

FPC core indicators

Core indicator set for the countercyclical capital buffer^{*(a)}

Indicator	Average 1987– 2006 ^(b)	Average 2006 ^(c)	Minimum since 1987 ^(b)	Maximum since 1987 ^(b)	Previous value (oya)	Latest value (as of 30 June 2023)
Non-bank balance sheet stretch^(d)						
1: Credit to GDP ^(e)						
Ratio	116.8%	154.6%	87.2%	168.1%	142.2%	134.1% (2023 Q1)
Gap	6.7%	8.4%	-25.5%	21.1%	-8.6%	-13.9% (2023 Q1)
2: Private non-financial sector credit growth ^(f)						
	9.9%	10.2%	-3.1%	22.8%	8.9%	5.1% (2023 Q1)
3: Net foreign asset position to GDP ^(g)						
	-0.6%	-10.9%	-25.8%	18.5%	-17.6%	-14.1% (2023 Q1)
4: Gross external debt to GDP ^(h)						
	179.5%	311.1%	112.9%	395.3%	314.3%	290.7% (2023 Q1)
5: Current account balance to GDP ⁽ⁱ⁾						
	-1.6%	-3.2%	-8.3%	0.9%	-8.3%	-1.7% (2023 Q1)
Conditions and terms in markets						
6: Long-term real interest rate ^(j)						
	1.45%	1.23%	-3.17%	2.18%	-1.00%	-0.24% (30 Jun 2023)
7: VIX ^(k)						
	19.1	12.8	9.8	65.5	28.2	14.0 (30 Jun 2023)
8: Global corporate bond spreads ^(l)						
	84 bps	84 bps	74 bps	482 bps	148 bps	128 bps (30 Jun 2023)
9: Spreads on new UK lending						
Household ^(m)	79.8 bps	49.6 bps	33.9 bps	369 bps	47.3 bps	83.8 bps (2023 Q1)

Indicator	Average 1987–2006 ^(b)	Average 2006 ^(c)	Minimum since 1987 ^(b)	Maximum since 1987 ^(b)	Previous value (oya)	Latest value (as of 30 June 2023)
Corporate ⁽ⁿ⁾	132.5 bps	130 bps	82.9 bps	368.8 bps	309.1 bps	355.2 bps (2022Q4)
Bank balance sheet stretch^(o)						
10: Tier 1 capital ratio ^(p)	n.a.	n.a.	5.3%	19.4%	17.1%	17.4% (2023 Q1)
o/w CET1	n.a.	n.a.	4.3%	16.5%	14.5%	14.6% (2023 Q1)
11: Leverage ratio^(q)						
Simple leverage ratio	4.9 %	4.0%	2.7%	6.5%	5.9%	5.6% (2022 Q4)
UK leverage ratio	n.a.	n.a.	5.1%	5.7%	5.3%	5.3% (2022 Q4)
12: Liquidity coverage ratio^(r)						
12: Liquidity coverage ratio ^(r)	n.a.	n.a.	123.0%	154.0%	146.0%	145.1% (May 2023)
13: Return on assets (before tax)^(s)						
13: Return on assets (before tax) ^(s)	1.1%	1.0%	-0.3%	1.5%	0.6%	0.6% (2022 H2)
14: Loan to deposit ratio^{(t)(w)}						
14: Loan to deposit ratio ^{(t)(w)}	111.3%	122.6%	74.7%	122.6%	75.9%	75.2% (2022 H2)
16: CDS premia^{(u)(w)}						
16: CDS premia ^{(u)(w)}	13 bps	8 bps	5 bps	288 bps	116 bps	92 bps (30 Jun 2023)
17: Price to tangible book ratio^{(v)(w)}						
17: Price to tangible book ratio ^{(v)(w)}	3.8	3.5	0.4	5.1	0.7	0.7 (30 Jun 2023)

* The FPC considers this set of core indicators when reaching decisions on the UK countercyclical capital buffer (CCyB) rate. Firms use the UK CCyB rate to calculate their institution-specific CCyB rate and the countercyclical leverage ratio buffer (CCLB) rate. Currently, the CCLB rate for each major UK bank is calculated as 35% of its institution-specific CCyB rate with the CCLB rate percentage rounded to the nearest 10 basis points.

