



APRIL 2, 2026

BANKS DELIVERED RATHER THAN EXCEEDED EXPECTATIONS IN 4Q 2025

G-SIBs' equities declined from their 2025 year-end highs, underperforming market indices in 1Q 2026 (Chart 1.1). This performance reflected a global rotation out of cyclical stocks and, more recently, the conflict in the Middle East, as well as concerns about exposures to private credit. G-SIBs' 4Q results were solid, but about 60% of them underperformed on the reporting day in North America and Europe, as analysts noted smaller-than-expected profit beats (Chart 2.1), and weaker cost and provisioning trends, against lofty expectations after two years of strong performance.

Before the risk-off reversal triggered by the war in the Middle East, Japanese G-SIBs saw their price-to-book ratios reach 1.5 in February 2026, from as low as 0.7 following the announcement of US tariffs in April 2025 (Chart 1.2). This reflected continued earnings improvement in the quarter ending in December, amid the pass-through of past Bank of Japan rate hikes (Chart 2.4). In the US, G-SIBs were often marked down, as investors focused on higher cost pressures, although trading, investment banking and wealth revenues returned to high levels in 4Q (Chart 2.5 & 2.6). Valuations of Chinese G-SIBs remained compressed, at around 0.5x book value, as the regional macroeconomic outlook and policy easing continued to weigh on profitability (Chart 1.2 & 1.3).

PROFITABILITY REMAINED SOLID IN 2025

G-SIBs' return on equity rose sharply in 2025 in North America and Japan, remained stable in Europe, and continued to fall in China (Chart 2.2). Net interest margins (NIM) stabilized in Europe and North America, while continuing to rise in Japan, and facing downward pressure in China (Chart 2.3). G-SIBs also reported strong fee income from trading (fixed income and equities), as volatility prompted clients to rebalance portfolios, and from wealth management, as assets under management and mandates continued to grow in 4Q. Investment banking fees also recovered in 4Q (Chart 2.6), especially for US and UK G-SIBs, with commentary from US banks pointing to a potentially banner year for investment banking in 2026.

Guidance for 2026-27 remained positive but more measured, as banks continue to expect earnings support from interest margins as well as trading and wealth fees income, while warning of a potential cyclical slowdown and higher cost of equity after the start of the war.

CAPITAL RATIOS REMAIN HIGH, ENCOURAGING ADDITIONAL PAYOUTS

G-SIBs' CET1 ratios remained, on average, well above regulatory requirements. Capital ratios were roughly unchanged through 2025 despite strong profitability, as G-SIBs paid out more than 50% of earnings in North America, Europe and the UK (Chart 3.1 and 3.2). Investors appeared more sensitive to distribution plans. For instance, HSBC's shares outperformed on the reporting day after it indicated that buybacks, which had been halted due to the consolidation of Hang Seng Bank, would restart in 2026. By contrast, UBS shares dropped after the bank halved its 2026 distribution guidance due to a slower-than-anticipated run-down of legacy assets from the acquisition of Credit Suisse.

European banks generally guided to lower issuance in 2026, hinting at a near steady-state capital position as growth remains contained. Deutsche Bank raised its payout guidance for 2026-28 to 60%, while announcing additional (+25%) SRTs over 2026-27 to offset higher RWAs from the phasing-in of Basel III (output floor). US G-SIBs signaled a prioritization of internal investment in technology (AI) and business mix optimization, with earnings retention supporting organic growth in 2026 rather than large-scale acquisitions. Still, US G-SIBs also increased dividend payouts to 50% in 2025, with BNY Mellon returning 100% of earnings in 4Q 2025 (including share buybacks). Payout ratios are also rising for Japanese G-SIBs, from 40% in 2026 to 70% (including share repurchases) in 2027. Chinese G-SIBs guided toward steady moderate dividends (around 30% of earnings) in 2026 to continue replenishing capital (Chart 3.4), as balance sheet growth recovers (Charts 5.1 and 5.2) amid continued pressure on margins.

