Trading Portfolio

LCR	Liquidity Coverage Ratio
HQLA	High Quality Liquid Assets
NCOF	Net Cash Outflows

NSFR	Net Stable Funding Ratio
ASF	Available Amount of Stable Funding
RSF	Required Amount of Stable Funding

SLR	Supplemental Leverage Ratio
TE	Total Exposure
PFE	Potential Future Exposure

FRTB	Fundamental Review of the Trading Book

Authors

SIFMA Research
Katie Kolchin, CFA, Director of Research
Justyna Podziemska
research@sifma.org