Santander UK Group Holdings plc and Santander UK plc
December 2024 Additional Capital and Risk Management Disclosures

Table of Contents

Introduction

Santander UK Group Holdings plc's Additional Capital and Risk Management Disclosures for the year ended 31 December 2024 should be read in conjunction with our 2024 Annual Report.

As a wholly-owned large subsidiary of Banco Santander, S.A., under the retained EU law version of Capital Requirements Regulation (UK CRR) Santander UK Group Holdings plc (the Company) is required to produce and publish annually a specified number of Pillar 3 disclosures. In accordance with the European Banking Authority (EBA) guidelines on disclosure frequency[1], 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 within Part 1 of this document on pages 2 to 46 cover the consolidated Santander UK Group Holdings plc group position.

The Company is the immediate parent company of Santander UK plc, a Ring Fenced Bank (RFB), and associated controlled entities and is the head of the Santander UK group for regulatory capital and leverage purposes. Part 2 of this document on pages 47-78 includes a specified number of Pillar 3 disclosures in accordance with the EBA guidelines on disclosure frequency for the Santander UK plc group, which are similar to those for the Company.

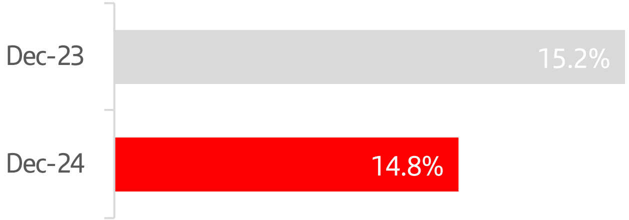
Retained EU Law disclosures

This document contains disclosures required under UK CRR for the Company as a large subsidiary of an EU parent undertaking, some of which are not disclosed in the 2024 Annual Report. All disclosures cover the 31 December 2024 position or movement during 2024.

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

EXECUTIVE SUMMARY

COMMON EQUITY TIER 1 (CET1) RATIO



The CET1 capital ratio decreased to 14.8%, driven by £1.3bn in dividends paid in 2024 (2023: £1.5bn), including £0.8bn in special dividends, slightly offset by a reduction in RWA exposure. We remain very strongly capitalised with significant headroom to minimum requirements.

TOTAL CAPITAL RATIO

Total capital ratio decreased to 20.9% (Dec-23: 21.4%), mainly due to lower CET1 capital ratio as outlined above.

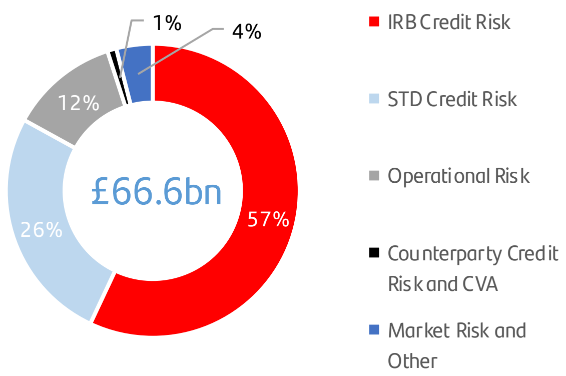
UK LEVERAGE RATIO

UK leverage ratio decreased to 4.9% (Dec-23: 5.1%), largely due £1.3bn in dividends paid in 2024 (2023: £1.5bn), including £0.8bn in special dividends. UK leverage exposure decreased to £242.4bn (Dec-23: £247.2bn) as a result of active balance sheet management.

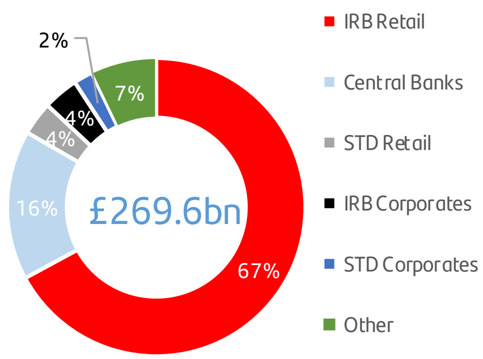
RISK-WEIGHTED ASSETS (RWAs) £bn

RWAs decreased due lower mortgage lending and active balance sheet management.

RWA BY TYPE



EAD BY EXPOSURE TYPE



Key metrics (KM1)

The following table summarises the Company's Own Funds and key risk-based capital ratios at 31 December 2024 together with the previously disclosed quarter end information at 30 September 2024, 30 June 2024, 31 March 2024 and 31 December 2023. Further details on Risk Weighted Assets are included in the subsequent sections of this document.

