



Statistical release

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Banking sector regulatory capital: 2020 Q1

- The common equity Tier 1 (CET1) capital ratio for the UK banking sector decreased by 0.6 percentage points on the quarter to 15.0%.
- The level of CET1 capital increased by 4.9% on the quarter from £431bn to £453bn in Q1 2020.
- There was an 8.8% increase in total risk-weighted assets on the quarter, from £2,765bn to £3,009bn.

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

	2019				2020	One quarter Change (percentage points)	Four quarters Change (percentage points)
	Q1	Q2	Q3	Q4	Q1		
	Ratios (per cent)						
Total capital	21.1	21.1	21.0	21.3	20.4	-0.8	-0.7
Tier 1	17.7	17.7	17.6	17.9	17.2	-0.8	-0.6
CET1	15.3	15.4	15.3	15.6	15.0	-0.6	-0.3
	Values (£ billions)						
Total Capital	603	612	621	588	614	4.5	2.0
of which: Tier 1	506	513	519	496	517	4.1	2.2
of which: CET1	438	446	451	431	453	4.9	3.4
of which: Tier 2	97	99	101	92	98	6.7	1.1
Risk-weighted assets	2,851	2,896	2,956	2,765	3,009	8.8	5.5

Chart 1: Capital ratios for the UK banking sector

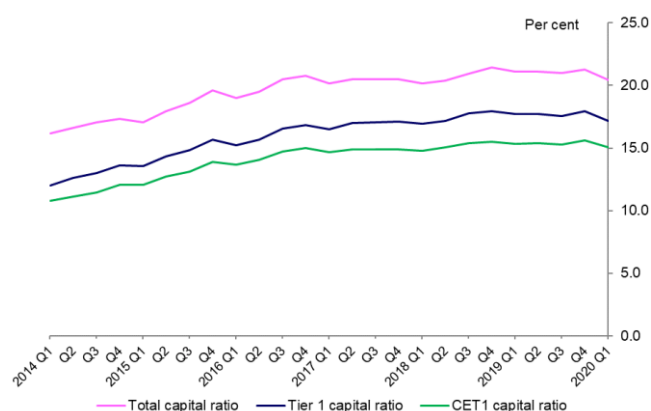
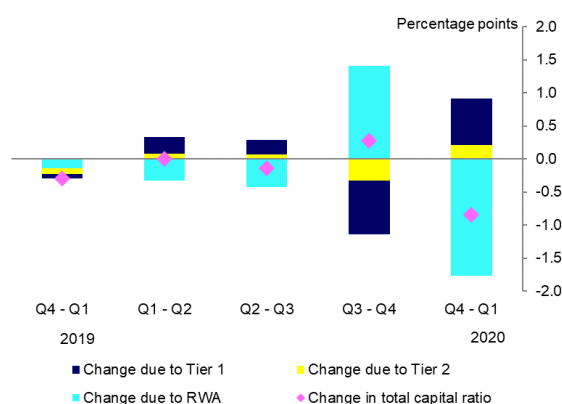


Chart 2: Contributions to quarterly change in total capital ratio^{2 3}

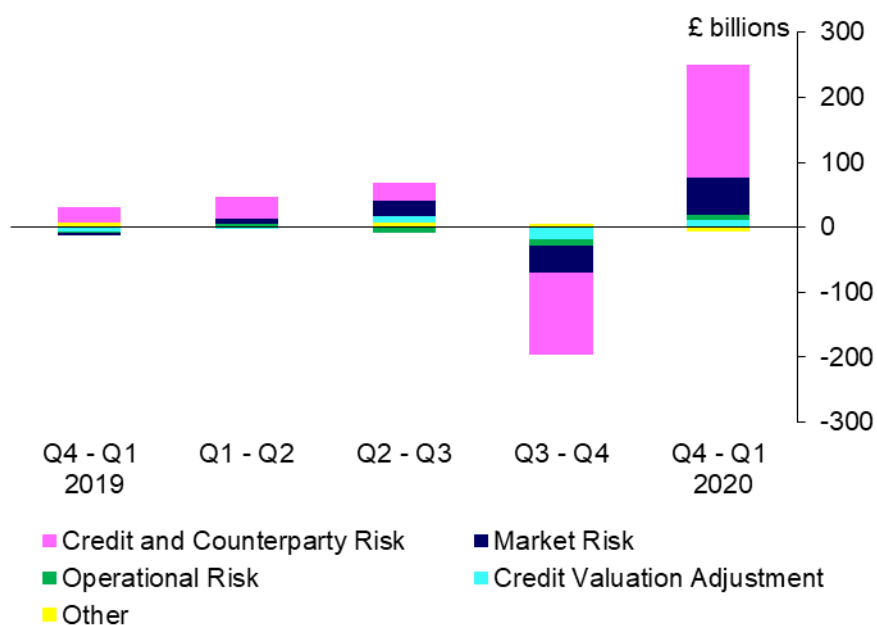


¹ Figures throughout this document may not correspond exactly due to rounding.
² See [Further details about these data](#) for information on the calculation of these contributions.
³ Data for all charts have been sourced from the banking sector regulatory capital [tables](#).

Table B: Risk-weighted assets by risk type⁴

	2019				2020	One quarter	Four quarters
	Q1	Q2	Q3	Q4	Q1		
	Values (£ billions)						
Total risk-weighted assets	2,851	2,896	2,956	2,765	3,009	8.8	5.5
Credit and counterparty risk	2,067	2,100	2,129	2,001	2,176	8.7	5.3
Market risk	364	371	395	354	412	16.2	13.0
Operational risk	305	310	301	291	298	2.4	-2.1
Credit Valuation Adjustment	87	86	94	75	87	16.0	0.2
Other	28	29	37	42	36	-14.8	29.0

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.