



Banks' Loss Absorbing Capacity

A deep dive into GSIBs across jurisdictions

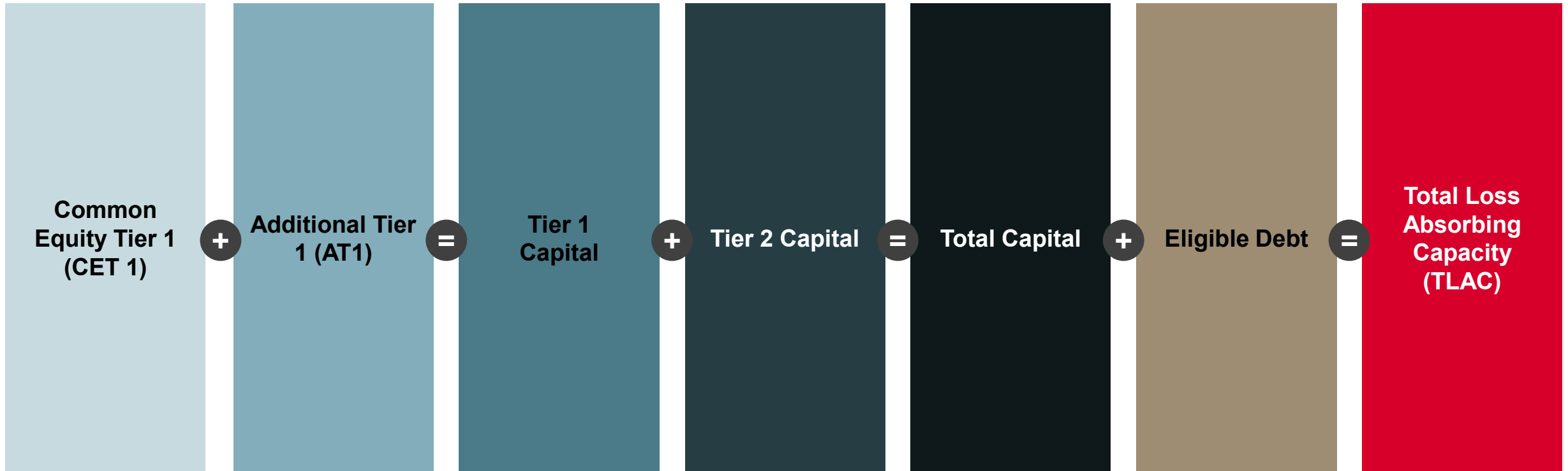
Mohsin Ali Khan
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28th April 2026

Agenda

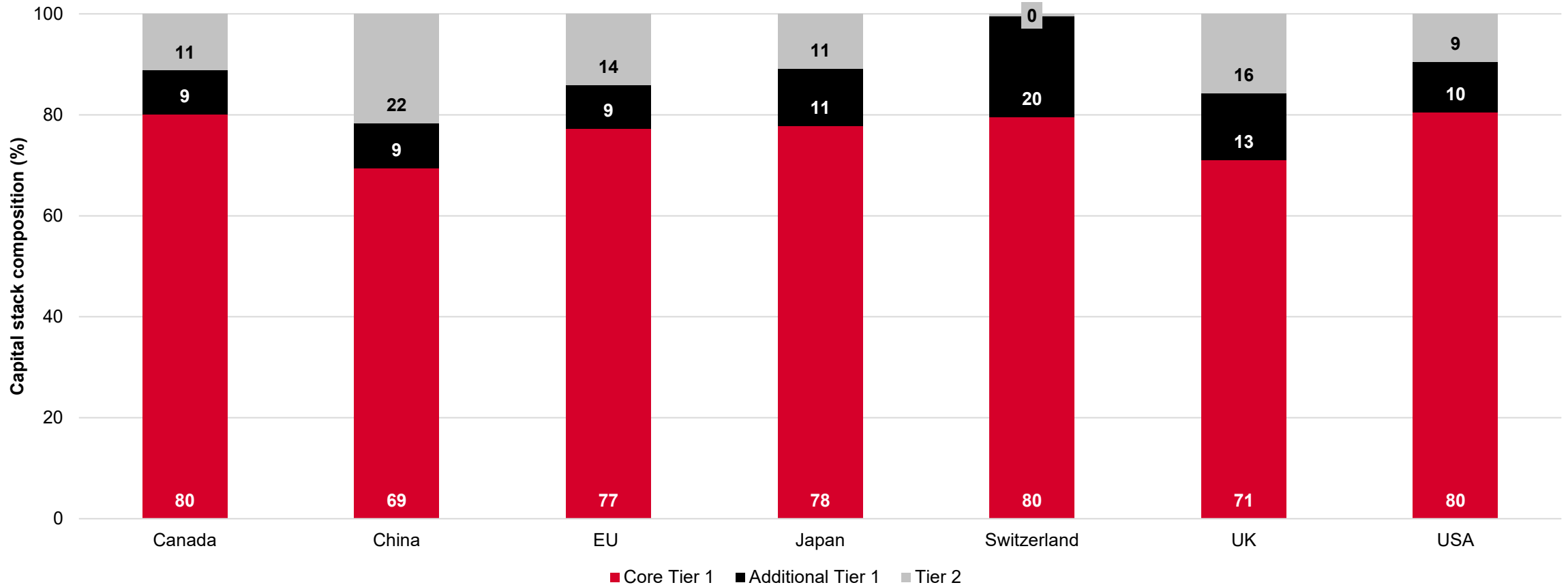
- **Demystifying total loss absorbing capacity**
- **Deep dive into GSIBs**
 - **Capitalization**
 - **Risk profile**
 - **Total loss absorbing capacity**
 - **Leverage**

