S&P Global
Ratings

G-SIB Monitor 2025

Powering Through

May 27, 2025

This report does not constitute a rating action

Key Takeaways

- We expect rated global systemically important banks (G-SIBs) will remain resilient and continue to record solid profits in 2025, despite a weaker economic outlook. Business diversification and scale will help G-SIBs navigate tougher credit conditions.
- Our outlooks on all G-SIB ratings are stable. In 2024, we upgraded two G-SIBs and downgraded one. Our ratings on G-SIBs' operating companies range from 'A-' to 'AA-'.
- Ongoing tariff uncertainty may trigger several macro-financial shocks, which could affect global financial institutions' risk profiles. We expect the most direct effects on G-SIBs include lower M&A volumes--which, in the case of banks with capital markets operations, can be offset by an increase in trading volumes--higher proactive credit provisioning, and lower lending growth.
- In our base case, we expect G-SIBs' profitability will decline but remain solid. We do not expect a meaningful deterioration in credit quality and believe most G-SIBs could absorb significantly higher losses. G-SIBs will continue to focus on their strategic priorities, namely building scale within their home region, diversifying revenues toward non-banking products, and boosting their efficiency via technological upgrades.
- Potential regulatory changes to improve competitiveness and simplify rules would not weigh on ratings, as long as key guardrails remain in place. Over the long term, however, regulatory fragmentation could increase costs and business model complexity for those G-SIBs that are most internationally active.
- The fast growth of private credit has spurred many banks to take strategic action to service or partner with key players in that space. Beyond the business opportunity, increasing interdependencies also raise contagion risks. G-SIBs' risk management will be central in this regard.

Overview | Recent Developments And Rating Actions

July 15, 2024
BPCE upgraded to 'A+' on improved loss-absorbing capacity

Oct. 15, 2024
TD Bank downgraded to 'A+' on anti-money laundering deficiencies

Nov. 15, 2024
JPMorgan Chase & Co. upgraded to 'AA-' on franchise strength and expected continued solid performance

Jan. 17, 2025
The U.K.'s PRA announces a one-year delay to January 2027 for the implementation of Basel 3.1 standards to get more clarity on implementation efforts in the U.S. This follows the EU's one-year postponement of the FRTB application to January 2026.

April 2, 2025
The U.S. administration announces an unexpected and steep tariff increase. Despite a 90-day pause, volatility and uncertainty remain high.

May 12, 2025
U.S. and China agree to de-escalate and negotiate.

Q3 2024 — Q4 2024 — Q1 2025 — Q2 2025

Central banks' key interest rate actions

Q3 2024:

July 22
PBOC cuts to 1.7%

July 31
BoJ raises to 0.25%

Aug. 1
BoE cuts to 5.00%

Sept. 18
ECB cuts to 3.50%

Sept. 26
SNB cuts to 1.00%

Sept. 27
PBOC cuts to 1.5%

Q4 2024:

Oct. 23
ECB cuts to 3.25%

Nov. 7
BoE cuts to 4.75%

Dec. 12
SNB cuts to 0.50%

Dec. 18
ECB cuts to 3.00%

Fed cuts to 4.25%-4.50%

Q1 2025:

Jan. 24
BoJ raises to 0.50% (the highest since 2008)

Feb. 5
ECB cuts to 2.75%

Feb. 6
BoE cuts to 4.50%

March 12
ECB cuts to 2.50%

March 20
SNB cuts to 0.25%

Q2 2025:

April 23
ECB cuts to 2.25%

May 7
PBOC cuts to 1.4%

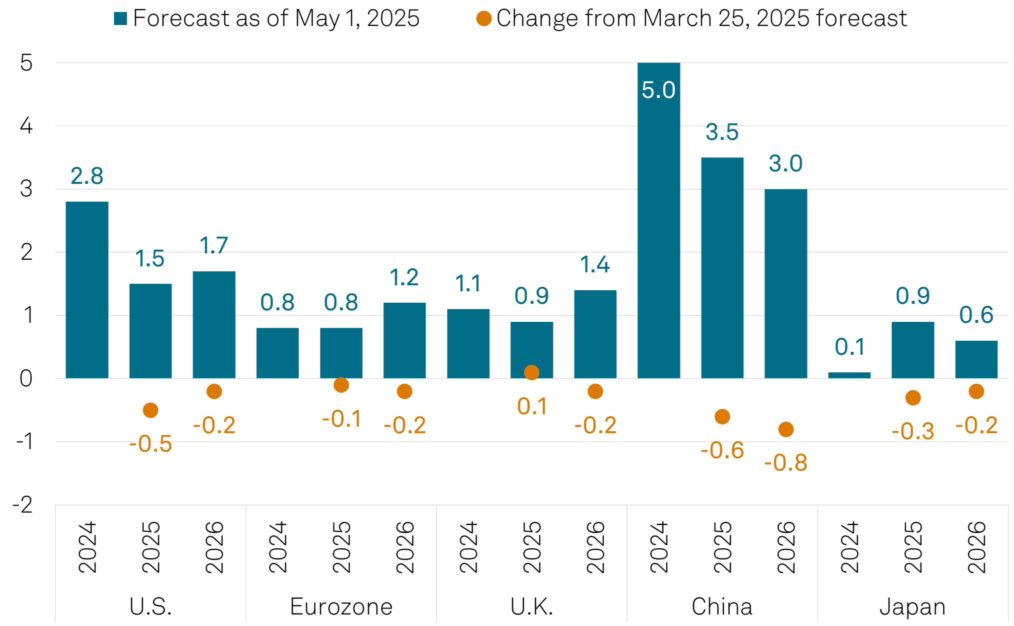
May 8
BoE cuts to 4.25%

Central banks' interest rate actions referenced above are: BoE: bank rate; BoJ: uncollateralized overnight call rate; ECB: deposit facility rate; Fed: federal funds rate; SNB: policy rate.
BoE--Bank of England. BoJ--Bank of Japan. ECB--European Central Bank. Fed--Federal Reserve. FRTB--Fundamental review of the trading book. PBOC--People's Bank of China. PRA--Prudential Regulation Authority. SNB--Swiss National Bank.
Source: S&P Global Ratings.

Macro Environment | Lower Growth, Higher Uncertainty, Persistent Rates Gap

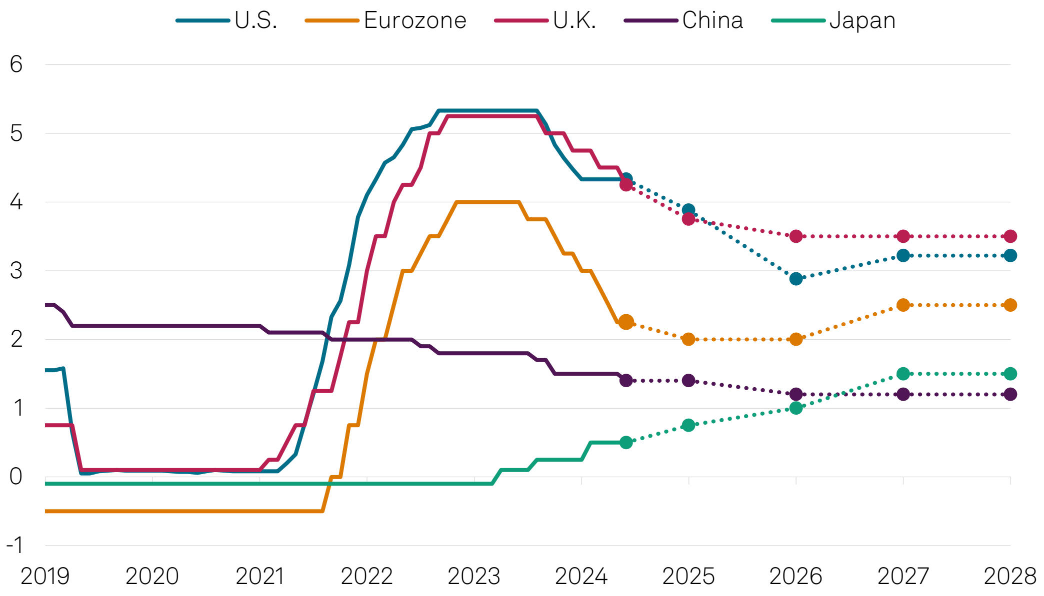
- A significant shift in U.S. trade policy has increased uncertainty and reduced our forecast for global real GDP growth by 0.3% in 2025 and 0.4% in 2026. Tariff effects are most pronounced in China, the U.S., and Canada but more limited in Europe and Japan, where growth is lower.
- Gaps between policy rates are poised to reduce, but not before 2027. Uncertainty, volatile prices and rates support capital markets businesses but weigh on investment banking results in advisory and underwriting.

Tariff effects on real GDP growth (%)



Source: S&P Global Ratings.

Key policy rates in Europe, the U.S., and APAC (%)



Actual policy rates as of May 23rd, 2025. Dots indicate our forecast of policy rates at year-end 2025-2028. APAC--Asia-Pacific. Sources: Fed, European Central Bank, Bank of China, Bank of Japan, S&P Global Ratings.

S&P Global Ratings

G-SIB Ratings | Stable Despite Uncertainties

Stable outlooks reflect the resilience of G-SIBs' credit profiles to weaker growth and rising uncertainties

