

World's 1000 largest banks' Tier 1 capital exceeds \$10tn for first time

For the first time in the history of *The Banker's* Top 1000 World Banks ranking, the 1000 largest banks' aggregate Tier 1 capital has surpassed \$10tn.



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The total Tier 1 capital, a key measure of banking strength, reached \$10.38tn, an increase of 4.7% year on year. The minimum Tier 1 capital needed to enter the 2022 ranking also reached an all-time high of \$556m. In addition, aggregate total assets have broken the \$150tn barrier for the first time – at \$154.21tn.

Profits saw a healthy rebound, with aggregate pre-tax figures reaching a record-breaking \$1.44tn. 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 can be attributed to a reduction or reversal in last year's credit impairment charges for expected loan losses that didn't materialise.

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

Said Joy Macknight, editor of *The Banker*: “Our analysis shows that 2021 was an outstanding year for the global banking industry, with record-breaking results in Tier 1 capital, assets and profitability. Importantly, non-performing loan levels decreased substantially, contrary to end-2020 expectations.”

China’s dominance

China continues to outpace its nearest rival, the US, in terms of both Tier 1 capital and asset growth, underpinned by a strong domestic economy which grew at 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).

TOP 10 COUNTRIES BY PRE-TAX PROFITS (YOY % CHANGE)*

Rank	Country	PTP (% change)
1	Spain	621.36
2	Germany	314.46
3	Italy	257.00
4	UK	209.00
5	Brazil	178.99
6	Netherlands	110.62
7	US	97.73
8	Austria	88.19
9	Australia	71.02
10	Canada	57.14

*Minimum 10 banks in Top 1000
Source: www.thebankerdatabase.com

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

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 \$500bn (\$508.85bn). It increased Tier 1 by 15.7%, 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 (\$246.16bn).

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

In fourth place overall, JPMorgan remains the largest US bank, with a 4.8% rise in Tier 1 capital, followed by Bank of America (BofA), Citi, and Wells Fargo. Citi and Wells Fargo saw slight increases in Tier 1 of 1.3% and 0.9%, while BofA experienced a slight drop of 1.8%.

European results

HSBC remains the only European bank in the top 10 for the 11th year running and is now the only constituent that is not Chinese or American following Mitsubishi UFJ Financial Group's drop from 10th to 12th position. Wells Fargo moved up to eighth and HSBC fell one position to ninth, resulting from a 2.4% contraction in its Tier 1 capital, to \$156.29bn.

Western Europe was the only region to record a contraction in Tier 1 capital (3.6%). In addition to HSBC, the other three European banks in the top 20 – Crédit Agricole (14th), BNP Paribas (15th), and Banco Santander (20th), also suffered slight declines in Tier 1 capital, resulting in falls in ranking. In addition, the region posted a 2.5% contraction in assets and an almost 3% decrease in loans. Western Europe is the region with the lowest return on assets (0.44%) and return on capital (8.4%).

TOP 10 BIGGEST MOVES FROM LOSS TO PROFIT

Rank	Bank	PTP (\$m)	Previous PTP (\$m)	Recovery (\$m)
1	Banco Santander	16,531	-2,563	19,094
2	NatWest Group	5,826	-468	6,294
3	UniCredit	1,408	-3,009	4,417
4	Commerzbank	119	-3,206	3,325
5	Bank of Ireland	1,388	-938	2,326
6	Saudi British Bank	1,041	-1,147	2,188
7	PKO Bank Polski	1,870	-170	2,040
8	Umpqua Holdings Corporation	558	-1,456	2,015
9	Pacwest Bancorp	822	-1,162	1,985
10	Banca Monte dei Paschi di Siena	293	-1,668	1,961

Source: www.thebankerdatabase.com

“The global banking industry is in a strong position to deal with the challenges emerging in 2022,” said Macknight.

“The year has had a tumultuous start, with the war in Ukraine amplifying supply chain challenges and commodity volatility as well as global inflationary pressures and the winding down of Covid-19 stimulus packages. However, the rising interest rate environment is expected to help banks’ margins and profitability.”

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