

Bank Capital: Lessons from the U.S. Financial Crisis

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Key Regulatory and Supervisory Issues in a
Basel III World

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Figure 1

Capital Erosion at Large U.S. Financial Institutions

Financial Institution	Crisis Period	Capital Ratio Erosion (in Basis Points)
		Tier 1 Common Equity
Washington Mutual, Inc.	4Q07 - 9/25/08	(1202)
Countrywide Financial Corp.	3Q07 - 7/1/08	(769)
Merrill Lynch & Co., Inc.	6/30/07 - 12/31/08	(756)
National City Corp.	4Q07 - 12/31/08	(751)
Ally Financial Inc.	3Q07 - 4Q09	(636)
Lehman Brothers Holdings Inc.	3/1/08 - 9/14/08	(610)
Wachovia Corp.	1Q08 - 12/31/08	(590)
State Street Corp.	4Q07 - 2Q09	(527)
Citigroup Inc.	4Q07 - 4Q08	(380)
Bear Stearns Companies Inc.	9/1/07 - 5/30/08	(358)
Capital One Financial Corp.	1Q10	(327)
MetLife, Inc.	1Q08 -1Q09	(315)
KeyCorp	2Q08 - 1Q10	(242)
Morgan Stanley	9/1/07 - 12/31/08	(145)
Regions Financial Corp.	4Q08 - 1Q11	(140)
American Express Co.	1Q10	(96)
Fifth Third Bancorp	2Q08 - 4Q08	(93)
Bank of New York Mellon Corp.	1Q08 - 4Q08	(90)
PNC Financial Services Group, Inc.	1Q08 - 4Q08	(87)
Wells Fargo & Co.	3Q08 - 4Q08	(81)
SunTrust Banks, Inc.	2Q08-1Q10	(69)
Bank of America Corp.	4Q10-3Q11	(66)
Goldman Sachs Group, Inc.	8/30/08 - 12/26/08	(36)
BB&T Corp.	4Q10	(10)
JPMorgan Chase & Co.	3Q08	(4)
U.S. Bancorp	--	0

Source: Forthcoming working paper, Federal Reserve Bank of Boston

Figure 2

Summary of Tier 1 Common Capital Erosion at Large U.S. Financial Institutions During the Crisis

