Bank of England

The results of the 2022/23 ACS stress test of the UK banking system: Annex

Annex 1: 2022/23 ACS stress test: bank-specific results

Table A1.A: Projected CET1 capital ratios and Tier 1 leverage ratios in the stress scenario[(a)(b)(c)(d)(e)(f)(g)(h)(i)]

Per cent	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
CET1 ratios					
Barclays	13.6	8.0	8.5	6.8	13.6
HSBC	13.6	9.0	10.7	7.0	14.7
Lloyds Banking Group	14.7	11.5	11.6	6.6	14.1
Nationwide	24.6	20.3	20.4	7.4	26.5
NatWest Group	14.3	10.3	11.1	7.0	14.4
Santander UK	15.5	11.3	11.3	8.1	15.4
Standard Chartered	13.9	6.8	8.8	7.1	13.7
Virgin Money UK	14.8	9.9	10.8	5.9	14.7
Aggregate	**14.2**	**9.4**	**10.8**	**6.9**	**14.6**
Barclays Bank UK	14.8	9.2	9.6	6.7	14.0
HSBC UK Bank	13.7	9.9	10.1	6.2	14.3
Lloyds Bank	15.2	12.0	12.1	7.2	15.0

Per cent	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
NatWest Holdings	13.0	8.5	9.7	7.2	13.3
Leverage ratios					
Barclays	5.1	3.5	3.7	3.3	5.1
HSBC	5.5	4.3	5.0	3.6	5.8
Lloyds Banking Group	5.3	4.5	4.5	3.5	5.6
Nationwide	5.6	5.6	5.6	3.6	6.0
NatWest Group	5.2	5.2	5.2	3.7	5.4
Santander UK	5.3	4.1	4.5	3.5	5.2
Standard Chartered	4.5	3.6	4.3	3.5	4.7
Virgin Money UK	5.0	4.1	4.4	3.3	5.0
Aggregate	**5.3**	**4.3**	**4.7**	**3.5**	**5.4**
Barclays Bank UK	5.3	4.5	4.6	3.3	5.1
HSBC UK Bank	5.8	5.3	5.4	3.3	6.3
Lloyds Bank	5.4	4.8	4.8	3.6	5.7
NatWest Holdings	5.3	4.6	5.2	3.8	5.5

Sources: Participating banks' published accounts and STDF data submissions, Bank analysis and calculations.

(a) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.

(b) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), Additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.
(c) Minimum aggregate CET1 ratios are calculated by dividing aggregate CET1 capital by aggregate risk-weighted assets at the aggregate low point of the stress in 2023. Minimum aggregate Tier 1 leverage ratios are calculated by dividing aggregate Tier 1 capital by the aggregate leverage exposure measure at the aggregate low point of the stress in 2023.
(d) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions.
(e) All figures shown on a transitional IFRS 9 basis.
(f) There is no conversion of banks' AT1 instruments in the stress.
(g) The aggregate hurdle rate is calculated as a weighted average of hurdle rates in the aggregate low-point year.
(h) Hurdle rate and drawdown are provided for the low point year on a post-SMA basis.
(i) Low point year on pre-SMA basis can differ from the low point year on post-SMA basis. Minimum stressed ratio (before strategic management actions) corresponds to the same year as the minimum stressed ratio over the stress scenario after strategic management actions.

Table A1.B: Dividends, variable remuneration, AT1 coupons and other distributions in the 2022/23 ACS

£ billions	Dividends[a]		Variable remuneration[b]		AT1 discretionary coupons and other distributions[c]	
	12 months ending June 2022	To June 2023 in the stress	12 months ending June 2022	To June 2023 in the stress	12 months ending June 2022	To June 2023 in the stress
Barclays	1.0	0.0	1.0	0.0	2.3	1.0
HSBC[d]	4.1	0.0	1.9	0.4	3.5	0.9
Lloyds Banking Group	1.3	0.0	0.1	0.1	2.4	0.4
Nationwide[e]	0.1	0.1	0.1	0.0	0.1	0.1
NatWest Group	1.2	0.0	0.2	0.1	4.0	0.3
Santander UK	0.8	0.0	0.2	0.1	0.8	0.1
Standard Chartered[d]	0.3	0.0	0.9	0.0	1.3	0.6
Virgin Money UK	0.1	0.0	0.0	0.0	0.1	0.1
Aggregate[f]	**8.9**	**0.1**	**4.4**	**0.8**	**14.6**	**3.4**

Sources: Participating Banks' STDF data submissions, Bank analysis and calculations.

(a) Ordinary dividends paid in respect of the year up until the noted period end.
(b) Variable remuneration reflects current year upfront cash awards pre-tax, accrued in respect of the 12 months up until the noted period end.
(c) Other distributions include preference share dividends, special dividends, share buybacks and other discretionary distributions, as applicable.
(d) HSBC and Standard Chartered figures have been converted to sterling using exchange rates consistent with the stress scenario.
(e) Dividend figures for Nationwide refer to distributions relating to its Core Capital Deferred Shares, a CET1 capital instrument.
(f) Aggregate is the sum of all firms with HSBC and SCB converted to sterling using exchange rates consistent with the stress scenario.

Barclays plc

Barclays plc (Barclays) is a retail, corporate and investment bank, operating primarily in the United Kingdom and the United States.

