

China's banking sector outpaces US in Tier 1 growth

- Chinese banks have come through the Covid-19 pandemic stronger and more resilient, increasing Tier 1 capital and assets at a faster pace than their US counterparts
- The world's 1000 largest banks' aggregate Tier 1 capital has surpassed \$10 trillion for the first time
- The Banker's Top 1000 World Banks ranking has been setting the industry benchmark since 1970

4 July 2022: Chinese banks in The Banker's Top 1000 World Banks ranking have come through the Covid-19 pandemic stronger and more resilient, increasing their Tier 1 capital and assets base at a faster pace than their US counterparts.

Underpinned by a strong domestic economy, which grew by 8.1% in 2021, China expanded its aggregate Tier 1 capital by 14.4% (versus 4.7% for the US) and total assets by 10.9% (versus 8.8% for the US).

With 140 banks in the ranking, four fewer than in 2021, China now has more than double the Tier 1 capital (\$3.38 trillion) and almost double the assets (\$41.53 trillion) compared to the US, with 186 banks. Overall, China holds 32.5% of the world's Tier 1 capital, 26.9% of its assets and 28.7% of its pre-tax profits.

Joy Macknight, editor of The Banker, said: "It has been another exceptional year for China's banking sector. In particular, lenders at the top of the ranking are growing faster than their counterparts in other countries, with nine of the 10 Chinese banks in the top 20 reporting double-digit growth in Tier 1 capital."

Industrial and Commercial Bank of China (ICBC), China Construction Bank, Agricultural Bank of China and Bank of China held onto the top four spots in the ranking for the fifth year in a row. With Bank of Communications edging into 10th position, Chinese banks now make up half of the top 10 for the first time.

ICBC has now spent a decade at the top of the ranking and is the first bank to record Tier 1 capital of over \$500 billion (\$508.85 billion). It increased Tier 1 by 15.7% in 2021, total assets by 8.1% and pre-tax profits by 11.1%. It now has more than double the Tier 1 capital of the largest US bank, JPMorgan (\$246.16 billion).

Global results

Overall, the global banking system is better capitalised than ever before. The 1000 largest banks' aggregate Tier 1 capital has surpassed \$10 trillion for the first time in the history of *The Banker's* Top 1000 World Banks ranking.

The total Tier 1 capital, which is a key measure of banking strength, has reached \$10.38 trillion, an increase of 4.7% year on year. In addition, aggregate total assets have broken the \$150 trillion barrier for the first time – at \$154.21 trillion.

Global profits saw a healthy rebound, with aggregate pre-tax profits reaching a record-breaking \$1.44 trillion. This is a 53.7% year-on-year increase, compared to a decrease of 19.2% in the 2021 ranking. However, much of this boost in profits can be attributed to a reduction or reversal in last year's credit impairment charges for expected loan losses that didn't materialise.

Notes:

Tier 1 capital is the core measure of a bank's financial strength under the Basel regulatory framework.

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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.

Joy Macknight is the editor of The Banker. She joined the publication in 2015 as transaction banking and technology editor and was promoted to editor in March 2021. She has been a financial and technology journalist for more than 15 years.

About the Financial Times

The Financial Times is one of the world's leading business news organisations, recognised internationally for its authority, integrity and accuracy. The FT has a record paying readership of 1.2 million, more than one million of which are digital subscriptions. It is part of Nikkei Inc., which provides a broad range of information, news and services for the global business community.

TABLES: see below

TOP 20 WORLD BANKS BY TIER 1 CAPITAL

Rank	Bank	Country	Tier 1 capital (\$m)
1	ICBC	China	508,848
2	China Construction Bank	China	404,322
3	Agricultural Bank of China	China	377,137
4	Bank of China	China	341,245
5	JPMorgan Chase	US	246,162
6	Bank of America	US	196,465
7	Citigroup	US	169,568
8	Wells Fargo	US	159,671
9	HSBC Holdings	UK	156,292
10	Bank of Communications	China	150,742
11	China Merchants Bank	China	130,515
12	Mitsubishi UFJ Financial Group	Japan	126,440
13	Postal Savings Bank of China	China	124,491
14	Crédit Agricole	France	122,215
15	BNP Paribas	France	113,926
16	Industrial Bank	China	107,465
17	Goldman Sachs	US	106,766
18	Shanghai Pudong Development Bank	China	103,443
19	China Citic Bank	China	99,221
20	Banco Santander	Spain	93,695

Source: www.thebankerdatabase.com

TOP 10 COUNTRIES BY PRE-TAX PROFITS

Rank	Country	PTP (\$m)
1	China	400,162
2	US	342,734
3	Canada	63,646
4	UK	55,079
5	France	54,785
6	Japan	43,702
7	Spain	36,262
8	Australia	34,565
9	Russia	31,663
10	India	30,619

Source: www.thebankerdatabase.com

RETURN ON ASSETS BY REGION

Region	ROA (%)
Africa	1.24
Asia-Pacific	0.69
Central and Eastern Europe	1.94
Western Europe	0.44
Latin America	1.35
Middle East	1.27
North America	1.18

Source: www.thebankerdatabase.com