Demystifying loss absorbing | Total loss absorbing capacity extends beyond capital to include eligible senior debt.



Anatomy of bank capital | CET 1 remains dominant, but variance in capital stack exists due different regulatory and funding strategies.

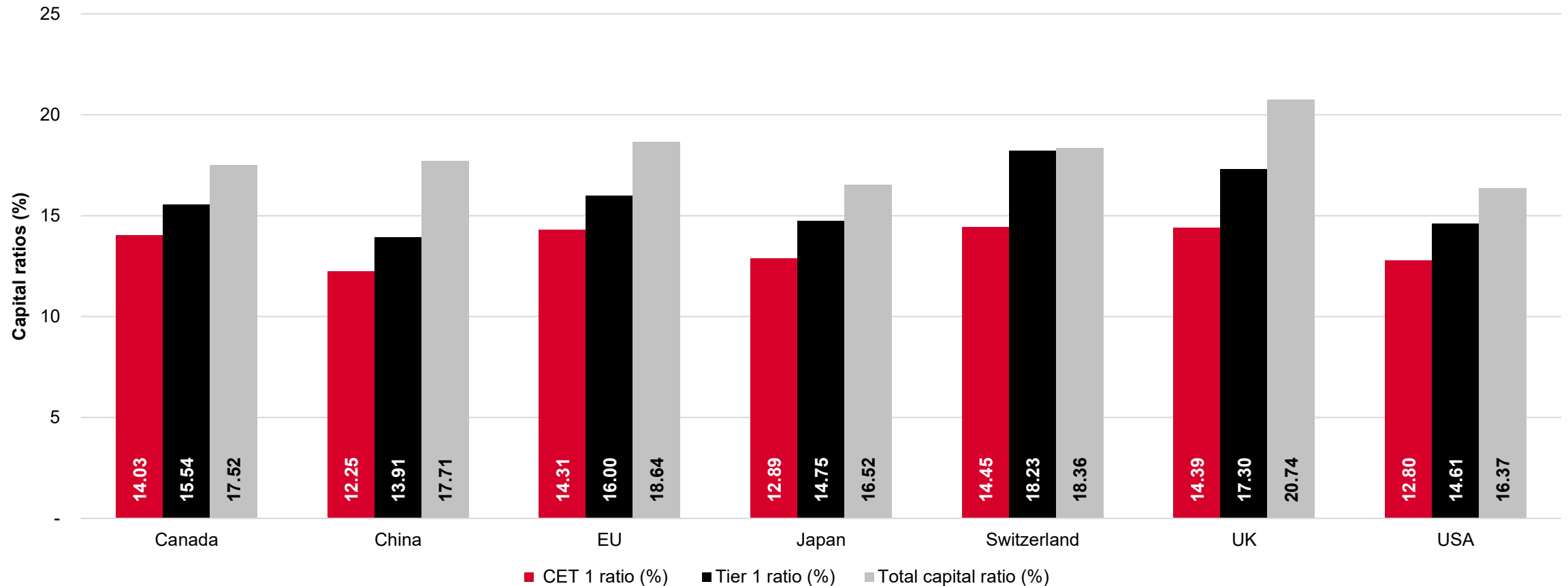
Capital stack composition (2021 – 2025)



Source: S&P Global Market Intelligence
 Data as of 28th April 2026, representing average over 2021 to 2025 for GSIBs across various jurisdictions. AT1 calculated as difference between Tier 1 and CET1 capital.