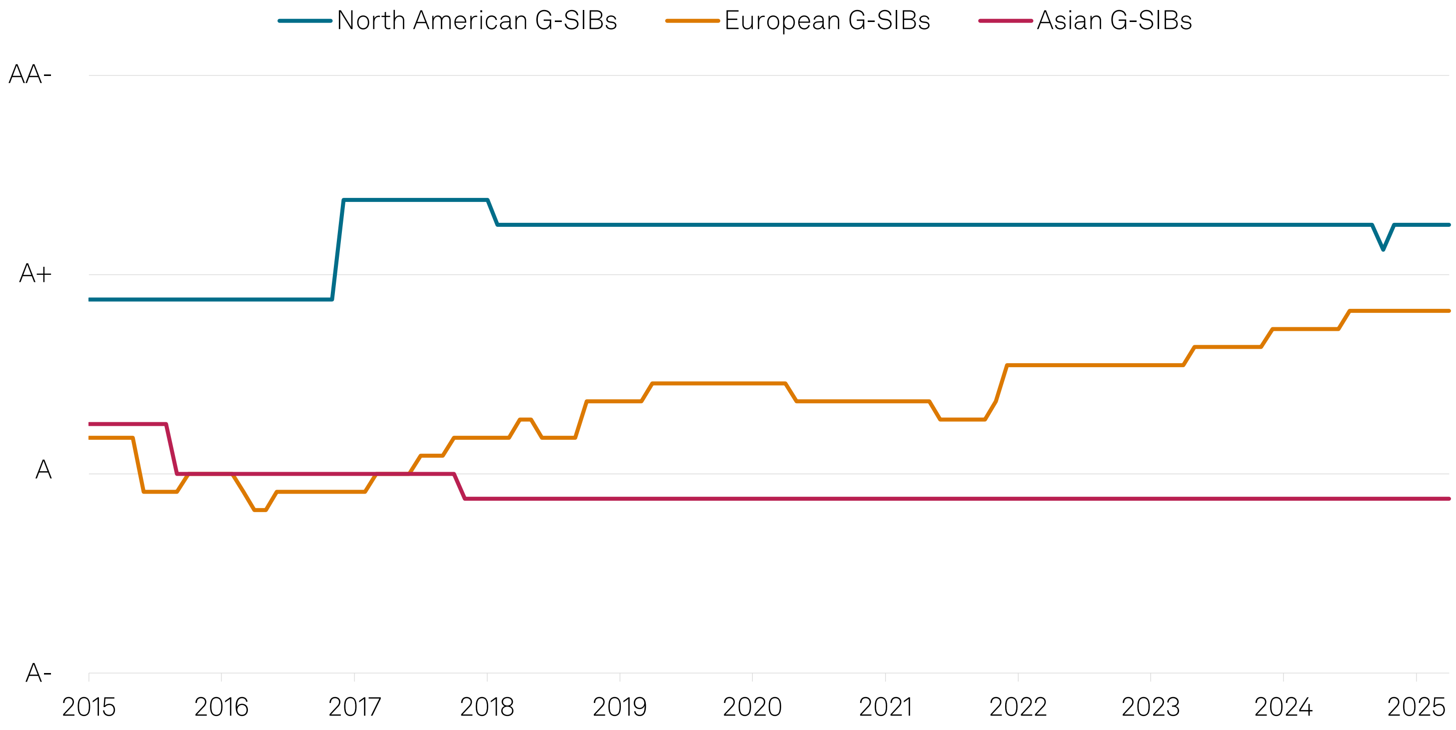
Region	Bank	Anchor	Business position	Capital and earnings	Risk position	Funding and liquidity	CRA	SACP	Support type	OpCo ICR/outlook	HoldCo ICR/outlook
Europe	**HSBC**	bbb+	Strong (+1)	Adequate (+0)	Strong (+1)	Strong/Adequate (+0)	0	a	ALAC (+1)	A+/Stable	A-/Stable
	BNP Paribas	bbb+	Very strong (+2)	Adequate (+0)	Adequate (+0)	Adequate/Adequate (+0)	0	a	ALAC (+1)	A+/Stable	-
	Credit Agricole	bbb+	Strong (+1)	Adequate (+0)	Strong (+1)	Adequate/Adequate (+0)	0	a	ALAC (+1)	A+/Stable	-
	Santander	bbb	Very strong (+2)	Adequate (+0)	Strong (+1)	Adequate/Adequate (+0)	0	a	ALAC (+1)	A+/Stable	-
	UBS	a-	Strong (+1)	Strong (+1)	Moderate (-1)	Adequate/Adequate (+0)	0	a	ALAC (+1)	A+/Stable	A-/Stable
	ING	bbb+	Strong (+1)	Adequate (+0)	Adequate (+0)	Adequate/Adequate (+0)	+1	a	ALAC (+1)	A+/Stable	A-/Stable
	BPCE	bbb+	Adequate (+0)	Strong (+1)	Adequate (+0)	Adequate/Adequate (+0)	0	a-	ALAC (+2)	A+/Stable	-
	Standard Chartered	bbb+	Adequate (+0)	Adequate (+0)	Adequate (+0)	Strong/Strong (+1)	0	a-	ALAC (+2)	A+/Stable	BBB+/Stable
	Barclays	bbb+	Strong (+1)	Strong (+1)	Moderate (-1)	Adequate/Adequate (+0)	0	a-	ALAC (+2)	A+/Stable	BBB+/Stable
	Societe Generale	bbb+	Adequate (+0)	Adequate (+0)	Adequate (+0)	Adequate/Adequate (+0)	0	bbb+	ALAC (+2)	A/Stable	-
	Deutsche Bank	bbb+	Adequate (+0)	Strong (+1)	Moderate (-1)	Adequate/Adequate (+0)	0	bbb+	ALAC (+2)	A/Stable	-
North America	**RBC**	a-	Strong (+1)	Adequate (+0)	Strong (+1)	Adequate/Adequate (+0)	0	a+	Sovereign (+1)	AA-/Stable	
	Toronto-Dominion	a-	Strong (+1)	Adequate (+0)	Adequate (+0)	Adequate/Adequate (+0)	0	a	Sovereign (+1)	A+/Stable	
	JPMorgan	bbb+	Very strong (+2)	Strong (+1)	Adequate (+0)	Adequate/Adequate (+0)	0	a+	ALAC (+1)	AA-/Stable	A/Stable
	Bank of America	bbb+	Strong (+1)	Adequate (+0)	Strong (+1)	Adequate/Adequate (+0)	0	a	ALAC (+1)	A+/Stable	A-/Stable
	Morgan Stanley	bbb+	Strong (+1)	Strong (+1)	Adequate (+0)	Adequate/Adequate (+0)	0	a	ALAC (+1)	A+/Stable	A-/Stable
	Citigroup	bbb+	Strong (+1)	Adequate (+0)	Adequate (+0)	Adequate/Adequate (+0)	0	a-	ALAC (+2)	A+/Stable	BBB+/Stable
	Goldman Sachs	bbb+	Strong (+1)	Adequate (+0)	Moderate (-1)	Adequate/Adequate (+0)	+1	a-	ALAC (+2)	A+/Stable	BBB+/Stable
	Wells Fargo	bbb+	Strong (+1)	Adequate (+0)	Adequate (+0)	Adequate/Adequate (+0)	0	a-	ALAC (+2)	A+/Stable	BBB+/Stable
Asia	**Mizuho**	bbb+	Strong (+1)	Adequate (+0)	Adequate (+0)	Strong/Strong (+1)	0	a	Sovereign (+0)	A/Stable	A-/Stable
	Mitsubishi UFJ	bbb+	Strong (+1)	Adequate (+0)	Adequate (+0)	Strong/Strong (+1)	0	a	Sovereign (+0)	A/Stable	A-/Stable
	Sumitomo	bbb+	Strong (+1)	Adequate (+0)	Adequate (+0)	Strong/Strong (+1)	0	a	Sovereign (+0)	A/Stable	A-/Stable
	BOC	bbb-	Very strong (+2)	Adequate (+0)	Adequate (+0)	Strong/Strong (+1)	0	a-	GRE (+1)	A/Stable	-
	ABC	bb+	Very strong (+2)	Adequate (+0)	Adequate (+0)	Strong/Strong (+1)	0	bbb+	GRE (+2)	A/Stable	-
	CCB	bb+	Very strong (+2)	Adequate (+0)	Adequate (+0)	Strong/Strong (+1)	0	bbb+	GRE (+2)	A/Stable	-
	ICBC	bb+	Very strong (+2)	Adequate (+0)	Adequate (+0)	Strong/Strong (+1)	0	bbb+	GRE (+2)	A/Stable	-
	BoCom	bb+	Strong (+1)	Adequate (+0)	Adequate (+0)	Strong/Adequate (+0)	0	bbb-	GRE (+3)	A-/Stable	-

Ratings as of May 23, 2025. The A+/Stable opco rating shown for HSBC applies to core European and U.S. opcos. ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. HoldCo--Holding company. ICR--Issuer credit rating. OpCo--Main operating company. SACP--Stand-alone credit profile. Source: S&P Global Ratings.

G-SIB Ratings | The Gap Between Europe And The U.S. Has Narrowed

The ratings on G-SIBs in Asia-Pacific (APAC) and North America were more stable over the past decade

Evolution of average issuer credit ratings on G-SIBs by region

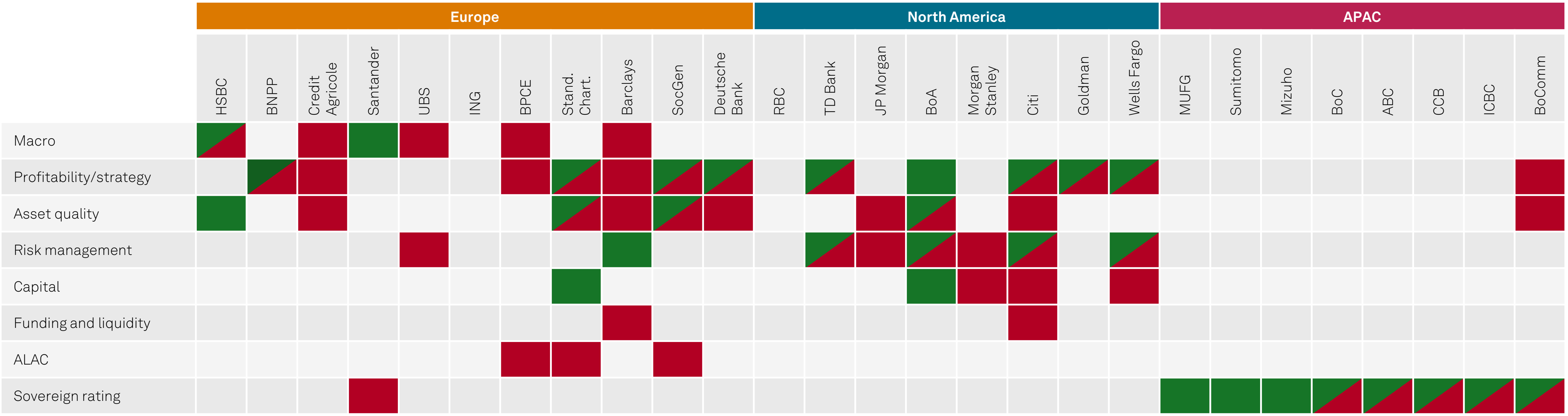


Issuer credit rating refers to the rating on the operating company. Source: S&P Global Ratings.

- North America is home to the two highest-rated G-SIBs: JP Morgan and the Royal Bank of Canada, both of which are rated at 'AA-' at the operating company level.
- European G-SIB ratings benefited from the gradual build-up of capital and additional loss-absorbing capacity (ALAC).
- Some European G-SIBs, such as Deutsche Bank and Barclays, restructured their business and risk management profiles, which supported the positive ratings momentum.

G-SIB Ratings | Potential Triggers For Rating Actions

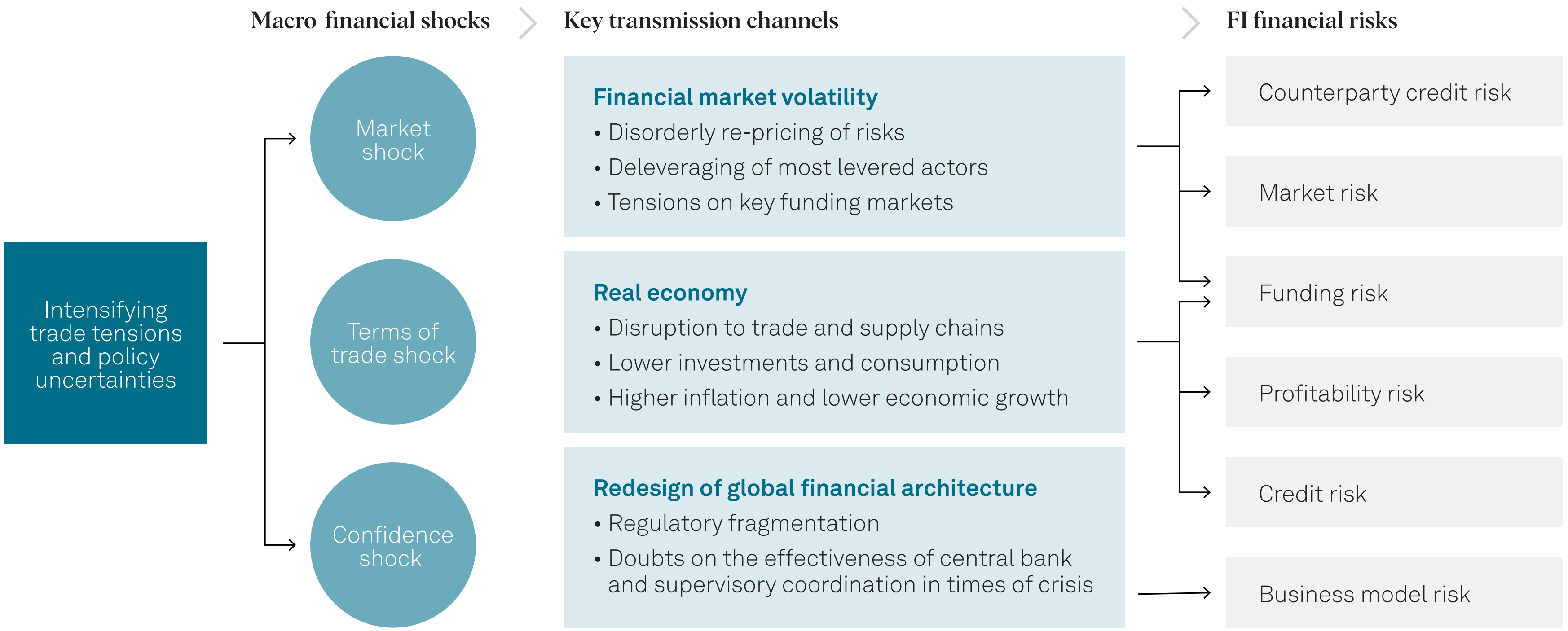
- For European and North American G-SIBs, sustaining or improving risk-adjusted profitability is a key rating theme. Asset quality deterioration could also add to rating pressure.
- For G-SIBs in APAC, rating drivers are related to sovereign ratings, because banks are either government-related entities (China) or the ratings on them could be raised by one notch due to extraordinary government support (Japan).
- Macro and balance sheet trends related to capitalization or funding and liquidity are rating drivers for only a few G-SIBs. This illustrates rated G-SIBs' overall financial resilience.



