

# THE TOP 500 BANKING BRANDS

*The brand value of US banks has reached a new high, while emerging economies such as Brazil and China also stand out in this year's Top 500 Banking Brands ranking. **Brian Caplen** reports.*

**W**ells Fargo replaces HSBC as the world's most valuable brand in this year's Top 500 Banking Brands ranking. Wells Fargo's achievement demonstrates the improved standing of US banks as they recover from the financial crisis and forge ahead.

Brand valuations have performed well across the board with total brand value rising 15% from \$746.8bn in 2012 to \$860.7bn this year, a new high and a big difference from last year when the total fell from \$855bn, the 2011 total.

Chinese banks also improved their collective result, as did all the top 10 countries with one notable exception. The UK saw its overall valuation drop as a result of brand value losses by leading players such as HSBC and Standard Chartered.

Wells Fargo gained \$2.8bn to give it a brand value of \$26bn and so recovering some, but not all, of last year's \$5.7bn loss. And while 2012's drop in value did not dislodge Wells Fargo from the second spot, this year's increase was enough to give it the top position.

US banks hold four of the top five places in the ranking – up from three last year – and overall they account

for 93 brands – five more than last year – with a total value of \$230.6bn. This is an increase of \$24.6bn on 2012's figure and keeps them well ahead of their nearest rival China, whose 23 brands increased in value by \$16bn. In fact, the total brand value of US banks is larger than the next three biggest countries – China, the UK and Canada – combined.

## CLEAN OUT

A key element in the brand valuation (see Methodology) is earnings projections and with US banks disposing of their bad assets and the domestic property market starting to recover, the outlook on this front is better. An interesting indicator is the percentage of brand value to market capitalisation. As brand value is based on fundamentals, while market capitalisation moves with investor sentiment, a high brand value to market capitalisation suggests that a bank is undervalued.

The research for *The Banker's* Top 500 brands ranking is conducted by consultant Brand Finance. Chief executive David Haigh says: "In 2007 the brand value to market cap percentage of the US banks in the top 100 was 12% and has been rising ever since, though not in a straight line, to reach 15% in 2013. The brand value over

the same period has been much more constant, in the \$160bn to \$200bn range, with the exception of 2009 during the worst of the crisis. This suggests that markets have moved from overvaluing US banks to undervaluing them.”

By contrast some emerging markets have seen huge increases in brand value over the past five years, reflecting the fast growth and more dynamic performance of their banks and the better establishment of their brands. Russian brand values have performed the best with a 453% uplift since 2008, followed by Indonesia (443%), the Philippines (412%), Colombia (377%) and China (335%).

As with *The Banker's* Top 1000 World Banks ranking, the presence and might of the Chinese banks has been ever growing. This year their total brand value reached \$95.7bn, and Agricultural Bank of China recorded the highest leap in brand value of any bank – \$6.04bn which sent it up from 18th to 11th place. ICBC notched up the second highest value rise with \$4.66bn, taking it up from 11th to seventh place. In a table of the highest number of places climbed, Indonesia's Panin bank claims the top spot, rising from 492nd to 322nd.

Another good performance has come from Russia's Sberbank, which increased its brand value by \$3.39bn and rose from 17th to 13th position. It also occupies second position in the top brand value in Europe table, helped by the fact that all of its \$14.2bn brand value is concentrated in the region.


### BRAZILIAN STRENGTH

In Latin America, the biggest gainer is state-owned Banco do Brasil, which saw its brand value rise by \$2.62bn – the ninth highest overall – closing the gap on its Brazilian rivals Itaú and Bradesco, and giving it 22nd position in the main table.

In country terms, Brazil has the sixth largest sector brand value – \$38bn – on the back of only eight brands, the lowest number of any of the top 10 countries. This illustrates the dominant position held by the major Brazilian banks.

Moving on to insurance, and Brazil's Bradesco comes second to RBC in the table of insurance brand values of banks worldwide. Spain's Santander takes the top billing in the retail ranking and JPMorgan in the wholesale/investment banking table.