CREDIT COSTS BELOW HISTORICAL AVERAGE AMID CONCERNS ABOUT PRIVATE CREDIT EXPOSURES

G-SIBs' cost of credit edged lower in 4Q, remaining below historical averages through 2025. Asset quality remained overall solid, with still low NPL inflows (slightly above 2%) reflecting only gradual upticks in defaults in North America and, to a lesser extent, in Europe (Charts 4.1 and 4.2). G-SIBs broadly indicated stable or moderately higher costs of risk in 2026, rather than a sharp deterioration, with the main watch points being commercial real estate, consumer credit, NBF1 exposures, and selected cyclical sectors.

However, recent high-profile failures of bridge finance providers, potential AI-driven disruption in the software sector, and the changed macro outlook following the war in the Middle East have heightened concerns over US and European G-SIBs' private credit exposures. Deutsche Bank disclosed a €26 bn private credit portfolio (5.4% of total loans), Societe Generale about €20 bn, and JPMorgan \$25 bn (out of \$50 bn committed).

G-SIBs' Share price performance and valuations As of 03/31/2026

Chart 1.1. Stock Prices (1/1/2019 = 100)

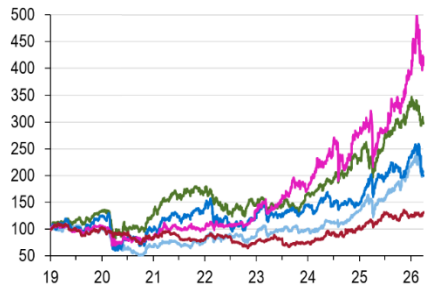


Chart 1.2. Price to Book Ratio

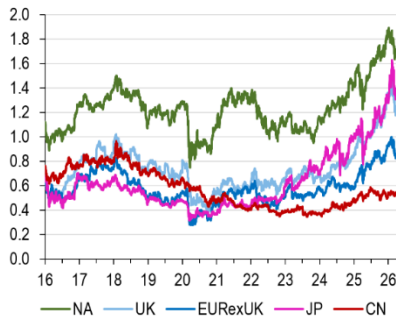


Chart 1.3. Price to Book vs ROE

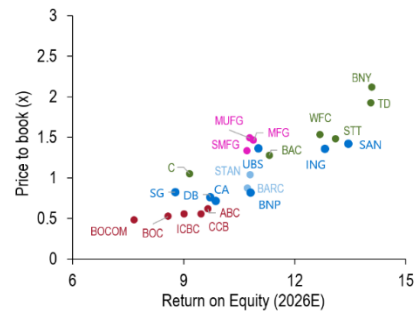


Table 1. Selected Financial Data

Ticker	Bank Name	GSIB Score	Market Cap (USD Bn)	Price to Book	% Price Change (YTD)	CDS	2yr Default Prob (%)	Implied Cost of Debt (%)	Implied Cost of Equity (%)	Dividend Yield (%)	CET1 Ratio (%)	Liquidity Coverage Ratio (%)	Net Income (USD Bn)	Total Asset (USD Bn)	S&P Rating
BAC	Bank of America	327	353	1.2	-10.2	69	0.3	3.9	12.6	2.3	11.40	112	6.7	3,153	A-
BNY	Bank of New York Mellon	150	84	2.0	5.2	42	0.5	3.6	11.2	1.7	11.90	112	1.0	405	A
C	Citigroup	361	202	1.0	-1.2	70	0.3	3.8	13.9	2.1	13.18	115	3.4	2,368	BBB+
GS	Goldman Sachs	263	265	2.2	-1.8	69	0.3	4.0	13.5	2.1	14.34	123	4.1	1,577	BBB+
JPM	JPMorgan Chase	442	795	2.2	-8.6	49	0.2	4.1	12.6	2.0	14.60	111	13.4	3,898	A
MS	Morgan Stanley	205	263	2.5	-8.6	73	0.3	4.1	14.0	2.4	15.00	134	3.4	1,169	A-
STT	State Street	141	36	1.4	-0.2		0.5	4.1	11.8	2.6	11.60	106	0.5	284	A
WFC	Wells Fargo	164	249	1.5	-13.5	63	0.4	4.1	12.4	2.2	10.61	119	4.6	1,909	BBB+