Banks whose rating drivers are not listed above are either subject to other idiosyncratic factors or our outlooks on the respective ratings are stable and imply a low probability for upside or downside scenarios. Outlook drivers apply to issuer credit ratings and may not show potential changes in the stand-alone credit profile. Upside driver. Downside driver. Bidirectional driver. Source: S&P Global Ratings.

Tariffs | G-SIBs Are Not Immune To Macro-Financial Shocks

- Intensifying trade tensions could lead to market, economic, and confidence shocks that could increase bank risks through various channels. We expect the most direct effects on G-SIBs include lower M&A volumes--which, in the case of banks with capital markets operations, can be offset by an increase in trading volumes--higher proactive credit provisioning, and lower lending growth.
- Over the longer term, the reshuffling of global trade could change the global financial architecture. Increasing regulatory fragmentation could increase costs and complexity for most internationally active G-SIBs.



FI--Financial institutions. Source: S&P Global Ratings.

2025 Performance | Our Key Expectations

We expect most rated G-SIBs' profits will decline from last year's highs, while profitability should remain solid

Worsening | Neutral | Improving

Revenues and profitability	Declining GDP growth, which reduces credit demand, and lower interest rates will weigh on net interest income (NII). This will be offset by higher fee income--particularly in the wealth and asset management space--and stronger capital market revenues. Overall, we expect profitability will remain solid, though lower than in 2024.
Operating costs	In the past two years, improvements in cost efficiency metrics largely resulted from higher revenues. This year, management teams will aim to maintain efficiency levels, with a renewed focus on cost control measures. European G-SIBs have now largely closed the efficiency gap with U.S. G-SIBs, while Chinese G-SIBs continue to stand out positively.
Credit costs and asset quality	Gradually rising interest rates in real terms and potential fiscal consolidation, especially in Europe, should weigh on economic growth and expose some pockets of credit risk related to, for example, U.S. commercial real estate, Chinese micro loans, and loans to small and midsize enterprises in China. Therefore, we expect the pressure on credit costs and overall asset quality will increase moderately in 2025 but remain manageable.
Capital	Overall, we expect capitalization will remain solid. We think U.S. G-SIBs will accrete capital through earnings retention, mainly because they are cautious about the economy and regulatory requirements. Some Chinese G-SIBs have announced that they will receive capital injections from the government this year.

Source: S&P Global Ratings.

2025 Performance | Q1 Earnings Confirm Cautious Optimism

- G-SIBs' performance in Q1 2025 was in line with our expectations, with no major negative outliers and no rating actions in the aftermath of earnings publications.
- Market uncertainties and volatility had the usual opposite effects: They boosted trading revenues but hampered investment banking results in advisory and underwriting.
- The increase in some G-SIBs' credit provisions reflects the effect of lower economic growth projections on provisioning models, rather than actual defaults, which remain contained. The extent of these effects year to date is considerably lower than during previous macro shocks, for example in 2020 or 2022.
- G-SIBs' management teams have not materially lowered their guidance for the rest of 2025 and 2026. Their confidence is supported by the 90 day-pause on U.S. tariffs.
- Distributions to shareholders are set to continue apace, as banks exhibit ample capital positions and solid earnings.
- G-SIBs' strategic focus remains on the diversification of earnings via growth in insurance and asset management, as well as the integration of generative AI solutions.
- Some G-SIBs are now openly advocating for regulatory changes to the supplementary leverage ratio and the stress testing framework in the U.S., and the ring-fencing framework in the U.K.

2025 Performance | Closer To Stated Objectives

- Even though they do not directly affect ratings, banks' stated targets indicate their ambition and risk appetite. Some G-SIBs--for example HSBC and BPCE--have very high capitalization targets, while others--such as JPM and MS--have very high profitability targets.

Region	Bank (target horizon)	Profitability	Cost efficiency	Capitalization
		(Actual 2024 | Distance to target* | Target metric)		
Europe	**HSBC** (2027§)	16.0% | N/A | ROTE†	3.0% | +0 bps | Δ costs (%)‡	14.9% | +65 bps | CET1
Europe	**BNPP** (2026)	10.9% | -110 bps | ROTE	61.0% | +300 bps** | CIR	12.9% | +60 bps†† | CET1
Europe	**Credit Agricole Group** (medium term)	No target	No target	17.2% | +20 bps | CET1
Europe	**Santander** (2025)	16.3% | -20 bps | ROTE	41.8% | -20 bps | CIR	12.8% | -20 bps | CET1
Europe	**UBS** (2026)	8.7% | -630 bps | RoCET1	85.0% | +1500 bps | CIR	14.3% | +30 bps | CET1
Europe	**ING** (2025)	13.% | +100 bps | ROE	€12.1 bn | -0.5 bn | Totex	13.6% | +110 bps | CET1
Europe	**BPCE** (2026)	4.3% | -120 bps | ROTE	69.4% | +340 bps | CIR	16.2% | +70 bps | CET1
Europe	**Standard Chartered** (2026)	11.4% | -160 bps | ROTE	$ 11.7 bn | -0.6 bn | Opex	14.2% | +70 bps | CET1
Europe	**Barclays** (2026)	10.5% | -150 bps | ROTE	62% | >+200 bps‡‡ | CIR	13.6% | +10 bps | CET1
Europe	**SocGen** (2026)	6.9% | -260 bps | ROTE†	69.0% | +900 bps | CIR	13.3% | +30 bps | CET1
Europe	**Deutsche Bank** (2025)	4.7% | -530 bps§§ | ROTE	76.3% | +1130 bps | CIR	13.8% | +80 bps | CET1

Region	Bank (target horizon)	Profitability	Cost efficiency	Capitalization
		(Actual 2024 | Distance to target* | Target metric)		
North America	**RBC** (medium term)	14.4% | -160 bps | ROE	59.7% | +670 bps | CIR	No quantitative target
North America	**JPM** (through the cycle)	22.0% | +500 bps | ROTCE	No target	No target
North America	**Morgan Stanley** (through the cycle)	18.8%| -120 bps | ROTCE	71% | +100 bps | Efficiency	No target
North America	**Citi** (2025/26‡‡‡)	7.0% | -300 bps | ROTCE	USD 53.8 bn | +0 | Opex	13.6% | +50 bps | CET1
North America	**Goldman** (2027)	12.7% | -230 bps | ROCE	63.1% | +310 bps | CIR	No target
North America	**Wells Fargo** (medium term)	13.4% | -160 bps | ROTCE	No target	No target
Japan	**MUFG** (2026)	9.9% | +90 bps | RoE	57.6% | -240 bps | CIR	10.8% | +80 bps | CET1
Japan	**Sumitomo** (2025)	12.0% | +250 bps | RoCET1	¥1625 bn | -¥20bn | Baseline expectation	10.2% | +20 bps | CET1
Japan	**Mizuho**(2025)	9.4% | +140 bps | ROE	No target	10.3% | +30 bps | CET1

Chinese G-SIBs and Bank of America did not communicate any public financial targets. Toronto Dominion suspended its guidance and is undergoing strategic review. Green cells indicate that we assess the target has been reached or is about to be reached; in case of target ranges, the target is considered met when metric is within range. *To calculate the distances to targets in case of target ranges, we use mid-points of ranges. We use these without disclosing them in a separate footnote. §ROTE target only, others without target horizon. †Excluding notable items. ‡Costs on a target basis at constant currency set at +3% year over year for 2025; actual shows 2024 increase, including S&P Global Ratings' adjustments. **Distance derived from target set as 1.5% pts. positive jaws by 2026. §§Target set above 10%. ††Target of 12.3% CET1 is for 2025 and 2026 prior to fundamental review of the trading book. ‡‡Implied by target in the high 50s. ‡‡‡2025 for capital and cost efficiency, 2026 for profitability. bps--Basis points. CET1--Common equity tier 1. CIR--Corporate interest restriction. N/A--Not applicable. Opex--Operating expenditure. Totex--Total expenditure. ROE--Return on equity. ROTCE--Return on average tangible common shareholders' equity. RoCET1--Return on CET1. ROTE--Return on tangible equity. Source: S&P Global Ratings.

Regulation | Push For Simplification, Risk Of Fragmentation

Some G-SIBs advocate for regulatory simplifications. These would not weigh on ratings, as long as key guardrails remain in place. That said, intensifying trade tensions could induce a broader economic reshuffling, which, in turn, could affect the global financial system. We see two main risks for global financial stability:

1. Regulatory fragmentation

- We believe a simplification of existing rules, as well as a sense of regulatory saturation, are inevitable. This has become most apparent in the difficulties related to the implementation of Basel III in certain key global jurisdictions, such as the U.S.
- A broader regulatory rollback is not our current base case but could impair bank ratings if it materialized.
- For G-SIBs and other globally active banks, global regulatory fragmentation would increase additional costs meaningfully, given these banks' exposures to multiple authorities and rulebooks.