Baseline strength | European GSIBs lead in total capital ratios, compared to other regions.

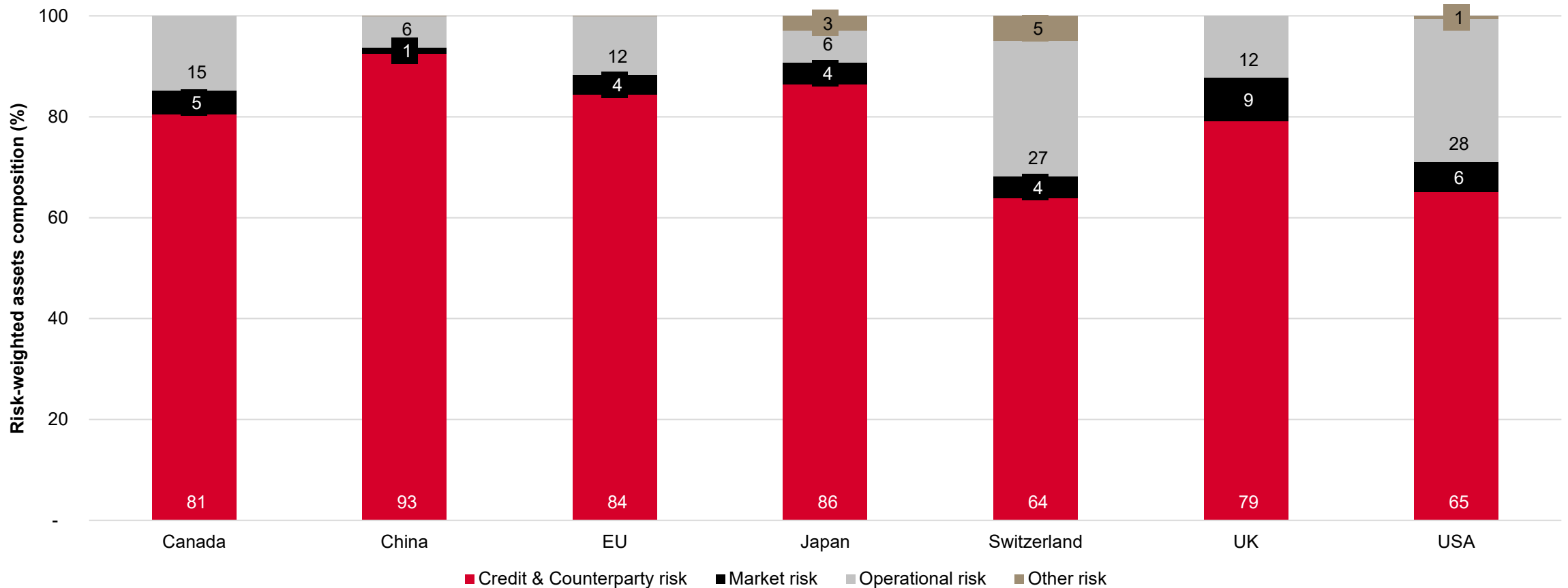
Capital ratios (2021-2025)



Source: S&P Global Market Intelligence
Data as of 28th April 2026, representing average over 2021 to 2025 for GSIBs across various jurisdictions.