		31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	9,857	10,336	10,375	10,580	10,524
2	Tier 1 capital	11,957	12,436	12,475	12,776	12,720
3	Total capital	13,941	14,401	14,510	14,840	14,775
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	66,563	67,208	68,270	69,529	69,065
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.8%	15.4%	15.2%	15.2%	15.2%
6	Tier 1 ratio (%)	18.0%	18.5%	18.3%	18.4%	18.4%
7	Total capital ratio (%)	20.9%	21.4%	21.3%	21.3%	21.4%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	2.27%	2.27%	2.33%	2.32%	2.32%
UK 7b	Additional AT1 SREP requirements (%)	0.76%	0.76%	0.78%	0.77%	0.77%
UK 7c	Additional T2 SREP requirements (%)	1.01%	1.01%	1.03%	1.03%	1.03%
UK 7d	Total SREP own funds requirements (%)	4.04%	4.04%	4.14%	4.12%	4.12%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.96%	1.95%	1.96%	1.96%	1.96%
UK 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
UK 10a	Other Systemically Important Institution buffer	-	-	-	-	-
11	Combined buffer requirement (%)	4.46%	4.45%	4.46%	4.46%	4.47%
UK 11a	Overall capital requirements (%)	16.50%	16.49%	16.60%	16.58%	16.59%
12	CET1 available after meeting the total SREP own funds requirements (%)	4.44%	4.94%	4.94%	4.76%	4.80%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	242,403	249,862	251,350	247,384	247,215
14	Leverage ratio excluding claims on central banks (%)	4.9%	4.9%	4.9%	5.1%	5.1%
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.9%	4.9%	4.9%	5.1%	5.1%
14b	Leverage ratio including claims on central banks (%)	4.3%	4.4%	4.4%	4.4%	4.4%
14c	Average leverage ratio excluding claims on central banks (%)	4.9%	5.0%	5.1%	5.1%	5.3%
14d	Average leverage ratio including claims on central banks (%)	4.4%	4.5%	4.5%	4.4%	4.6%
14e	Countercyclical leverage ratio buffer (%)	0.7%	0.7%	0.7%	0.7%	0.7%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	47,152	50,278	48,551	54,704	50,435
UK 16a	Cash outflows – Total weighted value	32,205	34,068	35,090	34,710	32,887
UK 16b	Cash inflows – Total weighted value	2,017	1,971	2,063	1,800	1,833
16	Total net cash outflows (adjusted value)	30,188	32,097	33,027	32,910	31,054
17	Liquidity coverage ratio (%)	156%	157%	147%	166%	162%
	Net Stable Funding Ratio					
18	Total available stable funding	211,975	216,229	216,315	223,870	223,051
19	Total required stable funding	155,549	161,305	161,268	162,981	161,470
20	NSFR ratio (%)	136%	134%	134%	137%	138%

Key Movements

The CET1 capital ratio and Total capital ratio decreased to 14.8% and 20.9% respectively, driven by £1.3bn in dividends paid in 2024 (2023: £1.5bn), slightly offset by a reduction in RWA exposure. UK leverage ratio decreased to 4.9% (Dec-23: 5.1%), driven by dividends, offset by a reduction in leverage exposure as a result of active balance sheet management. RWAs decreased due to lower mortgage lending and active balance sheet management. We remain very strongly capitalised with significant headroom to minimum requirements.

Key metrics – Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements (KM2)

The following table summarises key metrics about Own Funds and Eligible Liabilities available, and MREL requirements applied, for the Santander UK Group Holdings plc group:

		31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m
1	Total Own Funds and Eligible Liabilities available	24,134	24,173	24,133	24,492	26,134
1a	Fully loaded ECL accounting model Own Funds and Eligible Liabilities available	24,122	24,159	24,118	24,476	26,091
2	Total RWA at the level of the resolution group	66,563	67,208	68,270	69,529	69,065
3	Total Own Funds and Eligible Liabilities as a percentage of RWA	36.3%	36.0%	35.3%	35.2%	37.8%
3a	Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model RWA	36.2%	36.0%	35.3%	35.2%	37.8%
4	UK Leverage exposure measure at the level of the resolution group	242,403	249,862	251,350	247,384	247,215
5	Total Own Funds and Eligible Liabilities as a percentage of UK leverage exposure measure [1]	10.0%	9.7%	9.6%	9.9%	10.6%
5a	Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model UK leverage ratio exposure measure [1]	10.0%	9.7%	9.6%	9.9%	10.6%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as Own Funds and Eligible Liabilities, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as Own Funds and Eligible Liabilities if no cap was applied (%)	n/a	n/a	n/a	n/a	n/a

[1] The MREL requirement for Santander UK Group Holdings plc, excluding capital buffers, is the higher of 2*(P1+P2A) of RWAs or 6.75% of Leverage Exposure.

TLAC1: Total Loss Absorbing Capacity composition for G-SIBs (at resolution group level)

TLAC position of the Santander UK Group Holdings plc consolidated group (the resolution group):