- (a) [A spreadsheet of the series shown in this table is available on the Bank's website.](#)
- (b) If the series starts after 1987, the average between the start date and 2006 end and the maximum/minimum since the start date are used.
- (c) 2006 was the last year before the start of the global financial crisis.
- (d) The current vintage of ONS data is not available prior to 1997. Data prior to this and beginning in 1987 have been assumed to remain unchanged since The Blue Book 2013.
- (e) Credit is defined as debt claims on the UK private non-financial sector. This includes all liabilities of the household and not-for-profit sector except for the unfunded pension liabilities and financial derivatives of the not-for-profit sector, and private non-financial corporations' (PNFCs') loans and debt securities excluding direct investment loans and loans secured on dwellings. The credit to GDP gap is calculated as the percentage point difference between the credit to GDP ratio and its long-term trend, where the trend is based on a one-sided Hodrick-Prescott filter with a smoothing parameter of 400,000. [See Countercyclical Capital Buffer Guide for further explanation of how this series is calculated.](#) Sources: ONS, Revell, J and Roe, A (1971): 'National balance sheets and national accounting - a progress report', Economic Trends, No. 211, UK Finance and Bank calculations.
- (f) Twelve-month growth rate of nominal credit (defined as the four-quarter cumulative net flow of credit as a proportion of the stock of credit twelve months ago). Credit is defined as above. Sources: ONS and Bank calculations.
- (g) As per cent of annual GDP (four-quarter moving sum). Sources: ONS and Bank calculations.
- (h) Ratios computed using a four-quarter moving sum of GDP. MFIs cover banks and building societies resident in the United Kingdom. Sources: ONS and Bank calculations.
- (i) As per cent of quarterly GDP. Sources: ONS and Bank calculations.
- (j) Five-year real interest rates five years forward, implied from inflation swaps and nominal fitted yields. Data series runs from October 2004. Sources: Bloomberg Finance L.P., Tradeweb and Bank calculations.
- (k) 22-day moving average. The VIX is a measure of market expectations of 30-day volatility as conveyed by S&P 500 stock index options prices. Sources: Bloomberg Finance L.P. and Bank calculations.
- (l) Global corporate bond spreads refers to a 22-day moving average of the global aggregate market non-financial, non-utility corporate bond spread. This tracks the performance of investment-grade corporate debt publicly issued in the global and regional markets from both developed and emerging market issuers. Index constituents are weighted based on market value. Spreads are option-adjusted (ie they show the number of basis points the matched-maturity government spot curve needs to be shifted in order to match a bond's present value of discounted cash flows). Prior to 2016, published versions of this indicator showed the ICE/BofAML Global Industrial Index. Sources: Barclays and Bank calculations.
- (m) The household lending spread is a weighted average of mortgage and unsecured lending spreads, with weights based on relative volumes of new lending. The mortgage spread is a weighted average of quoted mortgage rates over risk-free rates, using 90% LTV two year fixed rate mortgages and 75% LTV tracker, two and five year fixed-rate mortgages. For the fixed rate products, spreads are taken relative to the instantaneous forward rate of matching maturity until July 2008, after which spreads are taken relative to the OIS spot rate of the same maturity. Spreads are taken relative to Bank Rate for the tracker product. The unsecured component is a weighted average of spreads on credit cards, overdrafts and personal loans. Spreads on unsecured lending are taken relative to Bank Rate. FCA Product Sales Data includes regulated mortgage contracts only but is used to weight all mortgage products. Series starts in 1997. Sources: Bank of England, Bloomberg Finance L.P., FCA Product Sales Data, UK Finance and Bank calculations.
- (n) The UK corporate lending spread is a weighted average of: SME lending rates over Bank Rate; CRE average senior loan margins over Bank Rate; and, as a proxy for the rate at which banks lend to large, non-CRE corporates, UK investment-grade company bond spreads over maturity-matched government bond

yields (adjusted for any embedded option features such as convertibility into equity). Weights are based on relative amounts outstanding of loans. Series starts in October 2002. Sources: Bank of England, Bloomberg Finance L.P., Cass Commercial Real Estate Lending survey, Department for Business, Energy & Industrial Strategy, ICE BofAML, UK Finance and Bank calculations.

