

Santander UK Group Holdings plc (HoldCo Group) & Santander UK plc Ring Fenced Group (the RFB Group)

March 2019 Additional Capital and Risk Management Disclosures

Introduction

As a significant wholly-owned subsidiary of Banco Santander, S.A., under CRD IV¹ Santander UK Group Holdings plc (the 'Company') is required to produce and publish annually a specified number of Pillar 3 disclosures rather than a complete set of Pillar 3 disclosures. In accordance with the EBA guidelines on disclosure frequency², the Company has assessed the need to publish capital-related disclosures more frequently than annually, and the disclosures deemed appropriate for more frequent publication have been included in the additional capital disclosures set out in this document. All disclosures cover the consolidated Santander UK Group Holdings plc group (HoldCo Group) position.

The Company is the immediate parent company of Santander UK plc. The Company was incorporated on 23 September 2013 and on 10 January 2014 became the immediate parent company of Santander UK plc and its controlled entities. From this date, the Company became the head of the Santander UK group for regulatory capital and leverage purposes. This document also includes a specified number of Pillar 3 disclosures in accordance with the EBA guidelines on disclosure frequency for the Santander UK plc Ring Fenced (RFB Group) in appendix 1.

Key metrics

The following table summarises the company's Own Funds and key risk-based capital ratios at 31 March 2019 and 31 March 2018, together with the previously disclosed quarter end information at 31 December 2018, 30 September 2018 and 30 June 2018. Further detail on Risk Weighted Assets is included in the subsequent sections of this document.

	31 March 2019 £m	31 December 2018 £m	30 September 2018 £m	30 June 2018 £m	31 March 2018 £m
Available Capital (amounts)					
Common Equity Tier1 (CET1) capital	10,363	10,401	10,327	10,818	10,681
Fully loaded ³ Expected Credit Loss (ECL) accounting model CET1	10,345	10,380	10,305	10,796	10,663
Tier1 capital	12,810	12,767	12,696	13,178	13,045
Fully loaded ECL accounting model Tier1	12,792	12,746	12,674	13,156	13,027
Total capital	15,730	15,038	14,901	15,427	15,205
Fully loaded ECL accounting model total capital	15,712	15,017	14,879	15,405	15,186
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	77,847	78,780	78,792	85,128	85,275
Fully loaded ECL accounting model total RWA	77,885	78,836	78,849	85,203	85,356
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier1 ratio	13.3%	13.2%	13.1%	12.7%	12.5%
Fully loaded ECL accounting model Common Equity Tier1 (%)	13.3%	13.2%	13.1%	12.7%	12.5%
Tier1 ratio	16.5%	16.2%	16.1%	15.5%	15.3%
Fully loaded ECL accounting model Tier1 ratio (%)	16.4%	16.2%	16.1%	15.4%	15.3%
Total capital ratio	20.2%	19.1%	18.9%	18.1%	17.8%
Fully loaded ECL accounting model total capital ratio (%)	20.2%	19.0%	18.9%	18.1%	17.8%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	1.88%	1.88%	1.88%	1.88%
Countercyclical buffer requirement (%)	0.95%	0.96%	0.48%	0.48%	0.00%
Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-	-
Total of bank CET1 specific buffer requirements (%)	3.45%	2.84%	2.36%	2.36%	1.88%
CET1 available after meeting the banks minimum capital requirements (%)	5.36%	5.87%	6.25%	5.85%	6.15%
Basel III leverage ratio					
Total Basel III leverage ratio exposure measure	297.4	300.3	306.2	314.8	315.4
Basel III leverage ratio	4.2%	4.1%	4.0%	4.1%	4.0%
Fully loaded ECL accounting model leverage Ratio	4.2%	4.1%	4.0%	4.1%	4.0%
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA)	43,196	52,982	50,404	46,537	47,084
Total net cash outflow	30,958	32,391	34,539	33,757	35,666
Liquidity coverage ratio (LCR)	141.9%	163.6%	145.9%	137.9%	132.0%

Key Movements

CET1 capital ratio increased 10 bps to 13.3% mainly due to £1bn reduction in RWAs and ongoing capital accretion through retained profits, largely offset by market-driven pension movements. Total capital ratio increased 110bps to 20.2%, following the application of Pillar 2A requirements and associated reduction of surplus capital in the Ring-Fenced Bank Sub-consolidated group, allowing for more subsidiary Tier 1 and Tier 2 instruments to qualify for total capital.