		31 December 2024 £bn	30 June 2024 £bn	31 December 2023 £bn
Regulatory capital elements of TLAC and adjustments				
1	Common Equity Tier 1 capital (CET1)	9.9	10.4	10.5
2	Additional Tier 1 capital (AT1) before TLAC adjustments	2.1	2.1	2.2
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	-	-	-
4	Other adjustments	-	-	-
5	AT1 instruments eligible under the TLAC framework	2.1	2.1	2.2
6	Tier 2 capital (T2) before TLAC adjustments	1.9	2.0	2.1
7	Amortised portion of T2 instruments where remaining maturity > 1 year	-	0.2	0.2
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	0.6	0.6	0.6
9	Other adjustments	-	-	-
10	T2 instruments eligible under the TLAC framework	1.3	1.6	1.5
11	TLAC arising from regulatory capital	13.3	14.1	14.4
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	10.8	10.0	11.8
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities	-	-	-
	but meet all other TLAC term sheet requirements.		-	
14	Of which: amount eligible as TLAC after application of the caps	-	-	-
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022	-	-	-
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	-	-	-
17	TLAC arising from non-regulatory capital instruments before adjustments	10.8	10.0	11.8
Non-regulatory capital elements of TLAC: adjustments				
18	TLAC before deductions	24.1	24.1	26.1
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	-	-	
20	Deduction of investments in own other TLAC liabilities	-	-	
21	Other adjustments to TLAC	-	-	
22	TLAC after deductions	24.1	24.1	26.1
Risk-weighted assets and leverage exposure measure for TLAC purposes				
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	66.6	68.3	69.1
24	Leverage exposure measure	242.4	251.4	247.2
TLAC ratios and buffers				
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	36.6%	35.3%	37.8%
26	TLAC (as a percentage of leverage exposure)	10.0%	9.6%	10.6%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum requirements	12.0%	11.1%	13.6%
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	4.5%	4.5%	4.5%
29	Of which: capital conservation buffer requirement	2.5%	2.5%	2.5%
30	Of which: bank specific countercyclical buffer requirement	2.0%	2.0%	2.0%
31	Of which: D-SIB / G-SIB buffer	-	-	-

Santander UK MREL position is in excess of internal and regulatory requirements.

TLAC2 – Material subgroup entity – creditor ranking at legal entity level

Creditor Hierarchy of Material subsidiaries, Santander UK plc:

	£bn	Creditor ranking 1 (most junior)	2	3	4	5	6	Sum of 1 to 6
1	Is the resolution entity the creditor/investor?	Yes	Yes	No	Yes	No	Yes	-
2	Description of creditor ranking	Share Capital	Additional Tier 1 Instruments	Additional Tier 1 Instruments	Subordinated Debt	Subordinated Debt	Bail-in Debt	-
3	Total capital and liabilities net of credit risk mitigation	3.1	1.9	0.3	1.6	0.9	10.3	18.1
4	Subset of row 3 that are excluded liabilities							-
5	Total capital and liabilities less excluded liabilities	3.1	1.9	0.3	1.6	0.9	10.3	18.1
6	Subset of row 5 that are eligible as TLAC	3.1	1.9	-	1.6	-	10.3	16.9
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	-	-	2.5	2.5
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	-	-	6.4	6.4
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	-	1.3	-	1.3	2.6
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-	-	-
11	Subset of row 6 that is perpetual securities	3.1	1.9	-	-	-	-	5.0

TLAC3 – Resolution entity – creditor ranking at legal entity level

Creditor Hierarchy of the Company:

	£bn	Creditor ranking 1 (most junior)	2	3	4 (most senior)	Sum of 1 to 4
1	Description of creditor ranking	Share Capital Book value	Additional Tier 1 Instruments Stated value	Subordinated Debt Par value	Bail-in Debt Par value	Total
2	Total capital and liabilities net of credit risk mitigation	7.1	2.1	1.6	10.8	21.6
3	Subset of row 2 that are excluded liabilities					
4	Total capital and liabilities less excluded liabilities	7.1	2.1	1.6	10.8	21.6
5	Subset of row 4 that are potentially eligible as TLAC	7.1	2.1	1.6	10.8	21.6
6	Subset of row 5 with 1 year ≤ residual maturity <2 years	-	-	-	3.0	3.0
7	Subset of row 5 with 2 years ≤ residual maturity <5 years	-	-	-	6.4	6.4
8	Subset of row 5 with 5 years ≤ residual maturity <10 years	-	-	1.3	1.3	2.6
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-
10	Subset of row 5 that is perpetual securities	7.1	2.1	-	-	9.2

IFRS 9 Transitional Arrangements (IFRS9-FL)

The following table summarises the impact of IFRS 9 transitional arrangements at 31 December 2024 over the full allowable period:

		2024
	IFRS9 Transitional Factor for credit loss-based provision movements post 1/1/20	25%
	Available Capital (amounts)	
1	Common Equity Tier 1 (CET1) capital	9,857
	CET1 Capital as if IFRS 9 STATIC transitional arrangements had not been applied	9,857
	CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements had not been applied	9,845
2	CET1 Capital as if ALL IFRS 9 transitional arrangements had not been applied	9,845
3	Tier 1 Capital	11,957
4	Tier 1 Capital as if ALL IFRS 9 transitional arrangements had not been applied	11,945
5	Total Capital	13,941
6	Total Capital as if ALL IFRS 9 transitional arrangements had not been applied	13,929
	Risk-weighted assets (amounts)	
7	Total risk-weighted assets (RWA)	66,563
	Total RWA as if IFRS 9 STATIC transitional arrangements had not been applied	66,563
	Total RWA as if IFRS 9 DYNAMIC transitional arrangements had not been applied	66,551
8	Total RWA as if ALL IFRS 9 transitional arrangements had not been applied	66,551
	Capital Ratios	
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.8%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.8%
11	Tier 1 (as a percentage of risk exposure amount)	18.0%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.0%
13	Total capital (as a percentage of risk exposure amount)	20.9%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.9%
	Leverage ratio[1]	
15	Leverage ratio total exposure measure	276,657
16	Leverage ratio	4.3%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4.3%