2. Decline in global coordination to manage financial crises

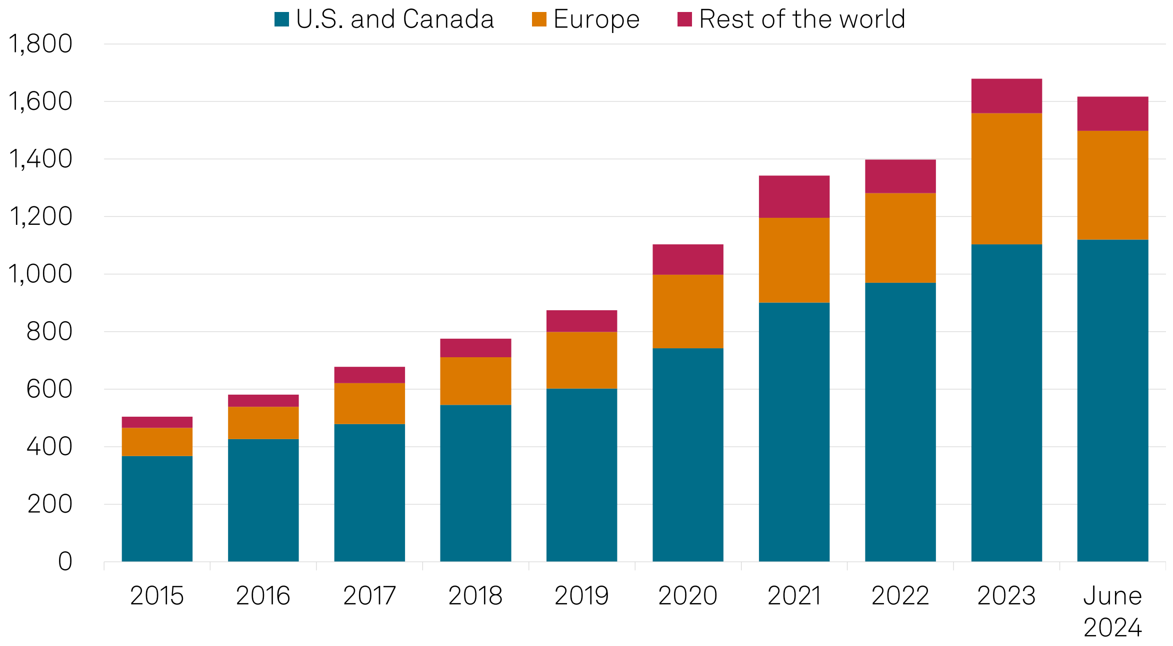
- The safety of the financial system requires a minimum amount of coordination among authorities in times of crisis. Given the prominence of the U.S. dollar in the global financial system, U.S. authorities must contribute to global financial stability in case of stress, for instance by providing a U.S. dollar-denominated liquidity backstop in the form of central bank swap lines.
- Our base case remains that such cooperation among authorities would be forthcoming in times of crisis, given the shared interest in ensuring global financial stability.
- That said, doubts about the availability of such a public backstop could lead some globally active banks or banks with a positive net asset position in U.S. dollar to reduce related business activities.

Private Credit | Fast Growth Spurs G-SIBs Into Action

With their large origination franchises and capital market activities, some G-SIBs appear well placed to benefit from the growth in the private credit market

Private credit growth remains concentrated in the U.S.

Fund AUM (bil. $)



AUM include dry powder and unrealized value. Region based on the domicile of the fund. Rest of the world--Middle East, Africa, Asia-Pacific, and Latin America. AUM--Assets under management.
Sources: Preqin, S&P Global Market Intelligence.

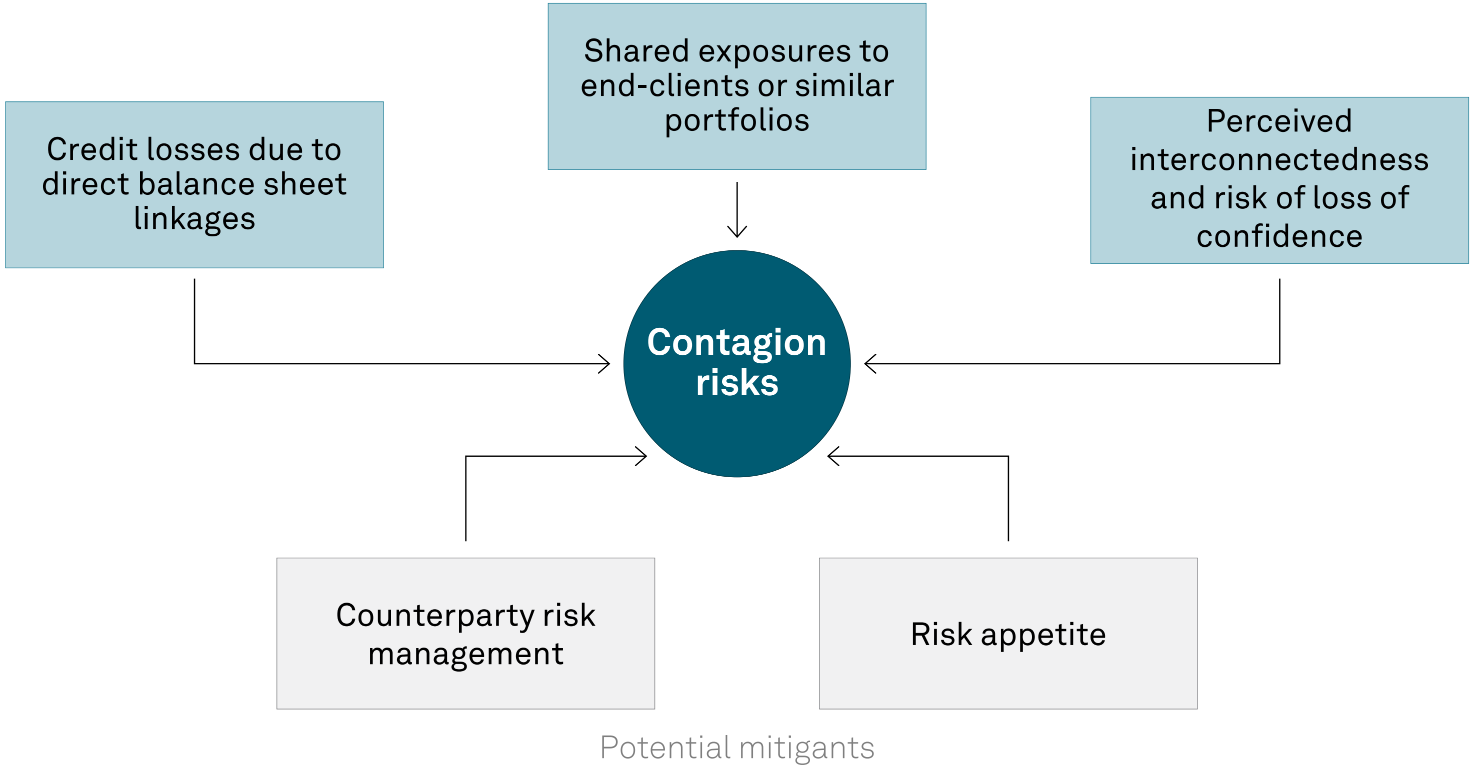
G-SIBs are engaging with private capital in many ways

- To generate leveraged returns and to manage their liquidity needs, private credit funds rely on various types of financing, including subscription credit facilities and asset-based lending.
- Bank servicing of these funds is dominated by GSIBs, domestic systemically important banks, and large U.S. regional banks that conduct lending predominantly through collateralized facilities, such as warehouses and subscription lines.
- Private credit's push into asset-based finance and investment-grade corporate credit is spurring banks to react.
- Strategic partnerships include the origination or distribution of high-quality private credit investments.
- Examples of G-SIBs' partnerships with private capital funds include BNP Paribas & Apollo, SocGen & Brookfield, Barclays & AGL.

Private Credit | Contagion Risks Exist

Interconnectedness among nonbank lenders and between nonbank lenders and banks can lead to risk-sharing but also risk propagation

Contagion risks could materialize in multiple ways



Source: S&P Global Ratings.

Exogenous and endogenous shocks can test the resilience of banks and nonbanks, including private credit funds. These shocks include:

- Geopolitical events, economic shocks, and market fragilities; and
- Idiosyncratic underperformance of direct exposures.
- Banks' risk management is central. Their decision-making must rely on transparency, effective and active monitoring, risk-based pricing, prudent assumptions on valuations and secondary liquidity, the avoidance of risk concentrations, and scenario analyses.

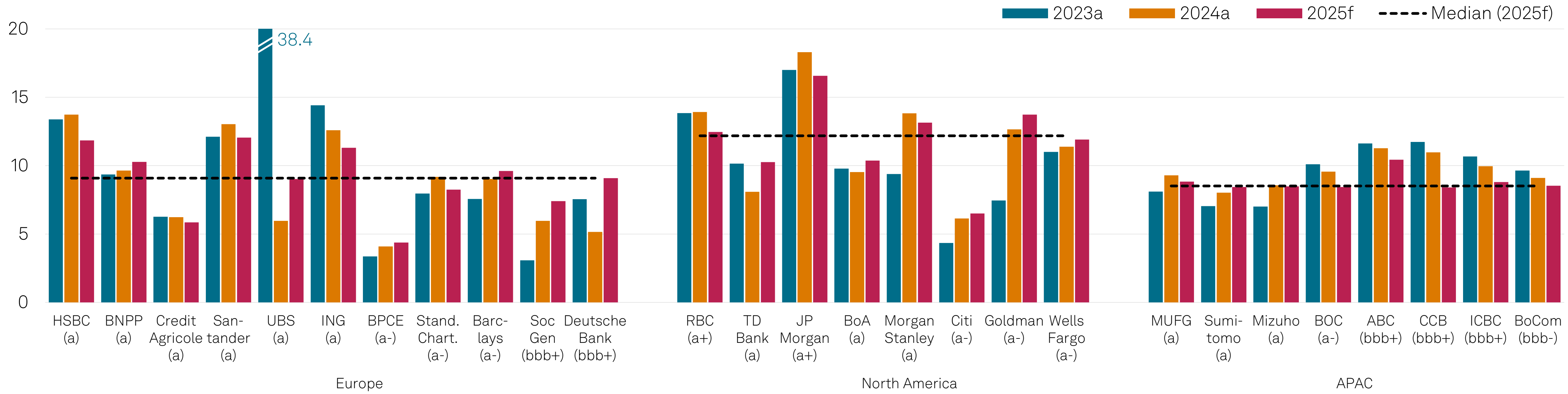
Good risk management starts with a clear risk appetite statement: Where will banks draw the line between attractive returns and exposures to direct and indirect risks?

Our Key Financial Expectations For 2025

Profitability Set To Decline From Cyclical Highs

- We expect most G-SIBs will report slightly lower profitability in 2025, compared with 2023-2024. This is mainly due to lower NII and a potential uptick in credit provisioning for some banks.
- For European and APAC G-SIBs, the profitability gap relative to North American G-SIBs stands at about 3 percentage points in median return on average common equity and is set to largely persist in 2025.
- The decline in profitability that certain mutualist groups reported--among them Credit Agricole and BPCE--also reflects the significantly higher capitalization.

Return on average common equity (%)



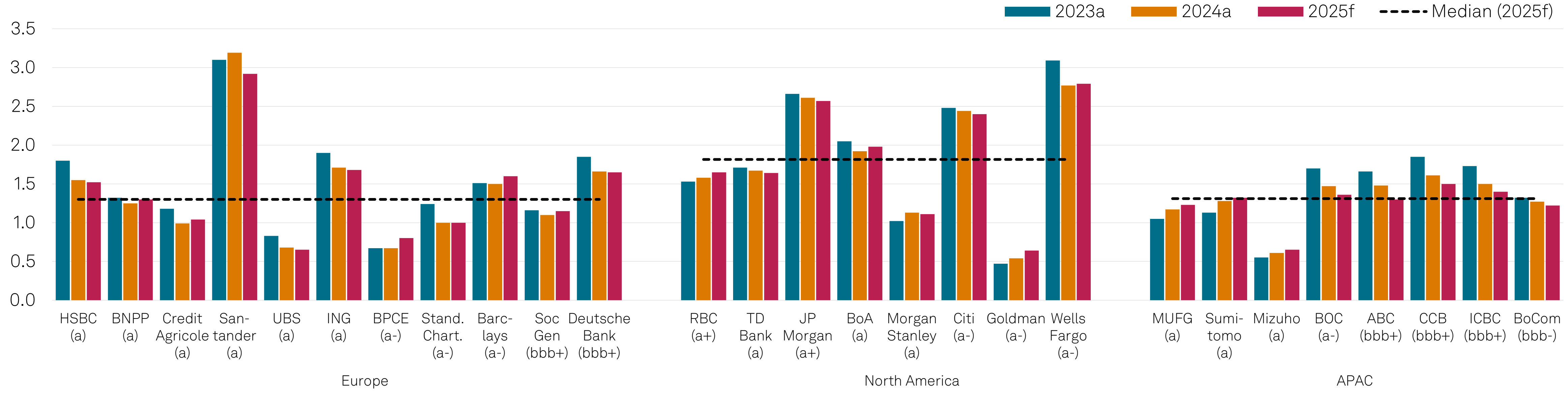
Credit Agricole refers to Groupe Credit Agricole. The letters in parentheses denote the stand-alone credit profile. a--Actual. f--Forecast. Source: S&P Global Ratings.

