

Top 1000 World Banks 2021: Chinese banks extend lead on US rivals

China continues to be the growth engine for the world's banking industry, according to The Banker's latest ranking of the Top 1000 World Banks, based on Tier 1 capital, a key measure of banking strength. With 144 banks in the ranking, China now holds almost double the amount of Tier 1 capital (\$2.96 trillion) as the US (\$1.58 trillion), with 178 banks.

In spite of the challenges posed by the Covid-19 pandemic, China expanded its aggregate Tier 1 capital and total assets in 2020 by 18.6% and 18.4%, respectively. In addition, its pre-tax profits increased by 5.2% year-on-year, while profits fell by 31.5% in the US (see Table 1).

The Chinese banking industry has also improved cost and capital efficiency. China now holds 25.6% of the world's assets (\$148.6 trillion) and generates 37.2% of profits, while the US holds 13.5% of assets and generates 18.5% of profits.

The four largest Chinese banks – Industrial and Commercial Bank of China (ICBC), China Construction Bank, Agricultural Bank of China and Bank of China – have consolidated their positions at the top of the Top 1000 World Bank ranking (see Table 2). This is the fourth year running that they have topped the ranking.

Joy Macknight, editor of The Banker, says, "During a challenging year for the world's banking industry, the top Chinese banks have extended their lead over US counterparts with double-digit growth in Tier 1 capital, as well as expanding their asset base and increasing profits. They have exhibited impressive resilience in difficult times."

ICBC has held the top spot since The Banker's 2013 ranking. This year, the world's largest lender by both Tier 1 capital and total assets grew the former by 15.7% and the latter by 18.6%. The Chinese megabank now has almost double the Tier 1 capital of the largest US bank, JPMorgan Chase (\$439.9bn versus \$234.8bn, respectively).

China Construction Bank, in second place, improved its Tier 1 position by 14.4% (\$361.6bn), while Agricultural Bank of China (3rd place) and Bank of China (4th place) grew their Tier 1 capital by 21.1% (\$336.2bn) and 18.1% (\$305.1bn), respectively. All four banks saw an increase in profits, recording the highest profits in the ranking (see Table 3).

Chinese banks in total increased their Tier 1 capital by 18.6%, as against 8.5% for US banks.

TABLE 1: TOP FIVE COUNTRIES' PROFIT CHANGE, 2021

Rank	Country	2021 (\$bn)	2020 (\$bn)	Rank 2020	% change
1	China	348	330	1	5.21
2	US	173	253	2	-31.51
3	Japan	41	41	5	-2.01
4	Canada	41	47	3	-14.58
5	France	38	43	4	-11.61

Source: www.thebankerdatabase.com

TABLE 2: TOP 10 WORLD BANKS, 2021

Rank	Previous rank	Bank	Country	Tier 1 capital (\$m)
1	1	ICBC	China	440
2	2	China Construction Bank	China	362
3	3	Agricultural Bank of China	China	336
4	4	Bank of China	China	305
5	5	JPMorgan Chase	US	235
6	6	Bank of America	US	200
7	8	Citigroup	US	167
8	9	HSBC Holdings	UK	160
9	7	Wells Fargo	US	158
10	10	Mitsubishi UFJ Financial Group	Japan	144

Source: www.thebankerdatabase.com

TABLE 3: TOP 10 BANKS BY PRE-TAX PROFITS, 2021

PTP rank	Bank	Country	PTP (\$m)
1	ICBC	China	60,050
2	China Construction Bank	China	51,549
3	Agricultural Bank of China	China	40,590
4	Bank of China	China	37,730
5	JPMorgan Chase	US	35,398
6	Bank of America	US	18,991
7	China Merchants Bank	China	18,750
8	Morgan Stanley	US	14,418
9	Citigroup	US	14,002
10	Bank of Communications	China	13,235

Source: www.thebankerdatabase.com

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Notes

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

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. The Banker is a service from the Financial Times.

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

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