The Company is applying the IFRS 9 capital transitional arrangements set out in the onshored versions of EU Regulation 2017/2395 and EU Regulation 2020/873 that amend the Capital Requirements Regulation. Under the transitional arrangements, the Company is entitled to mitigate the effect to capital of Expected Credit Loss-based provisioning following the implementation of IFRS 9. The transitional arrangements ended on 31st December 2024 with the amount of capital relief available having reduced each year by a transitional factor. The transitional factor for 2024 was 25 percent which applies to post 1 January 2020 provision movements.

The capital relief affects both the capital base and RWAs reported by the Company. The adjustment to CET1 capital based on the capital impact of the change in provision levels post 1 January 2020. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Ratings-Based approach.

[1] This is the UK Leverage ratio which includes claims on central banks.

UK LRA: Disclosure of LR qualitative information

Description of the processes used to manage the risk of excessive leverage The leverage ratio for the UK consolidated group is monitored and reported to Capital Committee and other governance bodies, and is included in the group's Risk Appetite framework. The current level of the leverage ratio and also forecast levels of the le verage ratio under a range of macroeconomic scenario, including stress scenarios, are considered. Under the Risk Appetite framework, limi ts and alert levels for the leverage ratio have been set to ensure that leverage is maintained at acceptable levels an d in excess of minimum regulatory requirements.
Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers UK leverage ratio decreased to 4.9% (Dec-23: 5.1%), largely due to lower retained profits. UK leverage exposure decreased to £242.4bn (Dec-23: £247.2bn) as a result of active balance sheet management.

UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		31-Dec-24 £m
1	Total assets as per published financial statements	267,076
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	2,301
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for exemption of exposures to central banks)[1]	(34,255)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	(199)
9	Adjustment for securities financing transactions (SFTs)	624
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,586
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	-
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-
12	Other adjustments	(1,730)
13	**Total exposure measure**	242,403

[1] Adjustment for exemption of exposures to central banks - is inclusive of 100% guaranteed Bounce Back loans.

UK LR2 - LRCom: Leverage ratio common disclosure

	Leverage ratio exposures	31-Dec 2024 £m	30-Jun 2024 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	224,192	226,200
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(1,542)	(1,408)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	-
5	(General credit risk adjustments to on-balance sheet items)	0	-
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(2,402)	(2,517)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	220,248	222,275
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	1,711	1,684
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	896	767
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach		-
UK-9b	Exposure determined under the original exposure method		-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		-
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		-
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)		-
11	Adjusted effective notional amount of written credit derivatives		-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		-
13	**Total derivatives exposures**	2,606	2,451
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	16,176	19,238
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(5,837)	(3,920)
16	Counterparty credit risk exposure for SFT assets	624	564
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	0	-
17	Agent transaction exposures	0	-
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	0	-
18	**Total securities financing transaction exposures**	10,963	15,882
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	35,534	37,197
20	(Adjustments for conversion to credit equivalent amounts)	(26,948)	(26,456)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	0	-
22	**Off-balance sheet exposures**	8,586	10,741
Excluded exposures			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	-	-
UK-22g	(Excluded excess collateral deposited at triparty agents)	-	-
UK-22k	**(Total exempted exposures)**	**-**	**-**

Capital and total exposure measure			
23	**Tier 1 capital (leverage)**	11,827	12,417
24	Total exposure measure including claims on central banks	276,657	282,866
UK-24a	(-) Claims on central banks excluded	(34,255)	(31,516)
UK-24b	**Total exposure measure excluding claims on central banks**	242,403	251,350
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.9%	4.9%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.9%	4.9%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	4.9%	4.9%
UK-25c	Leverage ratio including claims on central banks (%)	4.3%	4.4%
26	Regulatory minimum leverage ratio requirement (%)	3.3%	3.3%
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%)	1.0%	1.0%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.4%	0.4%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.7%	0.7%
Additional leverage ratio disclosure requirements - disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	13,744	16,138
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	15,209	14,923
UK-31	Average total exposure measure including claims on central banks	283,469	286,201
UK-32	Average total exposure measure excluding claims on central banks	249,754	248,596
UK-33	Average leverage ratio including claims on central banks	4.4%	4.4%
UK-34	Average leverage ratio excluding claims on central banks	4.9%	5.1%

UK LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		Leverage ratio exposures 31-Dec-24 £m
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	224,192
UK-2	Trading book exposures	0
UK-3	Banking book exposures, of which:	224,192
UK-4	Covered bonds	2,302
UK-5	Exposures treated as sovereigns	9,138
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1051
UK-7	Institutions	663
UK-8	Secured by mortgages of immovable properties	166,430
UK-9	Retail exposures	10,230
UK-10	Corporates	16,915
UK-11	Exposures in default	3,237
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	14,226