TD	Toronto Dominion	148	159	1.9	2.5	54	0.1	2.6	9.0	3.3	14.50	137	2.1	1,433	A+
RBC	Royal Bank of Canada	172	228	2.5	-2.8	53	0.0	2.5	8.9	2.9	13.70	124	2.6	1,487	AA-
North America		237.3	2,633	1.8	-3.7	60	0.3	3.7	12.0	2.4	13.08	119	42	17,686	
BARC	Barclays	276	74	0.8	-14.1	80	0.3	4.8	16.5	2.1	14.30	170	2.3	1,943	BBB+
HSBC	HSBC Group	372	289	1.5	8.4	58	0.2	4.1	15.7	4.4	14.90	137	10.6	3,021	A-
STAN	Standard Chartered	139	47	1.0	-12.7	69	0.3	4.4	15.9	2.9	14.10	155	1.4	826	BBB+
United Kingdom		262	411	1.1	-6.1	69	0.3	4.4	16.0	3.1	14.4	154	14	5,789	
BNP	BNP Paribas	335	106	0.8	3.1	48	0.2	2.9	13.2	6.2	12.60	134	3.4	2,858	A+
CA	Credit Agricole	244	57	0.7	-8.8	42	0.2	2.5	11.6	6.9	11.80	141	2.1	2,295	A+
DB	Deutsche Bank	234	57	0.7	-22.2	68	0.4	3.0	17.2	3.9	14.20	144	1.5	1,437	A
GROUP BPCE		146						3.3	11.7	0.0	16.50	138		1,626	
ING	ING Group	150	77	1.3	-3.8	66	0.2	3.0	12.2	4.7	13.10	140	1.7	1,081	A-
SAN	Banco Santander	200	166	1.4	-2.5	49	0.3	2.3	15.9	2.5	13.50	145	3.1	1,922	A+
SG	Societe Generale	211	56	0.8	-6.5	52	0.3	2.8	14.1	3.1	13.50	144	0.7	1,692	A
UBS	UBS Group	287	131	1.3	-15.0	66	0.6	0.3	10.5	2.8	14.40	163	1.8	1,645	A-
Europe		226	651	1.0	-7.7	56	0.3	2.5	13.3	3.8	13.70	146	14	14,555	
MUFG	Mitsubishi UFJ Financial Group	247	205	1.4	10.7		0.3	1.5	14.2	2.7	14.00	154	4.1	2,987	A-
MFG	Mizuho Financial Group	162	100	1.4	12.7	54	0.4	1.5	14.4	2.3	13.76	130	1.8	1,922	A-
SMFG	Sumitomo Mitsui Financial Group	173	129	1.2	6.9	42	0.3	1.5	14.0	2.9	12.75	132	1.8	2,020	A-
Japan		194	435	1.3	10.1	48	0.3	1.5	14.2	2.6	13.50	139	8	6,929	
ABC	Agricultural Bank of China	257	343	0.6	-1.7	52	0.2	1.8	7.2	4.9	11.08	134	9.8	5,302	A
BOC	Bank of China	282	260	0.5	13.5	55	0.1	1.7	7.5	5.0	12.53	151	7.8	4,352	A
CCB	China Construction Bank	249	289	0.5	9.9	50	0.2	1.8	8.3	5.2	14.63	135	12.1	5,186	A
ICBC	Industrial & Comm Bank of China	299	376	0.5	10.7	46	0.1	1.7	6.6	5.0	13.57	139	12.2	6,095	A
BOCOM	Bank of Communications	134	92	0.5	11.6		0.1	1.9	8.5	5.1	11.43	123	3.5	1,895	A-
China		244	1,359	0.5	8.8	50.7	0.1	1.8	7.6	5.0	12.6	136.2	45	22,830	
Total		233	5,489	1.2	0.3	57	0.3	2.8	12.6	3.4	13.47	139	123	67,789	
Red Highlights				< 1.0	< 0.0	Highest	Highest	Highest	Highest	Lowest	Lowest	Lowest	Lowest		
Green Highlights				Highest	> 0.0	Lowest	Lowest	Lowest	Lowest	Highest	Highest	Highest	Highest		

