

# Capital Adequacy

## Sizing up Global and Indian Banks

***We compare the Capital Base (Tier 1 and Tier 2) and Capital Adequacy Ratio of large global banks, Indian Banks- Public Sector, Private select SFBs and Cooperatives***

*For informational purpose only.*



**A**fter the Global Financial Crisis (GFC), higher Bank Capital seemed like an obvious solution to prevent such recurrence.

In this infographic storyboard we take a look at the Capital base and Capital Adequacy Ratio ( $CAR = (T1 \text{ capital} + T2 \text{ capital}) / \text{Risk-weighted assets}$ ) of select Global Banks and a major Indian Banks.

BASEL III requires banks to maintain 8% CAR plus a 2.5% capital conservation buffer. Many large and Systematically important banks already seem to be at comfortable levels.

But with unpredictable events like COVID, we wonder if maintaining high capital and risk-weighted assets be a sufficient and efficient controls to prevent future bank meltdown.

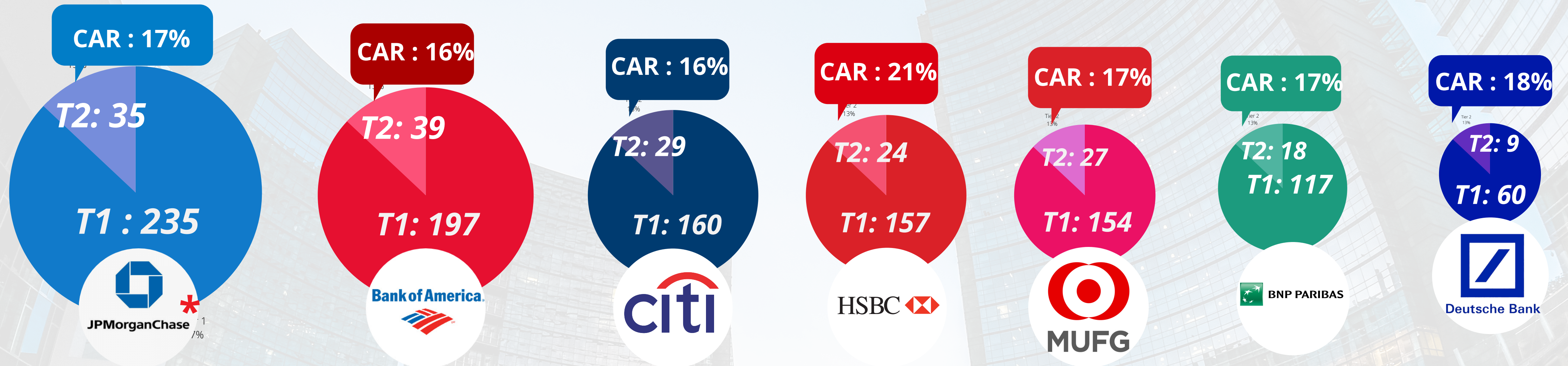
Only time will tell.