LIQUIDITY METRICS EXECUTIVE SUMMARY

LIQUIDITY COVERAGE RATIO - SPOT

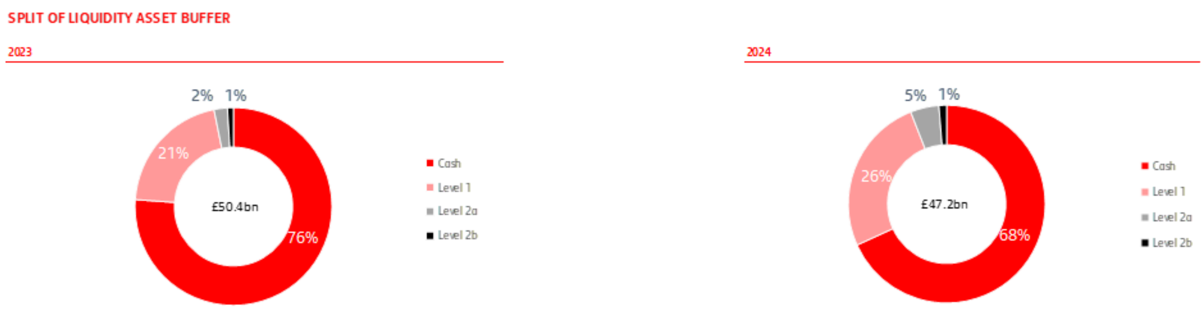
The LCR remains strong over time and ended the year at 156%. Despite a reduction following TFSME repayments, the eligible liquid assets are at surplus of £17.0bn to regulatory requirements.

LIQUIDITY COVERAGE RATIO – AVERAGE

HQLA increased marginally as a result of lending reductions offset by reduction of deposits and TFSME repayments. The LCR maintains a significant surplus to both internal and regulatory requirements.

NET STABLE FUNDING RATIO

NSFR remained broadly similar year on year with small reductions impacted by the deleveraging of the balance sheet and repayments of TFSME.



The liquidity buffer is largely compromised (>95%) of Level 1 assets, primarily cash held in our Bank of England Reserve Account.

Table UK LIQA - Liquidity risk management

in accordance with Article 451a(4) CRR

Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding, As a financial services provider, managing risk is a core part of our day-to-day activities. To be able to manage our business effectively, it is critical that we understand and control risk in everything we do. We aim to use a prudent approach and advanced risk management techniques to help us deliver robust financial performance, withstand stresses and build sustainable value for our stakeholders. We aim to keep a predictable medium-low risk profile, consistent with our business model. Through our LRA framework, we manage our funding or structural contingent and market liquidity risks wherever they arise. This can be in retail and corporate deposit outflows, wholesale secured and unsecured liquidity outflows and off-balance sheet activities. Other risks our framework covers include funding concentrations, intra-day cash flows, intra-group commitments and support, franchise retention and cross currency risk. Our LRA statement is based on the principles of liquidity management we use to manage our balance sheet. It also supports our need to meet or exceed the rules of our regulators. In line with our liquidity management principles, we avoid an over-reliance on funding from a single product, customer or counterparty. We also maintain enough unencumbered customer assets to support current and future funding and collateral requirements and maintain enough capacity to monetise liquid assets and other counterbalancing capacity within an appropriate timeframe.
Structure and organisation of the liquidity risk management function (authority, statute, other arrangements). We are committed to the highest standards of corporate governance in every part of our business, including risk management. For details of our governance, including the Board and its Committees, see the 'Governance' section of the Annual Report. The Board delegates certain responsibilities to Board Level Committees as needed and where appropriate. Our risk governance structure strengthens our ability to identify, assess, manage and report risks, as follows: – Committees: A number of Board and Executive committees are responsible for specific parts of our Risk Framework – Key senior management roles: A number of senior roles have specific responsibilities for risk management – Risk organisational structure: We have the 'three lines of defence' model built into the way we run our business When our Board sets our strategic objectives, it is important that we are clear about the risks we are prepared to take to achieve them. We express this through our Risk Appetite Statement, which defines the amount and kind of risk we are willing to take. Our Risk Appetite and strategy are closely linked, and our strategy must be achievable within the limits set out in our Risk Appetite.
A description of the degree of centralisation of liquidity management and interaction between the group's units We manage liquidity risk on a consolidated basis in our CFO division, which is our centralised function for managing funding, liquidity and capital. We created our governance, oversight and control frameworks, and our LRA, on the same consolidated basis. We monitor and manage liquidity risk for the Santander UK plc group and SFS separately. Under this model, and the PRA's liquidity rules, Santander UK plc and its subsidiary Cater Allen Limited form the RFB Domestic Liquidity Sub-group (the RFB DoLSub), which allows the entities to collectively meet regulatory requirements for the purpose of managing liquidity risk. Each member of the RFB DoLSub will support the other by transferring surplus liquidity in times of stress. We continue to transfer liquidity risks from the securities Santander UK Group Holdings plc issues, or the contracts it executes, into our subsidiaries largely through back-to-back transactions. We fund any mismatches, if needed, by ordinary share dividends from subsidiaries.
Scope and nature of liquidity risk reporting and measurement systems. We use a number of metrics to manage liquidity risk. These include metrics that show the difference between cash and collateral inflows and outflows in different periods. They also include structural metrics, such as our level of encumbered assets. We monitor liquidity risk daily, weekly and monthly. We do this through different committees and levels of management, including ALCO and the Board Risk Committee
Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants. The Board aims to make our balance sheet resilient at all times and for it to be perceived as such by stakeholders. This preserves our short and long-term viability. The Board recognises that as we are involved in maturity transformation, we cannot hold enough liquidity to cover all possible stress scenarios. The Board requires us to hold enough liquidity to make sure we will survive three plausible but severe stress scenarios (our LRA stress). We do this by maintaining a prudent balance sheet structure and approved liquid resources
An outline of the bank`s contingency funding plans. The Liquidity Contingency Plan (LCP) is encompassed within the Recovery Plan, this includes early warning indicators which are used to identify an emerging liquidity or funding stress as well as a range of actions that could be taken immediately in response to the stress. We review and refresh our recovery plan each year. It sets out the risks, the indicators we use to monitor these risks, and the actions that are available to mitigate a capital, liquidity or combined stress event. We are confident that we have sufficient credible and executable options to respond to a wide variety of stresses, be they market-wide or idiosyncratic, in a timely and effective manner. Recovery indicators are both qualitative and quantitative and are embedded into risk frameworks. We monitor recovery capacity, headroom to recovery triggers and recovery indicators regularly. If necessary, we would invoke recovery early to mitigate the effects of a stress and restore our financial position and balance sheet strength.
An explanation of how stress testing is used. Stress testing helps us understand how different events and economic conditions could affect our business plan, earnings and risk profile. This helps us plan and manage our business To see how we might cope with difficult conditions, we regularly develop challenging scenarios that we might face. We consult a broad range of internal stakeholders, including Board members, when we design and choose our most important scenarios. The scenarios cover a wide range of outcomes, risk factors, time horizons and market conditions. They are designed to test: – The impact of shocks affecting the economy as a whole or the markets we operate in – Key potential vulnerabilities of our business model, and the processes and systems which support it – Potential impacts on specific risk types. We have a liquidity stress testing framework in place which is central to our LRA measurement and monitoring. It includes three severe but plausible stress test scenarios. To fit with our risk appetite, the liquidity outflows that come from these stress tests must be fully covered with high-quality liquid assets, other