Note: Regional averages are asset-weighted average of each bank in the region

Note: As of 4Q25, unless otherwise noted. Market pricing is as of March 30, 2026. Regional averages are asset-weighted. Throughout this note, "EUR" includes all European banks. "NA" includes US and Canadian banks, "JP" = Japanese and "CN" = Chinese banks. "TOT" is the total across all G-SIBs.

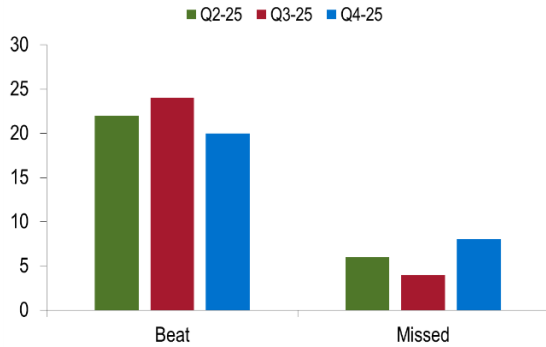
Source: Bloomberg and IMF Staff Analysis.

Earnings Overview

G-SIBs' earnings surprised to the upside

Chart 2.1. Adjusted Earnings per Share vs. Consensus Estimates

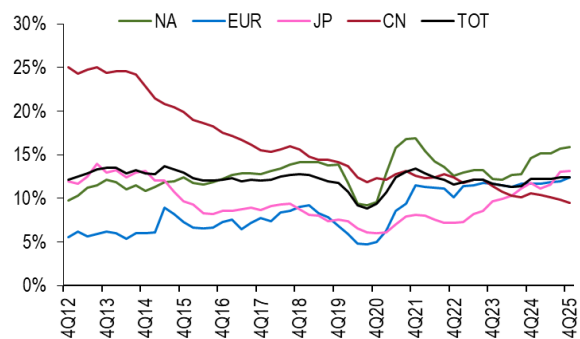
(Number of institutions)



Overall, profitability remained strong in 2025

Chart 2.2. Operating ROE

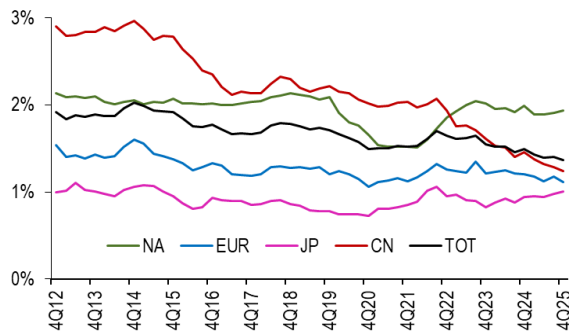
(Percent, average across banks)



NIM stabilized at lower rates, except for JP and CN

Chart 2.3. Annualized Net Interest Margin

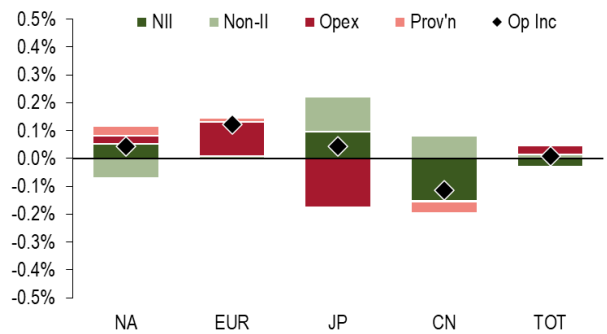
(Percent, average across banks)



Drivers of ROA differ across regions

Chart 2.4. Decomposition of Quarterly Change in Operating ROA, 2025:Q4 vs. 2024:Q4