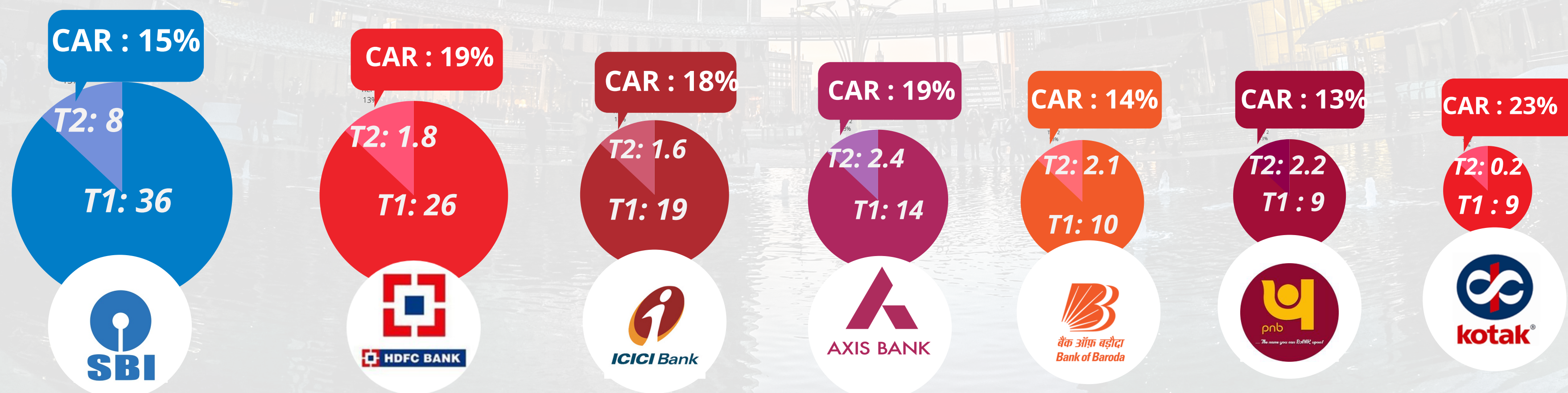


# COMPARING GLOBAL BANKS AND INDIA'S TOP BANKS

## GLOBAL BANKS (USD Bn)



## INDIAN BANKS (USD Bn)



T1= Tier 1 Capital | T2= Tier 2 Capital, as of Sept 2020, \* Number as of Dec 2020

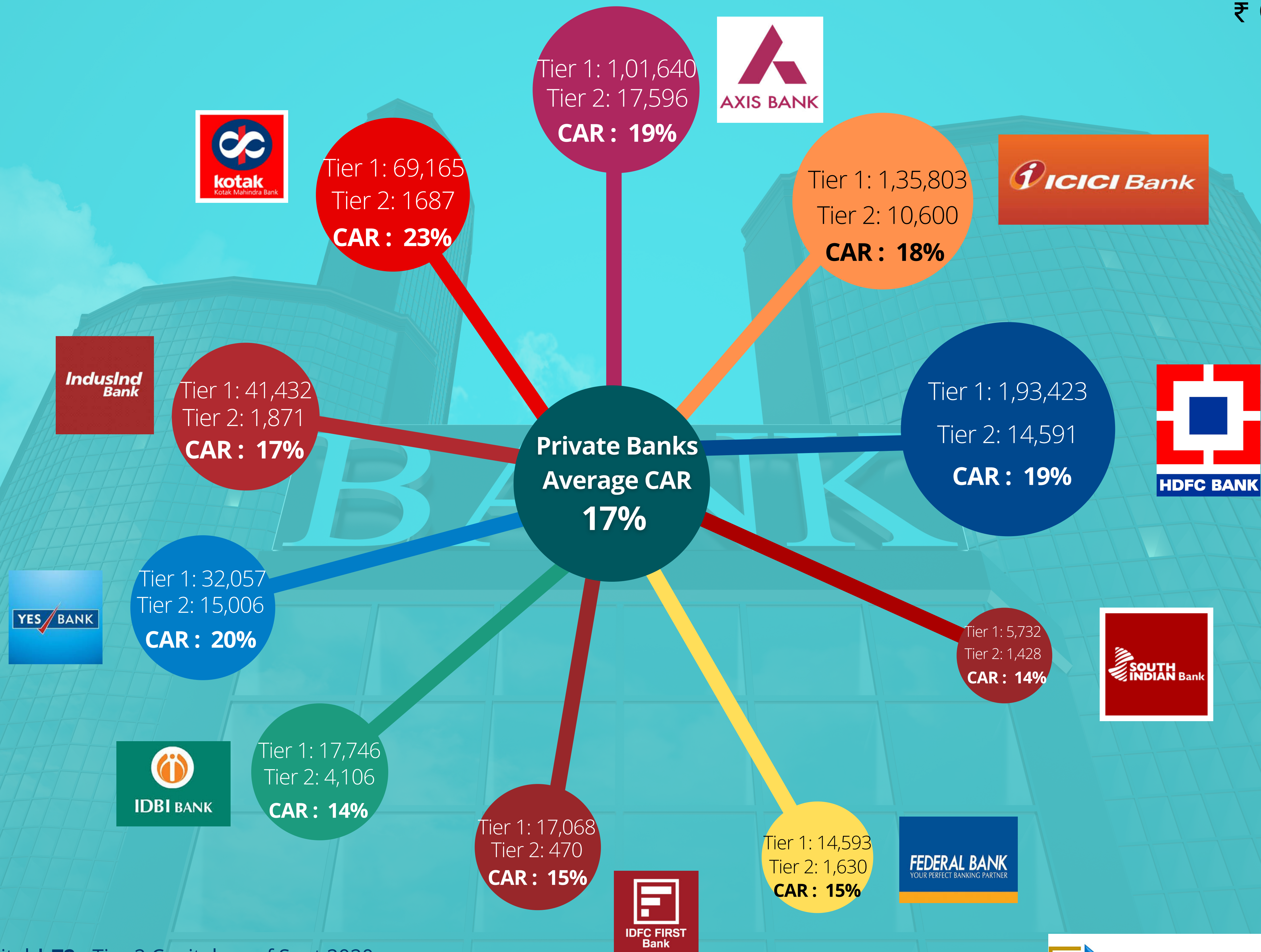
Size of the pie is only indicative of relative total Capital with T1 and T2 distribution. Not to scale.

