

UK banks fade on global stage

UK banks continue to lose their global position as Chinese banks power ahead, according to The Banker's latest ranking of Top 1000 banks.

HSBC fell from fifth place to ninth, Barclays from 12th to 13th and Royal Bank of Scotland from 15th to 18th as they restructured and slimmed down in the wake of the financial crisis. The ranking is based on capital strength.

Brian Caplen, editor of The Banker, said: "At one time several UK banks were among a handful of truly global players. But since the financial crisis they have reduced their scope and are focussing on a fewer areas in a bid to restore profitability. We may have seen the end of the UK-based global bank."

By contrast, UK banks which focus only on the domestic market are holding steady – Lloyds stayed in 22nd position and Nationwide rose from 119 to 105.

Chinese banks continue to improve their position. ICBC topped the ranking for the third year in a row. China now has three banks in the top five, with Bank of China moving from seventh place to fourth and China Construction Bank staying in second place. Agricultural Bank of China moved up from ninth place to sixth.

Chinese banks also make the most profits. The top four Chinese banks have the highest profits in the world, and collectively Chinese banks make 1.75 times the amount US banks make and almost 10 times UK profits. In 2008 UK banks made more than Chinese banks.

The restructuring of UK banks has had a negative impact on employment. HSBC, which recently announced a further 50,000 job losses, has reduced its global workforce by nearly 8% since 2011. Most major UK banks have cut staff since the financial crisis while the major Chinese banks have been hiring. ICBC alone now has more employees than the entire UK banking sector.

Profits and returns at UK banks are slowly recovering although they are well below their pre-crisis levels. Total pre-tax profits increased by 49% to \$32.5bn but are still only a third of their peak performance in 2007. Return on capital is 7.31% which is half the levels in the Middle East and North America and one third of the levels in Africa and Latin America.

UK banks are doing better than eurozone banks where the return on capital is a meagre 4.61% despite a 123% increase in profits. The countries with the worst overall banking losses were all in the eurozone – Greece, Italy, Portugal, Austria and Cyprus – as were the top 10 banks with largest losses. Italy's Banca Monte dei Paschi di Siena recorded the largest losses worldwide at E7.7bn.

"With the UK holding an EU membership referendum next year, the concern must be that while the EU desperately needs reform, it will be too preoccupied with its own issues to properly consider arguments made by the UK government," says The Banker's editor Brian Caplen.

– ends –

Regions ranked by return on capital

RETURN ON CAPITAL

Region	Return on capital (%)
Latin America	25.6
Africa	24.02
Asia	18.86
Middle East	15.59
North America	15.48
EU	8.85
CEE	7.84
Eurozone	4.61

Source: www.thebankerdatabase.com

Top 10 world banks

TOP 10 WORLD BANKS BY TIER 1 CAPITAL

Top 1000 rank (Previous rank)	Bank	Country	Tier 1 capital (\$m)
1(1)	ICBC	China	248,608
2(2)	China Construction Bank	China	202,119
3(3)	JPMorgan	US	186,632
4(7)	Bank of China	China	184,231
5(4)	Bank of America	US	168,973
6(9)	Agricultural Bank of China	China	167,699
7(6)	Citigroup	US	166,519
8(8)	Wells Fargo & Co	US	154,666
9(5)	HSBC Holdings	UK	152,739
10(10)	Mitsubishi UFJ	Japan	117,645

Source: www.thebankerdatabase.com

Top 5 world banks 2008

TOP 5 WORLD BANKS 2008

Rank	Bank	Country	Tier 1 capital (\$m)
1	HSBC Holdings	UK	104,967
2	Citigroup	US	89,226
3	Royal Bank of Scotland	UK	88,888
4	JPMorgan	US	88,746
5	Bank of America	US	83,372

Source: www.thebankerdatabase.com

Changes in employment since 2012

CHANGES IN EMPLOYMENT SINCE 2012			
Rank	Bank	Total employees	% change
1	ICBC	462,282	13.07
2	CCB	372,321	13.02
3	JPMorgan	233,374	-6.63
4	Bank of China	308,128	6.27
5	Bank of America	223,715	-20.61
6	ABC	493,583	10.32
7	Citigroup	262,768	-11.59
8	Wells Fargo	264,452	0.10
9	HSBC	266,000	-7.74
10	Mitsubishi UFJ	N/A	N/A

Source: www.thebankerdatabase.com

For further information please contact:

FT:

Jenny Cusack

T: 020 7873 4920

E: jenny.cusack@ft.com

Launch PR:

Laura Cullinane

T: +44 (0)20 7758 3929

M: 07456858777

Email: laurac@launchpr.co.uk

About The Banker:

The Banker is the world's premier banking and finance resource, providing global financial intelligence since 1926.

The Banker is the key source of data and analysis for the industry. The Banker's **Top 1000 World Banks** ranking has been setting the industry benchmark since 1970, providing comprehensive intelligence about the health and wealth of the banking sector. **To find out more visit www.thebanker.com/top1000worldbanks.**

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 Banker Database:

The Banker Database provides comprehensive financial data, news feeds and executive contact data on the leading banks in every country. Our data has been standardised for regional reporting and regulatory variations, and forms the basis of The Banker's monthly bank rankings.

Over the past five decades our rankings have become the industry standard for measuring bank performance and strength. The database tracks banks in more than 190

jurisdictions representing 90% of the world's total banking assets. **To find out more about The Banker Database visit www.thebankerdatabase.com.**

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 720,000. Mobile is an increasingly important channel for the FT, driving almost half of total traffic. FT education products now serve two thirds of the world's top 50 business schools.