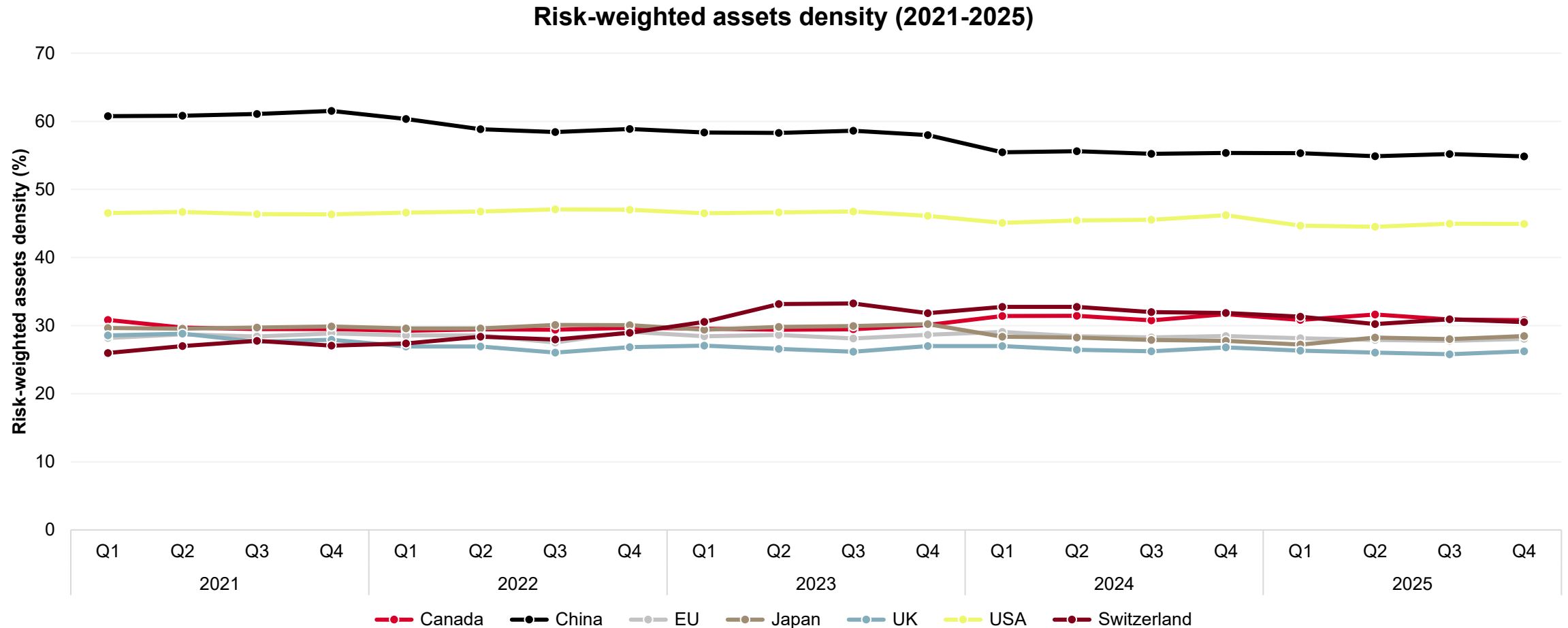
Drivers of risk-weighted assets | Credit dominates globally, but differences emerge in other risk types, especially operational risk.

Risk-weighted assets composition (2021-2025)



Source: S&P Global Market Intelligence
Data as of 28th April 2026, representing average over 2021 to 2025 for GSIBs across various jurisdictions.

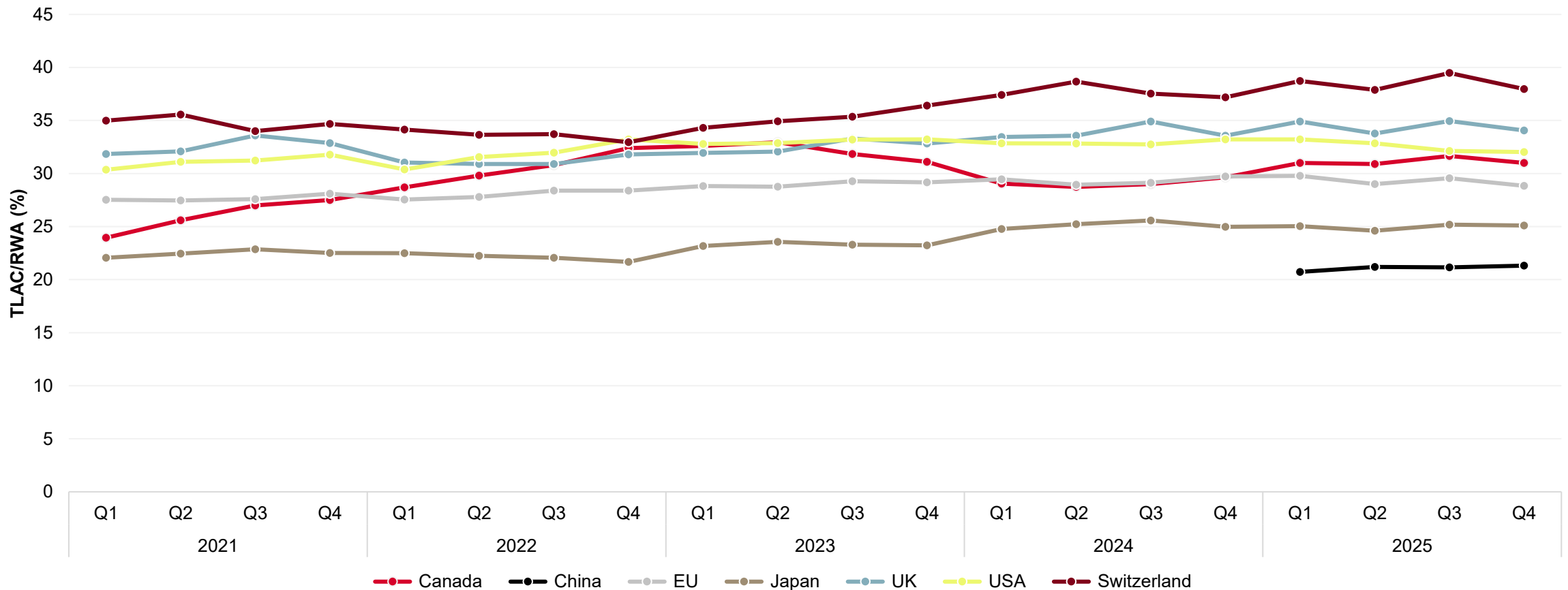
Weight of balance sheet | Variances reflect differences in banking models and associated risk profile.