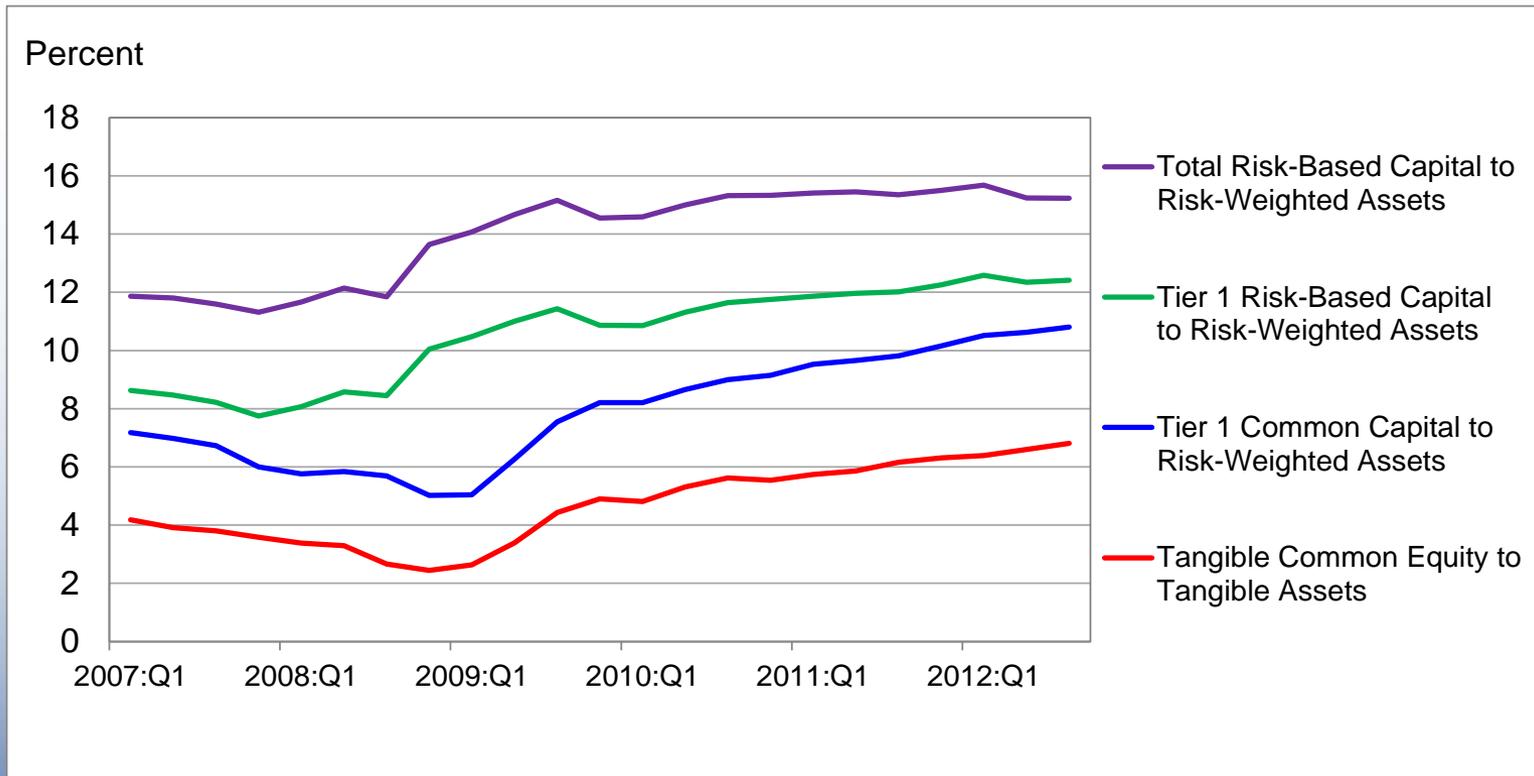
Size of Tier 1 Common Equity Capital Ratio Erosion	Number of Financial Institutions
< 200 Basis Points	13 of 26
200 to 300 Basis Points	1 of 26
300 to 450 Basis Points	4 of 26
> 450 Basis Points	8 of 26