The results show that Barclays' capital position remains above its CET1 ratio hurdle rate of 6.8% and Tier 1 leverage ratio hurdle rate of 3.3% on an IFRS 9 transitional basis with a low point of 8.5% CET1 ratio and 3.7% leverage ratio in Year 1 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for Barclays given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, Barclays' capital position fell to a low point of 7.4% CET1 ratio and 3.4% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock in economies where Barclays operates, including the United Kingdom and the United States.

Barclays' international business model was impacted by increases in global inflation and interest rates, as well as higher unemployment and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments, RWAs and traded risk losses.

Up to the transitional CET1 low point year, Barclays pays no ordinary dividends and is subject to CRD V restrictions on distributions.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which Barclays could realistically take in the stress scenario.

The Q1 Results published on the 27 April 2023 showed CET1 capital and Tier 1 leverage ratios of 13.6% and 5.1%, respectively.

The PRC did not require Barclays to submit a revised capital plan.

Table A1.C: Projected consolidated solvency ratios in the stress scenario

Barclays plc	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	13.6%	8.0%[(g)]	8.5%	6.8%	13.6%
Tier 1 Capital ratio[(c)]	17.1%	11.2%[(g)]	11.8%[(g)]		17.6%
Total capital ratio[(d)]	19.9%	13.2%[(g)]	13.8%[(g)]		20.2%
Memo: risk-weighted assets (£ billions)	345	382[(g)]	378[(g)]		338
Memo: CET1 (£ billions)	47	30[(g)]	32[(g)]		46
Tier 1 leverage ratio[(a)(e)]	5.1%	3.5%[(h)]	3.7%	3.3%	5.1%
Memo: leverage exposure (£ billions)	1,151	1,132[(h)]	1,108[(h)]		1,169
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	13.4%	6.9%	7.4%	6.7%	13.5%
Tier 1 leverage ratio[(e)(f)]	5.1%	3.1%	3.4%	3.3%	5.1%

Sources: Participating banks’ published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks’ AT1 instruments in the stress.
(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.
(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.
(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.
(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.
(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.
(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.
(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

Barclays Bank UK plc

Barclays Bank UK plc (Barclays Bank UK) is a ring-fenced bank and a subsidiary of Barclays plc. It is a retail and commercial bank which operates in the United Kingdom.

The results show that Barclays Bank UK's capital position remains above its CET1 ratio hurdle rate of 6.7% and Tier 1 leverage ratio hurdle rate of 3.3% on an IFRS 9 transitional basis with a low point of 9.6% CET1 ratio in Year 2 and 4.6% leverage ratio in Year 1 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for Barclays Bank UK given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, Barclays Bank UK's capital position fell to a low point of 9.0% CET1 ratio in Year 2 and a low point of 4.1% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

Barclays Bank UK's UK-centric business model was impacted by the UK macroeconomic stress, driven by increasing interest rates, higher inflation and unemployment, and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments and RWAs.

Barclays Bank UK is subject to CRD V restrictions on distributions in the low point year.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which Barclays Bank UK could realistically take in the stress scenario, including cost reductions.

The Pillar 3 disclosures published on the 27 April 2023 showed CET1 capital and Tier 1 leverage ratios of 14.0% and 5.1%, respectively.

The PRC did not require Barclays Bank UK to submit a revised capital plan.

Table A1.D: Projected consolidated solvency ratios in the stress scenario

Barclays Bank UK plc	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	14.8%	9.2%[(g)]	9.6%	6.7%	14.0%
Tier 1 Capital ratio[(c)]	18.4%	11.8%[(g)]	12.2%[(g)]		17.3%
Total capital ratio[(d)]	22.3%	14.8%[(g)]	15.1%[(g)]		20.7%
Memo: risk-weighted assets (£ billions)	71	97[(g)]	97[(g)]		73
Memo: CET1 (£ billions)	11	9[(g)]	9[(g)]		10
Tier 1 leverage ratio[(a)(e)]	5.3%	4.5%[(h)]	4.6%	3.3%	5.1%
Memo: leverage exposure (£ billions)	248	247 [(h)]	247[(h)]		249
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	14.7%	8.6%	9.0%	6.7%	14.0%
Tier 1 leverage ratio[(e)(f)]	5.2%	4.0%	4.1%	3.3%	5.1%

Sources: Participating banks' published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks’ AT1 instruments in the stress.
(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.
(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.
(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.
(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.
(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.
(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.
(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

HSBC Holdings plc

HSBC Holdings plc (HSBC) is a global, universal bank with trading operations.

The results show that HSBC’s capital position remains above its CET1 ratio hurdle rate of 7.0% and Tier 1 leverage ratio hurdle rate of 3.6% on an IFRS 9 transitional basis with a low point of 10.7% CET1 ratio and 5.0% leverage ratio in Year 1 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for HSBC given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, HSBC’s capital position fell to a low point of 9.9% CET1 ratio and 4.7% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised global downturn and a traded risk shock in economies where HSBC operates, including the United Kingdom, Hong Kong, China, the United States and the Euro area, as well as a generalised downturn in Emerging Markets' economies.

HSBC's global universal banking model was impacted by increases in global inflation and interest rates, as well as higher unemployment and house prices falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments, RWAs and losses arising from fair value assets held in the banking book.