Source: S&P Global Market Intelligence
 Data as of 28th April 2026, representing average of quarter-end values from 2021 to 2025 for GSIBs across various jurisdictions.

Risk-based calibration | Swiss and UK GSIBs lead the pack in risk-weighted loss absorbency.

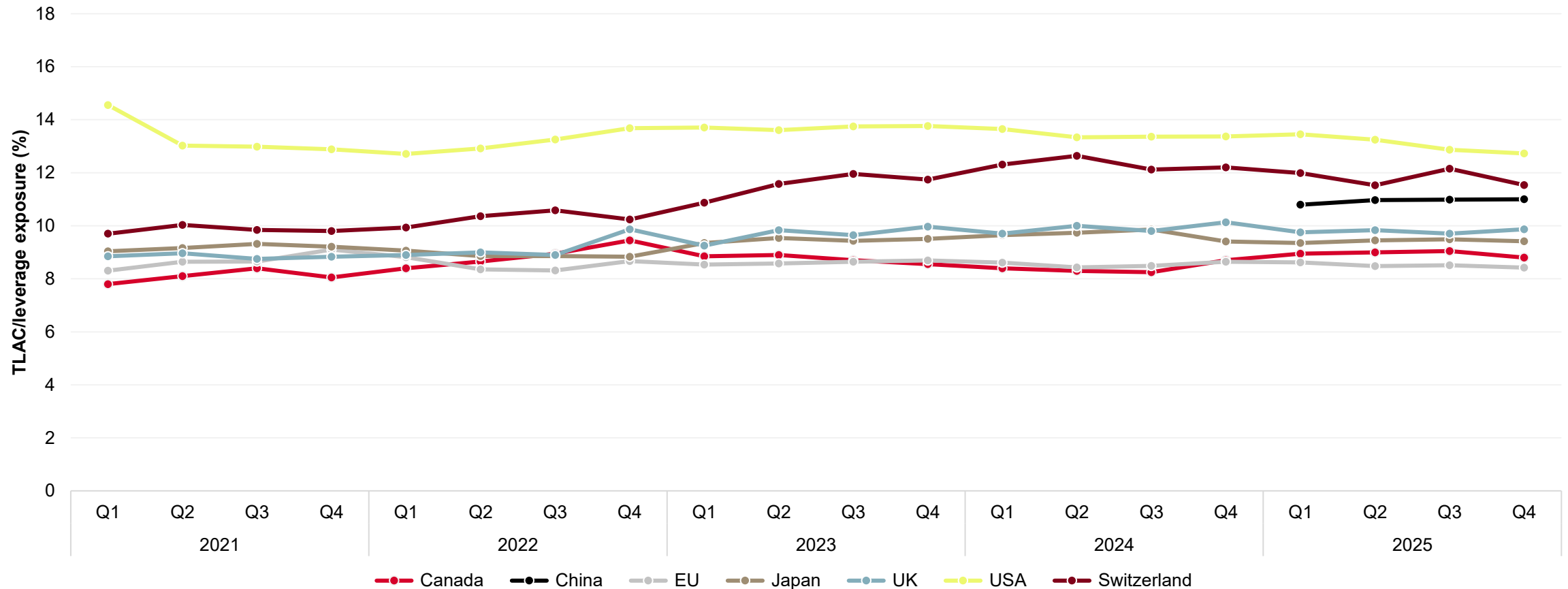
Total loss absorbing capacity as percent of risk-weighted assets (2021-2025)



Source: S&P Global Market Intelligence
Data as of 28th April 2026, representing average of quarter-end values from 2021 to 2025 for GSIBs across various jurisdictions.