Source: Forthcoming working paper, Federal Reserve Bank of Boston

Figure 3

Capital Measures for Large U.S. Banking Organizations

2007:Q1 - 2012:Q3



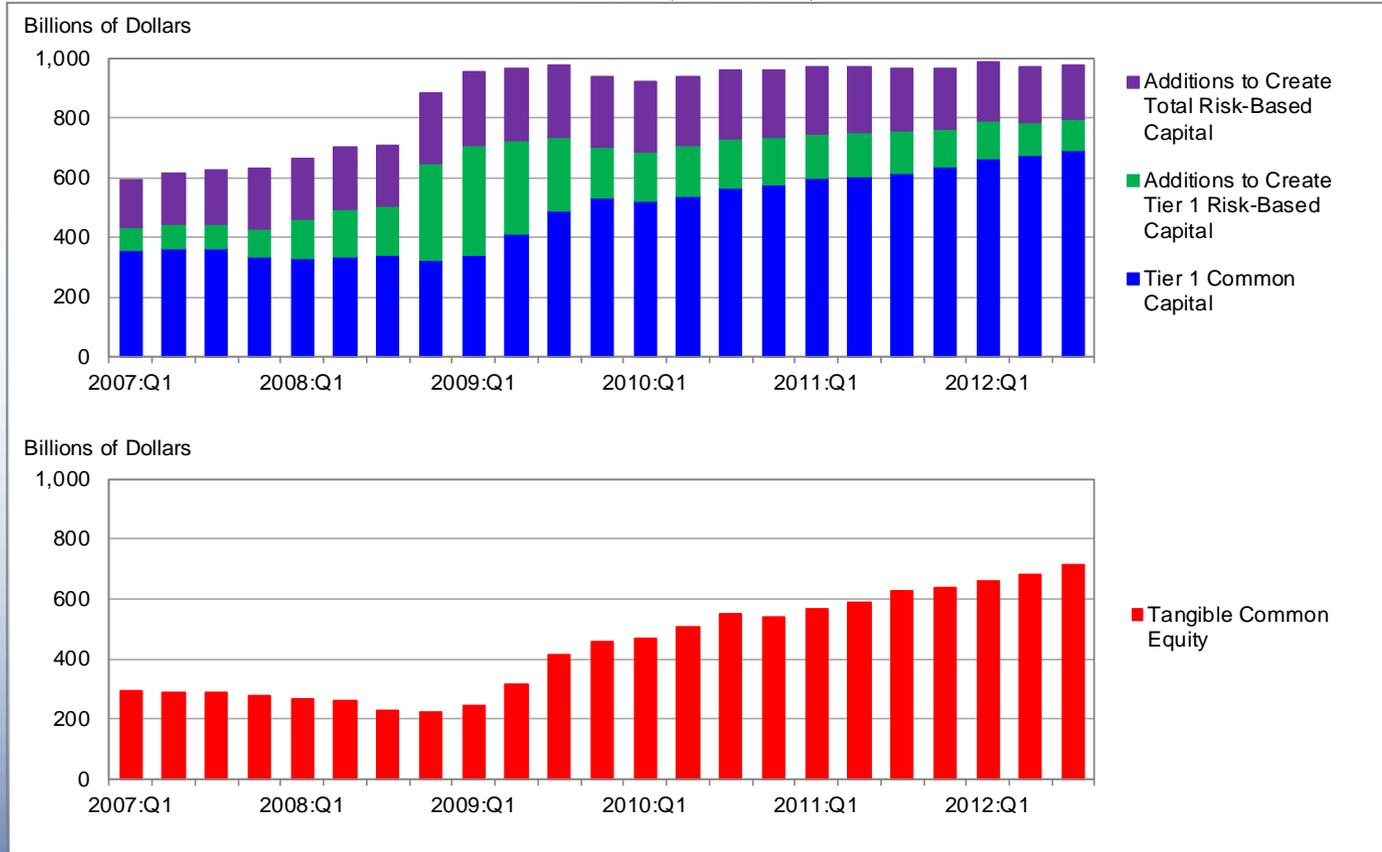
Note: Includes 15 large banking organizations that filed the FR Y-9C throughout the six-year period

Source: Consolidated Financial Statements for Bank Holding Companies (FR Y-9C)