The LCR decreased by 22 percentage points to 142%, largely due to the regulatory treatment of Abbey National Treasury Services plc (ANTS) deposits, including Crown Dependencies, following ring-fencing implementation on 1 January 2019.

¹ The Capital Requirements Directive IV ('CRD IV') and Capital Requirements Regulation ('CRR') legislative package, collectively referred to as CRD IV.

² EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(20) and 433 of Regulation (EU) No 575/2013.

³ Fully loaded excludes the impact of transitional arrangements.

IFRS 9 Transitional Arrangements

The following table summarises the impact of IFRS 9 transitional arrangements on 31 March 2019 over the full allowable period.

	85%	70%	50%	25%
	2019	2020	2021	2022
Available Capital (amounts)				
Common Equity Tier 1 (CET1) capital	10,363	10,360	10,355	10,351
CET1 capital as if IFRS9 STATIC transitional arrangements were not applied	10,347	10,347	10,346	10,346
CET1 capital as if IFRS9 DYNAMIC transitional arrangements were not applied	10,361	10,358	10,354	10,350
CET1 capital as if ALL IFRS 9 transitional arrangements were not applied	10,345	10,345	10,345	10,345
Tier 1 capital	12,810	12,807	12,803	12,797
Tier 1 capital as if ALL IFRS 9 transitional arrangements were not applied	12,792	12,792	12,792	12,792
Total capital	15,730	15,727	15,723	15,717
Total capital as if ALL IFRS 9 transitional arrangements were not applied	15,712	15,712	15,712	15,712
Risk-weighted assets (amounts)				
Total risk-weighted assets (RWA)	77,847	77,855	77,863	77,874
Total RWA as if IFRS 9 STATIC transitional arrangements were not applied	77,968	77,954	77,934	77,910
Total RWA as if IFRS 9 DYNAMIC transitional arrangements were not applied	77,764	77,786	77,814	77,849
Total RWA as if ALL IFRS 9 transitional arrangements were not applied	77,885	77,885	77,885	77,885
Capital Ratios				
Common Equity Tier 1 ratio	13.3%	13.3%	13.3%	13.3%
Common Equity Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	13.3%	13.3%	13.3%	13.3%
Tier 1 ratio	16.5%	16.5%	16.4%	16.4%
Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	16.4%	16.4%	16.4%	16.4%
Total capital ratio	20.2%	20.2%	20.2%	20.2%
Total capital as if ALL IFRS 9 transitional arrangements were not applied	20.2%	20.2%	20.2%	20.2%
CRD IV leverage ratio				
Leverage ratio total exposure measure	297,371	297,371	297,371	297,371
Leverage ratio	4.2%	4.2%	4.2%	4.2%
Leverage ratio as if ALL IFRS 9 transitional arrangements were not applied	4.2%	4.2%	4.2%	4.2%

The HoldCo Group is applying the IFRS 9 capital transitional arrangements set out in EU Regulation 2017/2395 that amend the Capital Requirements Regulation, including the application of paragraph 4 of the revised article 473a. Under the transitional arrangements, HoldCo Group is entitled to mitigate the effect to capital of ECL -based provisioning following the implementation of IFRS 9. The transitional arrangements last for a five year period beginning on the 1st of January 2018 with the amount of capital relief available reduced each year by the transitional factor. Set at 95 percent in 2018, the transitional factor declines to 85 percent in 2019, 70 percent in 2020, 50 percent in 2021 and 25 percent in 2022.

The capital relief affects both the capital base and RWAs reported by the HoldCo Group. The adjustment to CET1 capital is comprised of a static element and a dynamic element. The static element is based on the CET1 capital impact of the change in provision levels upon implementation of IFRS 9 (on 1st January 2018). The capital adjustments from this static element will only change over five year transition period due to the phased reduction of the transitional factor. The dynamic element is based on the capital impact of the change in provision levels for non-credit impaired exposures from the first day of the implementation of IFRS 9. The dynamic element will change over the five year transition period and is also subject to progressive reduction over the five year transitional period due to the transitional factor. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk, Deferred Tax assets created upon adoption of IFRS 9 ECL-based provisioning and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Rating Based approach.

