



Statistical release

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Banking sector regulatory capital: 2019 Q2

- The common equity Tier 1 (CET1) capital ratio for the UK banking sector increased by 0.1 percentage point on the quarter to 15.4%.
- The level of CET1 capital increased by 2% on the quarter from £438bn to £446bn in Q2 2019.
- There was a 1.5% increase in total risk-weighted assets on the quarter, from £2,851bn to £2,894bn.

Table A: Capital ratios and levels of capital and risk-weighted assets in the UK banking sector¹

	2018			2019		One quarter Change (percentage points)	Four quarters Change (percentage points)
	Q2	Q3	Q4	Q1	Q2		
	Ratios (per cent)					Change (percentage points)	
Total capital	20.4	20.9	21.4	21.1	21.1	0.0	0.8
Tier 1	17.2	17.8	17.9	17.7	17.7	0.0	0.5
CET1	15.0	15.4	15.5	15.3	15.4	0.1	0.4
	Values (£ billions)					Change (per cent)	
Total Capital	600	609	607	603	612	1.6	1.9
of which: Tier 1	506	517	508	506	513	1.4	1.3
of which: CET1	443	449	439	438	446	2.0	0.7
of which: Tier 2	95	92	99	97	99	2.4	5.0
Risk-weighted assets	2,947	2,910	2,832	2,851	2,894	1.5	-1.8

Chart 1: Capital ratios for the UK banking sector

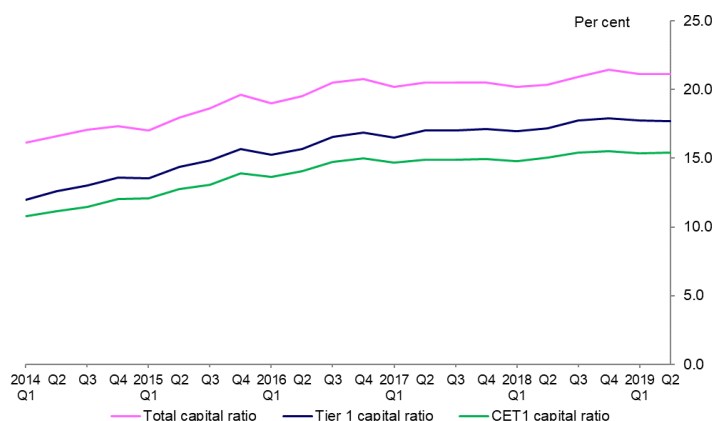
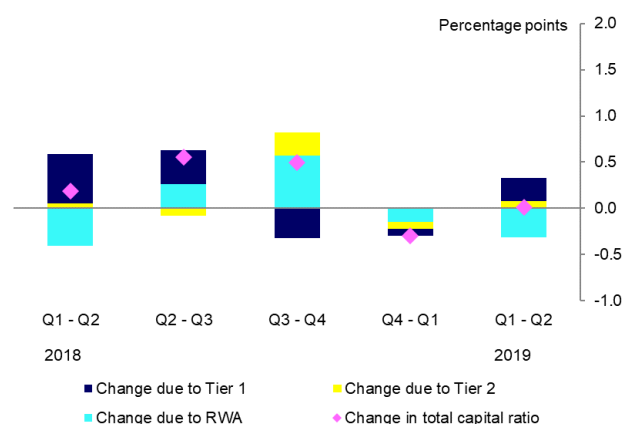