liquid assets and management actions sanctioned at the right level of governance. A funding plan disruption stress scenario also forms part of our LRA monitoring.

Our Risk division runs a range of stress tests. Our LRA stress test is a combination of three tests that cover idiosyncratic, market-wide and combined scenarios. Our other tests consider scenarios such as a global economic slowdown that results in reduced confidence in banks, a slowdown in a major economy or a decline in access to liquidity. These are considered on both an acute and protracted basis. We also run severe combined stress tests which look at both a deep and prolonged UK recession that results in a reduction in wholesale funding availability and an idiosyncratic shock that would lead to retail and commercial outflows. We run climate change stresses, these include severe physical risks which result in a reduction in retail deposits, increased use of corporate lending facilities and an increase in mortgage defaults and a scenario where there is disorderly transition to net zero, resulting in supply shocks and data transparency concerns. We run technological disruptions scenario which include the introduction of new innovative platforms as well as Central Bank Digital Currencies (CBDC) as well as increased cyber-security risks these result in deposit outflows across both retail, corporate and wholesale.

We also conduct sensitivity analysis and reverse stress testing for instant liquidity shocks by each key liquidity risk. We do this to understand the impacts they would have on our LRA and our regulatory liquidity metrics.

A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.

Our LRA statement is based on the principles of liquidity management we use to manage our balance sheet. It also supports our need to meet or exceed the rules of our regulators. In line with our liquidity management principles, we avoid an over-reliance on funding from a single product, customer or counterparty. We also maintain enough unencumbered customer assets to support current and future funding and collateral requirements and maintain enough capacity to monetise liquid assets and other counterbalancing capacity within an appropriate timeframe.

Our LRA is proposed to the Risk division and the Board, which is then approved under advice from the Board Risk Committee. Our LRA, in the context of our overall Risk Appetite, is reviewed and approved by the Board each year, or more often if needed.

A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the UK LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.

Our short-term activities focus on intra-day collateral; management and maintaining liquid assets to cover unexpected demands on cash in a stress scenario, such as large and unexpected deposit withdrawals by customers and loss of wholesale funding. Our strategic activities focus on ensuring we are not over reliant on any one source for funding and that we avoid excessive concentrations in the maturity of our funding.

We regularly test the liquidity of our eligible liquidity pool, in line with PRA and Basel rules. We do this by realising some of the assets through repurchase or outright sale to the market. We make sure that over any 12-month period we realise a significant part of our eligible liquidity pool. As well as our eligible liquidity pool, we always hold a portfolio of unencumbered liquid assets. Our LRA and PRA requirements determine the size and composition of this portfolio. These assets give us a source of contingent liquidity, as we can realise some of them in a time of stress to create liquidity through repurchase or outright sale to the market.