Leverage Ratio

The following table summarises the Holdco Group's end point CRD IV and UK PRA Tier 1 Leverage ratio at 31 March 2019 and 31 March 2018, together with the previously disclosed quarter end information at 31 December 2018, 30 September 2018 and 30 June 2018. This is consistent with the Leverage ratio applied to large UK banks under the framework defined by the Financial Policy Committee's review of the Leverage ratio.

	31 March 2019 £m	31 December 2018 £m	30 September 2018 £m	30 June 2018 £m	31 March 2018 £m
Common Equity Tier 1 (CET1) capital	10,363	10,401	10,327	10,818	10,681
End Point Additional Tier 1 (AT1) capital	2,041	2,041	2,041	2,041	2,041
End Point Tier 1 capital	12,404	12,442	12,368	12,859	12,722
Leverage Exposure CRD IV (£bn)	297.4	300.3	306.2	314.8	315.4
Leverage Exposure UK Leverage Ratio ¹ (£bn)	274.5	275.6	279.0	295.6	291.3
End Point Tier 1 Leverage Ratio CRD IV	4.2%	4.1%	4.0%	4.1%	4.0%
End Point Tier 1 Leverage Ratio UK Leverage Ratio ¹	4.5%	4.5%	4.4%	4.4%	4.4%
Average Tier 1 Leverage Ratio UK Leverage Ratio ¹	4.5%	4.4%	4.3%	4.4%	4.3%

UK leverage ratio has remained flat in the quarter with balance sheet movement offset by a reduction to End Point Tier 1 capital.

¹ Includes deductions permitted under the recommendation from the Financial Policy Committee on 25th July 2016.

Liquidity Coverage Ratio

The values presented below are the simple average of the preceding monthly periods ending on the reporting date as specified in the table.

		Average unweighted value		Average weighted value	
		31 March 2019 £m	31 December 2018 £m	31 March 2019 £m	31 December 2018 £m
1	Total high-quality liquid assets (HQLA)	50,109	50,741	48,113	48,704
Cash-Outflows					
2	Retail deposits and deposits from small business customers, of which:	134,269	135,059	7,904	7,961
3	Stable deposits	116,956	117,556	5,848	5,878
4	Less stable deposits	17,313	17,503	2,056	2,083
5	Unsecured wholesale funding	24,636	24,811	14,962	15,172
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-
7	Non-operational deposits (all counterparties)	22,261	22,272	12,587	12,633
8	Unsecured debt	2,375	2,539	2,375	2,539
9	Secured wholesale funding	16,406	19,549	880	1,251
10	Additional requirements	23,505	24,601	9,246	9,752
11	Outflows related to derivative exposures and other collateral requirements	6,405	6,868	6,405	6,868
12	Outflows related to loss of funding on debt products	276	220	276	220
13	Credit and liquidity facilities	16,824	17,513	2,565	2,664
14	Other contractual funding obligations	564	833	511	788
15	Other contingent funding obligations	24,704	24,693	1,782	1,663
16	TOTAL CASH OUTFLOWS	224,084	229,546	35,285	36,587
Cash-Inflows					
17	Secured lending (e.g. reverse repos)	15,069	17,901	494	617
18	Inflows from fully performing exposures	1,934	1,985	1,168	1,227
19	Other cash inflows	1,892	1,899	715	709
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-
20	TOTAL CASH INFLOWS	18,895	21,785	2,377	2,553
EU-20a	Fully exempt inflows	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	12,330	13,676	2,377	2,553
21	LIQUIDITY BUFFER	-	-	48,113	48,704
22	TOTAL NET CASH OUTFLOWS	-	-	32,916	34,234
23	LIQUIDITY COVERAGE RATIO (%)	-	-	146.17%	142.3%
24	Number of data points used in calculation of averages	12	12	12	12

RWA and Capital Requirements

Overview of RWA

The following table details RWA and equivalent Own Funds Requirements. Own Funds Requirements are calculated as RWA multiplied by 8 percent.