Chart 2: Contributions to quarterly change in total capital ratio^{2 3}

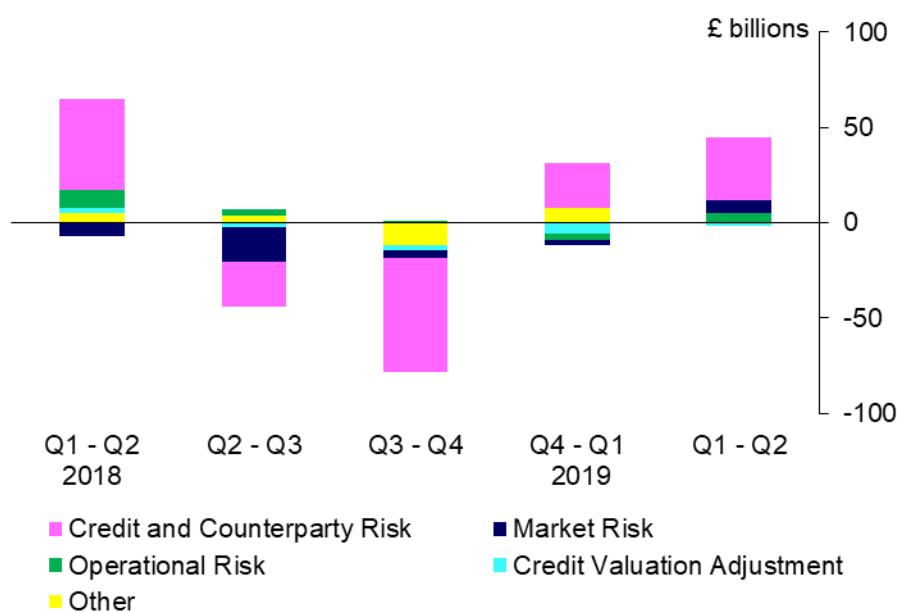


¹ Figures throughout this document may not correspond exactly due to rounding.
² See ['Further details about these data'](#) for information on the calculation of these contributions.
³ Data for all charts has been sourced from the banking sector regulatory capital [tables](#).

Table B: Risk-weighted assets by risk type⁴

	2018			2019		One quarter	Four quarters
	Q2	Q3	Q4	Q1	Q2		
	Values (£ billions)						
Total risk-weighted assets	2,947	2,910	2,832	2,851	2,894	1.5	-1.8
Credit and counterparty risk	2,126	2,103	2,043	2,067	2,100	1.6	-1.2
Market risk	390	372	367	364	371	1.9	-4.7
Operational risk	304	308	308	305	310	1.6	1.7
Credit Valuation Adjustment	98	96	93	87	86	-1.5	-12.4
Other	29	32	21	28	28	-0.8	-3.2