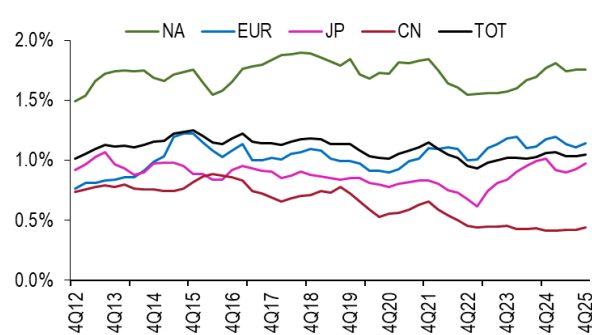
(Percentage points)



Non-interest income rebounded at high levels in 4Q

Chart 2.5. Non-interest income to average assets

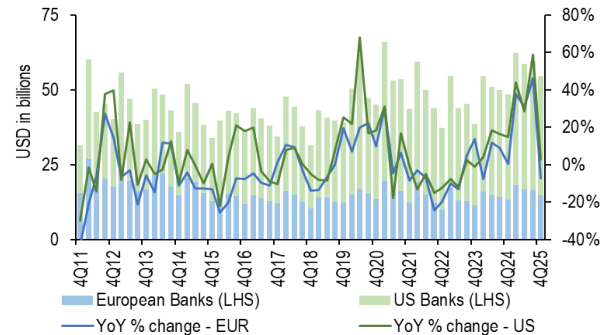
(Percent, average across banks)



With Trading and Investment Banking revenues solid

Chart 2.6. Investment Banking and Trading Revenues

(USD in billions; Percent yoy)



Capital

Capital ratios steadied despite strong profitability amid hefty distributions to shareholders.

Chart 3.1. CET1 Progression: North America
(Percent of risk-weighted assets)

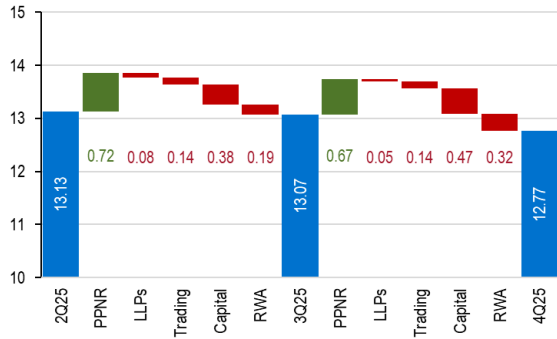


Chart 3.2. CET1 Progression: Europe and UK
(Percent of risk-weighted assets)

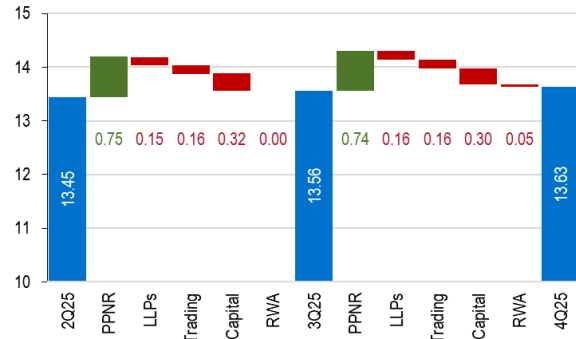


Chart 3.3. CET1 Progression: Japan
(Percent of risk-weighted assets)