S&P Global Ratings

Limiting The Decline In NIMs Is A Key Priority For 2025

- Net interest margins (NIMs) are set to decline for most developed-market G-SIBs in 2025, largely due to lower deposit margins as short-term policy rates are gradually declining. That said, banks can limit short-term impairments via hedging policies and, if possible, an increase in lending volumes.
- Exceptions to this trend are French and Japanese G-SIBs. For French banks, the decline in funding costs related to regulated deposits and the gradual repricing of the lending book at higher rates should support margins. For Japanese banks, higher lending rates and contained interest rates on deposits will likely increase NIMs.
- The decline in Chinese G-SIBs' NIMs resulted from lower lending margins due to weak credit demand and pricing concessions to support economic growth.

Net interest margins (%)

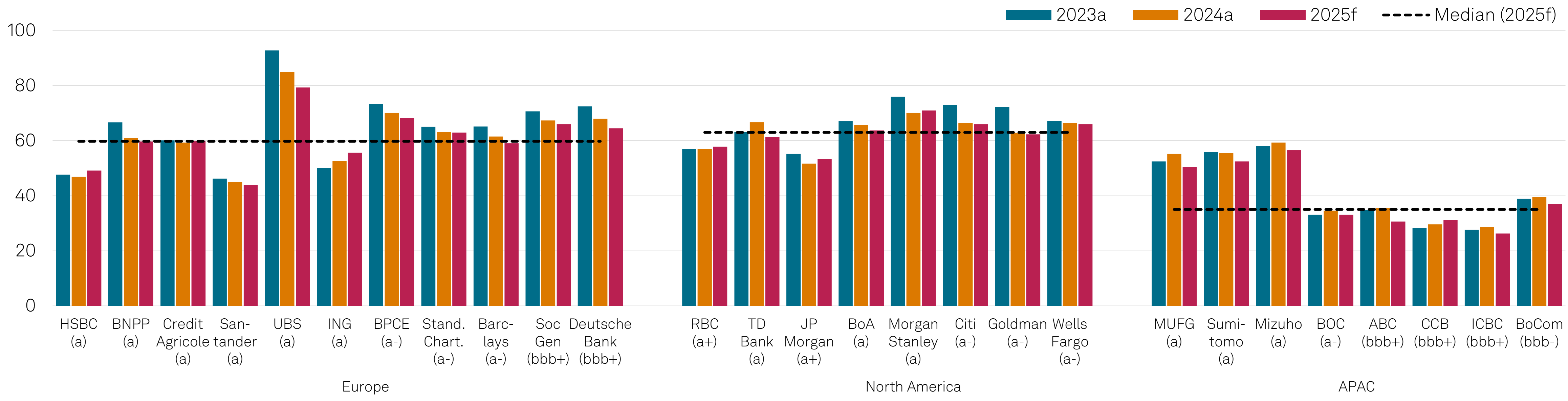


Credit Agricole refers to Groupe Credit Agricole. The letters in parentheses denote the stand-alone credit profile. a--Actual. f--Forecast. Source: S&P Global Ratings.

Renewed Efforts To Control Costs And Boost Efficiency

- After years of cost cutting and higher revenues, most European G-SIBs have closed the efficiency gap with U.S. and Japanese peers and now record cost-to-income ratios of about 60%. We expect several negative outliers--for example UBS, DB, SocGen, and BPCE--will record further efficiency gains this year.
- Chinese banks remain positive outliers, whose efficiency ratios exceed those of peers. This reflects economies of scale and government policies aimed at lowering salaries and perks for the highest earners, which include employees in the financial industry.

Cost-to-income ratio (%)

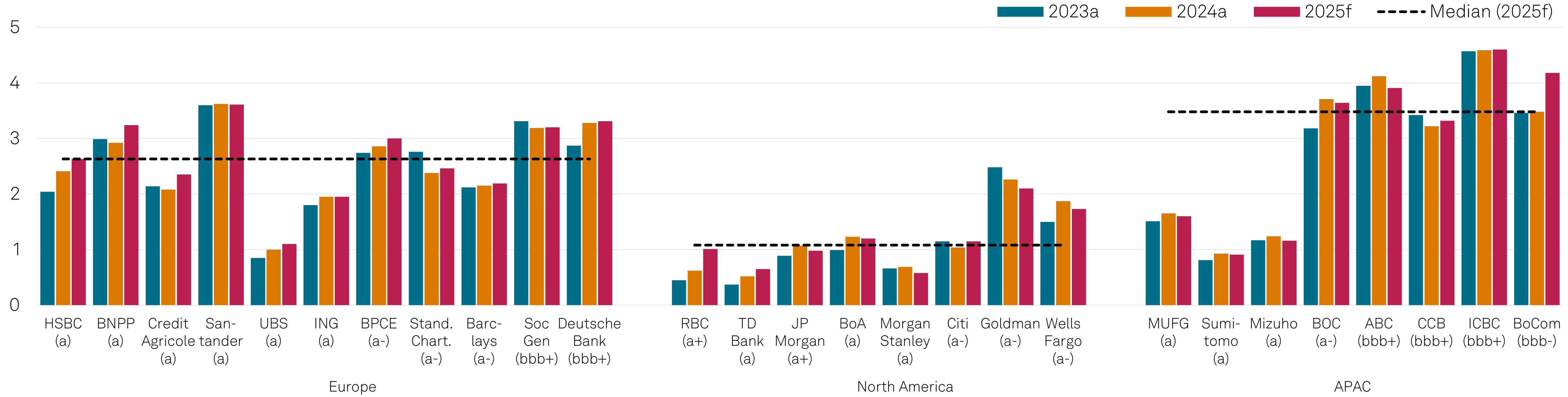


Credit Agricole refers to Groupe Credit Agricole. The letters in parentheses denote the stand-alone credit profile. a--Actual. f--Forecast. Source: S&P Global Ratings.

Asset Quality Withstands Lower Growth

- Credit portfolios have been remarkably resilient year to date, with no increases in nonperforming assets or provisioning.
- Structural differences between Europe and North America will likely persist and stem from North American G-SIBs charging off bad loans quicker than European peers. This increases credit losses but reduces the stock of nonperforming assets.
- In APAC, Chinese banks record higher levels of nonperforming loans (NPLs) due to the COVID-19 pandemic and the property downturn. We expect credit losses will remain manageable, despite slower GDP growth, thanks to portfolio diversification benefits and outstanding loan loss reserve buffers.

Nonperforming asset ratio (%)

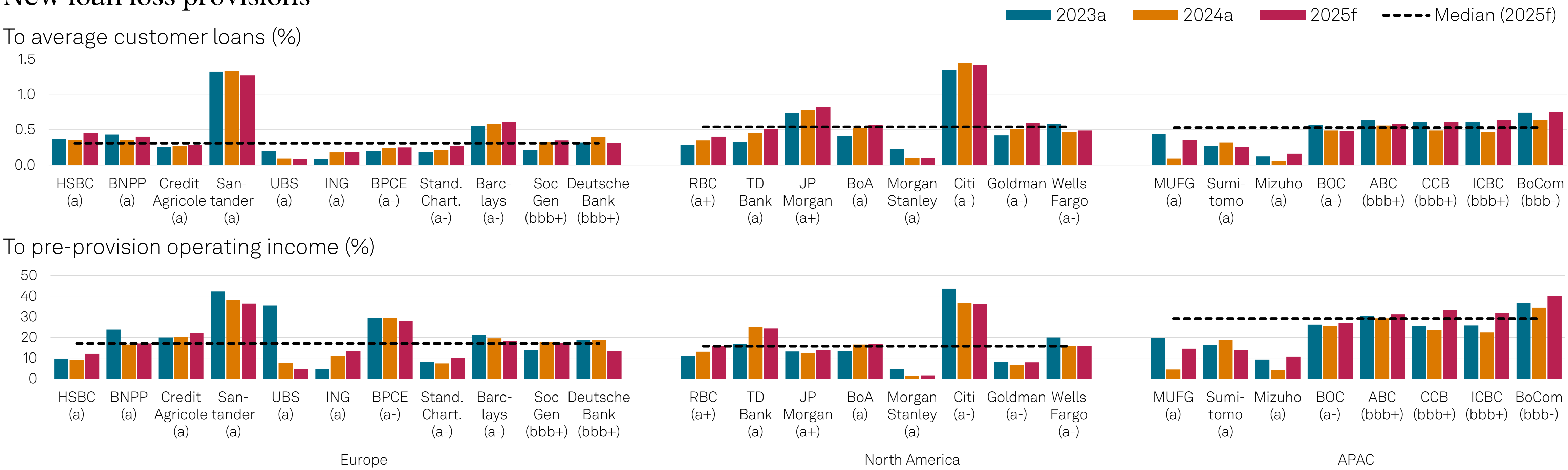


Credit Agricole refers to Groupe Credit Agricole. The letters in parentheses denote the stand-alone credit profile. a--Actual. f--Forecast. Source: S&P Global Ratings.

Credit Costs Increase To Still Relatively Low Levels

- Most G-SIBs recorded credit provisions based on their economic projections. As these are adjusted downward in the wake of the tariff announcements, we expect provisions will rise in 2025--a trend that has already started in Q1 for many banks.
- That said, credit costs remain limited. On average, they account for 20%-30% of pre-provision income for most G-SIBs, which illustrates their financial resilience. Citi and Santander are negative outliers, because they focus on consumer loans and credit cards, which typically generate higher charge-offs.

