

RANKING BANKING®

BEST NATIONAL BANKS

(OVER \$150 BILLION)

Summary Analysis

In an era that finds banks pursuing scale to invest in the technology that enables them to compete in the digital age, it's good to be big.

JPMorgan Chase & Co. "has scale at a time when it matters more to banks than ever before," wrote Piper Sandler Cos. Managing Director Jeffery Harte in an October 2021 note, adding that the biggest bank in the U.S. will spend as much as it takes to stay ahead of competitors from inside and outside the industry. "[T]he advantages of scale should allow JPM to defend the bottom line amid continued business investment."

The company ranked first among the national banks in the 2022 RankingBanking study, defined as banks with more than \$150 billion in assets. It rated second among its peers and sixth overall for its leadership team; second among its peers and third overall for its board of directors; and third overall for its approach to innovation, a category in which the largest banks performed exceptionally well due to their ability to hire a diverse range of technology talent and execute an array of innovative initiatives and investments. JPMorgan Chase invests \$12 billion annually in technology, including artificial intelligence, cloud and blockchain, all while expanding its geographic footprint in metropolitan areas across the U.S.

First Republic Bank ranked second among the national banks; the San Francisco-based institution ranked second overall and first among its peers for its leadership team, and reported the highest five-year total shareholder return of these banks, at 132.41%. It also rated best among the national banks for its growth strategy.

PNC Financial Services Group scored third, boasting the highest return

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Jeffery Harte / managing director,
Piper Sandler

on average assets (ROAA) and return on average equity (ROAE) of the national banks, at 1.68% and 14.60%.

Bank Director selected the top 10 banks in each peer group based on metrics provided by S&P Global Market Intelligence as of year-end 2020. A profitability score was calculated based on ROAA and ROAE; those two metrics received a double weight. A growth score examined year-over-year growth in pre-provision net revenue (PPNR) from 2019 to 2020; PPNR was also ranked to provide a balance against growth from a low base. Five-year total shareholder return, from 2015 to 2020, was ranked as a nod to building long-term value. Credit quality was also examined, based on net charge offs and non-performing loans as a percentage of total loans.

Once the top 10 were selected, Bank Director studied each bank across four subcategories that contribute to overall performance: leadership, board, innovation and growth. (The methodologies about each specific subcategory can be found later in this report.) Each company's within-peer rank for these categories was factored into the final scoring, with the growth category receiving double weight due to its contribution to future earnings.

At first, JPMorgan Chase also reported a high TSR compared to peers, at 121.52%, and the second-highest ROAE, at 10.92%. It rated second among the national banks for its growth strategy, a category in which national banks underperformed compared to smaller institutions that are growing from a lower base. These smaller banks are also better able to leverage M&A, though acquisition activity was down in 2020.

"When you're at the top of the food chain, significant organic growth is difficult because you're talking about such a large base," says Rick Childs, a partner at Crowe LLP. "If you were to multiply it by a fairly large growth rate, it would be astronomical for these folks. So, they have to look at how they grow revenue that's not [tied to the] balance sheet."

Large-scale bank M&A has been rare among institutions above \$150 billion in assets, but recent deals promise to

HIGHEST FIVE-YEAR TSR

First Republic Bank

132%

LOWEST EFFICIENCY RATIO, YE 2020

JPMorgan Chase & Co.

55.8%

shake up the competitive landscape. PNC closed its acquisition of BBVA USA Bancshares in July 2021, turning it into a national player.

"Right now, all of the focus is on successful integration of the BBVA transaction," says Scott Siefers, managing director at Piper Sandler. PNC acquired an underperforming, under-invested franchise in BBVA USA, he explains, and will bring it up to PNC's high level of performance — all while realizing revenue opportunities and cost savings. "It's pretty clear that PNC has national aspirations in terms of who it wants to be," Siefers adds. "I wouldn't be surprised if there are further acquisitions in the future, and beyond acquisitions and organic growth, I think you'll continue to see them invest very heavily in their digital presence, as all banks are."

At fourth, Bank of America Corp. rated well for TSR, at 98.68%, and earned the honor of being the most innovative bank of the 50 institutions examined in this year's study.

KeyCorp and U.S. Bancorp tied for fifth. KeyCorp rated well among its peers for PPNR growth, at 5.45%. U.S. Bancorp ranked second overall for its approach to innovation and the strength of its board, and had the third highest ROAA of the national banks, at 0.94%.

How They Ranked: Best National Banks



		TICKER	SCORE	ROAA, YE 2020	TSR, 2015-2020
1	JPMorgan Chase & Co.	JPM	2.43	0.91%	121.52%
2	First Republic Bank	FRC	2.71	0.82%	132.41%
3	PNC Financial Services Group	PNC	4.14	1.68%	80.26%
4	Bank of America Corp.	BAC	5.71	0.67%	98.68%
5	KeyCorp (TIE)	KEY	6.14	0.82%	47.35%
5	U.S. Bancorp (TIE)	USB	6.14	0.94%	26.49%
7	Regions Financial Corp.	RF	6.57	0.79%	96.43%
8	Truist Financial Corp.	TFC	6.71	0.90%	49.85%
9	M&T Bank Corp.	MTB	6.86	1.00%	19.11%
10	Fifth Third Bancorp	FITB	7.43	0.73%	61.57%

SOURCE: S&P Global Market Intelligence and other public information

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