Figure 4

Composition of Capital at Large U.S. Banking Organizations

2007:Q1 - 2012:Q3

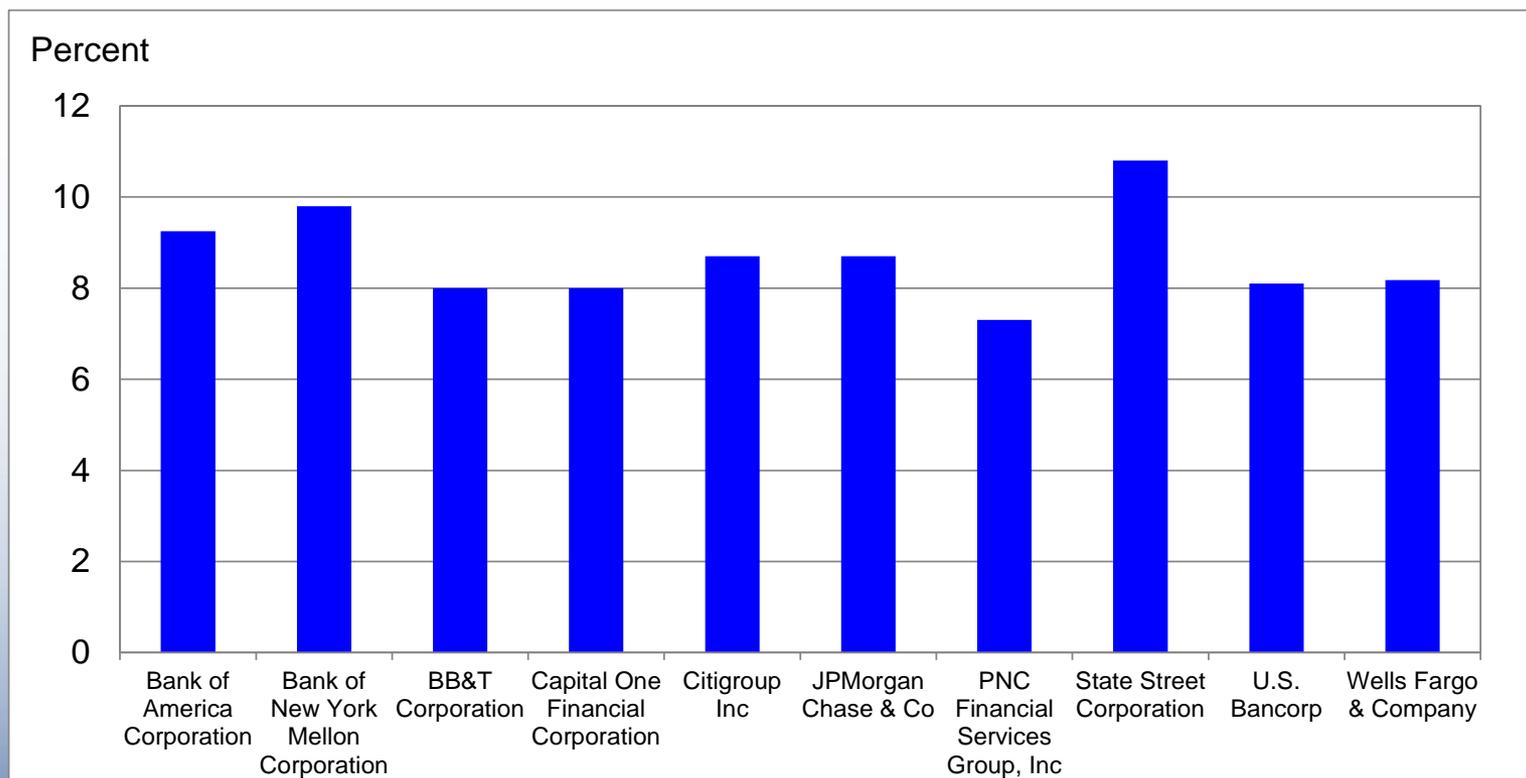


Note: Includes 15 large banking organizations that filed the FR Y-9C throughout the six-year period
 Source: Consolidated Financial Statements for Bank Holding Companies (FR Y-9C)

Figure 5

Basel III Tier 1 Common Capital Ratio Estimates for Large U.S. Banking Organizations