- (o) Unless otherwise stated, indicators are based on the major UK bank peer group defined as: Abbey National (until 2003); Alliance & Leicester (until 2007); Bank of Ireland (from 2005); Bank of Scotland (until 2000); Barclays; Bradford & Bingley (from 2001 until 2007); Britannia (from 2005 until 2008); Co-operative Banking Group (from 2005); Halifax (until 2000); HBOS (from 2001 until 2008); HSBC (from 1992); Lloyds TSB/Lloyds Banking Group; Midland (until 1991); National Australia Bank (from 2005 until February 2015); National Westminster (until 1999); Nationwide; Northern Rock (until 2011); Royal Bank of Scotland; Santander (from 2004); TSB (until 1994); Virgin Money (from 2012) and Woolwich (from 1990 until 1997). Accounting changes, eg the introduction of IFRS in 2005, result in discontinuities in some series. Restated figures are used where available.
- (p) Weighted by risk-weighted assets. From 2014, the 'Basel III Tier 1 capital ratio' is calculated as Tier 1 capital over risk-weighted assets. The CET1 element within Tier 1 and RWAs are according to the CRD IV definition as implemented in the United Kingdom. The additional Tier 1 element within Tier 1 excludes legacied instruments and other transitional adjustments. Prior to 2014, the data shows Bank estimates; preference shares are used as a proxy for additional Tier 1 capital. The peer group includes Barclays, HBOS (until 2008), HSBC, Lloyds TSB (until 2008), Lloyds Banking Group (from 2009), Nationwide, NatWest, Santander UK, Standard Chartered and Virgin Money UK (from end 2020). From 2018, Basel III Tier 1 capital ratios reflect IFRS 9 transitional arrangements as agreed in European law.
- (q) The simple leverage ratio is calculated as aggregate shareholders' equity over aggregate assets. The UK leverage ratio corresponds to the UK leverage framework where qualifying claims on central banks are excluded from the leverage exposure measure. The ratio represents the aggregate on an average basis for the quarter. From 2018, Tier 1 capital reflects IFRS 9 transitional arrangements as agreed in European law. The peer group includes Barclays, HBOS (until 2008), HSBC, Lloyds, Nationwide, NatWest, Santander UK, Standard Chartered and Virgin Money UK (from end-2020).
- (r) The liquidity coverage ratio is calculated as high-quality liquid assets over stressed net-cash outflows over 30 calendar days. The peer group includes Barclays, HSBC, Lloyds, Nationwide, NatWest, Standard Chartered and Santander UK. The series starts from Dec-2015 from which a 3 month rolling average is derived.
- (s) Calculated as major UK banks' profit before tax as a proportion of total assets, averaged over the current and previous year. Series starts in 2000 where data are annual, until 2014 and data are half-yearly thereafter. When banks in the sample have merged, aggregate profits for the year are approximated by those of the acquiring group. The series includes Halifax (up to 2000), HBOS (up to 2009 when acquired by LBG), Barclays, Lloyds, HSBC, Santander UK, Nationwide, NatWest, Standard Chartered and Virgin Money UK (from Dec 2020). Previously, this indicator also included Abbey National, Alliance and Leicester, Bank of Ireland, Bradford & Bingley, Britannia, Cooperative Bank, Midland Bank, National Australia Bank, Royal Bank of Scotland, National Westminster, Northern Rock, Santander and Woolwich Bank.
- (t) The loan to deposit ratio is calculated as loans and advances to customers over customer deposits. The series starts in 2000 with annual data until the end 2012. From 2013 the data changes to half-yearly. The peer group includes Barclays, HSBC, Lloyds, Nationwide, NatWest, Santander UK, Standard Chartered, Virgin Money UK (from December 2020) and HBOS (until 2009). Sources: Published accounts and Bank calculations.
- (u) Average of major UK banks' five-year senior CDS premia. Series starts in 2003. Major UK banks are: Barclays, Lloyds, HSBC, NatWest, Standard Chartered and HBOS. Data reflect group entities. HBOS are excluded from the peer group post-2009 due to their acquisition by LBG. Santander UK (Nationwide) data

was removed from the peer group in June (November) 2022 due to data availability issues and the back-run has been revised to reflect this. Sources: S&P CDS Pricing Data and Bank calculations

- (v) The sample comprises the major UK listed banks' group entities (Barclays, Lloyds Bank, HSBC, NatWest, Standard Chartered and Virgin Money UK) and HBOS up to 2009 before it was acquired by Lloyds Banking Group. Nationwide is unlisted and therefore excluded from the sample, Santander is also excluded. Virgin Money UK is included from Dec 2020. This indicator is a simple unweighted average of the price-to-tangible book ratios in the sample. Sources: Bloomberg Finance L.P. and Bank calculations
- (w) Errors in the reported summary statistics for the loan to deposit ratio, CDS premia and price to tangible book ratio indicators were corrected on 27 March 2024.