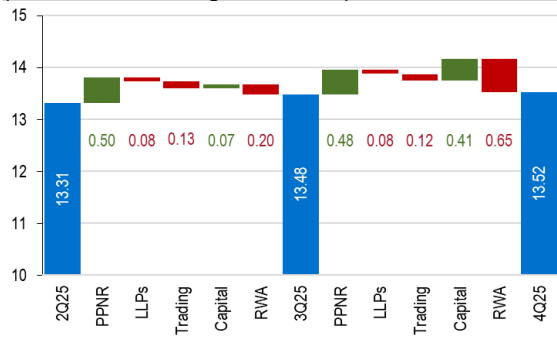
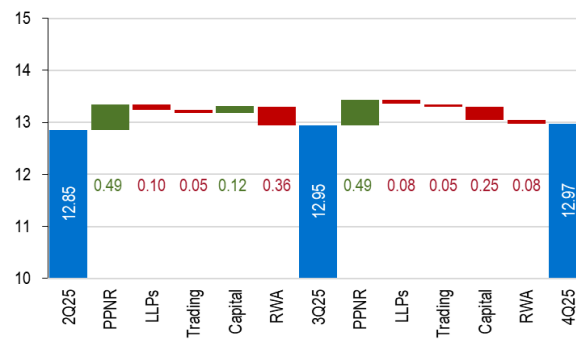
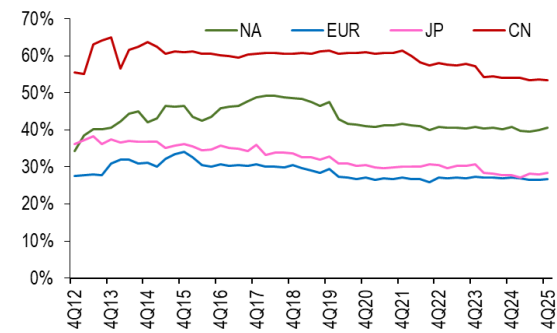


Chart 3.4. CET1 Progression: China
(Percent of risk-weighted assets)



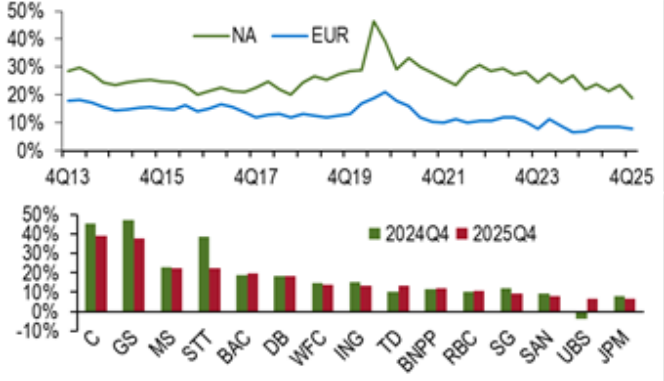
RWA density continues to vary across regions

Chart 3.5. Risk-weighted Assets/Total Assets
(Percentage points)



Exposure to market risk broadly stable

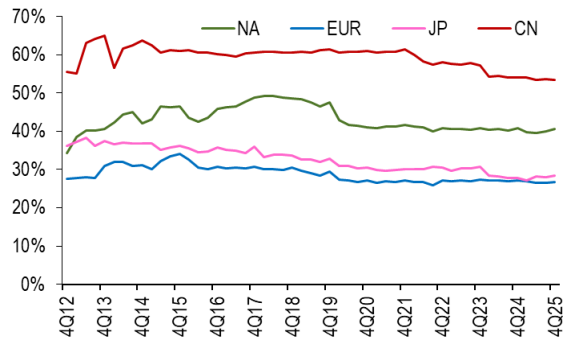
Chart 3.6. Value-at-risk/Total Assets
(Percent of risk-weighted assets)



Asset Quality

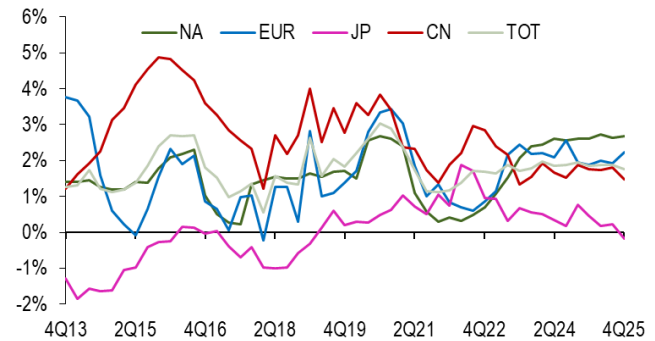
Credit costs remained below historical averages

Chart 4.1. Loan Loss Provision Expenses / Loans
(4Q trailing, annualized, percent)



