



# Statistical release

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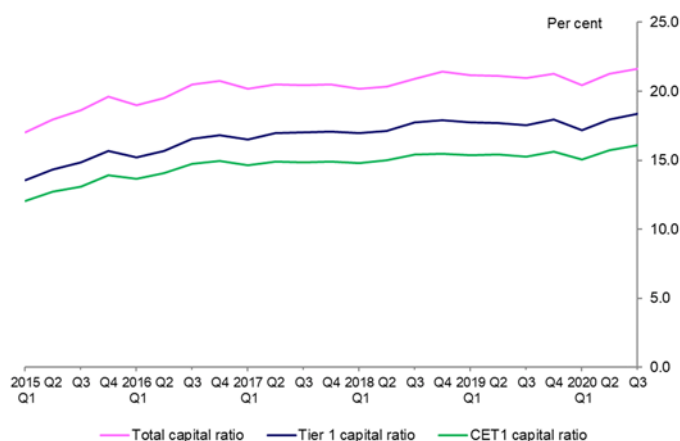
## Banking sector regulatory capital: 2020 Q3

- The common equity Tier 1 (CET1) capital ratio for the UK banking sector increased by 0.4 percentage points on the quarter to 16.1%.
- The level of CET1 capital decreased by 0.8% on the quarter from £468bn to £464bn in Q3 2020.
- There was a 3.1% decrease in total risk-weighted assets on the quarter, from £2,975bn to £2,882bn.

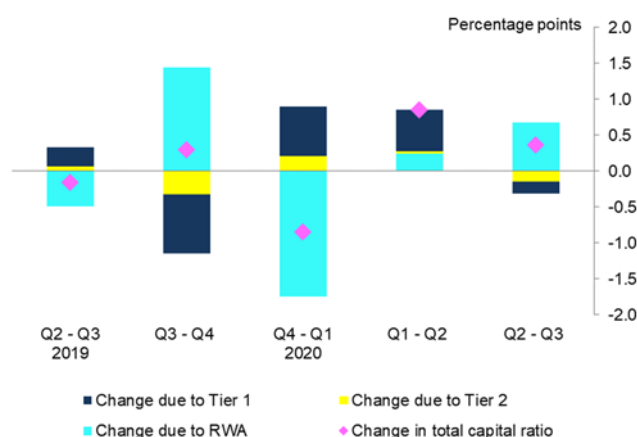
**Table A: Capital ratios and levels of capital and risk-weighted assets in the UK banking sector<sup>1</sup>**

	2019	2020				One quarter		Four quarters		
	Q3	Q4	Q1	Q2	Q3	Change (percentage points)		Change (percentage points)		
	Ratios (per cent)									
Total capital	21.0	21.3	20.4	21.3	21.6	0.4		0.6		
Tier 1	17.6	18.0	17.2	17.9	18.3	0.4		0.8		
CET1	15.3	15.6	15.0	15.7	16.1	0.4		0.8		
	Values (£ billions)					Change (per cent)				
Total Capital	622	589	615	633	624	-1.5		0.2		
of which: Tier 1	521	497	517	534	529	-0.9		1.5		
of which: CET1	453	432	453	468	464	-0.8		2.4		
of which: Tier 2	101	92	98	99	95	-4.4		-6.4		
Risk-weighted assets	2,965	2,768	3,009	2,975	2,882	-3.1		-2.8		

**Chart 1: Capital ratios for the UK banking sector**



**Chart 2: Contributions to quarterly change in total capital ratios<sup>2 3</sup>**



<sup>1</sup> Figures throughout this document may not correspond exactly due to rounding.

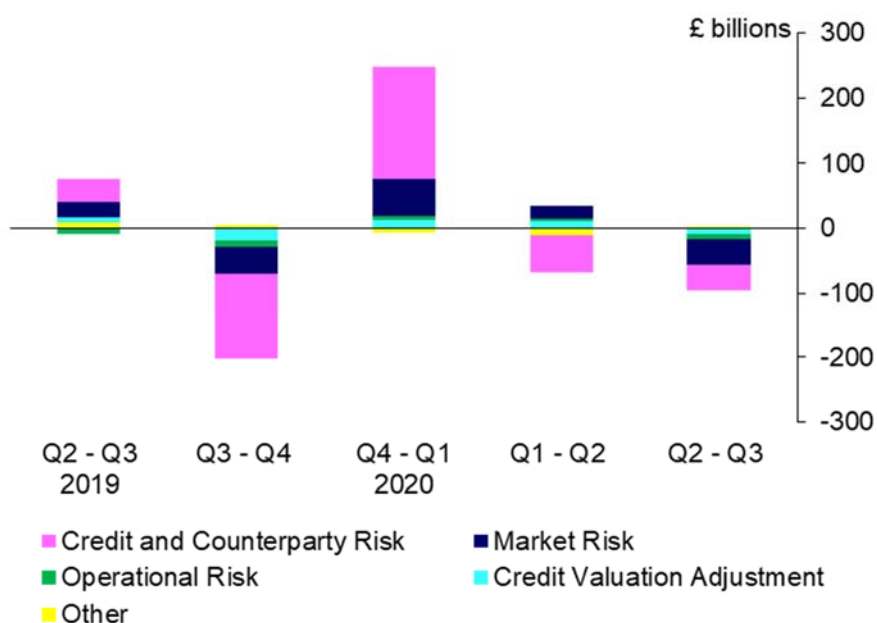
<sup>2</sup> See 'Further details about these data' for information on the calculation of these contributions.