In the Middle East, the four top rated banks held their places in the table – QNB, Al-Rajhi, National Bank of Abu Dhabi and Emirates NBD – but only QNB was able to increase its brand value, from \$12.6bn to \$13.1bn. In Africa, Standard Bank takes the top spot from Citi, while ABSA moves to second from third and Nedbank from sixth to fourth.

*The Banker's* Top 500 Banking Brands is now in its eighth year and creates huge interest on publication. This reflects the increasing awareness among bankers of the importance of brand to their business, and how it needs to be both invested in and protected. For many banks from emerging markets, this is a process that has moved ahead fast over the past eight years, but for developed country banks hit by the financial crisis it has been a case of moving backwards as well as forwards. 

### METHODOLOGY

Brand Finance employs a discounted cash flow technique to discount estimated future royalties at an appropriate rate to arrive at a net present value of a bank's trademark and associated intellectual property – its brand value.

The steps in this process are to:

**1** Obtain brand-specific financial and revenue data. The revenue was then segmented into the following revenue streams: retail banking, commercial banking, wholesale/investment banking, insurance, asset management and credit cards.

**2** Model the market to identify market demand and the position of individual banks in the context of all other market competitors.


Three forecast periods were used:

- Estimated financial results for 2012 using Institutional Brokers Estimate System (IBES) consensus forecast.
  - A five-year forecast period (2013 to 2017) based on three sources: IBES, historic growth and gross domestic product (GDP) growth.
  - Perpetuity growth based on a combination of growth expectations (GDP and IBES).
- 3** Establish the royalty rate for each bank by:
- Calculating brand strength on a scale of zero to 100 according to a number of attributes, including asset strength, emotional connection, market share and profitability.
  - Determining the royalty rate for each revenue stream mentioned in step one.
  - Calculating the future royalty income stream.
- 4** Calculate the discount rate specific to each bank, taking account of its size, geographical presence, reputation, gearing and brand rating (see below).
- 5** Discount future royalty stream (explicit forecast and perpetuity periods) to a net present value – the brand value.

### Royalty relief approach

Brand Finance uses a 'relief from royalty' methodology that determines the value of the brand in relation to the royalty rate that would be payable for its use, were it owned by a third party. The royalty rate is applied to future revenue to determine an earnings stream that is attributable to the brand. The brand earnings stream is then discounted back to a net present value. This approach is used for two reasons: it is favoured by tax authorities and the courts because it calculates brand values by reference to documented third-party transactions and it can be done based on publicly available financial information.

### Brand ratings

These are calculated using Brand Finance's BrandBeta analysis, which benchmarks the strength, risk and potential of a brand relative to its competitors, on a scale from AAA to D. Conceptually, it is similar to a credit rating. The data used to calculate the ratings comes from various sources including Bloomberg annual reports and Brand Finance research. 

## TABLES

## BRAND VALUE WINNERS 2013

Rank 2013	Rank 2012	Change in rank	Brand	Brand value 2013 (\$m)	Brand rating 2013	Market cap 2013 (\$m)	Brand value/market cap (%)
322	492	170	Panin Bank	276	A	1524	18
275	438	163	Coface	355	AA-	747	47
318	462	144	FirstMerit Corporation	281	A+	1635	17
284	427	143	SpareBank 1 SR-Bank	340	A	4116	8
349	483	134	Banco CorpBanca	252	A+	4030	6
244	356	112	Virgin Money	440	A+	n/a	n/a
342	452	110	First Republic Bank	262	A+	4412	6
328	434	106	VietinBank	271	A+	2642	10
104	190	86	Bank of Moscow	1696	A	10,870	16
237	321	84	Espirito Santo Financial Group	459	A	1423	32
343	425	82	Aareal Bank	262	AA	1227	21
397	478	81	BTPN	213	A	3219	7
358	433	75	Nomos-Bank	243	A	2493	10
233	306	73	Inbursa	483	A+	20,323	2
427	500	73	Newedge	195	AA-	653	30
376	443	67	Banco Galicia	226	A+	959	24
280	338	58	Caixa Catalunya	347	A	n/a	n/a
241	294	53	Rosbank	446	A	5603	8
416	468	52	Cetelem	200	AA-	556	36
66	113	47	Discover	2737	AA-	19,093	14