	RWA		Minimum capital requirements
	31 March 2019 £bn	31 December 2018 £bn	31 March 2019 £bn ¹
Credit risk (excluding counterparty credit risk) (CCR) ¹	67.5	67.1	5.4
- Of which standardised approach (SA)	23.9	23.9	1.9
- Of which foundation internal rating-based approach	6.9	6.9	0.6
- Of which advanced internal rating-based approach	36.3	35.9	2.9
- Of which equity IRB under the Simple risk-weight or the internal models approach	0.4	0.4	-
Counterparty credit risk ¹	1.9	2.5	0.2
- Of which marked to market	1.2	1.4	0.1
- Of which original exposure	-	-	-
- Of which standardised approach for counterparty credit risk	-	-	-
- Of which internal model method (IMM)	-	-	-
- Of which risk exposure amount for contributions to the default fund of a CCP	0.1	0.1	-
- Of which CVA	0.6	1.0	0.1
Settlement risk	-	-	-
Securitisation exposures in banking book (after cap) ²	0.5	0.6	-
- Of which IRB ratings-based approach (RBA)	0.5	0.6	-
- Of which IRB supervisory formula approach (SFA)	-	-	-
- Of which internal assessment approach (IAA)	-	-	-
- Of which standardised approach	-	-	-
Market risk ¹	0.3	1.0	-
- Of which standardised approach	0.3	0.4	-
- Of which internal model approach (IM)	-	0.6	-
Operational Risk ¹	7.6	7.6	0.6
- Of which basic indicator approach	-	-	-
- Of which standardised approach	7.6	7.6	0.6
- Of which advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Floor adjustments	-	-	-
Total ¹	77.8	78.8	6.2

RWA Flow Statements of Credit Risk Exposures under IRB and RWA Flow Statements of Credit Risk Exposures under Standardised³

RWA flow statements of credit risk exposures under IRB

	RWA £bn	Capital requirements
RWAs at 1 January 2019	44.9	3.6
Asset size	(0.4)	-
Asset quality	0.6	-
Model updates	-	-
Methodology and policy	(0.1)	-
Acquisitions and disposals	-	-
Foreign exchange movements	-	-
Other	-	-
RWAs at 28 February 2019	45.0	3.6

RWA flow statements of credit risk exposures under standardised approach

	RWA £bn	Capital requirements
RWAs at 1 January 2019	24.3	1.9
Asset size	0.1	-
Asset quality	(0.1)	-
Model updates	-	-
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	-	-
Other	-	-
RWAs at 28 February 2019	24.3	1.9

Asset quality includes the impact of average risk weight percentage growth in the UK IRB mortgage model.

¹ Includes balances which are not visible due to rounding have been included in the total

² Includes two Significant Risk Transfer transactions which are subject to re-characterisation risk

³ Table excludes CVA

Credit Risk and Counterparty Risk by Risk Class

The following table details RWA per risk class. Counterparty Risk and Credit Valuation Adjustment Risk are included in the table.

	31 March 2019 £bn	31 December 2018 £bn	30 September 2018 £bn	30 June 2018 £bn	31 March 2018 £bn
Standardised Approach credit risk					
Institutions	0.2	0.2	0.5	0.5	0.4
Corporates	11.1	11.2	11.0	12.1	12.5
Standardised Retail	8.1	7.3	7.3	6.6	6.4
Secured by Mortgages on Immovable Property	0.2	0.6	0.6	0.6	0.5
Exposures in Default	0.2	0.2	0.2	0.3	0.3
Higher-risk Categories	0.2	0.2	0.2	0.2	0.2
Covered Bonds	0.4	0.4	0.4	0.4	0.4
Equity	0.1	0.1	0.1	-	-
Securitisation Positions	-	-	0.1	0.3	0.3
Other	3.8	4.1	2.9	2.9	2.9
Total	24.3	24.3	23.3	23.9	23.9