Sources: Banks' Websites, Financials and Regulatory Basel III disclosures



# PRIVATE BANKS-INDIA

₹ Crores



T1= Tier 1 Capital | T2= Tier 2 Capital, as of Sept 2020

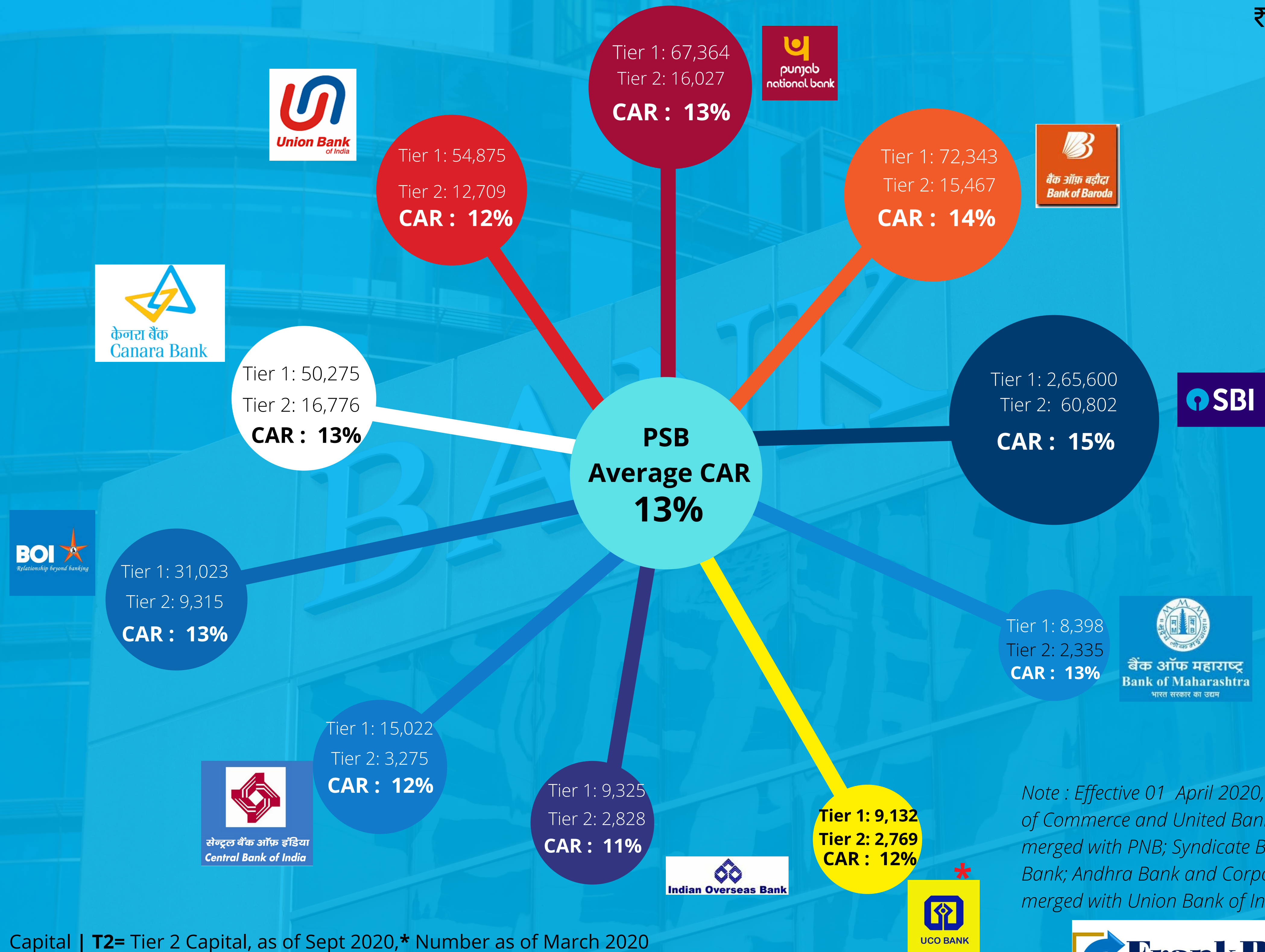
Size of the pie is only indicative of relative total Capital (T1+T2). Not to scale.

