

what's new

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May 11, 2011

Bloomberg Names National Bank World's Third Strongest Bank

In the latest Bloomberg rankings, published in an article in the *Globe and Mail* this past Monday, May 9, 2011, National Bank was named the number three strongest bank in the world.

In addition, National Bank was ranked above all American as well as Canadian financial institutions making it the strongest bank in North America.

It is with great pride that I have attached the full *Globe and Mail* article for you to read.

Respectfully yours,

Louis Leblanc

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Canada's banks make grade in world standings

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From Tuesday's Globe and Mail

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Five of Canada's biggest financial institutions have been named to a list of the world's strongest banks, with National Bank of Canada ([NA-T79.270.871.11%](#)) getting the highest ranking among them.

Montreal-based National Bank, Canada's sixth-largest bank with \$145-billion worth of assets, is considered the world's third-strongest bank according to the study by Bloomberg Markets, which looks at the quality and stability of a particular firm's holdings.

Singapore's Oversea-Chinese Banking Corp. topped the list of 20 global financial institutions, followed by Sweden's Svenska Handelsbanken. The study, which broke down the risk factors and capital levels at banks with more than \$100-billion (U.S.) worth of assets, was made public Monday.

Among the Canadian financial institutions on the list, Canadian Imperial Bank of Commerce ([CM-T82.781.221.50%](#)) ranked fourth, Toronto-Dominion Bank ([TD-T82.940.730.89%](#)) ranked 12th, Royal Bank of Canada ([RY-T58.67-0.23-0.39%](#)) ranked 17th and Bank of Montreal ([BMO-T61.300.490.81%](#)) placed 19th.

The magazine ranked each bank based on five sets of data. Tier 1 capital ratio, or the amount of equity capital held at a financial institution compared to its risk-weighted assets, was given a 40-per-cent weighting in the scoring system.

The ratio of non-performing assets to total assets, which measures the quality of a bank's holdings, received a 20-per-cent weighting, as did loan loss reserves, which measure a bank's ability deal with unpaid loans and a faltering economy.

Deposit to funding ratios was given a 15-per-cent weighting, and the ratio of costs to revenue was given a 5-per-cent weighting.

Canada had the most banks on the list, with five, which came as no surprise given the higher capital levels of the country's banks compared to many countries. Canadian banks are generally seen to have weathered the financial downturn of 2008 better than banks in the U.S. and Europe due to stricter regulations that require them to keep more capital on their books.

While all Canadian banks scored well for tier-one capital levels, CIBC and National were given high marks for their loan-loss reserves. CIBC, which spent the past several years stripping riskier trading operations from its divisions and shifting its focus to Canadian retail banking, was also among the leaders in the ratio of deposits to funding, along with Toronto-Dominion Bank.

Singapore had three banks make the top-six in the rankings, including DBS Group Holdings in fifth, and United Overseas Bank at sixth. As the highest ranked bank, 79-year-old Oversea-Chinese Banking Corp. was singled out for its high tier-one capital levels, which are partly a function of the banks conservative approach and also the policies promoted by the Monetary Authority of Singapore which, like Canada, requires its banks to hold more of a financial buffer against losses.

Three U.S. banks made the list including Fifth Third Bancorp at No. 7, JPMorgan Chase & Co. in the 14th spot and Citigroup Inc., which was 16th.

Unlike many of the top-ranked banks, which did require a bailout in the financial crisis, Citigroup was given a \$45-billion injection of U.S. Treasury loans and other investments during the height of the crisis, after it was determined to be systemically important to the U.S. banking system, according to policy-makers. Citigroup has since strengthened its books by raising equity and building larger capital reserves.

THE WORLD'S STRONGEST BANKS

1. Oversea-Chinese Banking (Singapore)
2. Svenska Handelsbanken (Sweden)
3. National Bank of Canada (Canada)
4. Canadian Imperial Bank of Commerce (Canada)
5. DBS Group Holdings (Singapore)
6. United Overseas Bank (Singapore)
7. Fifth Third Bancorp (U.S.)
8. Banco Bradesco (Brazil)
9. UBS (Switzerland)
10. BOC Hong Kong (Hong Kong)
11. Banco Santander Brasil (Brazil)
12. Toronto-Dominion Bank (Canada)
13. Credit Suisse Group (Switzerland)
14. JPMorgan Chase (U.S.)

15. Standard Chartered (U.K.)
16. Citigroup (U.S.)
17. Royal Bank of Canada (Canada)
18. Hang Seng Bank (Hong Kong)
19. Bank of Montreal (Canada)
20. Sberbank (Russia)

Source: Bloomberg Markets magazine

For a breakdown of Bloomberg's scoring methodology, [click here](#).

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