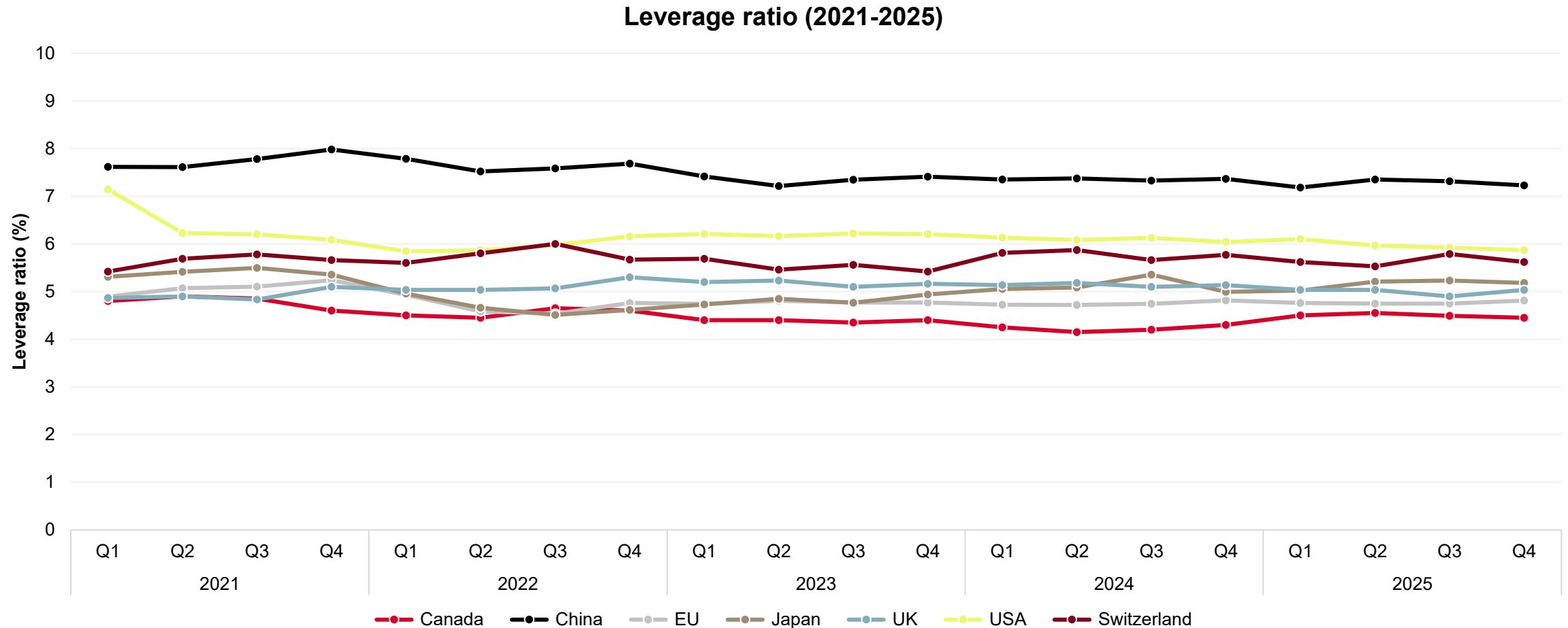
Unweighted reality | A different view emerges when risk-weightings are removed, with US GSIBs leading the pack.

Total loss absorbing capacity as percent of leverage exposure (2021-2025)



Source: S&P Global Market Intelligence
Data as of 28th April 2026, representing average of quarter-end values from 2021 to 2025 for GSIBs across various jurisdictions.

Ultimate backstop | Chinese GSIBs lead when viewing through the lens of unweighted capital adequacy.



Source: S&P Global Market Intelligence
 Data as of 28th April 2026, representing average of quarter-end values from 2021 to 2025 for GSIBs across various jurisdictions. Data point used is Basel III leverage ratio and equivalent Supplementary leverage ratio for US banks.

Capital strength and loss-absorbing capacity are about more than just levels; differences in risk management and institutional structure create vastly different resilience profiles.

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