Chart 3: Changes in risk-weighted assets by risk type

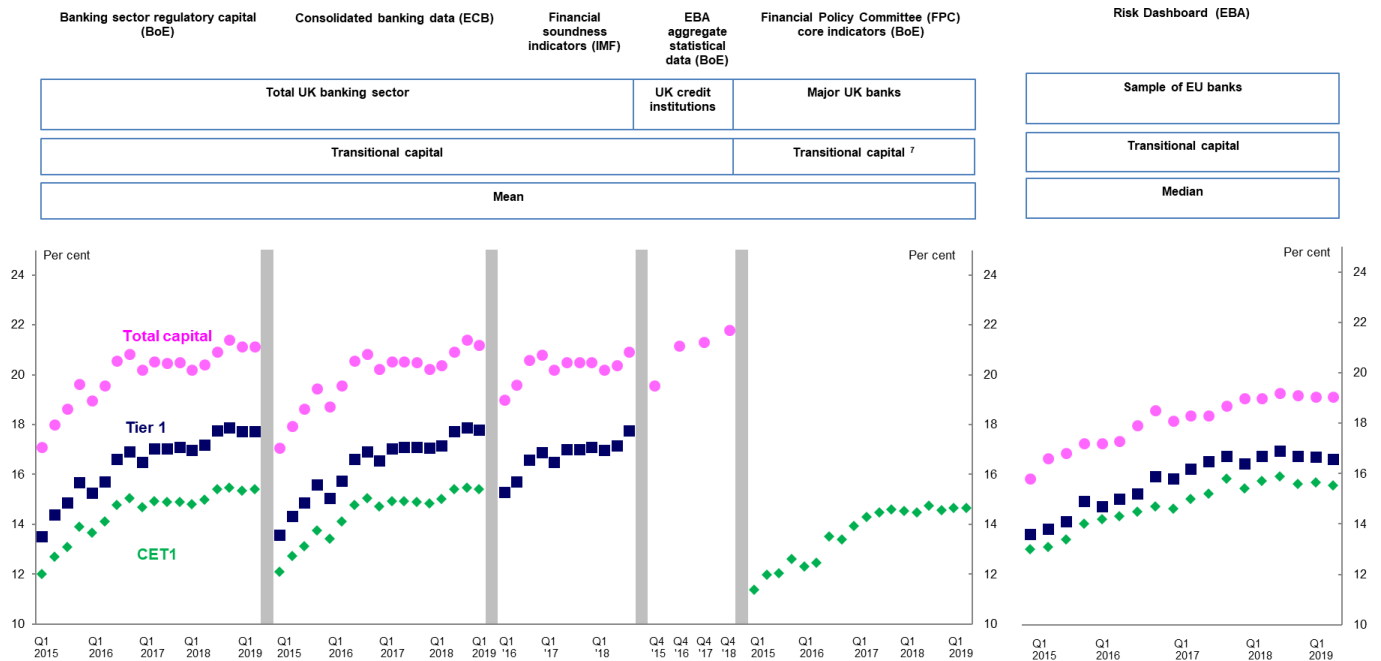


⁴ The categories of risk-weighted assets used are as defined in the reporting templates in the annexes to the Implementing Technical Standards (ITS) on Supervisory Reporting (Regulation (EU) No 573/2013).

Comparison of published capital ratios for the UK and the EU

Capital ratios for the UK banking sector are published by a number of organisations; the Bank of England (BoE), the European Central Bank (ECB), the International Monetary Fund (IMF) and the European Banking Authority (EBA). These ratios are not identical due to differences in firm coverage, use of transitional or endpoint capital, method of averaging and data revisions as explained below. Chart 4 shows a comparison of published capital ratios for the UK in the panel on the left with EU average ratios published by the EBA in the panel on the right. Table C provides descriptions of the underlying datasets and provides links to their definitions.

Chart 4: Comparison of published capital ratios for the UK and the EU



The effects of the differences in datasets and methodologies can be generalised as follows:

- Firm coverage – the BoE, the ECB and the IMF publish capital ratios that represent averages of the total UK banking sector. While they all use the same data, the ECB and IMF publications are less timely and may include minor differences when compared with BoE data due to revisions. EBA aggregate statistical data exclude [designated investment firms](#) that are subsidiaries of banks headquartered outside the UK. The Financial Policy Committee’s (FPC) core indicator covers major UK banks⁵ only, rather than the total UK banking sector, and this generally has a downward effect on the ratio. The EBA publish tables showing average capital ratios for a sample of EU banks, including UK banks, which have been included in Chart 4 for comparison. While they also publish charts showing UK ratios, the data behind these charts are not currently available for publication in this release.
- Averaging method – the EBA Risk Dashboard presents key risk indicators as percentiles (medians shown in Table C) rather than as weighted means, which will tend to have an upward effect.
- Use of transitional or endpoint capital⁶ – the use of endpoint capital will tend to have a slight downward effect on ratios, compared to those using transitional capital.
- Timing – both timeliness and frequency vary across datasets. The banking sector regulatory capital statistical release and FPC core indicators are the timeliest. The EBA aggregate statistical data are published annually while all other datasets are published quarterly.

⁵The group currently includes Barclays, Co-operative Banking Group, HSBC, Lloyds Banking Group, Nationwide, RBS and Santander UK.

⁶ See [explanatory notes](#) for more detail.

Table C: Description of different published capital ratios for the UK

Publishing institution	Dataset	Firm coverage	Transitional or endpoint capital	Averaging method
Bank of England	Banking sector regulatory capital	Total UK banking sector	Transitional	Mean
European Central Bank	Consolidated banking data	Total UK banking sector	Transitional	Mean
International Monetary Fund	Financial soundness indicators	Total UK banking sector	Transitional	Mean
Bank of England	FPC core indicators	Major UK Banks	Transitional ⁷	Mean
Bank of England	EBA aggregate statistical data	UK credit institutions	Transitional	Mean
European Banking Authority	Risk Dashboard and Key Risk Indicators	EU banking sector	Transitional	Median

⁷ From 2018, Basel III Tier 1 capital ratios reflect IFRS 9 transitional arrangements as agreed in European law.