

UNDER EMBARGO UNTIL 0001 BST - 1 JULY 2020

LEADING UK, FRENCH AND GERMAN BANKS TAKE HITS

Finds The Banker's Top 1000 World Banks ranking 2020

1 July 2020: Poor performance at the top level contributed to another bad year in western European banking with country profit falls of 12.7% in the UK, 1.96% in France and 19.4% in Germany (see Table 1), according to The Banker's latest ranking of the Top 1000 World Banks.

Profits at the UK's and Europe's largest bank HSBC fell 33%, while at France's Société Générale they fell 17%, Germany's Deutsche Bank heads the list of banks with the largest moves from profit into loss. Spain also had a bad year with profits down 13.66% at Santander and 25.95% at BBVA.

These results further weakened the position of European banks vis a vis American and Asian banks. Ten years ago, western Europe contributed nearly one third of global banking profits. Last year it was just under 20%. In 2020 the figure is 17.63% compared to 43.22% for Asian banks and 26.17% for North America. Western European banks' return on capital at 6.71% is the lowest for any region (see Table 2).

Brian Caplen, editor of The Banker, said: "European banks have never fully recovered since the financial crisis and continue to suffer from low growth and low interest rates. Heading into Covid-19 related turbulence they should have sufficient capital but their profits will be under extreme pressure."

HSBC is the only European bank left in the Top 10, ranked by Tier 1 capital (see Table 3) – a measure of bank safety – and it earns the bulk of its profits in Asia. Deutsche Bank dropped five places to 32nd as its capital fell 10% in dollar terms and it went from profit to loss (Table 4). Société Générale dropped from 29th to 31st position.

There was, however, good news in Italy where profits grew 25.81% and Greece where the banking industry is back in profit for the first time in six years.

This year marks the 50th anniversary of The Banker's Top 1000 World Banks. The first ranking in 1970 contained 300 banks based on assets and was headed by Bank of America. One of Europe's best years was 1980 (see Table 5) when France's Credit Agricole was top, Deutsche Bank was fifth and the UK's Barclays was ninth. Forty years ago, Credit Agricole was the leader with \$105 billion in assets. The highest ranked bank today, China's ICBC, has assets of \$4.3 trillion, about 40 times larger. Credit Agricole which places 12th in the 2020 ranking based on Tier 1 capital, now has assets of \$2.3 trillion about 22 times larger. France's economy has grown only fourfold in that period showing how finance has grown much faster than the general economy.

TABLE 1

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 2

RETURN ON CAPITAL BY REGION, 2020	
Region	Return on capital (%)
Central Asia	30.60
South America	21.55
Africa	19.49
Caribbean	19.02
Central America	17.26
Central and Eastern Europe	15.04
North America	14.40
Middle East	12.41
Asia-Pacific	9.78
Europe	6.71

Source: www.thebankerdatabase.com

TABLE 3

TOP20 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
11	11	Bank of Communications	China	113
12	12	Credit Agricole	France	106
13	13	BNP Paribas	France	101
14	14	Sumitomo Mitsui	Japan	94
15	15	Banco Santander	Spain	89
16	16	Goldman Sachs	US	85
17	19	China Merchants Bank	China	84
18	17	Mizuho	Japan	83
19	18	Norinchukin Bank	Japan	79
20	24	Shanghai Pudong Dev Bank	China	78

Source: www.thebankerdatabase.com

TABLE 4

TEN LARGEST MOVES FROM PROFIT TO LOSS, 2020						
Rank	Top 1000 rank	Bank	Country	Region	PTP (\$m)	Previous PTP (\$m)
1	32	Deutsche Bank	Germany	Europe	-2,960	1,529
2	473	Yes Bank	India	Asia-Pacific	-3,880	340
3	584	Banco de la Nacion Argentina	Argentina	South America	-28	1,174
4	511	Metro Bank	UK	Europe	-172	51
5	162	Hengfeng Bank	China	Asia-Pacific	-128	71
6	814	Banca Popolare Volksbank	Italy	Europe	-106	51
7	936	United Arab Bank	UAE	Middle East	-128	21
8	977	Klarna Bank	Sweden	Europe	-116	11
9	731	Sainsbury's Bank	UK	Europe	-45	34
10	844	Shimizu Bank	Japan	Asia-Pacific	-39	33

Source: www.thebankerdatabase.com

TABLE 5

TOP 10 WORLD BANKS, 1980			
Rank	Bank	Country	Total assets (\$m)
1	Credit Agricole	France	104,997
2	BankAmerica	US	103,919
3	Citicorp	US	102,742
4	Banque Nationale de Paris	France	98,859
5	Deutsche Bank	Germany	91,188
6	Credit Lyonnais	France	91,085
7	Société Générale	France	84,914
8	Dresdner Bank	Germany	70,331
9	Barclays	UK	67,474
10	Dia-Ichi Kangyo Bank	Japan	66,581

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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