Liquidity Coverage Ratio (LIQ1)

This table shows HoldCo Group's 12-month average LCR. The values presented below are the simple average of the preceding monthly periods ending on the reporting date as specified in the table:

		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m
UK-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					50,937	51,476	51,238	51,202
	CASH-OUTFLOWS								
2	**Retail deposits and deposits from small business customers, of which:**	**145,574**	**146,710**	**147,838**	**148,924**	**8,971**	**9,045**	**9,127**	**9,202**
3	Stable deposits	120,242	120,997	121,739	122,573	6,012	6,050	6,087	6,129
4	Less stable deposits	25,332	25,713	26,099	26,351	2,959	2,995	3,040	3,073
5	**Unsecured wholesale funding**	**27,514**	**27,873**	**27,594**	**27,169**	**16,311**	**16,141**	**15,856**	**15,472**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,738	1,744	1,753	1,799	330	315	313	326
7	Non-operational deposits (all counterparties)	23,389	23,916	23,728	23,374	13,594	13,613	13,429	13,150
8	Unsecured debt	2,387	2,213	2,113	1,996	2,387	2,213	2,114	1,996
9	**Secured wholesale funding**					**277**	**286**	**300**	**271**
10	**Additional requirements**	**14,466**	**14,549**	**14,348**	**14,002**	**7,987**	**8,124**	**7,969**	**7,606**
11	Outflows related to derivative exposures and other collateral requirements	6,322	6,511	6,325	6,143	6,322	6,511	6,325	6,143
12	Outflows related to loss of funding on debt products	297	220	252	180	298	220	252	180
13	Credit and liquidity facilities	7,847	7,818	7,771	7,679	1,367	1,393	1,392	1,283
14	**Other contractual funding obligations**	**36**	**33**	**33**	**104**	**3**	**3**	**6**	**82**
15	**Other contingent funding obligations**	**24,359**	**23,723**	**24,118**	**23,725**	**1,645**	**1,487**	**1,552**	**1,480**
16	**TOTAL CASH OUTFLOWS**					**35,194**	**35,086**	**34,810**	**34,113**
	CASH-INFLOWS								
17	Secured lending (e.g reverse repos)	10,097	9,253	8,349	7,502	13	10	10	-
18	Inflows from fully performing exposures	2,288	2,251	2,191	2,288	1,518	1,489	1,441	1,520
19	Other cash inflows	1,898	2,163	2,215	2,225	543	639	669	640
UK-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)								
UK-19b	(Excess inflows from a related specialised credit institution)								
20	**TOTAL CASH INFLOWS**	**14,283**	**13,667**	**12,755**	**12,015**	**2,074**	**2,138**	**2,120**	**2,160**
UK-20a	Fully exempt inflows								
UK-20b	Inflows Subject to 90% Cap								
UK-20c	Inflows Subject to 75% Cap	14,283	13,667	12,755	12,015	2,074	2,138	2,120	2,160
	TOTAL ADJUSTED VALUE								
UK-21	**LIQUIDITY BUFFER**					**50,937**	**51,467**	**51,238**	**51,202**
22	**TOTAL NET CASH OUTFLOWS**					**33,120**	**32,948**	**32,690**	**31,953**
23	**LIQUIDITY COVERAGE RATIO**					**154%**	**156%**	**157%**	**160%**

Qualitative information on LCR (LIQB)

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time The LCR requirement (weighted) is broadly consistent over time, driven mainly by deposits. Corporate deposits contribute a greater requirement despite Retail deposits being significantly larger in number, because of the standardised LCR weightings. The 12 month average HQLA has reduced slightly in Q4 as a result of lower customer deposits and TFSME repayments. The LCR maintains a significant surplus to both internal and regulatory requirements.
Explanations on the changes in the LCR over time The 12 month average LCR of 154% reflects our continued strong liquidity position
Explanations on the actual concentration of funding sources Santander UK is largely funded through customer deposits (£183bn), with the significant proportion being Retail. We also have c£56bn of wholesale funding which includes secured, unsecured term funding as well as c£11bn of TFSME Funding.
High-level description of the composition of the institution`s liquidity buffer. The liquidity buffer is largely compromised (c93%) of Level 1 assets, primarily cash held in our Bank of England Reserve Account.
Derivative exposures and potential collateral calls The main drivers of derivative exposures / potential collateral calls are the Historic Look Back Approach (HLBA) to calculating collateral requirements in the LCR and collateral outflows due to counterparties in the event of a deterioration of our own credit quality. These amounts had reduced as TFSME drawing had led a to a reduction in secured issuance volumes, as we repay TFSME we expect to see an increase in the potential collateral outflows.
Currency mismatch in the LCR We have no material mismatch in our currency LCRs, with most of the funding raised in currency swapped back to GBP and the remainder being used to fund structural currency assets.
Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile n/a

Template UK LIQ2: Net Stable Funding Ratio

In accordance with Article 451a(3) CRR

The table below represents the breakdown of the key component for the December 2024 HoldCo Group's NSFR ratio