Up to the transitional CET1 low point year, HSBC pays no ordinary dividends.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which HSBC could realistically take in the stress scenario, including cost and asset reductions.

The Q1 2023 results published on 02 May 2023 showed CET1 capital and Tier 1 leverage ratios of 14.7% and 5.8%, respectively.

The PRC did not require HSBC to submit a revised capital plan.

Table A1.E: Projected consolidated solvency ratios in the stress scenario

HSBC Holdings plc	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	13.6%	9.0%[(g)]	10.7%	7.0%	14.7%
Tier 1 Capital ratio[(c)]	16.1%	11.3%[(g)]	13.2%[(g)]		17.0%
Total capital ratio[(d)]	18.6%	13.6%[(g)]	15.8%[(g)]		19.8%
Memo: risk-weighted assets ($ billions)	852	958[(g)]	846[(g)]		854
Memo: CET1 ($ billions)	116	86[(g)]	90[(g)]		126
Tier 1 leverage ratio[(a)(e)]	5.5%	4.3%[(h)]	5.0%	3.6%	5.8%
Memo: leverage exposure ($ billions)	2,484	2,496[(h)]	2,259[(h)]		2,486
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	13.6%	8.3%	9.9%	6.2%	14.7%
Tier 1 leverage ratio[(e)(f)]	5.5%	4.1%	4.7%	3.3%	5.8%

Sources: Participating banks’ published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.

(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.

(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.

(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.

(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.

(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.

(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.

(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

HSBC UK Bank

HSBC UK Bank plc (HSBC UK) is a ring-fenced bank and subsidiary of HSBC Holdings. It is a retail and commercial bank which operates primarily in the United Kingdom.

The results show that HSBC UK's capital position remains above its CET1 ratio hurdle rate of 6.2% and Tier 1 leverage ratio hurdle rate of 3.3% on an IFRS 9 transitional basis with a low point of 10.1% CET1 ratio in Year 2 and 5.4% leverage ratio in Year 1 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for HSBC UK given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, HSBC UK's capital position fell to a low point of 8.9% CET1 ratio and 4.9% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

HSBC UK's largely UK-centric business model was impacted by the UK macroeconomic stress, driven by increasing interest rates, higher inflation and unemployment, and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments and RWAs.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which HSBC UK could realistically take in the stress scenario, including cost and asset reductions.

The Pillar 3 disclosures published on 10 May 2023 showed CET1 capital and Tier 1 leverage ratios of 14.3% and 6.3%, respectively.

The PRC did not require HSBC UK to submit a revised capital plan.

Table A1.F: Projected consolidated solvency ratios in the stress scenario

HSBC UK Bank	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	13.7%	9.9%[(g)]	10.1%	6.2%	14.3%
Tier 1 Capital ratio[(c)]	16.2%	11.7%[(g)]	11.9%[(g)]		16.6%
Total capital ratio[(d)]	19.6%	14.7%[(g)]	14.9%[(g)]		19.6%
Memo: risk-weighted assets (£ billions)	90	124[(g)]	122[(g)]		100
Memo: CET1 (£ billions)	12	12[(g)]	12[(g)]		14
Tier 1 leverage ratio[(a)(e)]	5.8%	5.3%[(h)]	5.4%	3.3%	6.3%
Memo: leverage exposure (£ billions)	253	253[(h)]	249[(h)]		262
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	13.7%	8.7%	8.9%	6.4%	14.3%
Tier 1 leverage ratio[(e)(f)]	5.8%	4.8%	4.9%	3.3%	6.3%

Sources: Participating banks’ published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.
(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.
(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.
(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.
(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.
(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.
(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.
(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

Lloyds Banking Group

Lloyds Banking Group plc (LBG) is a retail and commercial bank with trading operations which operates primarily in the United Kingdom.

The results show that LBG's capital position remains above its CET1 ratio hurdle rate of 6.6% and Tier 1 leverage ratio hurdle rate of 3.5% on an IFRS 9 transitional basis with a low point of 11.6% CET1 ratio and 4.5% leverage ratio in Year 1 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for LBG given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, LBG's capital position fell to a low point of 10.7% CET1 ratio and 4.3% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

LBG's largely UK-centric business model was impacted by the UK macroeconomic stress, driven by increasing interest rates, higher inflation and unemployment, and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments and RWAs.

Up to the transitional CET1 low point year, LBG pays no ordinary dividends.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which LBG could realistically take in this stress scenario, including asset reductions.

The Q1 2023 results published on 03 May 2023 showed CET1 capital and Tier 1 leverage ratios of 14.1% and 5.6% respectively.

The PRC did not require LBG to submit a revised capital plan.

Table A1.G: Projected consolidated solvency ratios in the stress scenario

Lloyds Banking Group	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	14.7%	11.5%[(g)]	11.6%	6.6%	14.1%
Tier 1 Capital ratio[(c)]	16.7%	13.5%[(g)]	13.5%[(g)]		16.9%
Total capital ratio[(d)]	19.3%	16.1%[(g)]	16.2%[(g)]		19.9%
Memo: risk-weighted assets (£ billions)	210	228[(g)]	227[(g)]		211
Memo: CET1 (£ billions)	31	26[(g)]	26[(g)]		30
Tier 1 leverage ratio[(a)(e)]	5.3%	4.5%[(h)]	4.5%	3.5%	5.6%
Memo: leverage exposure (£ billions)	656	681[(h)]	681[(h)]		638
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	14.6%	10.6%	10.7%	6.0%	14.0%
Tier 1 leverage ratio[(e)(f)]	5.3%	4.2%	4.3%	3.3%	5.6%

Sources: Participating banks’ published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.
(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.
(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.
(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.
(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.
(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.
(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.
(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

Lloyds Bank plc

Lloyds Bank plc (Lloyds Bank) is a ring-fenced bank and a subsidiary of the Lloyds Banking Group. It is a retail and commercial bank which operates in the United Kingdom.

