

UK AND EUROZONE BANKS PLUMMET IN WORLD RANKINGS

LONDON: strictly embargoed until 00.01 02 July 2012: The UK banking sector has lost its stature in the international arena against strong Chinese competition, according to The Banker magazine's Top 1000 ranking.

The 2012 rankings reveal year-on-year falls in profit (down 8.2%), lending (down 3.12%) and capital (down 1.71%) among UK banks. In just five years, UK banks' share of global banking profits have halved to 5%.

By comparison, Chinese banks, which accounted for 4% of profits in 2007, now make up nearly one third (29.3%) of total global profits.

The situation is worse still for the rest of Europe where profits have slumped dramatically.

While Eurozone banks still account for a large proportion of global assets – 45% compared to 58% five years ago – only 6% of total banking profits have been generated in the Eurozone, compared to 46% five years ago. In addition, these banks were the biggest losers. On a ranking looking at the largest banking losses, 24 out of the top 25 banks were European.

The rankings also unveil a massive dichotomy in the performance of UK banks. HSBC and Barclays' profits put them among the top 25 banks ranked by profit, but Lloyds and RBS suffered huge losses and featured at 9 and 21 on the Top 25 ranking of losses.

Brian Caplen, editor of The Banker, said: "To borrow a phrase from the commentators covering Euro 2012, the rankings this year show a tale of two halves for the UK banking sector. While UK banks as a whole have suffered tremendously in terms of their share of global banking profits, the performance of individual UK banks is extremely varied. Some are making huge profits while others make huge losses.

"Chinese banks on the other hand are making the type of profits that European banks can only dream about and this year's results show Europe's loss is China's gain."

The overall rankings, which assess banks based on capital strength, only confirm the shake-up of the global banking environment: China continues to steam ahead of the UK and Europe, with the four largest Chinese banks taking up positions in the Top 10 – one more than in 2011. In fact, Chinese giant ICBC, takes up the third position on the Top 1000 ranking – the highest spot ever for a Chinese bank in the Top 1000. The inclusion of a fourth Chinese bank comes at the expense of British bank Royal Bank of Scotland which has fallen to 12th place, leaving only one UK bank – HSBC – in the top 10.

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Table1 – Top 10 global banks ranked by Tier 1 Capital

TOP 10 BANKS IN THE BANKER'S TOP 1000 WORLD BANKS, 2012					
Rank	Prev.rank	Bank name	Year end	Country	Tier 1 capital (\$m)
1	1	Bank of America	31-Dec-11	US	159,232
2	2	JP Morgan Chase & Co	31-Dec-11	US	150,384
3	6	Industrial Commercial Bank of China	31-Dec-11	China	140,028
4	3	HSBC Holdings	31-Dec-11	UK	139,590
5	4	Citigroup	31-Dec-11	US	131,874
6	8	China Construction Bank Corporation	31-Dec-11	China	119,135
7	5	Mitsubishi UFJ Financial Group	31-Mar-12	Japan	117,018
8	7	Wells Fargo & Co	31-Dec-11	US	113,952
9	9	Bank of China	31-Dec-11	China	111,173
10	14	Agricultural Bank of China	31-Dec-11	China	96,413

Source: www.thebankerdatabase.com

Table 2 – Top 25 global banks ranked by profits

TOP 25 LARGEST PROFITS OF THE 1000 WORLD BANKS, 2012			
Rank	Bank	Country	Pre-tax profits \$m
1	Industrial Commercial Bank of China	China	43,218
2	China Construction Bank Corporation	China	34,774
3	Bank of China	China	26,765
4	JP Morgan Chase & Co	US	26,749
5	Agricultural Bank of China	China	25,108
6	Wells Fargo & Co	US	23,314
7	HSBC Holdings	UK	21,872
8	Mitsubishi UFJ Financial Group	Japan	17,628
9	Citigroup	US	14,654
10	BNP Paribas	France	12,487
11	Sberbank	Russia	12,290
12	Bank of Communications	China	10,388
13	Banco Santander	Spain	10,243
14	Sumitomo Mitsui Financial Group	Japan	10,102
15	Itau Unibanco Holding	Brazil	9,733
16	Commonwealth Bank Group	Australia	9,726
17	Banco do Brasil	Brazil	9,490
18	Barclays	UK	9,090
19	Mizuho Financial Group	Japan	8,721
20	Westpac Banking Corporation	Australia	8,328
21	Banco Bradesco	Brazil	7,831
22	ANZ Banking Group	Australia	7,496
23	China Merchants Bank	China	7,479
24	Toronto Dominion Bank	Canada	7,219
25	American Express Company	US	6,991

