**Abstract**

Large banks derive a funding advantage from being too-big-to-fail, while small banks do not. To estimate the funding advantage we explain the CDS spreads of small banks in six major European countries during the crisis by market fundamentals and bank-specific characteristics. Next, we extrapolate and predict the CDS spreads of large banks. The difference between the predicted and the observed spread is then interpreted as the funding advantage and amounts to 67 basis points for large banks and 121 for GSIFIs.