Table A.2: Core indicator set for LTV and DTI limits^(a)

Indicator	Average 1987– 2006 ^(b)	Average 2006 ^(c)	Minimum since 1987 ^(b)	Maximum since 1987 ^(b)	Previous value (oya)	Latest value (as of 21 November 2022)
Lender and household balance sheet stretch						
1: LTI and LTV ratios on new residential mortgages						
Owner-occupier mortgage LTV ratio (mean above the median) ^(d)	90.7%	90.7%	81.6%	90.8%	84.6%	84.9% (2023 Q1)
Owner-occupier mortgage LTI ratio (mean above the median) ^(d)	3.9	3.9	3.6	4.3	4.1	4 (2023 Q1)
Buy-to-let mortgage LTV ratio (mean) ^(e)	n.a.	n.a.	56.0%	75.4%	61.5%	56% (2023 Q1)
2: Household credit growth ^(f)	10.8%	11.3%	-0.4%	21.4%	4.5%	3.8% (2023Q1)
3: Household debt to income ratio ^(g)	101.6%	147.5%	78.1%	153.1%	134.7%	128.6% (2023 Q1)
Conditions and terms in markets						
4: Approvals of loans secured on dwellings ⁽ⁱ⁾	97963	119070	9352	132621	66175	50524 (2023 Q1)
5: Housing transactions ^(k)	129508	139039	42770	221978	109620	80020 (2023 Q1)
6: House price growth ^(l)	2.5%	1.9%	-5.8%	13.3%	3.6%	-0.5% (May 2023)
7: House price to household disposable income ratio ^(m)	2.9	4.3	2.1	5.0	5.0	4.8 (2023Q1)
8: Spreads on new residential mortgage lending ⁽ⁿ⁾	80 bps	50 bps	34 bps	369 bps	47.3 bps	83.8 bps (2023 Q1)

