### Table 1.4. Bank Equity Requirement Analysis

*(In billions of dollars, unless shown)*

| | United States[1] | Euro Area | United Kingdom | Other Mature Europe[2] |
|---|---|---|---|---|
| **Estimated Capital Positions at end-2008** | | | | |
| Total reported writedowns to end-2008 | 510 | 154 | 110 | 70 |
| Capital raised to end-2008 | 391 | 243 | 110 | 48 |
| Tier 1/RWA ratios at end-2008 *(percent)* | 10.4 | 7.3 | 9.2 | 7.3 |
| TCE/TA end–2008 *(percent)* | 3.7 | 2.5 | 2.1 | 2.3 |
| **Scenario Bringing Forward Writedowns** | | | | |
| Expected Writedowns 2009-10 (1) | 550 | 750 | 200 | 125 |
| Writedown-adjusted Tier 1/RWA ratio *(percent)* | 6.7 | 1.1 | 4.7 | 1.7 |
| Writedown-adjusted TCE/TA *(percent)* | 0.1 | –0.2 | 0.4 | 0.5 |
| **Allowance for Expected Earnings** | | | | |
| Expected net retained earnings 2009 and 2010 (2) (after taxes and dividends) | 300 | 600 | 175 | 100 |
| Net drain on equity (retained earnings) 2009 and 2010 (3) = (1) – (2) | 250 | 150 | 25 | 25 |
| **Equity Requirements** | | | | |
| Equity needed to reduce leverage to 25 times[3] | 275 | 375 | 125 | 100 |
| Equity needed to reduce leverage to 17 times[4] | 500 | 725 | 250 | 225 |

Source: IMF staff estimates.

Note: Tier 1 = Tier 1 capital; RWA = risk-weighted assets; TA = tangible assets; TCE = tangible common equity.

[1]Excludes government-sponsored enterprises, which are expected to receive equity injections from the government of up to $250 billion to help support writedowns.

[2]Denmark, Iceland, Norway, Sweden, Switzerland.

[3]The approximate leverage assumed in the GFSR deleveraging scenario (a 4 percent TCE/TA ratio).

[4]The approximate leverage of U.S. banks in the mid-1990s (a 6 percent TCE/TA ratio), prior to the buildup in leverage in the banking system that contributed to the crisis.