The results show that Lloyds Bank's capital position remains above its CET1 ratio hurdle rate of 7.2% and Tier 1 leverage ratio hurdle rate of 3.6% on an IFRS 9 transitional basis with a low point of 12.1% CET1 ratio in Year 2 and 4.8% leverage ratio in Year 1 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for Lloyds Bank given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, Lloyds Bank's capital position fell to a low point of 11.7% CET1 ratio and 4.5% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

Lloyds Bank's largely UK-centric business model was impacted by the UK macroeconomic stress, driven by increasing interest rates, higher inflation and unemployment and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments and RWAs.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which Lloyds Bank could realistically take in this stress scenario, including asset reductions.

The Q1 2023 results published on 03 May 2023 showed CET1 capital and Tier 1 leverage ratios of 15.0% and 5.7%, respectively.

The PRC did not require Lloyds Bank to submit a revised capital plan.

Table A1.H: Projected consolidated solvency ratios in the stress scenario

Lloyds Bank plc	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	15.2%	12.0%[(g)]	12.1%	7.2%	15.0%
Tier 1 Capital ratio[(c)]	17.7%	14.1%[(g)]	14.2%[(g)]		17.9%
Total capital ratio[(d)]	20.7%	16.9%[(g)]	17.0%[(g)]		21.2%
Memo: risk-weighted assets (£ billions)	174	202[(g)]	201[(g)]		175
Memo: CET1 (£ billions)	26	24[(g)]	24[(g)]		26
Tier 1 leverage ratio[(a)(e)]	5.4%	4.8%[(h)]	4.8%	3.6%	5.7%
Memo: leverage exposure (£ billions)	572	585[(h)]	585[(h)]		552
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	15.1%	11.6%	11.7%	6.2%	14.9%
Tier 1 leverage ratio[(e)(f)]	5.3%	4.5%	4.5%	3.3%	5.6%

Sources: Participating banks’ published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks’ AT1 instruments in the stress.

(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.
(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.
(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.
(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.
(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.
(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.
(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

Nationwide

Nationwide is a Building Society which operates in the United Kingdom and is focused primarily on retail banking.

The results show that Nationwide’s capital position remains above its CET1 ratio hurdle rate of 7.4% and Tier 1 leverage ratio hurdle rate of 3.6% on an IFRS 9 transitional basis with a low point of 20.4% CET1 ratio in Year 2 and 5.6% leverage ratio in Year 0 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for Nationwide given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, Nationwide’s capital position fell to a low point of 20.4% in Year 2 after strategic management actions, with a leverage ratio of 5.6% in Year 0.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

Nationwide’s UK-centric business model was impacted by the UK macroeconomic stress driven by increasing interest rates, higher inflation and unemployment, and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments and RWAs.

Up to the transitional CET1 low point year, Nationwide continues to make annual distributions on its Core Capital Deferred Shares (CCDS).

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which Nationwide could realistically take in the stress scenario, including cost reductions.

The 2022/23 annual results published on 19 May 2023 showed CET1 capital and Tier 1 leverage ratios of 26.5% and 6.0%, respectively.

The PRC did not require Nationwide to submit a revised capital plan.

Table A1.I: Projected consolidated solvency ratios in the stress scenario

Nationwide	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	24.6%	20.3%[(g)]	20.4%	7.4%	26.5%
Tier 1 Capital ratio[(c)]	27.2%	22.4%[(g)]	22.5%[(g)]		29.1%
Total capital ratio[(d)]	31.1%	25.1%[(g)]	25.2%[(g)]		32.7%
Memo: risk-weighted assets (£ billions)	52	65[(g)]	65[(g)]		52
Memo: CET1 (£ billions)	13	13[(g)]	13[(g)]		14
Tier 1 leverage ratio[(a)(e)]	5.6%	5.6%[(h)]	5.6%	3.6%	6.0%
Memo: leverage exposure (£ billions)	252	252[(h)]	252[(h)]		249
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	24.6%	20.3%	20.4%	7.4%	26.5%
Tier 1 leverage ratio[(e)(f)]	5.6%	5.6%	5.6%	3.6%	6.0%

Sources: Participating banks' published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.

(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.
(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.
(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.
(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.
(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.
(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.
(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

NatWest Group

NatWest Group plc (NWG) is a retail and commercial bank with trading operations which operates primarily in the United Kingdom.

The results show that NWG's capital position remains above its CET1 ratio hurdle rate of 7.0% and its Tier 1 leverage ratio hurdle rate of 3.7% on an IFRS 9 transitional basis with a low point of 11.1% CET1 ratio in Year 2 and 5.2% leverage ratio in Year 0 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for NWG given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, NWG's capital position fell to a low point of 11.1% CET1 ratio in Year 1 and a low point of 5.1% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

NWG's largely UK-centric business model was impacted by the UK macroeconomic stress, driven by increasing interest rates, higher inflation and unemployment, and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments and RWAs.