	31 March 2019 £bn	31 December 2018 £bn	30 September 2018 £bn	30 June 2018 £bn	31 March 2018 £bn
IRB Approach credit risk					
Institutions	0.7	0.9	1.2	1.5	1.9
Corporates	13.2	13.4	13.9	16.4	16.2
IRB Retail Mortgages	26.4	25.8	25.9	25.7	25.6
IRB Qualifying Revolving Retail Exposures	1.9	1.9	1.8	1.8	1.9
Other Retail	1.9	1.9	1.9	1.8	1.9
Securitisation Positions	0.5	0.6	0.4	0.5	0.5
IRB Equity Exposures – 370% Risk Weight	0.4	0.4	0.4	0.3	0.2
Total	45.0	44.9	45.5	48.0	48.2
CVA	0.6	1.0	1.3	3.3	2.3

Appendix 1: March 2019 Additional Capital and Risk Management Disclosures Santander UK RFB Group

Introduction

As a significant wholly-owned subsidiary under CRD IV¹ Santander UK plc Ring Fenced Group (the RFB Group) is required to produce and publish annually a specified number of Pillar 3 disclosures rather than a complete set of Pillar 3 disclosures. In accordance with the EBA guidelines on disclosure frequency², the RFB Group has assessed the need to publish capital-related disclosures more frequently than annually, and the disclosures deemed appropriate for more frequent publication have been included in the additional capital disclosures set out in this document. All disclosures cover the consolidated RFB Group position.

The RFB Group is the consolidated Group of Santander UK plc.

Key metrics

The following table summarises the Company's Own Funds and key risk-based capital ratios at 31 March 2019. Further detail on Risk Weighted Assets is included in the subsequent sections of this document. This table does not include comparatives as this is the first reporting period for the Santander UK plc Ring Fenced Group.

	31 March 2019 £m
Available Capital (amounts)	
Common Equity Tier 1 (CET1) capital	10,357
Fully loaded ³ Expected Credit Loss (ECL) accounting model CET1	10,338
Tier 1 capital	12,600
Fully loaded ECL accounting model Tier 1	12,581
Total capital	15,736
Fully loaded ECL accounting model total capital	15,718
Risk-weighted assets (amounts)	
Total risk-weighted assets (RWA)	77,168
Fully loaded ECL accounting model total RWA	77,206
Risk-based capital ratios as a percentage of RWA	
Common Equity Tier 1 ratio	13.4%
Fully loaded ECL accounting model Common Equity Tier 1 (%)	13.4%
Tier 1 ratio	16.3%
Fully loaded ECL accounting model Tier 1 ratio (%)	16.3%
Total capital ratio	20.4%
Fully loaded ECL accounting model total capital ratio (%)	20.4%
Additional CET1 buffer requirements as a percentage of RWA	
Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%
Countercyclical buffer requirement (%)	0.97%
Bank G-SIB and/or D-SIB additional requirements (%)	-
Total of bank CET1 specific buffer requirements (%)	3.47%
CET1 available after meeting the banks minimum capital requirements (%)	5.45%
Basel III leverage ratio	
Total Basel III leverage ratio exposure measure	291.7
Basel III leverage ratio	4.2%
Fully loaded ECL accounting model leverage Ratio	4.1%
Liquidity Coverage Ratio	
Total high-quality liquid assets (HQLA)	43,916
Total net cash outflow	30,030
Liquidity coverage ratio (LCR)	146.2%

Key Movements

The RFB Group's CET1 ratio is higher than that of the Holdco Group (13.4% vs. 13.3%) due to lower total RWAs.

¹ The Capital Requirements Directive IV ('CRD IV') and Capital Requirements Regulation ('CRR') legislative package, collectively referred to as CRD IV

² EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(20) and 433 of Regulation (EU) No 575/2013

³ Fully loaded excludes the impact of transitional arrangements.

IFRS 9 Transitional Arrangements

The following table summarises the impact of IFRS 9 transitional arrangements on 31 March 2019 over the full allowable period.