New loan loss provisions

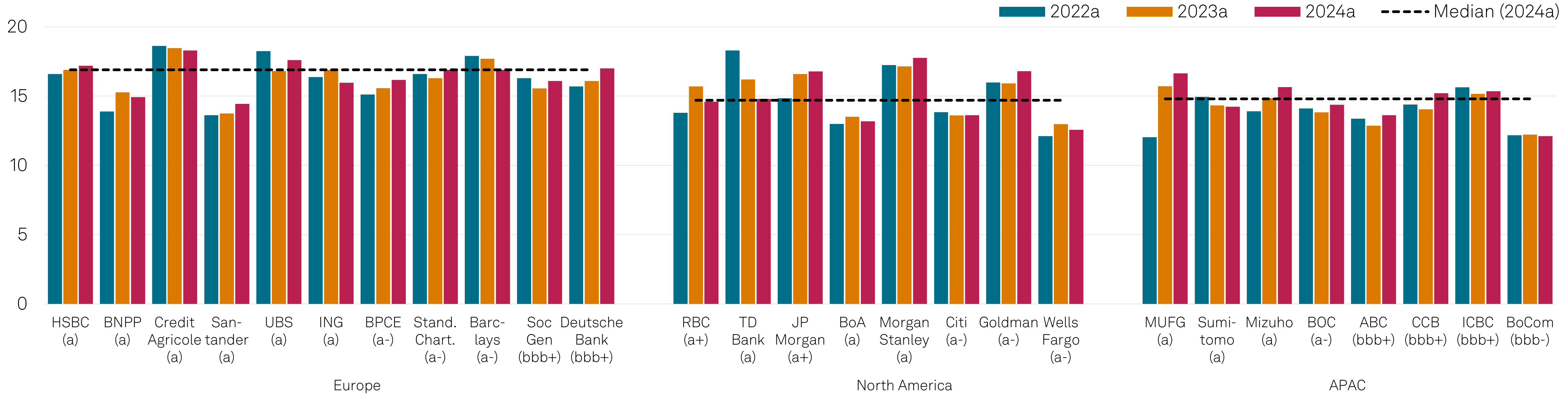


Credit Agricole refers to Groupe Credit Agricole. The letters in parentheses denote the stand-alone credit profile. a--Actual. f--Forecast. Source: S&P Global Ratings.

High And Stable Capitalization Underpins Financial Resilience

- Recent increases in shareholder distributions have not impaired G-SIBs' capitalization levels. This is because earnings growth and a lower increase in risk-weighted assets (RWAs) largely offset the distributions. In China, the government announced plans to inject further capital into CCB, BOC, and BoCom.
- European banks recorded higher regulatory ratios, but comparability is limited because Basel standards are implemented at varying degrees. G-SIBs will face more regulatory fragmentation, as jurisdictions in Japan, the EU, and China have fully or largely implemented Basel III, while the U.K. has delayed the implementation and the U.S. still has to agree on a position.

Tier 1 capital ratio (%)



Credit Agricole refers to Groupe Credit Agricole. The letters in parentheses denote the stand-alone credit profile. a--Actual. Source: S&P Global Ratings.

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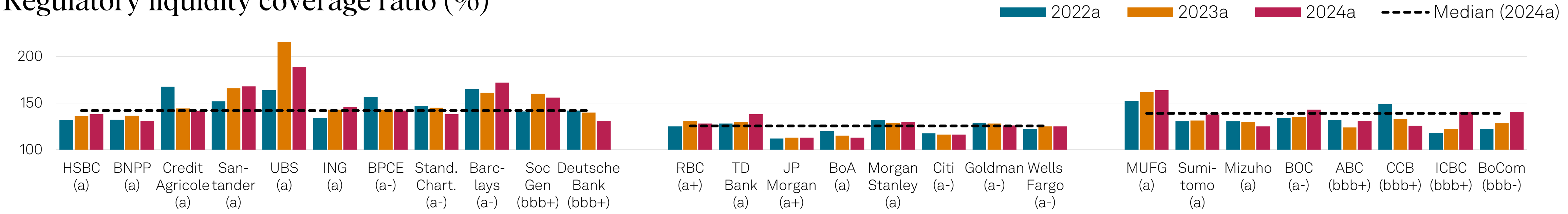
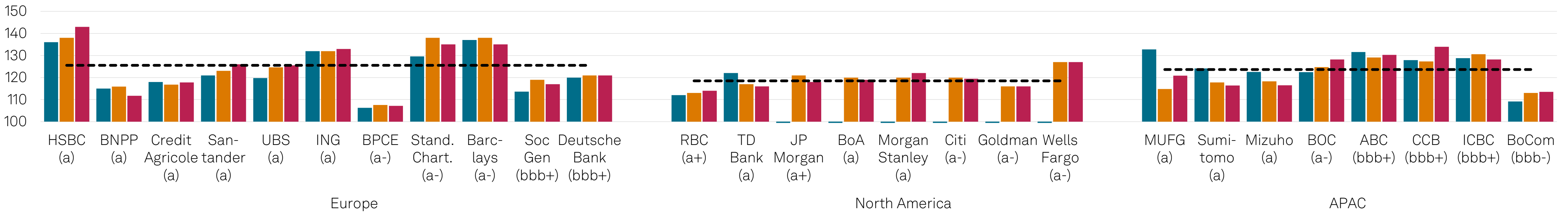
Funding And Liquidity Ratios Remain Stable

- Regulatory funding and liquidity ratios significantly exceed minimum requirements for all G-SIBs. Most banks in Europe and Asia even operate with a significant buffer above minimum requirements.
- Differences could result from assumptions on deposit outflows. Our analysis also considers the broader quality of each bank's funding franchise. We view funding and liquidity as relative rating strengths for most APAC G-SIBs and only one European G-SIB (Standard Chartered).

Regulatory liquidity coverage ratio (%)



Regulatory net stable funding ratio (%)

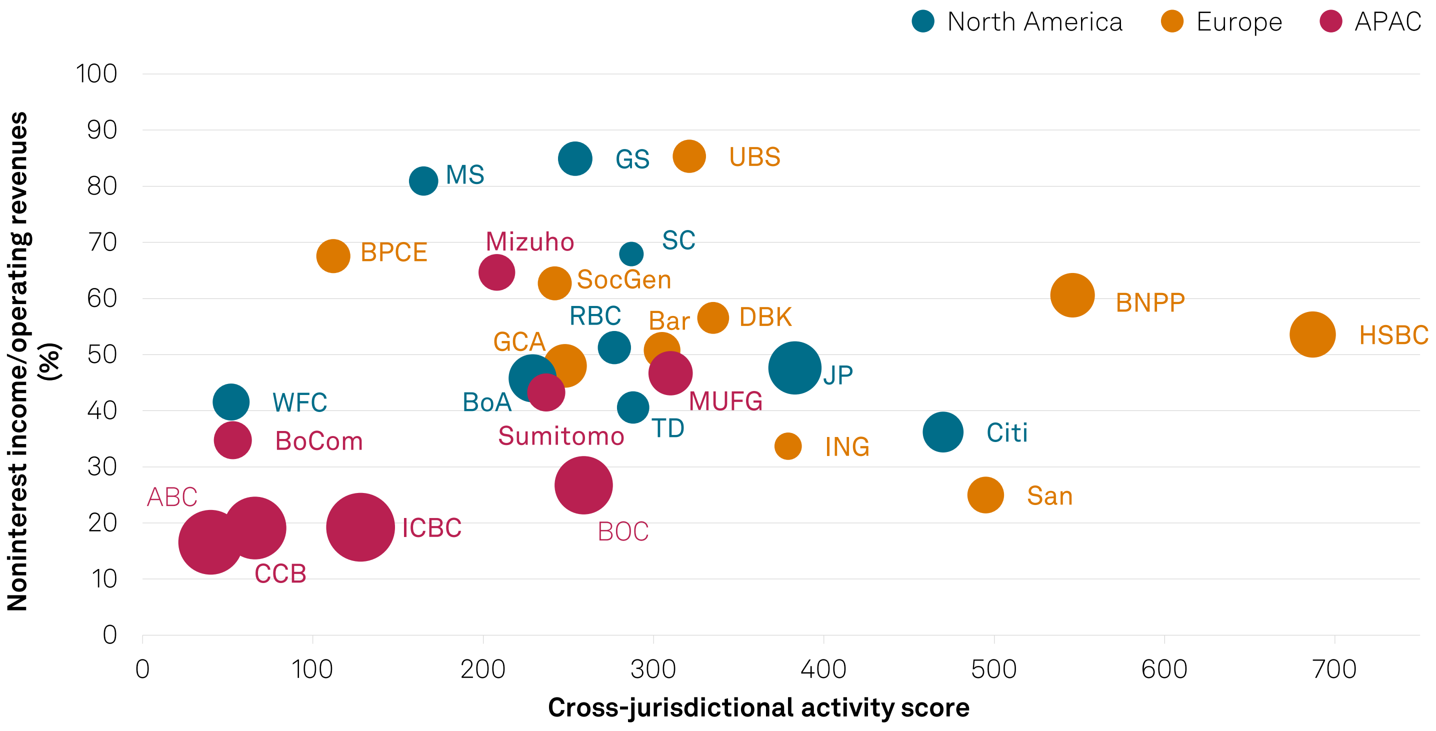


Ratios presented as reported by the banks under their home jurisdiction's requirements. U.S. banks started reporting the regulatory net stable funding ratio from 2023. Credit Agricole refers to Groupe Credit Agricole. The letters in brackets denote the stand-alone credit profile. a--Actual. Source: S&P Global Ratings.

Business And Credit Profiles

Business And Geographic Diversification Are Key For Credit Strength And Differ Among G-SIBs

Geographic and business diversification are key strategic differentiators



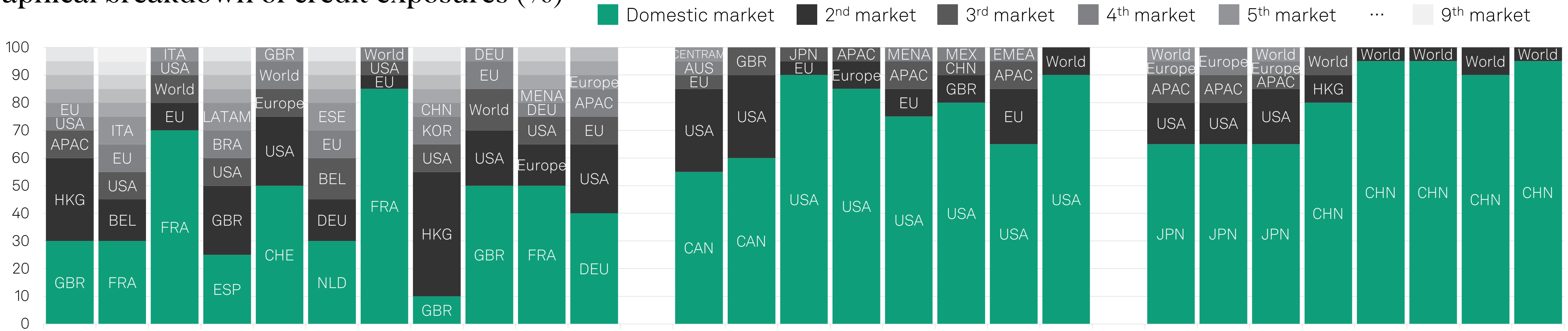
The cross-jurisdictional activity score is one element of the regulatory methodology to assess G-SIBs. It is calculated based on the cross-jurisdictional claims and liabilities of a bank. Bubble size reflects total assets as per year-end 2024. GCA--Groupe Credit Agricole. Source: S&P Global Ratings.

- Most G-SIBs are large, diversified universal banks with varying degrees of internationalization.
- UBS, Goldman Sachs, and Morgan Stanley have dominant positions in international wealth management or investment banking and are therefore more dependent on noninterest income.
- Santander, HSBC, Citi, ING, Wells Fargo, and Chinese G-SIBs are primarily large lenders, some with a large international footprint.