Up to the transitional CET1 low point year, NWG pays no ordinary dividends.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which NWG could realistically take in this stress scenario, including cost and asset reductions.

The Q1 2023 results published on 28 April 2023 showed CET1 capital and Tier 1 leverage ratios of 14.4% and 5.4%, respectively.

The PRC did not require NWG to submit a revised capital plan.

Table A1.J: Projected consolidated solvency ratios in the stress scenario

NatWest Group	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	14.3%	10.3%[(g)]	11.1%	7.0%	14.4%
Tier 1 Capital ratio[(c)]	16.4%	12.4%[(g)]	13.2%[(g)]		16.6%
Total capital ratio[(d)]	19.3%	15.5%[(g)]	16.4%[(g)]		19.6%
Memo: risk-weighted assets (£ billions)	180	214[(g)]	207[(g)]		178
Memo: CET1 (£ billions)	26	22[(g)]	23[(g)]		26
Tier 1 leverage ratio[(a)(e)]	5.2%	5.2%[(h)]	5.2%	3.7%	5.4%
Memo: leverage exposure (£ billions)	571	571[(h)]	571[(h)]		544
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	14.1%	10.5%	11.1%	6.2%	14.3%
Tier 1 leverage ratio[(e)(f)]	5.1%	4.9%	5.1%	3.3%	5.4%

Sources: Participating banks’ published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.
(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.
(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.
(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.
(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.
(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.
(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.
(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

NatWest Holdings Limited

NatWest Holdings Limited (NWH) is a ring-fenced bank and a subsidiary of the NatWest Group. It is a retail and commercial bank which operates primarily in the United Kingdom.

The results show that NWH's capital position remains above its CET1 ratio hurdle rate of 7.2% and its Tier 1 leverage ratio hurdle rate of 3.8% on an IFRS 9 transitional basis with a low point of 9.7% CET1 ratio and 5.2% leverage ratio in Year 2 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for NWH given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, NWH's capital position fell to a low point of 9.7% CET1 ratio in Year 2 and 5.0% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

NWH's largely UK-centric business model was impacted by the UK macroeconomic stress, driven by increasing interest rates, higher inflation and unemployment, and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments and RWAs.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which NWH could realistically take in this stress scenario, including cost reductions, asset reductions and down-streamed surplus capital from NWG.

The Pillar 3 disclosures published on 28 April 2023 showed CET1 capital and Tier 1 leverage ratios of 13.3% and 5.5%, respectively.

The PRC did not require NWH to submit a revised capital plan.

Table A1.K: Projected consolidated solvency ratios in the stress scenario

NatWest Holdings Limited	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	13.0%	8.5%[(g)]	9.7%	7.2%	13.3%
Tier 1 Capital ratio[(c)]	15.5%	10.6%[(g)]	11.9%[(g)]		15.8%
Total capital ratio[(d)]	19.1%	13.5%[(g)]	14.9%[(g)]		19.7%
Memo: risk-weighted assets (£ billions)	144	170[(g)]	163[(g)]		147
Memo: CET1 (£ billions)	19	14[(g)]	16[(g)]		20
Tier 1 leverage ratio[(a)(e)]	5.3%	4.6%[(h)]	5.2%	3.8%	5.5%
Memo: leverage exposure (£ billions)	420	394[(h)]	376[(h)]		422
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	12.8%	8.5%	9.7%	7.2%	13.2%
Tier 1 leverage ratio[(e)(f)]	5.3%	4.7%	5.0%	3.3%	5.4%

Sources: Participating banks' published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.

(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.

(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.

(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.

(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.

(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.

(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.

(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

Santander UK Group Holdings plc

Santander UK Group Holdings plc (Santander UK) is the UK subsidiary of Banco Santander S.A. and is a retail and commercial bank.

The results show that Santander UK's capital position remains above its CET1 ratio hurdle rate of 8.1% and Tier 1 leverage ratio hurdle rate of 3.5% on an IFRS 9 transitional basis with a low point of 11.3% CET1 ratio in Year 5 and 4.5% leverage ratio in Year 4 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for Santander UK given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, Santander UK's capital position fell to a low point of 11.3% CET1 ratio in Year 5 and 4.5% leverage ratio in Year 4 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

Santander UK's UK-centric business model was impacted by the UK macroeconomic stress, driven by increasing interest rates, higher inflation and unemployment, and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs and impairments.

Santander UK pays no ordinary dividends in year 1 and then pays ordinary dividends for the remaining years up to the transitional CET1 low point year.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which Santander UK could realistically take in the stress scenario.

The Quarterly Management Statement published on 25 April 2023 showed CET1 capital and Tier 1 leverage ratios of 15.4% and 5.2%, respectively.

The PRC did not require Santander UK to submit a revised capital plan.

