

CHINESE BANKS INCREASE LEAD OVER US BANKS

Says The Banker's Top 1000 World Banks ranking 2020

1 July 2020: China's largest banks have increased their lead over American banks, according to The Banker's latest ranking of the Top 1000 World Banks. China's Industrial and Commercial Bank of China (ICBC) stayed top followed by China Construction Bank (2nd), Agricultural Bank of China (3rd) and Bank of China (4th). The ranking is based on Tier 1 capital, a key measure of banking strength.

China's four leading banks grew faster and increased profits more than the four American banks in the Top 10 (see Table 1). Last year China's big four banks were 51% larger in Tier 1 capital terms than America's big four – this year they are 72% larger. Chinese banks in total increased their Tier 1 capital by 14% against 3% for US banks.

Chinese banking profits increased by 5.7% from \$312 billion to \$330 billion (see Table 2). US banking profits fell slightly and are now only about three quarters of China's. China's profits currently account for 28% of total Top 1000 profits.

Brian Caplen, editor of The Banker, said: "Like banks everywhere, China's banks face challenging times ahead due to the Covid-19-related global slowdown. But they start from a strong position with high levels of capital and profits, and low non-performing loan ratios of 2% or less for the top 25 Chinese banks in the Top 1000."

In 2020, China has 143 banks in the Top 1000, second only to the US. They have deposits of \$24 trillion and loans of \$18 trillion, both more than double the US figures. In the Top 10 of the banks with the highest pre-tax profits (see Table 3), Chinese banks have five entries including ICBC in first position and China Construction Bank (2nd).

This year marks the 50th anniversary of The Banker's Top 1000 ranking. The first ranking in 1970 contained no Chinese banks (see Table 4 for the 1970 Top 10). With the advent of China's Open Door policy in 1979, Chinese banks started to become more prominent and they have dominated the ranking since the financial crisis of 2008.

Today ICBC has assets of \$4.3 trillion, 172 times larger than the \$25 billion assets of Bank of America when it topped the first ranking in 1970. Bank of America, which placed sixth in the 2020 ranking, currently has assets of \$2.4 trillion, 96 times larger than 50 years ago. Over the same half-century, the world economy has only grown 25 times, showing how the expansion of the banking industry has outpaced economic growth.

TABLE 1

TOP 10 WORLD BANKS, 2020				
Rank	Previous	Bank	Country	Tier 1 capital (\$bn)
1	1	ICBC	China	380
2	2	China Construction Bank	China	316
3	3	Agricultural Bank of China	China	278
4	4	Bank of China	China	258
5	5	JPMorgan Chase	US	214
6	6	Bank of America	US	188
7	7	Wells Fargo	US	159
8	8	Citigroup	US	156
9	9	HSBC	UK	148
10	10	Mitsubishi UFJ	Japan	144

Source: www.thebankerdatabase.com

TABLE 2

TOP 10 COUNTRIES BY PROFITS, 2020					
Rank	Country	2020 (\$bn)	2019 (\$bn)	(position)	% change
1	China	330	312	1	+5.7%
2	US	253	255	2	-0.6%
3	Canada	47.2	47.3	3	+0.2%
4	France	43.0	43.8	4	-1.96%
5	Japan	41.4	39.8	6	+4.1%
6	UK	38.0	43.5	5	-12.7%
7	Australia	28.6	35.1	7	-18.6%
8	Spain	28.4	33.7	8	-15.8%
9	Russia	27.4	23.3	10	+17.9%
10	Brazil	22.7	23.8	9	-4.6%

Source: www.thebankerdatabase.com

TABLE 3

TOP 10 BANKS BY PRE-TAX PROFITS			
PTP rank	Bank	Country	PTP \$m
1	ICBC	China	56,050
2	China Construction Bank	China	46,723
3	JPMorgan Chase	US	44,538
4	Agricultural Bank of China	China	38,137
5	Bank of China	China	35,858
6	Bank of America	US	32,755
7	Wells Fargo	US	24,198
8	Citigroup	US	23,870
9	Sberbank	Russia	17,269
10	China Merchants Bank	China	16,757

Source: www.thebankerdatabase.com

TABLE 4

TOP 10 WORLD BANKS, 1970			
Rank	Bank	Country	Total assets (\$m)
1	BankAmerica	US	25,573
2	First National City	US	23,092
3	Chase Manhattan	US	22,168
4	Barclays Bank	UK	15,137
5	Manufacturers Hanover	US	11,965
6	JPMorgan	US	11,448
7	National Westminster Bank	UK	10,642
8	Western Bancorp	US	10,617
9	Banca Nazionale del Lavoro	Italy	10,233
10	Chemical New York	US	9,739

Source: www.thebankerdatabase.com

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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/top1000.

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.

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