2012:Q4

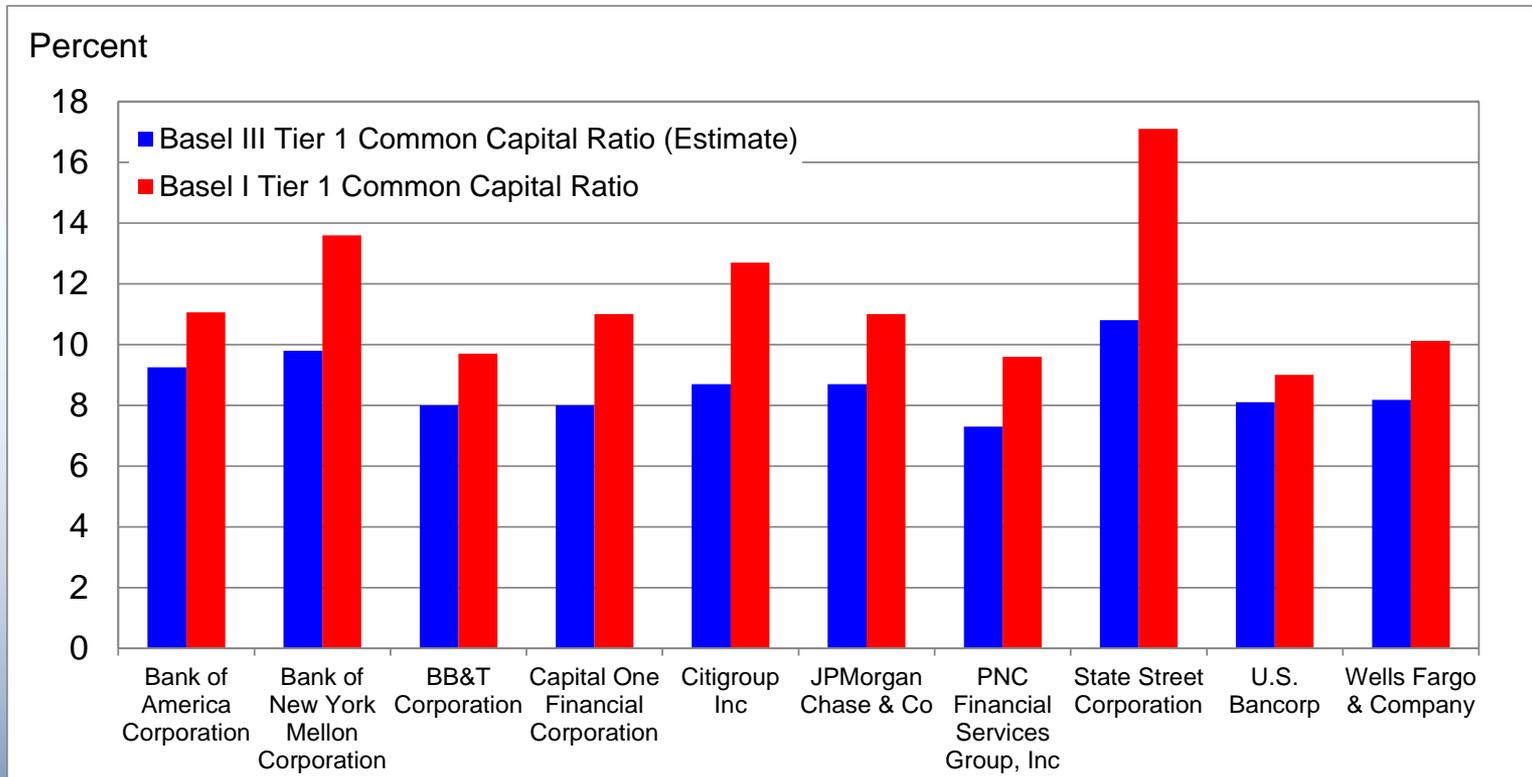


Note: The Basel III Tier 1 Common Capital Ratios are estimates provided by the banking organizations in their most recent earnings press releases. They are based on Notices of Proposed Rulemaking (NPRs) released in June 2012. As these are subject to interpretation, the ratios may not be directly comparable until the rules are finalized.

Figure 6

Basel I and Basel III Tier 1 Common Capital Ratios for Large U.S. Banking Organizations

2012:Q4



Note: The Basel III Tier 1 Common Capital Ratios are estimates provided by the banking organizations in their most recent earnings press releases. They are based on Notices of Proposed Rulemaking (NPRs) released in June 2012. As these are subject to interpretation, the ratios may not be directly comparable until the rules are finalized.