Table A1.L: Projected consolidated solvency ratios in the stress scenario

Santander UK Group Holdings plc	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	15.5%	11.3%[(g)]	11.3%	8.1%	15.4%
Tier 1 Capital ratio[(c)]	18.7%	14.3%[(g)]	14.3%[(g)]		18.5%
Total capital ratio[(d)]	20.8%	16.3%[(g)]	16.3%[(g)]		20.5%
Memo: risk-weighted assets (£ billions)	70	74[(g)]	74[(g)]		71
Memo: CET1 (£ billions)	11	8[(g)]	8[(g)]		11
Tier 1 leverage ratio[(a)(e)]	5.3%[(i)]	4.1%[(h)]	4.5%	3.5%	5.2%
Memo: leverage exposure (£ billions)	249	253[(h)]	233[(h)]		249
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	15.5%	11.3%	11.3%	8.1%	15.4%
Tier 1 leverage ratio[(e)(f)]	5.3%	4.1%	4.5%	3.5%	5.2%

Sources: Participating banks' published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.

(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.

(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.

(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.

(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.

(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.

(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.

(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

(i) Tier 1 leverage ratio on IFRS9 transitional basis as at 30th June, 2022 is 5.2% in the Pillar 3 disclosures due to the application of a minimum leverage ratio AT1 contribution cap by the bank.

Standard Chartered Bank

Standard Chartered plc (Standard Chartered) is a retail and commercial bank with trading operations which operates primarily in Asia, Africa and the Middle East.

The results show that Standard Chartered’s capital position remains above its CET1 ratio hurdle rate of 7.1% and Tier 1 leverage ratio hurdle rate of 3.5% on an IFRS 9 transitional basis with a low point of 8.8% CET1 ratio and 4.3% leverage ratio in Year 1 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for Standard Chartered given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, Standard Chartered's capital position fell to a low point of 8.8% CET1 ratio and 4.3% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock in economies where Standard Chartered operates, including in Hong Kong, China and the United States, as well as a generalised downturn in Emerging Markets' economies.

Standard Chartered's international business model was impacted by increases to global inflation and interest rates, as well as higher unemployment and house prices falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments, RWAs and losses arising from fair value assets held in the banking book.

Up to the transitional CET1 low point year, Standard Chartered pays no ordinary dividends and is subject to CRD V restrictions on distributions.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which Standard Chartered could realistically take in the stress scenario, including cost and asset reductions.

The Q1 2023 results published on 25 April 2023 showed CET1 capital and Tier 1 leverage ratios of 13.7% and 4.7%, respectively.

The PRC did not require Standard Chartered to submit a revised capital plan.

Table A1.M: Projected consolidated solvency ratios in the stress scenario

Standard Chartered Bank	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	13.9%	6.8%[(g)]	8.8%	7.1%	13.7%
Tier 1 Capital ratio[(c)]	15.9%	8.8%[(g)]	11.2%[(g)]		15.9%
Total capital ratio[(d)]	21.0%	12.6%[(g)]	15.7%[(g)]		20.9%
Memo: risk-weighted assets ($ billions)	255	320[(g)]	266[(g)]		251
Memo: CET1 ($ billions)	35	22[(g)]	23[(g)]		34
Tier 1 leverage ratio[(a)(e)]	4.5%	3.6%[(h)]	4.3%	3.5%	4.7%
Memo: leverage exposure ($ billions)	894	783[(h)]	689[(h)]		857
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	13.8%	6.8%	8.8%	7.1%	13.7%
Tier 1 leverage ratio[(e)(f)]	4.5%	3.6%	4.3%	3.5%	4.7%

Sources: Participating banks' published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.

(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.

(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.

(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.

(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.

(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.

(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.

(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

Virgin Money UK

Virgin Money UK plc (Virgin Money UK) is a retail and commercial bank which operates primarily in the United Kingdom.

The results show that Virgin Money UK's capital position remains above its CET1 ratio hurdle rate of 5.9% and Tier 1 leverage ratio hurdle rate of 3.3% on an IFRS 9 transitional basis with a low point of 10.8% CET1 ratio in Year 3 and 4.4% leverage ratio in Year 2 after strategic management actions.

The PRC judged that this stress test did not reveal capital inadequacies for Virgin Money UK given its balance sheet as of June 2022.

On a non-transitional IFRS 9 basis, Virgin Money UK's capital position fell to a low point of 9.7% CET1 ratio and 3.9% leverage ratio in Year 1 after strategic management actions.

The scenario for the 2022/23 stress test included a synchronised severe global downturn and a traded risk shock.

Virgin Money UK's UK-centric business model was impacted by the UK macroeconomic stress, driven by increasing interest rates, higher inflation and unemployment, and house price falls. In the scenario, higher gross income from rising interest rates was offset by an increase in costs, impairments and RWAs.

Up to the transitional CET1 low point year, Virgin Money UK pays no ordinary dividends.

The assessment includes stressed projections of misconduct costs and incorporates the impact of strategic management actions that the PRC judged were appropriate and which Virgin Money UK could realistically take in the stress scenario, including cost reductions.

The Q2 2023 results published on 31 May 2023 showed CET1 capital and Tier 1 leverage ratios of 14.7% and 5.0%, respectively.

The PRC did not require Virgin Money UK to submit a revised capital plan.