	85%	70%	50%	25%
	2019	2020	2021	2022
Available Capital (amounts)				
Common Equity Tier 1 (CET1) capital	10,357	10,353	10,349	10,344
CET1 capital as if IFRS 9 STATIC transitional arrangements were not applied	10,341	10,340	10,339	10,339
CET1 capital as if IFRS 9 DYNAMIC transitional arrangements were not applied	10,354	10,351	10,348	10,343
CET1 capital as if ALL IFRS 9 transitional arrangements were not applied	10,338	10,338	10,338	10,338
Tier 1 capital	12,600	12,597	12,592	12,587
Tier 1 capital as if ALL IFRS 9 transitional arrangements were not applied	12,581	12,581	12,581	12,581
Total capital	15,736	15,733	15,729	15,723
Total capital as if ALL IFRS 9 transitional arrangements were not applied	15,718	15,718	15,718	15,718
Risk-weighted assets (amounts)				
Total risk-weighted assets (RWA)	77,168	77,176	77,184	77,195
Total RWA as if IFRS 9 STATIC transitional arrangements were not applied	77,289	77,275	77,255	77,231
Total RWA as if IFRS 9 DYNAMIC transitional arrangements were not applied	77,085	77,107	77,135	77,170
Total RWA as if ALL IFRS 9 transitional arrangements were not applied	77,206	77,206	77,206	77,206
Capital Ratios				
Common Equity Tier 1 ratio	13.4%	13.4%	13.4%	13.4%
Common Equity Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	13.4%	13.4%	13.4%	13.4%
Tier 1 ratio	16.3%	16.3%	16.3%	16.3%
Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	16.3%	16.3%	16.3%	16.3%
Total capital ratio	20.4%	20.4%	20.4%	20.4%
Total capital as if ALL IFRS 9 transitional arrangements were not applied	20.4%	20.4%	20.4%	20.4%
CRD IV leverage ratio				
Leverage ratio total exposure measure	291,730	291,730	291,730	291,730
Leverage ratio	4.2%	4.2%	4.2%	4.2%
Leverage ratio as if ALL IFRS 9 transitional arrangements were not applied	4.1%	4.1%	4.1%	4.2%

The RFB Group is applying the IFRS 9 capital transitional arrangements set out in EU Regulation 2017/2395 that amend the Capital Requirements Regulation, including the application of paragraph 4 of the revised article 473a. Under the transitional arrangements, the RFB Group is entitled to mitigate the effect to capital of ECL-based provisioning following the implementation of IFRS 9. The transitional arrangements last for a five year period beginning on the 1st of January 2018 with the amount of capital relief available reduced each year by the transitional factor. Set at 95 percent in 2018, the transitional factor declines to 85 percent in 2019, 70 percent in 2020, 50 percent in 2021 and 25 percent in 2022.

The capital relief affects both the capital base and RWAs reported by RFB Group. The adjustment to CET1 capital is comprised of a static element and a dynamic element. The static element is based on the CET1 capital impact of the change in provision levels upon implementation of IFRS 9 (on 1st January 2018). The capital adjustments from this static element will only change over five year transition period due to the phased reduction of the transitional factor. The dynamic element is based on the capital impact of the change in provision levels for non-credit impaired exposures from the first day of the implementation of IFRS 9. The dynamic element will change over the five year transition period and is also subject to progressive reduction over the five-year transitional period due to the transitional factor. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk, Deferred Tax assets created upon adoption of IFRS 9 ECL-based provisioning and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Rating Based approach.

Leverage Ratio

The following table summarises the Company's end point CRD IV and UK PRA Tier 1 Leverage ratio at 31 March 2019. This is consistent with the Leverage ratio applied to large UK banks under the framework defined by the Financial Policy Committee's review of the Leverage ratio.

	31 March 2019 £m
Common Equity Tier 1 (CET1) capital	10,357
End point Additional Tier 1 (AT1) capital	1,756
End point Tier 1 capital	12,113
Leverage Exposure CRD IV (£bn)	291.7
Leverage Exposure UK Leverage Ratio ¹ (£bn)	272.8
End point Tier 1 Leverage Ratio CRD IV	4.2%
End point Tier 1 Leverage Ratio UK Leverage Ratio ¹	4.4%
Average Tier 1 Leverage Ratio UK Leverage Ratio ¹	4.4%

¹ Includes deductions permitted under the recommendation from the Financial Policy Committee on 25th July 2016.

Liquidity Coverage Ratio

The values presented below are the simple average of the preceding monthly periods ending on the reporting date as specified in the table.