Sources: Banks' Websites, Financials and Regulatory Basel III disclosures



# PUBLIC SECTOR BANKS

₹ Crores



Note : Effective 01 April 2020, Oriental Bank of Commerce and United Bank of India merged with PNB; Syndicate Bank with Canara Bank; Andhra Bank and Corporation Bank merged with Union Bank of India

T1= Tier 1 Capital | T2= Tier 2 Capital, as of Sept 2020,\* Number as of March 2020

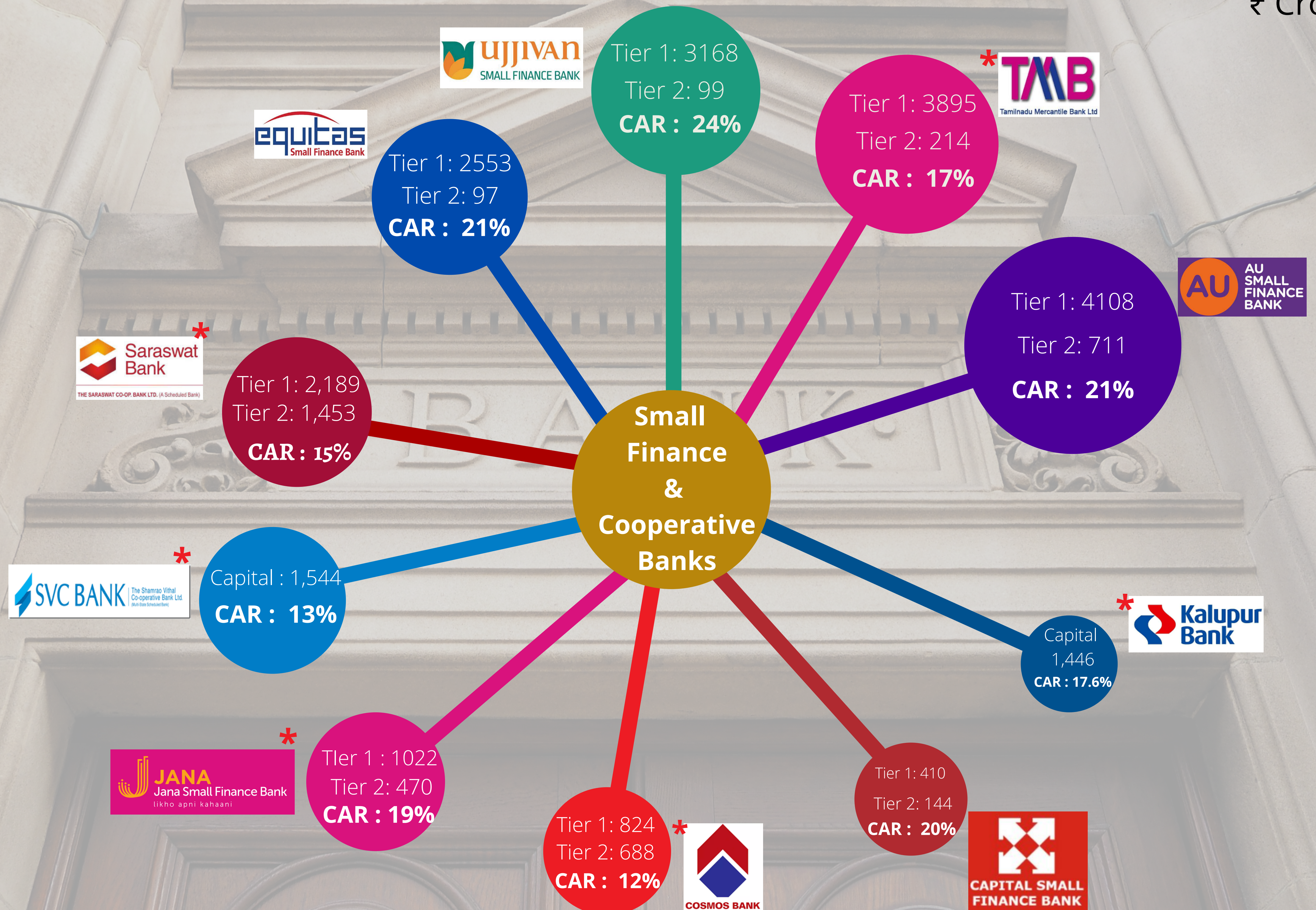
Size of the pie is only indicative of relative total Capital. Not to scale.

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# SFB AND CO-OPERATIVE BANKS

₹ Crores



T1= Tier 1 Capital | T2= Tier 2 Capital as of Sept 2020, \* Number as of March 2020

Size of the pie is only indicative of relative total Capital. Not to scale.

Sources: Banks' Websites, Financials and Regulatory Basel III disclosures





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