The following table presents the Firm's effective GSIB surcharge for the years ended December 31, 2023, 2022 and 2021. For 2023, the Firm's effective GSIB surcharge under Method 1 and Method 2 has increased to 2.5% and 4.0%, respectively.

	2023	2022	2021
Method 1	2.5 %	2.0 %	2.0 %
Method 2	4.0 %	3.5 %	3.5 %

On November 21, 2022, the FSB released its annual GSIB list based upon data as of December 31, 2021, which affirmed the Firm's Method 1 GSIB surcharge of 2.5% (up from 2.0%), effective January 1, 2023.

The Firm's Method 2 surcharge calculated using data as of December 31, 2021 is 4.5%, which will be effective January 1, 2024. The Firm's estimated Method 2 surcharge calculated using data as of December 31, 2022 is 4.5%. Accordingly, based on the GSIB rule currently in effect, the Firm's effective GSIB surcharge is expected to increase to 4.5% on January 1, 2024.

The U.S. federal regulatory capital standards include a framework for setting a discretionary countercyclical capital buffer taking into account the macro financial environment in which large, internationally active banks function. As of December 31, 2022, the U.S. countercyclical capital buffer remained at 0%. The Federal Reserve will continue to review the buffer at least annually. The buffer can be increased if the Federal Reserve, FDIC and OCC determine that systemic risks are meaningfully above normal and can be calibrated up to an additional 2.5% of RWA subject to a 12-month implementation period.

Failure to maintain regulatory capital equal to or in excess of the risk-based regulatory capital minimum plus the capital conservation buffer (inclusive of the GSIB surcharge) and any countercyclical buffer will result in limitations to the amount of capital that the Firm may distribute, such as through dividends and common share repurchases, as well as certain executive discretionary bonus payments.

Risk-based Capital Targets

The Firm's current target for its Basel III Standardized CET1 capital ratio is 13.0% for the first quarter of 2023, increasing to 13.5% for the first quarter of 2024 with consideration for an increase in the GSIB surcharge in 2024, and assuming no change in the Stress Capital Buffer. The Firm's quarterly capital ratios may vary from these targets dependent on market conditions. These targets are based on the Basel III capital rules currently in effect.

Total Loss-Absorbing Capacity

The Federal Reserve's TLAC rule requires the U.S. GSIB top-tier holding companies, including the Firm, to maintain minimum levels of external TLAC and eligible long-term debt ("eligible LTD"). Refer to TLAC on page 95 for additional information.

Leverage-based Capital Regulatory Requirements

Supplementary leverage ratio

Banking organizations subject to the Basel III Advanced approach are currently required to have a minimum SLR of 3.0%. Certain banking organizations, including the Firm, are also required to hold an additional 2.0% leverage buffer.

The SLR is defined as Tier 1 capital under Basel III divided by the Firm's total leverage exposure. Total leverage exposure is calculated by taking the Firm's total average on-balance sheet assets, less amounts permitted to be deducted for Tier 1 capital, and adding certain off-balance sheet exposures, such as undrawn commitments and derivatives potential future exposure.

Failure to maintain an SLR equal to or greater than the regulatory requirement will result in limitations on the amount of capital that the Firm may distribute such as through dividends and common share repurchases, as well as on certain executive discretionary bonus payments.

Other regulatory capital

In addition to meeting the capital ratio requirements of Basel III, the Firm and its IDI subsidiaries must also maintain minimum capital and leverage ratios in order to be "well-capitalized" under the regulations issued by the Federal Reserve and the Prompt Corrective Action ("PCA") requirements of the FDIC Improvement Act ("FDICIA"), respectively. Refer to Note 27 for additional information.

Additional information regarding the Firm's capital ratios, as well as the U.S. federal regulatory capital standards to which the Firm is subject, is presented in Note 27. Refer to the Firm's Pillar 3 Regulatory Capital Disclosures reports, which are available on the Firm's website, for further information on the Firm's Basel III measures.