Table A1.N: Projected consolidated solvency ratios in the stress scenario

Virgin Money UK	Actual (June 2022)	Minimum stressed ratio (before strategic management actions)	Minimum stressed ratio (after the impact of strategic management actions)	Hurdle rate	Actual (March 2023)
IFRS9 Transitional					
Common equity Tier 1 ratio[(a)(b)]	14.8%	9.9%[(g)]	10.8%	5.9%	14.7%
Tier 1 Capital ratio[(c)]	17.6%	12.1%[(g)]	13.0%[(g)]		17.1%
Total capital ratio[(d)]	21.9%	17.6%[(g)]	18.5%[(g)]		21.2%
Memo: risk-weighted assets (£ billions)	24	27[(g)]	27[(g)]		25
Memo: CET1 (£ billions)	4	3[(g)]	3[(g)]		4
Tier 1 leverage ratio[(a)(e)]	5.0%	4.1%[(h)]	4.4%	3.3%	5.0%
Memo: leverage exposure (£ billions)	84	77[(h)]	77[(h)]		84
IFRS9 non-transitional					
Common equity Tier 1 ratio[(f)]	14.5%	9.4%	9.7%	6.0%	14.4%
Tier 1 leverage ratio[(e)(f)]	4.9%	3.8%	3.9%	3.3%	4.9%

Sources: Participating banks' published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after strategic management actions. There is no conversion of banks' AT1 instruments in the stress.

(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of the total risk exposure amount (risk-weighted assets or RWAs), where CET1 capital and RWAs are determined in accordance with the CRR.

(c) The Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs, where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital determined in accordance with the CRR.

(d) The Total capital ratio is defined as total capital expressed as a percentage of RWAs, where total capital is defined as the sum of Tier 1 capital and Tier 2 capital determined in accordance with the CRR.

(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure, as defined in Article 429(2) of the Leverage Ratio (CRR) part of the PRA Rulebook. If a firm does not have sufficient CET1 capital to meet 75% of the leverage ratio minimum requirement and 100% of its leverage ratio buffers (as required by PRA rules), additional Tier 1 capital has been capped at 25% of the leverage ratio minimum requirement for the purpose of calculating the Tier 1 leverage ratio.

(f) The low point year for the non-transitional IFRS 9 may differ to the low point year on a transitional IFRS 9 basis.

(g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after strategic management actions.

(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after strategic management actions.

Annex 2: 2022/23 ACS stress test: bank-specific projected impairment charges and traded risk losses

Table A2.A: Projected cumulative five-year impairment charge rates on UK lending in the stress scenario(a)(b)

Per cent	Mortgage lending to individuals	Non-mortgage lending to individuals	Commercial real estate lending	Lending to businesses excluding commercial real estate
Barclays	0.8	37.5	6.0	7.5
Barclays Bank UK	0.8	39.3	–	6.2
HSBC	0.5	27.8	7.3	8.9
HSBC UK Bank	0.5	27.9	6.9	10.0
Lloyds Banking Group	1.4	23.1	7.6	8.0
Lloyds Bank	1.4	23.1	7.7	8.1
Nationwide	0.7	28.6	–	–
NatWest Group	0.7	29.0	8.4	8.3
NatWest Holdings	0.7	29.0	8.4	8.3
Santander UK	1.0	16.6	8.2	8.7
Standard Chartered	–	–	–	9.7
Virgin Money UK	0.8	34.0	–	10.5

Sources: Participating banks' STDF data submissions, Bank analysis and calculations.

(a) Cumulative impairment charge rates = (five-year total impairment charge) / (average gross on balance sheet exposure), where the denominator is a simple average of 2022, 2023, 2024, 2025, 2026 mid-year balance sheet positions. The HSBC and Standard Chartered impairment charge rates are calculated by first converting each component to sterling using exchange rates consistent with the stress scenario.
(b) Portfolios with cumulative impairment charges of £0.0 billion or start point (2022 Q2) drawn balances of £0 billion (ie below £0.5 billion) are excluded.

Table A2.B: Projected cumulative five-year impairment charges on UK lending in the stress scenario[(a)(b)]

£ Billions	Mortgage lending to individuals	Non-mortgage lending to individuals	Commercial real estate lending	Lending to businesses excluding commercial real estate
Barclays	1.3	7.0	0.2	2.7
Barclays Bank UK	1.3	6.3	–	1.0
HSBC	0.7	3.9	0.5	6.5
HSBC UK Bank	0.7	4.0	0.5	5.1
Lloyds Banking Group	4.5	9.4	0.7	3.1
Lloyds Bank	4.5	9.4	0.7	3.0
Nationwide	1.4	1.3	–	–
NatWest Group	1.3	4.0	0.7	4.9
NatWest Holdings	1.3	4.0	0.6	4.9
Santander UK	1.8	1.8	0.4	0.9
Standard Chartered	–	–	–	0.2
Virgin Money UK	0.5	2.3	–	0.7

Sources: Participating banks' STDF data submissions, Bank analysis and calculations.

(a) Cumulative impairment charge rates = (five-year total impairment charge) / (average gross on balance sheet exposure), where the denominator is a simple average of 2022, 2023, 2024, 2025, 2026 mid-year balance sheet positions. The HSBC and Standard Chartered impairment charge rates are calculated by first converting each component to sterling using exchange rates consistent with the stress scenario.
(b) Portfolios with cumulative impairment charges of £0.0 billion or start point (2022 Q2) drawn balances of £0 billion (ie below £0.5 billion) are excluded.

