

## TOP 25 BANKS

by [Steve Brown](#)

The 1Q bank data always provides some interesting things to discuss, one of which is around the largest banks in the country and just how much in assets and deposits they control. We discuss that here today.

The first thing that jumped out at us right away when looking at the data was just how concentrated things have become. Consider that Bank of America is the largest bank in the country at \$2.4T in assets, followed by JPMorgan Chase at \$2.2T and Citigroup at \$2.0T. What is amazing is that despite swallowing Wachovia, Wells Fargo is only sitting on \$1.2T in assets, about 50% less than the top 3 behemoths. Bank of America by itself represents about 20% of all assets of the top 50 banks combined. Then, when you throw in JPMorgan, Citigroup and Wells Fargo, that percentage soars to 66% of all the assets of the top 50. Clearly, these 4 banks have to be on anyone's list of too big to fail and should be tracked as to deposit pricing since they set the baseline in nearly every regional market (given their broad reach) where community banks do business.

Beyond this group of 4 mega-giants, comes the next group of 5 major banks. All told, this 2nd tier while large, cumulatively only adds up to about the size of Wells Fargo. This next tier includes HSBC North America (\$345B), US Bancorp (\$282B), PNC Financial (\$265B), Bank of New York (\$221B) and Capital One Financial (\$201B). Of note within this group, the 5th largest bank operating within the United States is HSBC, a subsidiary of foreign financial giant HSBC Holdings plc. In addition, the last name in this group, Capital One, was once just a small credit card bank back in 1988 & now has 45mm consumer customers.

The 3rd tier we explore is a group of 7 banks. Here again, this group added together is about the size of Wells Fargo in total assets. This group includes SunTrust (\$172B), TD Bank US (\$167B), BB&T (\$164B), State Street (\$154B), Citizens Financial Group (\$144B) Regions Financial (\$137B) and Fifth Third (\$113B). Of this group, foreign bank ownership once again surfaces, as TD Bank is controlled by Toronto-Dominion Bank, Canada and Citizens Financial is a subsidiary of Royal Bank of Scotland. Also interesting within this group, from the 4Q to the 1Q, Fifth Third moved up one position to join this tier, SunTrust was bumped down one notch by Capital One and TD jumped 3 places as it increased acquisition activities.

The final tier of banks we analyze are ranked #17 through #25 in order of assets held. This group includes KeyCorp (\$95B), ING Bank (\$91B), UnionBanCal (\$86B), Santander Holdings (\$84B), Northern Trust (\$76B), BancWest (\$75B), M&T (\$68B), Harris Financial (\$66B) and BBVA USA (\$65B). Once this group is included in the top 25, assets controlled represent 93% of all of the top 50. Of particular note within this final tier of banks, foreign ownership is present in force. ING Bank is a subsidiary of Netherlands based ING Groep NV, UnionBanCal is a subsidiary of Japanese bank Mitsubishi UFJ Financial, Santander is a subsidiary of Banco Santander, Spain; BancWest is a subsidiary of French bank BNP Paribas; Harris is a subsidiary of BMO Financial, Canada; BBVA is a subsidiary of Banco Bilbao Vizcaya Argentaria, Spain (also owns Compass Bank).

As the 1Q data shows, concentrations at the very top of the banking mountain are indeed extreme, but the holdings of the top 25 are nothing to sneeze at either.

# BANK NEWS

## **M&A**

215 Holding Co (\$428mm MN), the holding co. of First Farmers & Merchants banks, has entered a deal to purchase White Rock Bank (\$154mm, MN) for an undisclosed sum.

## **Rising Rates?**

In a rare turn of events, no less than 3 Fed officials ((Lockhart (non-voting), Hoenig (voting), & Fisher (alternate))) all hinted that they are growing concerned with super-accommodative monetary policy and it may be time to raise rates. Hoenig specifically remarked that he would like to see the FF Target at 1% by the end of summer.

## **Small Biz Pledge**

In an innovative marketing spin, BofA pledged to use small businesses for \$10B of services it uses over the next 5Ys. This includes advertising, appraisals, branch janitorial services and foreclosure home clean up

## **DIF Losses**

The average insurance fund impact per failed banks for 2010 equates to 23.3% of total assets. This figure is down from the 28.9% average loss for 2009 failed banks.

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