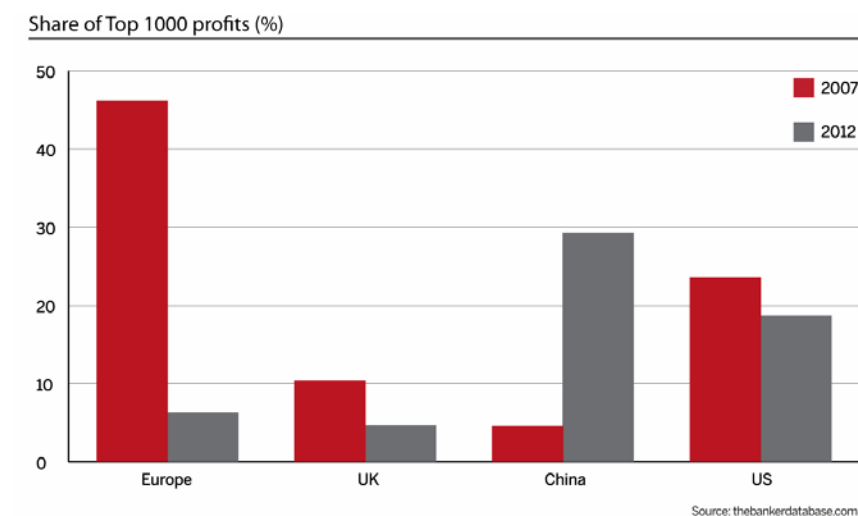
Source: www.thebankerdatabase.com

Table 3 – Top 25 global banks ranked by losses

TOP 25 WORST LOSSES OF THE 1000 WORLD BANKS, 2012			
Rank	Bank	Country	Pre-tax profits \$m
1	National Bank of Greece	Greece	-17,364
2	Dexia	Belgium	-15,127
3	Intesa Sanpaolo	Italy	-12,428
4	UniCredit	Italy	-9,998
5	Piraeus Bank Group	Greece	-9,674
6	Banco Financiero y de Ahorros Group (Bankia)	Spain	-6,373
7	Alpha Bank	Greece	-6,123
8	Banca Monte dei Paschi di Siena	Italy	-6,092
9	Lloyds Banking Group	UK	-5,476
10	Cyprus Popular Bank	Cyprus	-5,306
11	Banco CAM	Spain	-4,518
12	Allied Irish Banks	Ireland	-4,481
13	Dexia Bank Belgium	Belgium	-2,776
14	UBI Banca	Italy	-2,761
15	CatalunyaCaixa	Spain	-2,590
16	Bank of Cyprus	Cyprus	-1,749
17	Millennium bcp	Portugal	-1,581
18	Hudson City Bancorp	US	-1,255
19	Osterreichische Volksbanken	Austria	-1,153
20	Irish Bank Resolution Corporation	Ireland	-1,130
21	Royal Bank of Scotland	UK	-1,095
22	Banca Popolare di Milano	Italy	-901
23	Grupo Unnim	Spain	-733
24	Caixa Geral de Depositos	Portugal	-693
25	Irish Life & Permanent	Ireland	-653

Source: www.thebankerdatabase.com

Table 4 – Share of Top 1000 profits (2007 vs 2012)



For further information please contact:

UK/EMEA:

Kristina Eriksson
Head of Communications EMEA
T: +44 (0)20 7873 4961
E: kristina.eriksson@ft.com

US:

Andrew Green
Communications Coordinator, the Americas
T: +1 212 641 6357
E: andrew.green@ft.com

Asia:

Azmar Sukandar
Head of Communications, Asia Pacific
T: +852 2905 5519
E: azmar.sukandar@ft.com

Launch Group

Rachel Cohen
Senior Account Manager
Tel: +44 (0)20 7758 3904 / 07973 537 904
Email: rachelco@launchgroup.co.uk

About The Banker:

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The Banker was established in 1926 and is part of the Financial Times Group. The magazine has been carrying ranking since 1970 and also offers a database service. For more information about the ranking and the database go to www.thebanker.com/top1000worldbanks and www.thebankerdatabase.com.

Brian Caplen has been a financial and business journalist for more than 25 years. He has worked in Hong Kong and the Middle East and reported from all over the world. He joined The Banker in 2000 and became editor in 2003.

About the Financial Times:

The Financial Times, one of the world's leading business news organisations, is recognised internationally for its authority, integrity and accuracy. Providing essential news, comment, data and analysis for the global business community, the FT has a combined paid print and digital circulation of 600,000 (Deloitte assured, 2 January 2012 – 1 April 2012) and a combined print and online average daily readership of 2.2 million people worldwide (PwC assured, November 2011). FT.com has more than 4.5 million registered users and 285,475 paying digital subscribers. The newspaper, printed at 21 print sites across the globe, has a global print circulation of 300,584 (ABCs, May 2012).