Source: The Banker/Brand Finance

## ABSOLUTE BRAND VALUE WINNERS 2013

Rank	Brand	Change in brand value, 2012-2013 (\$m)
1	Agricultural Bank of China	6037
2	ICBC	4656
3	Chase	4444
4	Sberbank	3387
5	Bank of Tokyo-Mitsubishi UFJ	3281
6	Citi	3038
7	Bank of America	2860
8	Wells Fargo	2814
9	Banco do Brasil	2619
10	Société Générale	2514
11	Capital One	2508
12	ANZ	2448
13	Woori Financial Group	2201
14	JPMorgan	2173
15	US Bancorp	1983
16	TD	1902
17	BNP Paribas	1764
18	Deutsche Bank	1666
19	Sumitomo Mitsui Financial Group	1635
20	RBC	1630

Source: The Banker/Brand Finance

## BRAND VALUE LOSERS 2013

Rank 2013	Rank 2012	Change in rank	Brand	Brand value 2013 (\$m)	Brand rating 2013	Market cap 2013 (\$m)	Brand value/market cap (%)
467	278	-189	SNS Reaal	165	A-	386	43
434	253	-181	Amundi	185	AA	573	32
465	310	-155	Qatar Islamic Bank	166	A+	4933	3
462	309	-153	Van Lanschot	167	A	774	22
441	303	-138	Basler Kantonalbank	181	AA-	3339	5
428	293	-135	Everbright Securities	195	A+	7695	3
478	345	-133	People's United Bank	153	A	4338	4
420	288	-132	Banque Privée Edmond de Rothschild	198	A+	1744	11
468	336	-132	Indian Bank	163	A	1677	10
449	318	-131	Bank BPH	175	A	1114	16
490	362	-128	BRD	147	A	1762	8
448	329	-119	Central Bank of India	178	A	1223	15
355	238	-117	Arab Bank	245	AA-	5417	5
383	269	-114	Attijariwafa Bank	221	A+	6905	3
344	231	-113	GF Securities	261	A	14,524	2
387	274	-113	IOBI Bank	218	A+	2701	8
418	307	-111	Ahli United Bank	199	A+	3410	6
353	246	-107	China Merchants Securities	248	A	7701	3
400	297	-103	Commercialbank	212	A+	4681	5
451	350	-101	Allahabad Bank	173	A	1668	10

Source: The Banker/Brand Finance

## ABSOLUTE BRAND VALUE LOSERS 2013

Rank	Brand	Change in brand value, 2012-2013 (\$m)
1	HSBC	-4733
2	Bradesco	-2082
3	Goldman Sachs	-1911
4	KKR	-1514
5	Itaú	-729
6	Standard Chartered	-602
7	Onex	-601
8	Hang Seng Bank	-490
9	Standard Bank	-460
10	Crédit Industriel et Commercial	-404
11	CITIC Securities	-363
12	ABN Amro	-361
13	ABSA	-306
14	PNC	-273
15	Industrial Bank of Korea	-258
16	E*Trade	-243
17	National Bank of Abu Dhabi	-218
18	Regions Financial Corporation	-200
19	Man Group	-195
20	Public Bank	-184

Source: The Banker/Brand Finance

## Brand ratings definitions:

AAA Extremely strong

AA Very strong

A Strong

BBB-B Average

CCC-C Weak

DDD-D Failing

Valuation date: All brand values in the report are for the year ending December 31, 2012

