Basel Committee on Banking Supervision

BANK FOR INTERNATIONAL SETTLEMENTS

Press release

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Basel III monitoring results published by the Basel Committee

All large internationally active banks meet Basel III minimum and CET1 target capital requirements

The Basel Committee today published the results of its latest Basel III monitoring exercise. The Committee established a rigorous reporting process to regularly review the implications of the Basel III standards for banks and it has published the results of previous exercises since 2012.

Data have been provided for a total of 230 banks, comprising 101 large internationally active banks ("Group 1 banks", defined as internationally active banks that have Tier 1 capital of more than €3 billion) and 129 "Group 2 banks" (ie representative of all other banks).

Overview of results

	30 June 2015		31 December 2014	
	Group 1	Group 2	Group 1	Group 2
Average CET1 ratio (%)	11.5	12.8	11.1	12.3
CET1 target shortfall (€bn)	0.0	0.2	0.0	1.5
AT1 target shortfall (€bn)	3.4	2.9	6.5	5.9
Tier 2 target shortfall (€bn)	12.8	5.6	40.6	5.5
Sum (€bn)	16.2	8.6	47.2	12.9
LCR (%)	123.6	140.1	125.3	144.3
NSFR (%)	111.9	114.0	111.2	113.9

All data provided on a fully phased-in basis. Target level capital requirements are 7.0%–9.5% CET1; 8.5%–11.0% Tier 1; and 10.5%–13.0% total capital.

On a fully phased-in basis, data as of 30 June 2015 show that all large internationally active banks meet the Basel III risk-based capital minimum Common Equity Tier 1 (CET1) requirements as well as the target level of 7.0%

(plus the surcharges on global systemically important banks – G-SIBs – as applicable). Between 31 December 2014 and 30 June 2015, Group 1 banks continued to reduce their capital shortfalls relative to the higher Tier 1 and Total capital target levels; the additional Tier 1 (AT1) capital shortfall has decreased from €6.5 billion to €3.4 billion and the Tier 2 capital shortfall from €40.6 billion to €12.8 billion. Most of this Tier 2 capital shortfall is attributable to the G-SIBs in the sample, while the AT1 capital shortfall is fully attributable to the non-G-SIB Group 1 banks. As a point of reference, the sum of after-tax profits prior to distributions across the same sample of Group 1 banks for the six-month period ending 30 June 2015 was €307.2 billion.

Under the same assumptions, there is no capital shortfall for Group 2 banks included in the sample for the CET1 minimum of 4.5%. For a CET1 target level of 7.0%, the shortfall has narrowed from €1.5 billion to €0.2 billion since the previous period.

The monitoring reports also collect bank data on Basel III's liquidity requirements. Basel III's Liquidity Coverage Ratio (LCR) was set at 60% in 2015, increases to 70% in 2016 and will continue to rise in equal annual steps to reach 100% in 2019. The weighted average LCR for the Group 1 bank sample was 123.6% on 31 December 2015, slightly down from 125.3% six months earlier. For Group 2 banks, the weighted average LCR was 140.1%, down from 144.3% six months earlier. Of the 160 banks in the LCR sample, 84% reported an LCR that met or exceeded 100%, while all banks reported an LCR at or above the 60% minimum requirement that was in place for 2015.

Basel III also includes a longer-term structural liquidity standard – the Net Stable Funding Ratio (NSFR). The weighted average NSFR for the Group 1 bank sample was 111.9%, while for Group 2 banks the average NSFR was 114.0%. As of June 2015, 79% of the Group 1 banks and 83% of the Group 2 banks in the NSFR sample reported a ratio that met or exceeded 100%, while 92% of the Group 1 banks and 94% of the Group 2 banks reported an NSFR at or above 90%.

Note to editors

The results of the monitoring exercise assume that the final Basel III package is fully in force, based on data as of 30 June 2015. That is, they do not take account of the transitional arrangements set out in the Basel III framework, such as the gradual phase-in of deductions from regulatory capital. No assumptions were made about bank profitability or behavioural responses, such as changes in bank capital or balance sheet composition. For that reason, the results of the study may not be comparable with industry estimates.