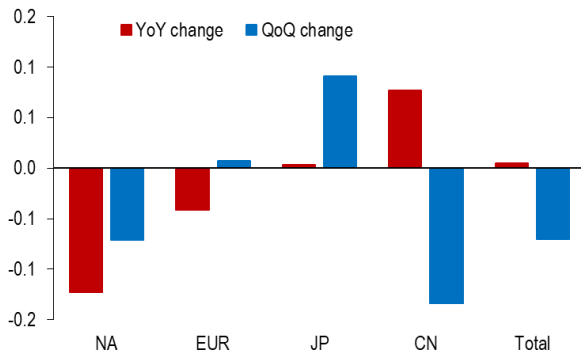
While new NPL inflows inched up in NA and Europe

Chart 4.2. Estimated New NPL Formation Rate
(4Q trailing, annualized, percent)



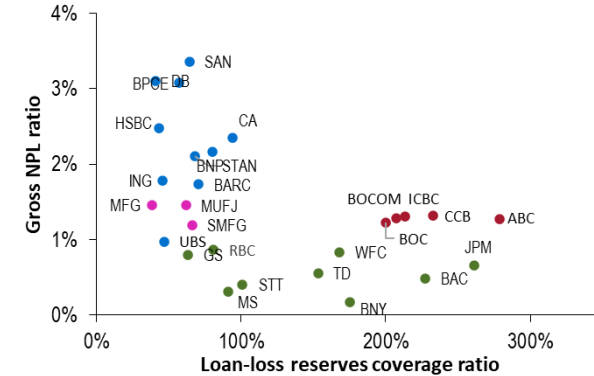
Provisions lagged behind loan growth in 2025

Chart 4.3. Accumulated provisions/Loans
(Percent)



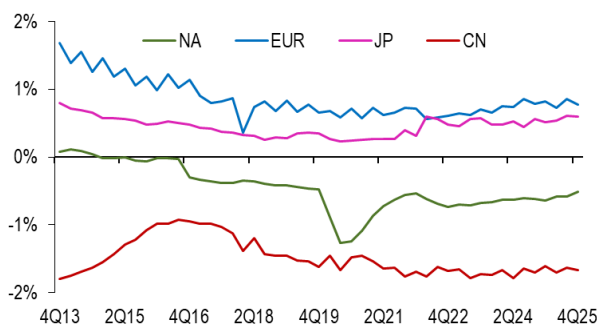
EUR banks' higher NPLs keep having lower coverage

Chart 4.4. Gross NPL and Reserves Coverage Ratios
(Percent)



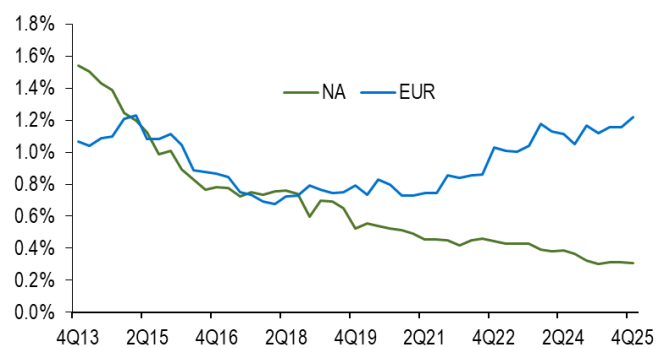
Net NPLs vary in regions, with upward trend in NA

Chart 4.5. Net NPL ratio (NPLs - loan-loss reserves)
(Percent)



Banks' illiquid assets returned to edge higher in Europe

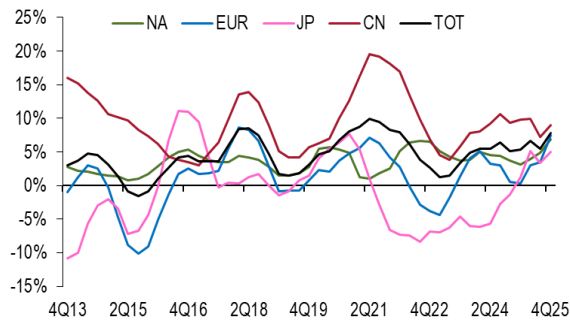
Chart 4.6. Level 3 Assets Share of Total
(Percent)