Variations In Rating Anchors Are Mostly Limited

Chinese G-SIBs are an exception because they face higher economic and industry risks, reflected in lower anchors

Geographical breakdown of credit exposures (%)

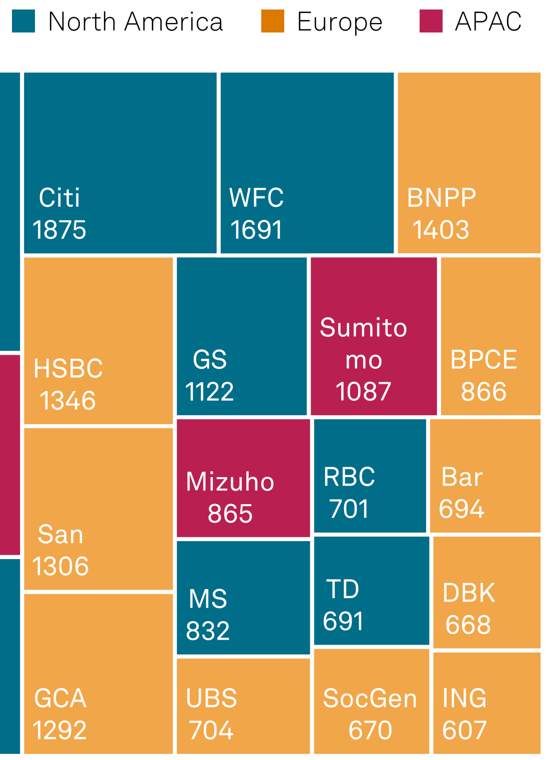


	HSBC (a)	BNPP (a)	Credit Agricole (a)	San-tander (a)	UBS (a)	ING (a)	BPCE (a-)	Stand. Chart. (a-)	Barc-lays (a-)	Soc Gen (bbb+)	Deutsche Bank (bbb+)	RBC (a+)	TD Bank (a)	JP Morgan (a+)	BoA (a)	Morgan Stanley (a)	Citi (a-)	Goldman (a-)	Wells Fargo (a-)	MUFG (a)	Sumi-tomo (a)	Mizuho (a-)	BCC (a-)	ABC (bbb+)	CCB (bbb+)	ICBC (bbb+)	BoCom (bbb-)
Anchor	bbb+	bbb+	bbb+	bbb+	a-	bbb+	bbb+	bbb+	bbb+	bbb+	bbb+	a-	a-	bbb+	bbb+	bbb+	bbb+	bbb+	bbb+	bbb+	bbb+	bbb+	bbb-	bb+	bb+	bb+	bb+
WAER	4	3	3	4	2	3	3	4	4	3	3	3	3	3	3	3	3	3	3	3	3	3	6	7	7	7	7
Industry risk	3	4	4	3	3	3	4	3	3	4	4	2	2	3	3	3	3	3	3	4	4	4	5	5	5	5	5

APAC--Asia-Pacific. AUS--Australia. BEL--Belgium. CHN--China. CENTRAM--Central America. CHE--Switzerland. CZE--Czechia. DEU--Germany. ESE--Eastern and Southern Europe. ESP--Spain. GBR--United Kingdom. HKG--Hong Kong. ITA--Italy. JPN--Japan. KOR--Korea. LATAM--Latin America. MENA--Middle East and Northern Africa. NA--North America. NED--Netherlands. POL--Poland. PRT--Portugal. WAER--Weighted average economic risk, calculated based on the geographic exposures of the bank and the economic risk scores of the various jurisdictions where it has exposures. Source: S&P Global Ratings.

Differences In Size Are Considerable

Comparison of S&P Global Ratings' risk-weighted assets (bil. $)



Values refer to forecast risk-weighted assets for 2025. Source: S&P Global Ratings.

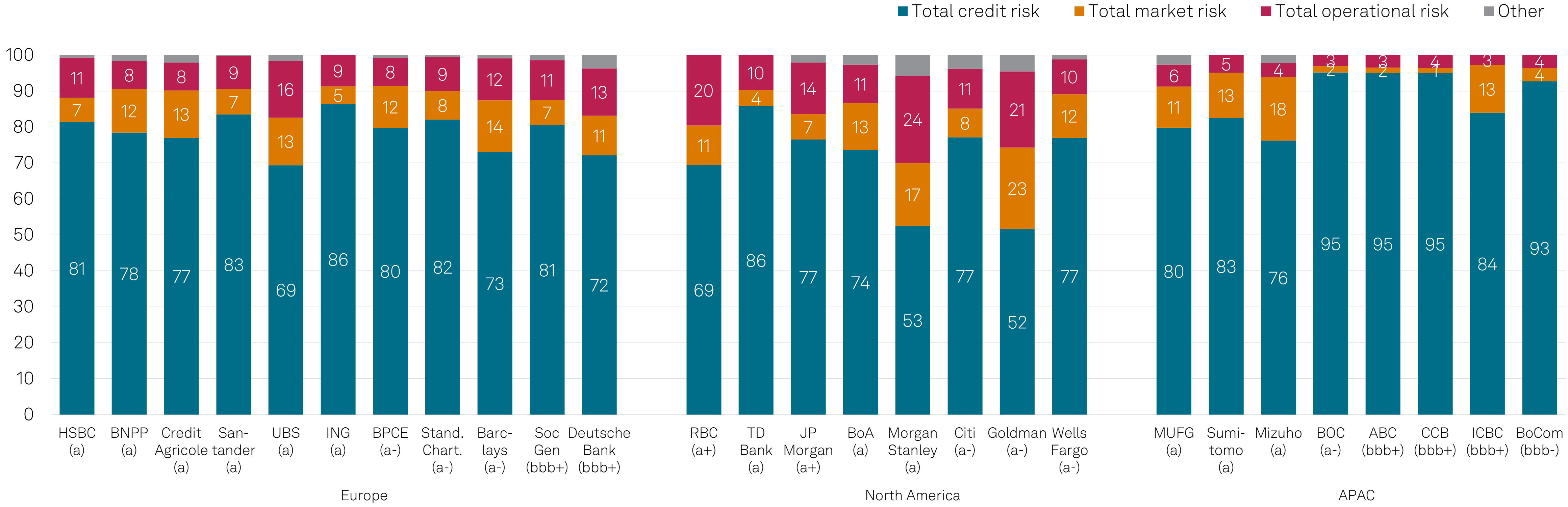
- The five Chinese G-SIBs account for 50% of all G-SIBs' RWAs, as calculated by S&P Global Ratings. This is due to their nominal asset size and the higher risk weights that we apply to Chinese domestic exposures, given the relatively higher economic risk in China.
- North American G-SIBs constitute the second-largest group, illustrating the relatively high degree of concentration on the U.S. banking market. Notably, U.S. G-SIBs' RWAs tend to be lower than those of other banks because they intermediate and offload a lot of lending.
- European G-SIBs are significantly smaller because European banking markets remain fragmented.

Business Profiles Cause Differences In RWAs

RWAs related to credit risk dominate across all G-SIBs

Market and operational risks are substantial for a few global investment banks, especially in the U.S.

Breakdown of S&P Global Ratings' risk-weighted assets (%)



Bank	Total credit risk	Total market risk	Total operational risk
HSBC (a)	81	7	11
BNPP (a)	78	12	8
Credit Agricole (a)	77	13	8
Santander (a)	83	7	9
UBS (a)	69	13	16
ING (a)	86	5	9
BPCE (a-)	80	12	8
Stand. Chart. (a-)	82	8	9
Barclays (a-)	73	14	12
Soc Gen (bbb+)	81	7	11
Deutsche Bank (bbb+)	72	11	13
RBC (a+)	69	11	20
TD Bank (a)	86	4	10
JP Morgan (a+)	77	7	14
BoA (a)	74	13	11
Morgan Stanley (a)	53	17	24
Citi (a-)	77	8	11
Goldman (a-)	52	23	21
Wells Fargo (a-)	77	12	10
MUFG (a)	80	11	6
Sumitomo (a)	83	13	5
Mizuho (a)	76	18	4
BOC (a-)	95	2	3
ABC (bbb+)	95	2	3
CCB (bbb+)	95	1	4
ICBC (bbb+)	84	13	3
BoCom (bbb-)	93	4	4

Data as of end-2023. Credit Agricole refers to Groupe Credit Agricole. Source: S&P Global Ratings.

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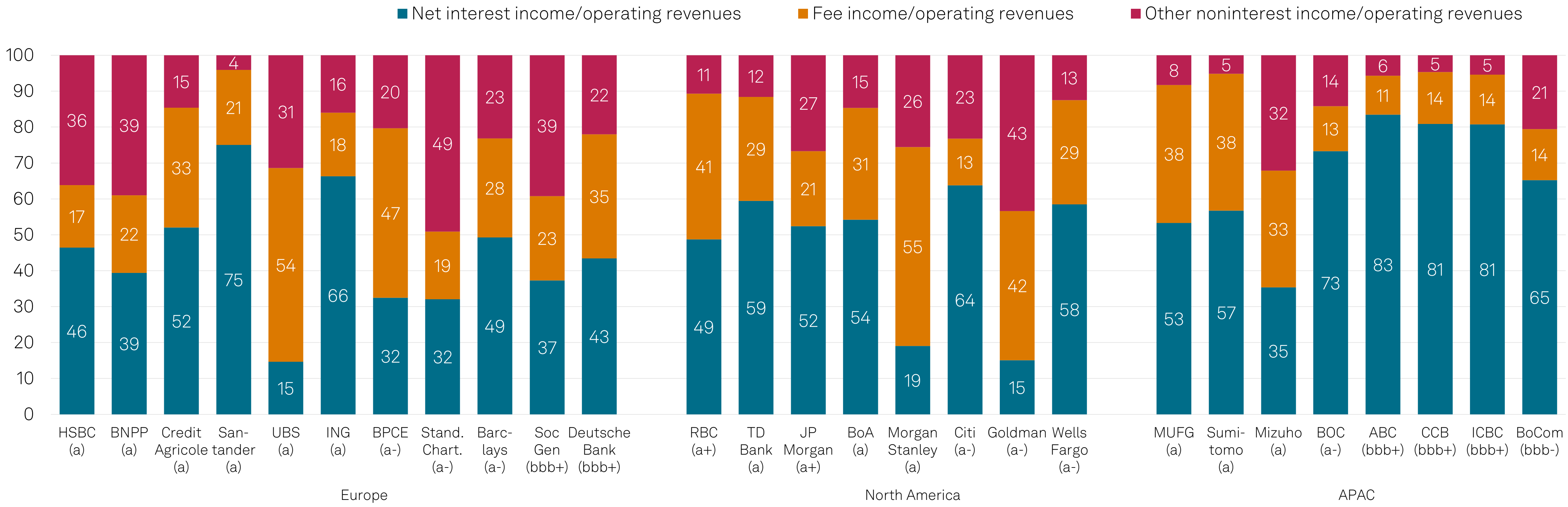
Business Profiles Affect Revenue Splits

Chinese banks are more reliant on NII because of less developed capital markets in the country

Many G-SIBs aim to increase recurring net fee income

Operating revenue breakdown (%)