## TABLES

## TOP 10 BY BRAND VALUE IN NORTH AMERICA

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	Wells Fargo	26,044	23,229
2	Bank of America	18,219	19,266
3	Chase	17,848	14,456
4	American Express	13,823	13,518
5	JPMorgan	10,503	8,845
6	TD	9,378	7,741
7	RBC	8,592	7,379
8	Citi	7,934	6,217
9	Capital One	6,897	4,604
10	US Bancorp	6,497	4,514

Source: The Banker/Brand Finance

## TOP 10 BY BRAND VALUE IN LATIN AMERICA

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	Bradesco	13,610	15,692
2	Itaú	12,442	13,171
3	Banco do Brasil	9,883	7,264
4	Santander	9,594	9,038
5	Citi	4,408	3,977
6	HSBC	3,174	3,668
7	Morgan Stanley	1,809	2,143
8	BBVA	1,694	1,151
9	Goldman Sachs	1,416	2,731
10	Deutsche Bank	1,034	1,251

Source: The Banker/Brand Finance

## TOP 10 BY BRAND VALUE IN AFRICA

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	Standard Bank	1,505	1,911
2	ABSA	1,482	1,784
3	Citi	1,465	1,948
4	Nedbank	1,259	1,049
5	First National Bank	1,045	988
6	American Express	750	1,136
7	Credit Suisse	740	783
8	Goldman Sachs	637	1,224
9	Standard Chartered	528	610
10	Morgan Stanley	429	681

Source: The Banker/Brand Finance

## TOP 10 BY BRAND VALUE IN ASIA-PACIFIC

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	ICBC	19,472	14,758
2	China Construction Bank	16,667	15,148
3	Agricultural Bank of China	15,967	9,929
4	Bank of China	13,768	12,537
5	Bank of Tokyo-Mitsubishi UFJ	10,738	6,315
6	HSBC	6,483	7,797
7	ANZ	5,832	3,172
8	State Bank of India	5,729	4,472
9	Bank of Communications	5,587	4,406
10	Sumitomo Mitsui Financial Group	5,206	3,759

Source: The Banker/Brand Finance

## TOP 10 BY BRAND VALUE IN EUROPE

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	BNP Paribas	14,587	12,989
2	Sberbank	14,160	10,772
3	Santander	10,180	10,931
4	Barclays	7,644	10,362
5	HSBC	7,541	9,697
6	Rabobank	7,406	7,328
7	Nordea	6,538	5,205
8	Deutsche Bank	6,316	8,770
9	Société Générale	6,004	3,944
10	ING	4,911	4,962

Source: The Banker/Brand Finance

## TOP 10 BY BRAND VALUE IN THE MIDDLE EAST

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	QNB	1,307	1,264
2	Al-Rajhi Bank	1,192	1,244
3	National Bank of Abu Dhabi	988	991
4	Emirates NBD	971	1,038
5	Bank Hapoalim	792	774
6	First Gulf Bank	775	713
7	Kuwait Finance House	751	449
8	Bank Leumi	692	545
9	NBK Capital	587	512
10	Samba Financial Group	568	740

Source: The Banker/Brand Finance

## TOTAL BRAND VALUE BY REGION (\$M)

Region	2013	2012	2011	2010	2009
Europe	227,587	201,774	267,631	257,209	153,581
North America	232,702	202,976	215,144	165,689	128,420
Central America	13,890	2,553	2,229	1,786	1,441
South America	68,306	68,408	75,577	59,775	32,516
Asia	193,573	151,566	161,754	119,890	91,349
Middle East	18,468	15,948	14,486	13,150	7,376
Africa	16,509	15,673	21,973	14,911	11,527
Pacific	46,355	38,070	39,948	35,409	23,326
Rest of the world/other	43,274	49,833	56,283	48,488	32,514
Global brand value	860,665	746,801	855,025	716,307	482,050