<sup>3</sup> Data for all charts have been sourced from the banking sector regulatory capital tables.

**Table B: Risk-weighted assets by risk type<sup>4</sup>**

	2019		2020			One quarter	Four quarters
	Q3	Q4	Q1	Q2	Q3	Change (per cent)	
	Values (£ billions)						
Total risk-weighted assets	2,965	2,768	3,009	2,975	2,882	-3.1	-2.8
Credit and counterparty risk	2,138	2,004	2,176	2,119	2,080	-1.8	-2.7
Market risk	395	354	412	431	390	-9.5	-1.1
Operational risk	302	291	298	302	295	-2.1	-2.0
Credit Valuation Adjustment	94	75	87	98	89	-9.8	-6.0
Other	37	43	36	25	28	14.3	-23.5

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

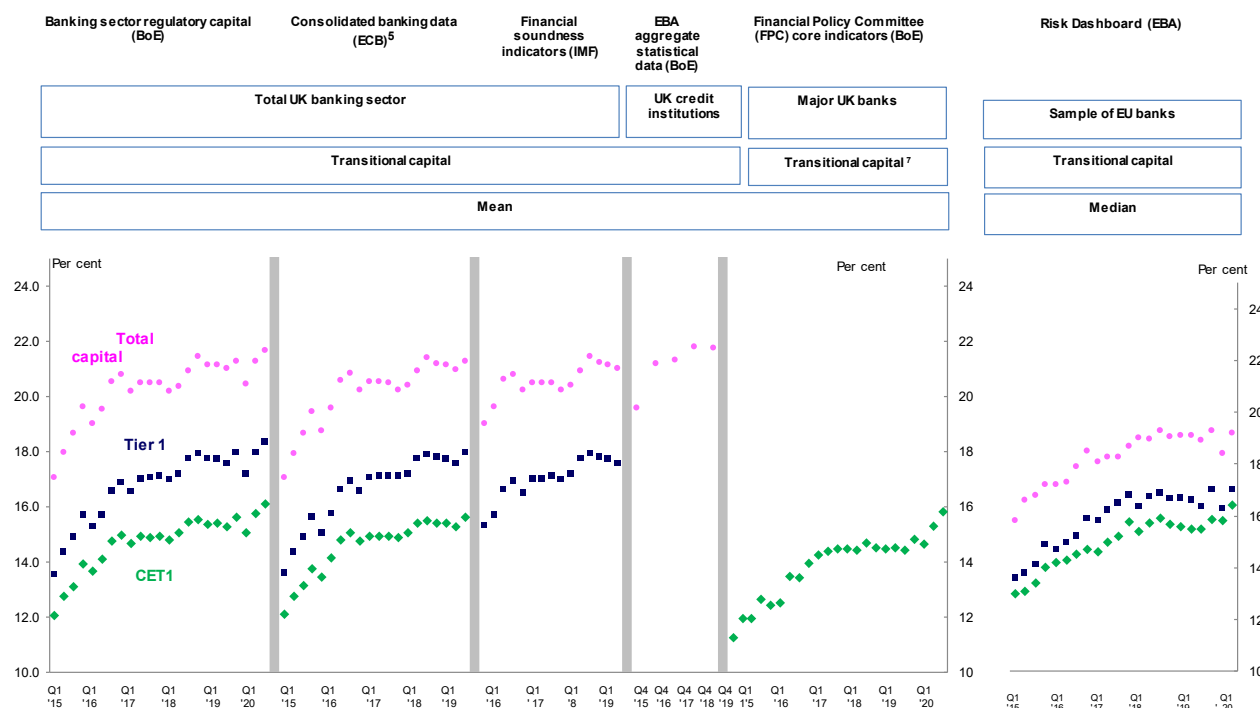


<sup>4</sup> The categories of risk-weighted assets used are as defined in the reporting templates in the annexes to the Implementing Technical Standards (ITS) on Supervisory Reporting (Regulation (EU) No 573/2013).

## 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 banks<sup>6</sup> 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 capital<sup>7</sup>** – 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.

<sup>5</sup> From Q1 2020, following the UK's departure from the EU on 31 January 2020 (i.e. the beginning of the transition period), ECB ceased publication of consolidated banking data for the United Kingdom.

<sup>6</sup> The group currently includes Barclays, HSBC, Lloyds Banking Group, Nationwide, NatWest Group, Santander UK and Standard Chartered.

<sup>7</sup> See [explanatory notes](#) for more detail.

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

<b>Publishing institution</b>	<b>Dataset</b>	<b>Firm coverage</b>	<b>Transitional or endpoint capital</b>	<b>Averaging method</b>
Bank of England	Banking sector regulatory capital	Total UK banking sector	Transitional	Mean
European Central Bank	<a href="#">Consolidated banking data</a>	Total UK banking sector	Transitional	Mean
International Monetary Fund	<a href="#">Financial soundness indicators</a>	Total UK banking sector	Transitional	Mean
Bank of England	<a href="#">FPC core indicators</a>	Major UK Banks	Transitional <sup>8</sup>	Mean
Bank of England	<a href="#">EBA aggregate statistical data</a>	UK credit institutions	Transitional	Mean
European Banking Authority	<a href="#">Risk Dashboard and Key Risk Indicators</a>	EU banking sector	Transitional	Median

<sup>8</sup> From 2018, Basel III Tier 1 capital ratios reflect IFRS 9 transitional arrangements as agreed in European law.