Table A2.C: Projected cumulative five year impairment charge rates in the stress scenario[(a)(b)(c)(d)]

Per cent	Lending to individuals					Lending to businesses				
	United Kingdom	Hong Kong and China	United States	Euro area	Rest of world	United Kingdom	Hong Kong and China[(d)]	United States	Euro area	Rest of world
Barclays	4.4	–	38.7	10.1	1.7	7.4	–	20.2	15.9	8.1
Barclays Bank UK	4.2	–	–	–	–	6.0	–	–	–	–
HSBC	3.1	2.6	1.9		5.6	8.7	7.6	6.5	4.8	3.6
HSBC UK Bank	3.2	–	–	–	–	9.6	–	–	–	5.2
Lloyds Banking Group	4.0	–	–	0.9	–	8.0	–	7.2	5.8	3.4
Lloyds Bank	4.0	–	–	0.9	–	8.0	–	3.9	7.4	5.9
Nationwide	1.3	–	–	–	–	–	–	–	–	–
NatWest Group	2.5	–	–	–	–	8.3	–	4.9	8.9	5.6
NatWest Holdings	2.5	–	–	–	–	8.3	–	4.0	6.3	4.4
Santander UK	1.9	–	–	–	–	8.5	–	–	–	–
Standard Chartered	–	3.1	–	–	6.6	8.1	3.8	5.7	2.7	4.3
Virgin Money UK	4.4	–	–	–	–	10.4	–	–	–	–

Sources: Participating banks' STDF data submissions, Bank analysis and calculations.

(a) Cumulative impairment charge rates = (five-year total impairment charge) / (average gross on balance sheet exposure), where the denominator is a simple average of 2022, 2023, 2024, 2025, 2026 mid-year balance sheet positions. The HSBC and Standard Chartered impairment charge rates are calculated by first converting each component to sterling using exchange rates consistent with the stress scenario.

(b) Portfolios with cumulative impairment charges of £0.0 billion or start point (2022 Q2) drawn balances of £0 billion (ie below £0.05 billion) are excluded.

(c) Data exclude material associates.

(d) The table above is based on the country of residence of the obligor. However, an additional £0.8bn of impairments, included in the table as rest of world, relates to impairment associated with Hong Kong and China. This increases the impairment rates in relation to HK and China to between 6.9-8% across the two banks.

Table A2.D: Projected cumulative five year impairment charges in the stress scenario[(a)(b)(c)(d)]

£ billions	Lending to individuals					Lending to businesses				
	United Kingdom	Hong Kong and China	United States	Euro area	Rest of world	United Kingdom	Hong Kong and China[(d)]	United States	Euro area	Rest of world
Barclays	8.4	–	9.7	0.9	0.1	2.9	–	2.4	0.5	0.6
Barclays Bank UK	7.6	–	–	–	–	1.0	–	–	–	–
HSBC	4.6	2.9	0.3	–	4.7	7.0	13.0	3.7	1.8	5.4
HSBC UK Bank	4.7	–	–	–	–	5.5	–	–	–	0.1
Lloyds Banking Group	13.9	–	–	0.1	–	3.8	–	0.2	0.1	0.1
Lloyds Bank	13.9	–	–	0.1	–	3.7	–	0.1	0.1	0.1
Nationwide	2.7	–	–	–	–	–	–	–	–	–
NatWest Group	5.3	–	–	–	–	5.6	–	0.2	0.5	0.4
NatWest Holdings	5.3	–	–	–	–	5.5	–	0.1	0.3	0.2
Santander UK	3.7	–	–	–	–	1.3	–	–	–	–
Standard Chartered	–	1.1	–	–	3.5	0.2	0.7	0.4	0.2	3.0
Virgin Money UK	2.8	–	–	–	–	0.7	–	–	–	–

Sources: Participating banks' STDF data submissions, Bank analysis and calculations.

(a) Cumulative impairment charge rates = (five-year total impairment charge) / (average gross on balance sheet exposure), where the denominator is a simple average of 2022, 2023, 2024, 2025, 2026 mid-year balance sheet positions. The HSBC and Standard Chartered impairment charge rates are calculated by first converting each component to sterling using exchange rates consistent with the stress scenario.

(b) Portfolios with cumulative impairment charges of £0.0 billion or start point (2022 Q2) drawn balances of £0 billion (ie below £0.05 billion) are excluded.

(c) Data exclude material associates.

(d) The table above is based on the country of residence of the obligor. However, an additional £0.8bn of impairments, included in the table as rest of world, relates to impairment associated with Hong Kong and China.

Table A2.E: Projected traded risk losses in 2022 Q3 – 2023 Q2 of the stress scenario [(a)(b)(c)]

£ billions	
Barclays	11.0
HSBC	10.7
Lloyds Banking Group	1.4
NatWest Group	1.2
Standard Chartered	5.0

Sources: Participating banks' STDF data submissions, Bank analysis and calculations.
(a) Traded risk losses include: market risk losses; counterparty credit risk losses, losses arising from changes in banks' credit and fair value adjustments; prudential value adjustment; gain/losses from fair value through other comprehensive income items and fair value options; excluding securitisation positions. They exclude banking revenues and costs.
(b) Nationwide, Santander UK and Virgin Money UK are excluded as they have relatively minimal traded risk exposures.
(c) Losses for HSBC and SCB are converted to sterling using exchange rates consistent with the stress scenario for comparability with other banks.