		Average unweighted value	Average weighted value
		31 March 2019 £m	31 March 2019 £m
1	Total high-quality liquid assets (HQLA)	45,402	44,323
Cash-Outflows			
2	Retail deposits and deposits from small business customers, of which:	132,359	7,726
3	Stable deposits	116,105	5,806
4	Less stable deposits	16,254	1,920
5	Unsecured wholesale funding	24,480	14,687
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	21,776	11,983
8	Unsecured debt	2,704	2,704
9	Secured wholesale funding	12,526	567
10	Additional requirements	21,983	8,507
11	Outflows related to derivative exposures and other collateral requirements	5,679	5,679
12	Outflows related to loss of funding on debt products	471	471
13	Credit and liquidity facilities	15,833	2,357
14	Other contractual funding obligations	69	-
15	Other contingent funding obligations	24,373	1,736
16	TOTAL CASH OUTFLOWS	215,790	33,223
Cash-Inflows			
17	Secured lending (e.g. reverse repos)	11,304	342
18	Inflows from fully performing exposures	2,003	1,090
19	Other cash inflows	1,873	633
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-
20	TOTAL CASH INFLOWS	15,180	2,065
EU-20a	Fully exempt inflows	-	-
EU-20b	Inflows Subject to 90% Cap	-	-
EU-20c	Inflows Subject to 75% Cap	9,327	2,065
21	LIQUIDITY BUFFER	-	44,323
22	TOTAL NET CASH OUTFLOWS	-	31,158
23	LIQUIDITY COVERAGE RATIO (%)	-	142.25%
24	Number of data points used in calculation of averages	3	3

The RFB Group's LCR moved in line with the Domestic Liquidity Sub-group LCR through the first quarter of 2019.

RWA and Capital Requirements

Overview of RWA

The following table details RWA and equivalent Own Funds Requirements. Own Funds Requirements are calculated as RWA multiplied by 8 percent

	RWA	Minimum capital requirements
	31 March 2019 £bn	31 March 2019 £bn ¹
Credit risk (excluding counterparty credit risk) (CCR) ¹	67.0	5.4
- Of which standardised approach (SA)	23.7	1.9
- Of which foundation internal rating-based approach	6.9	0.6
- Of which advanced internal rating-based approach	36.3	2.9
- Of which equity IRB under the Simple risk-weight or the internal models approach	0.1	-
Counterparty credit risk ¹	1.8	0.1
- Of which marked to market	1.1	0.1
- Of which original exposure	-	-
- Of which standardised approach for counterparty credit risk	-	-
- Of which internal model method (IMM)	-	-
- Of which risk exposure amount for contributions to the default fund of a CCP	0.1	-
- Of which CVA	0.6	-
Settlement risk	-	-
Securitisation exposures in banking book (after cap) ²	0.5	-
- Of which IRB ratings-based approach (RBA)	0.5	-
- Of which IRB supervisory formula approach (SFA)	-	-
- Of which internal assessment approach (IAA)	-	-
- Of which standardised approach	-	-
Market risk ¹	0.3	-
- Of which standardised approach	0.3	-
- Of which internal model approach (IM)	-	-
Operational Risk ¹	7.6	0.6
- Of which basic indicator approach	-	-
- Of which standardised approach	7.6	0.6
- Of which advanced measurement approach	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-
Floor adjustments	-	-
Total ¹	77.2	6.2

RWA Flow Statements of Credit Risk Exposures under IRB and RWA Flow Statements of Credit Risk Exposures under Standardised³

RWA flow statements of credit risk exposures under IRB

	RWA £bn	Capital requirements
RWAs at 1 January 2019	44.6	3.6
Asset size	(0.5)	-
Asset quality	0.6	-
Model updates	-	-
Methodology and policy	(0.1)	-
Acquisitions and disposals	-	-
Foreign exchange movements	-	-
Other	-	-
RWAs at 31 March 2019	44.6	3.6

RWA flow statements of credit risk exposures under standardised approach

	RWA £bn	Capital requirements
RWAs at 1 January 2019	24.1	1.9
Asset size	0.1	0.1
Asset quality	(0.1)	(0.1)
Model updates	-	-
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	-	-
Other	-	-
RWAs at 31 March 2019	24.1	1.9

Asset quality includes the impact of average risk weight percentage growth in the UK IRB mortgage model.

¹ Includes balances which are not visible due to rounding have been included in the total

² Includes two Significant Risk Transfer transactions which are subject to re-characterisation risk

³ Table excludes CVA