- (a) [A spreadsheet of the series shown in this table is available on the Bank's website.](#)
- (b) If the series start after 1987, the average between the start date and 2006 end and the maximum/minimum since the start date are used.
- (c) 2006 was the last year before the global financial crisis.
- (d) Mean LTV (respectively LTI) ratio on new advances above the median LTV (LTI) ratio, based on loans to first-time buyers, council/registered social tenants exercising their right to buy and homemovers, and excluding lifetime mortgages and advances with LTV ratio above 130% (LTI above 10x). FCA Product Sales Data includes regulated mortgage contracts only. Series starts in 2005. Sources: FCA Product Sales Data and Bank calculations.
- (e) From 2017 Q3, mean LTV ratio is calculated on a value-weighted basis, using market-wide buy-to-let loan-level data submissions to the Bank of England, including further advances and remortgages. Prior to 2017 Q3, estimated mean LTV ratio of new non-regulated lending advances, of which buy-to-let is 88% by value. The figures include further advances and remortgages. The raw data is categorical: the share of mortgages with LTV ratio less than 75%; between 75% and 90%; between 90% and 95%; and greater than 95%. An approximate mean is calculated by giving these categories weights using the average LTV in equivalent buckets in loan level buy-to-let data gathered by UK Finance. Series starts in 2007. UK Finance data available from 2014; weights prior to this date are average LTVs across the respective buckets using all data gathered in 2014. The share of mortgages with LTV ratio at 75% from 2014 until 2017 Q2 used are adjusted to estimate the LTV of each loan before any fees or charges are added. This approximates the LTV at which the loan was originated.
- (f) The twelve month growth rate of nominal credit. Defined as the four quarter cumulative net flow of credit divided by the stock of credit 12 months ago. Credit is defined as all liabilities of the household and not-for-profit sector except for the unfunded pension liabilities and financial derivatives of the not-for-profit sector. Source: ONS and Bank calculations.
- (g) Gross debt as a percentage of a four-quarter moving sum of disposable income. Includes all liabilities of the household sector except for the unfunded pension liabilities and financial derivatives of the non-profit sector. The household disposable income series is adjusted for financial intermediation services indirectly measured (FISIM). Source: ONS and Bank calculations.
- (h) Total debt secured on dwellings as a percentage of a four-quarter moving sum of gross disposable income of the UK household and non-profit sector. Disposable income is adjusted for financial intermediation services indirectly measured (FISIM) and changes in pension entitlements. Source: ONS and Bank calculations.
- (i) Total debt associated with owner occupier mortgages divided by the four-quarter moving sum of gross disposable income of the UK household and non-profit sector. Disposable income is adjusted for financial intermediation services indirectly measured (FISIM) and changes in pension entitlements. Owner occupier mortgage debt estimated by multiplying aggregate household debt secured on dwellings by the share of mortgages on lender balances that are not buy-to-let loans. Series starts in 1999. Sources: ONS, UK Finance and Bank calculations.
- (j) Data are for monthly number of house purchase approvals covering sterling lending by UK MFIs and other lenders to UK individuals. Approvals secured on dwellings are measured net of cancellations. Seasonally adjusted. Series starts in 1993. Source: Bank of England.
- (k) The number of houses sold/bought in the current month is sourced from HMRC's Land Transaction Return. From 2008 the Return excluded properties priced at less than £40,000 (2006 and 2007 data have also been revised by HMRC to correct for this). Data prior to 2005 comes from the Survey of Property Transactions; the UK total figure is computed by assuming that transactions in the rest of the United Kingdom grew in line with England, Wales and Northern Ireland. Seasonally adjusted. Sources: HMRC, UK Finance and Bank calculations.
- (l) House prices takes the quarterly index of UK HPI up until March 2005. From June 2005 onwards, the series uses the monthly index of UK HPI. The growth rate is calculated as the quarter on quarter percentage change until March 2005 then calculated as the percentage change three months on three months earlier. Seasonally adjusted. Sources: HM Land Registry, ONS and Bank calculations.

- (m) The ratio is calculated using a four-quarter moving sum of gross disposable income of the UK household and non-profit sector per household as the denominator. Disposable income is adjusted for financial intermediation services indirectly measured (FISIM) and changes in pension entitlements. Historical quarterly UK household population estimated using annual household projections data, assuming linear growth between available data points within each of the four nations of the UK. House prices takes the seasonally adjusted UK HPI quarterly £ value series from 2005 onwards. Data prior to 2005 back-projects the UK HPI quarterly £ value series using the quarterly UK HPI index series. Sources: HM Land Registry, ONS and Bank calculations.
- (n) The overall spread on residential mortgage lending is a weighted average of quoted mortgage rates over risk-free rates, using 90% LTV two year fixed rate mortgages and 75% LTV tracker, two and five-year fixed rate mortgages. The tracker mortgage has been held constant since March 2020, when it temporarily discontinued due to too few lenders advertising the product. For fixed rate products, spreads are taken relative to the instantaneous forward rate of matching maturity until July 2008, after which spreads are taken relative to the OIS spot rate of the same maturity. Spreads are taken relative to Bank Rate for the tracker product. Weights are based on relative volumes of new lending. The difference in spread between high and low LTV lending is the rate on 90% LTV 2-year fixed rate mortgages less the 75% LTV 2-year fixed rate. Series starts in 1997. FCA Product Sales Data includes regulated mortgage contracts only. Sources: Bank of England, Bloomberg Finance L.P., FCA Product Sales Data, UK Finance and Bank calculations.
- (o) The spread on new buy-to-let mortgages is the weighted average effective spread charged on new floating and fixed rate non-regulated mortgages over safe rates. Spreads are taken relative to Bank Rate for the floating-rate products. The safe rate for fixed rate mortgages is calculated by weighting two-year, three-year and five-year gilts by the number of buy-to-let fixed rate mortgage products offered at these maturities. Series starts in 2007. Sources: Bank of England, Bloomberg Finance L.P., Moneyfacts and Bank calculations.