Source: The Banker/Brand Finance



## TOP 50 BY TOTAL BRAND VALUE BY COUNTRY

Rank	Country	Total brand value (\$m)	Count of brands
1	US	230,574	93
2	China	95,692	23
3	UK	66,490	26
4	Canada	44,731	15
5	France	44,062	24
6	Brazil	37,957	8
7	Japan	37,333	37
8	Spain	33,031	10
9	Germany	28,496	16
10	Australia	28,175	18
11	Switzerland	22,031	16
12	Russia	19,480	8
13	Italy	19,074	21
14	Netherlands	17,288	5
15	South Korea	15,429	14
16	India	14,494	20
17	Sweden	13,343	4
18	Turkey	9768	10
19	Singapore	7311	3
20	South Africa	7138	9
21	Malaysia	6226	6
22	Denmark	5086	4
23	Indonesia	5020	8
24	Austria	4528	2
25	United Arab Emirates	4423	9
26	Thailand	3659	6
27	Saudi Arabia	3476	7
28	Norway	3277	2
29	Poland	3253	6
30	Hong Kong	2966	5
31	Belgium	2478	1
32	Israel	2376	5
33	Colombia	2089	3
34	Taiwan	2035	6
35	Qatar	1902	4
36	Portugal	1542	4
37	Kuwait	1537	3
38	Mexico	1468	2
39	Ireland	1430	3
40	Chile	1387	3
41	Greece	891	3
42	Philippines	874	3
43	Hungary	754	1
44	Nigeria	574	3
45	Bermuda	519	1
46	Kazakhstan	464	2
47	Luxembourg	459	1
48	Argentina	457	2
49	Bahrain	368	2
50	Czech Republic	360	1

Source: The Banker/Brand Finance

## TOP 10 BY CREDIT CARDS

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	American Express	17,385	16,791
2	Chase	10,018	8953
3	Bank of America	9249	8407
4	Visa	7342	6834
5	Itaú	7244	7514
6	Citi	6647	5393
7	Mastercard	5418	5177
8	Capital One	5041	3519
9	Barclays	3412	3278
10	Discover	2668	1313

Source: The Banker/Brand Finance

## TOP 10 BY ASSET/WEALTH MANAGEMENT

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	Deutsche Bank	5676	3668
2	Credit Suisse	4661	3375
3	UBS	3705	3099
4	Merrill Lynch	3702	3392
5	Morgan Stanley	3196	2668
6	Wells Fargo	3188	2589
7	Blackrock	2730	2433
8	State Street	2626	2517
9	RBC	2214	1619
10	JPMorgan	2136	1788

Source: The Banker/Brand Finance

## TOP 10 BY INSURANCE

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	RBC	949	1010
2	Bradesco	649	1181
3	DZ Bank	640	463
4	W&W	529	484
5	RBS	399	162
6	BNP Paribas	344	271
7	Ameriprise Financial	340	0
8	State Bank of India	257	287
9	ICICI Bank	252	280
10	Bank of China	244	288

Source: The Banker/Brand Finance

## TOP 10 BY WHOLESALE/INVESTMENT BANKING

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	JPMorgan	11,639	9814
2	Deutsche Bank	8897	9237
3	HSBC	5098	7512
4	Credit Suisse	4738	4719
5	Morgan Stanley	4353	3679
6	Barclays	3479	5762
7	UBS	3332	2709
8	BNP Paribas	3187	2755
9	BNY Mellon	3159	3170
10	Goldman Sachs	2112	3881

Source: The Banker/Brand Finance

## TOP 10 BY RETAIL BANKING

Rank	Brand	Value 2013 (\$m)	Value 2012 (\$m)
1	Santander	18,414	17,032
2	Wells Fargo	18,090	16,511
3	Bradesco	12,961	14,512
4	BNP Paribas	12,570	9516
5	Chase	12,083	9036
6	HSBC	11,375	13,949
7	Sberbank	8765	6632
8	Citi	8468	7730
9	ICBC	8245	6097
10	Bank of Tokyo-Mitsubishi UFJ	7611	5638

Source: The Banker/Brand Finance