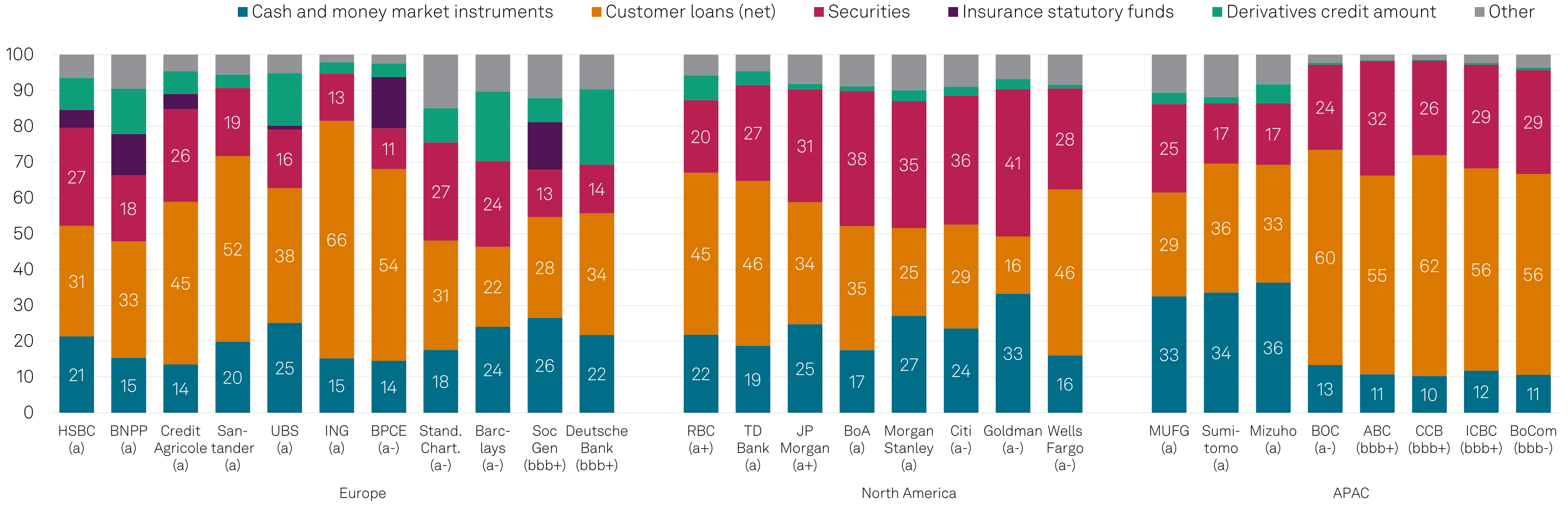


Data as of end-2024. Credit Agricole refers to Groupe Credit Agricole. Other noninterest income = 100% – share of net interest income – share of fee income. Source: S&P Global Ratings.

Differences In Asset Composition Reflect Business Models

European and Chinese G-SIBs tend to carry larger loan portfolios on their balance sheets than North American peers, while Japanese G-SIBs hold larger amounts of liquid assets

Asset breakdown (%)



Data as of end-2024. Credit Agricole refers to Groupe Credit Agricole. Differences in the share of derivatives reflect inconsistent treatment across accounting standards, meaning derivatives are grossed up for European and Canadian G-SIBs according to international financial reporting standards , and netted for U.S. G-SIBs according to U.S. generally accepted accounting principles. Source: S&P Global Ratings.

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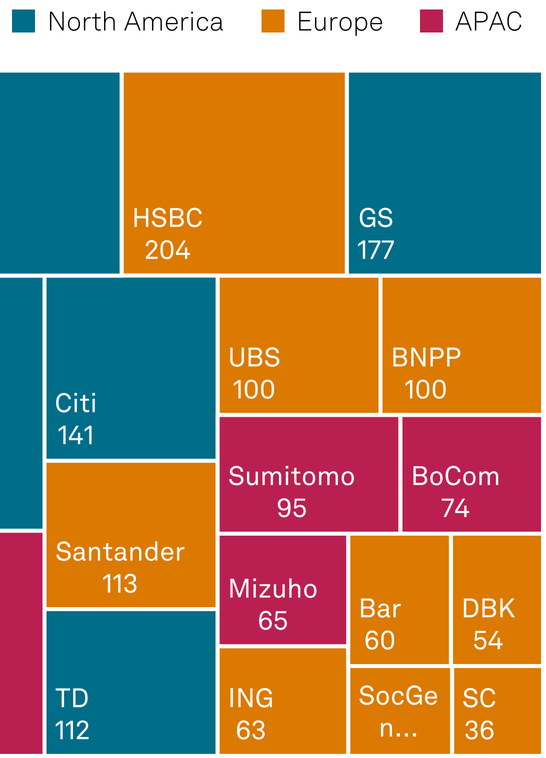
Market Capitalization Varies

Comparison of market capitalization (bil. $)

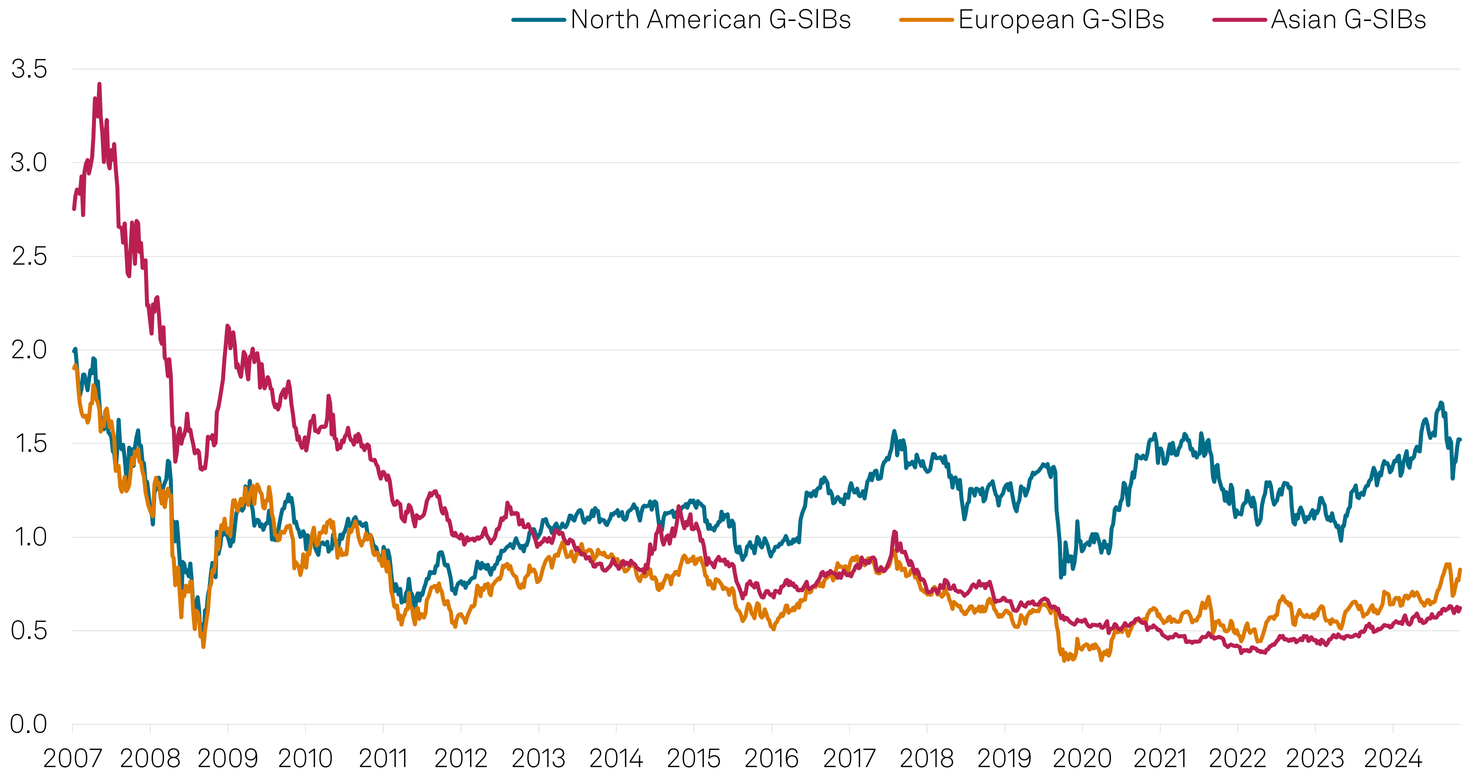


Data as of May 14, 2025. BPCE and Credit Agricole Group are not shown because they are not listed. Source: S&P Global Ratings.

- North American G-SIBs' combined market capitalization amounts to $2.1 trillion, compared with $1.4 trillion for G-SIBs and only $0.8 trillion for European G-SIBs.
- JPMorgan's market capitalization of $731 billion is almost equivalent to the combined market capitalization of all European G-SIBs ($770 billion).
- The price-to-book ratio of a few European G-SIBs (for example SocGen and Deutsche Bank) remains materially below 1.

European And APAC G-SIBs' Valuations Remain Below Those Of North American Peers

Aggregated price-to-book ratio (x)



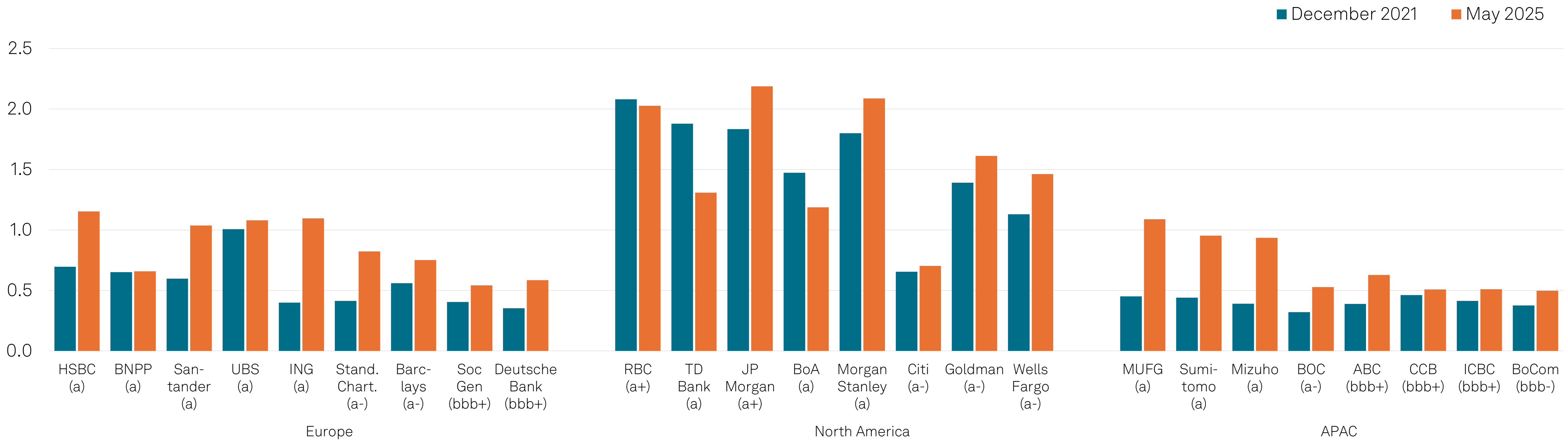
Data cover the period from July 7, 2007, to May 10, 2025. Source: S&P Global Ratings.

- The 2007–2008 global financial crisis impaired G-SIBs' valuations.
- However, North American G-SIBs' valuations have recovered, while aggregate valuations in Europe and APAC remain firmly below 1, suggesting sustained market doubts.
- From a credit perspective, weak valuations reduce financial flexibility, limit access to further capital, and can weaken stakeholder confidence.

Material Differences In Equity Valuations Persist

- U.S. G-SIBs stand out, because their price-to-book ratios significantly exceed those of other G-SIBs, except that of Citi.
- European G-SIBs' equity valuations improved over the past few years due to more favorable interest rates and profitability conditions. However, the price-to-book ratios of some G-SIBs--including SocGen, Deutsche Bank, and BNPP--remain materially below 1.

Comparison of price-to-book ratios (x)



Data as of May 23, 2025. The letters in parentheses denote the stand-alone credit profile. BPCE and Credit Agricole Group are not shown because they are not listed. Source: S&P Global Ratings.

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