Loan Growth and Funding

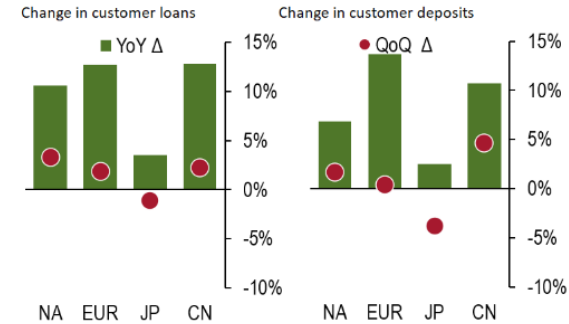
Loan growth recovery regained momentum in 2025

Chart 5.1. Growth of customer loans
(Percent YoY)



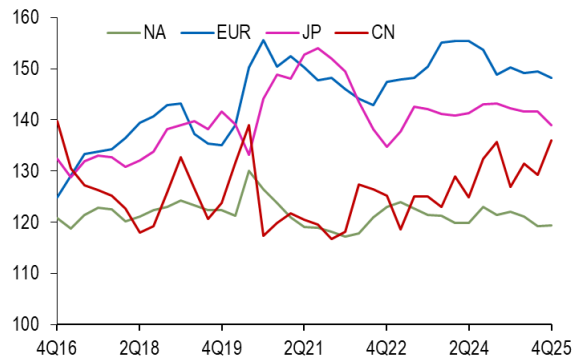
Deposits were slower than loans, save for in EUR

Chart 5.2. Change of Loans and Deposits
(Percent YoY and QoQ)



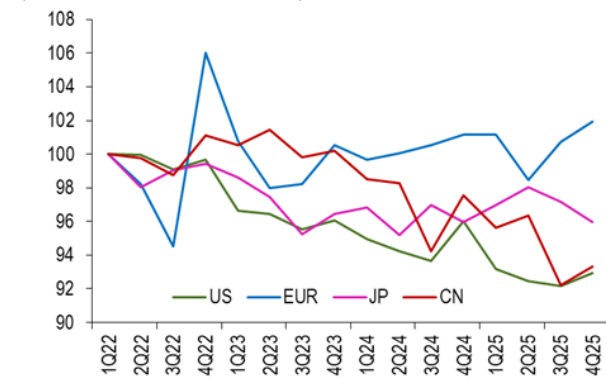
LCRs remain well above minimum requirements

Chart 5.3. Liquidity Coverage Ratio
(Percent)



Deposit funding remains high in EUR, slowed in Japan

Chart 5.4. Deposits / Liabilities
(Indexed to 2022Q1 = 100)



Sources: Bank financial statements, SNL, Bloomberg LP, and IMF Staff.

Note: Chart 2.1 is based on Bloomberg consensus expectations. Chart 2.2, shows 'underlying' operating performance which excludes tax, non-operating items and misconduct charges. Chart 2.3, Operating ROA based on adjusted assets to common IFRS standard to normalize for balance sheet size. Chart 2.4, NII = Net interest income; Non-II = Non-interest income; Opex = Operating expense; Prov'n = Provision for loan losses; Op Inc = Operating income before taxes and extraordinary items. Chart 3.1 to Chart 3.4, CET1 = common equity tier 1 ratio; RWA = risk-weighted assets PPNR = pre-provision net revenue; LLPs = loan-loss provisions; Trading = gains on trading and investment; Capital = capital management (dividends, buybacks, other comprehensive income). Chart 4.2, NPL = non-performing loans; NPL formation ratio is estimated from changes in balance sheet gross NPLs and loan-loss reserves, and income statement provisions. Chart 4.6, Level 3 assets are illiquid holdings difficult to value and perhaps to liquidate.