



1 May 2019

GROUP ANNOUNCES REVISED CAPITAL GUIDANCE FOLLOWING CONFIRMATION OF SYSTEMIC RISK BUFFER BY THE PRA

As announced this morning by the Prudential Regulation Authority (PRA), the Group has been notified that the Systemic Risk Buffer for the Group's Ring Fenced Bank will be 200 basis points which equates to 170 basis points at a Group level. This is less than the 210 basis points previously included in the Group's capital guidance following action to manage the size of the Ring Fenced Bank. This decrease in the Systemic Risk Buffer follows the net 30 basis point reduction in the Group's Pillar 2A, as announced to the market in 2018 and with effect from 1 January 2019. Given these decreases, the Board's view of the level of CET1 capital targeted by the Group has reduced from around 13 per cent to around 12.5 per cent, plus a management buffer of around 1 per cent.

The Group remains strongly capital generative and continues to expect ongoing capital build of 170 to 200 basis points per annum. The Group has a progressive and sustainable ordinary dividend policy and the Board will continue to give consideration to the distribution of surplus capital at the end of the year.

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