(in currency amount)		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments		**500**	**-**	**15,689**	**15,689**
2	*Own funds*		500	-	15,689	15,689
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**150,972**	**3,130**	**895**	**145,784**
5	*Stable deposits*		122,494	1,455	448	118,199
6	*Less stable deposits*		28,478	1,675	447	27,585
7	Wholesale funding:		**45,834**	**8,566**	**9,016**	**22,562**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		45,834	8,566	9,016	22,562
10	Interdependent liabilities			**-**	**-**	**-**
11	Other liabilities:		**8,697**	**421**	**27,729**	**27,940**
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		8,697	421	27,729	27,940
14	**Total available stable funding (ASF)**					**211,975**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**661**
UK-15a	Assets encumbered for more than 12m in cover pool			**-**	**-**	**-**
16	Deposits held at other financial institutions for operational purposes			**-**	**-**	**-**
17	Performing loans and securities:		**22,238**	**6,379**	**188,850**	**145,387**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		10,260	1,619	-	810
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		-	-	-	-
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		6,259	3,357	185,353	139,822
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		2,680	1,508	172,227	125,951
22	*Performing residential mortgages, of which:*		221	411	168,220	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		221	411	168,220	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		5,719	1,403	3,497	4,755
25	Interdependent assets		**-**	**-**	**-**	**-**
26	Other assets:		**3,768**	**156**	**6,446**	**7,820**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	233
29	*NSFR derivative assets*		113	-	-	113
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*		3655	156	6,446	7,474
32	Off-balance sheet items		**28,994**	**138**	**4,497**	**1,681**
33	**Total RSF**					**155,549**
34	**Net Stable Funding Ratio (%)**					**136%**

Use of internal model-based approaches for determination of capital requirements

In accordance with UK CRR rules, the Company uses regulator approved internal models to calculate local regulatory capital requirements for credit risk. Further details on the internal models used are included under credit risk and market risk in the risk types section of this document.

For credit risk three model-based approaches are used, which are collectively termed the Internal Ratings-Based (IRB) approach. The first of these approaches is the foundation IRB (FIRB) approach, under which a bank can calculate capital requirements using an internal assessment of the probability of default (PD) of a counterparty, combined with supervisory formula to estimate the exposure at default (EAD) and loss given default (LGD). The second approach is the advanced IRB (AIRB) approach (this includes the Retail IRB approach) under which a bank can calculate capital requirements using internal assessments for PD, EAD and LGD. The third approach is 'slotting', used for specialised lending exposures. For these types of exposures, a set of supervisory risk weights are used, which are assigned on the basis of a classification in five categories, depending on the underlying credit risk, as well as the remaining maturity.

Where these model-based approaches are not used, the standardised approach is used, under which a bank will apply a risk weighting to exposures depending on the category of exposure and, where applicable, an external credit rating.

The Company scope of the use of IRB credit risk approaches and standardised approach is detailed in the table below:

	AIRB	FIRB	Slotting	Standardised
Retail	Residential mortgages Unsecured Personal Loans Bank Accounts	-	-	Credit Cards Consumer Finance Other
Non Retail	-	Banks Insurers Large Corporates Social Housing	Global Project Finance IPRE (Income Producing Real Estate)	Sovereigns Other Non-IRB Corporates

By the introduction of Post Banking Reform restructuring, which was applicable as at 1st January 2019, there has been no VAR Internal Market Risk models.

Risk-weighted assets by business division

31-Dec-24	Regulatory exposure			Risk-weighting			RWAs		
	Standardised approach £bn	IRB approach £bn	Total £bn	Standardised approach %	IRB approach %	Total %	Standardised approach £bn	IRB approach £bn	Total £bn
Retail Banking									
- Secured lending	0.4	174.5	174.9	60.9%	17.4%	17.5%	0.2	30.3	30.5
- Unsecured lending	15.3	6.4	21.7	62.7%	43.8%	57.1%	9.3	3.1	12.4
- Operational risk	-	-	-	-	-	-	6.3	-	6.3
Corporate & Commercial Banking									
- Customer assets	8.3	10.2	18.5	74.6%	48.5%	60.2%	6.2	5.0	11.2
- Counterparty risk	0.2	0.1	0.3	65.1%	34.4%	55.1%	0.2	-	0.2
- Operational risk	-	-	-	-	-	-	1.6	-	1.6
Corporate Centre									
- Customer assets[2]	3.9	-	3.9	24.9%	-	24.9%	1.0	-	1
- Counterparty Risk	0.5	0.9	1.4	54.0%	13.8%	28.7%	0.2	0.2	0.4
- Eligible liquid assets[3]	42.8	-	42.8	0.0%	-	0.0%	-	-	-
- Market Risk[1]	-	-	-	-	-	-	0.2	-	0.2
- Operational Risk	-	-	-	-	-	-	-	-	-
Other assets[4]	5.9	0.2	6.1	47.5%	0.0%	45.9%	2.8	-	2.8
Total	77.3	192.3	269.6	36.8%	19.9%	24.7%	28.0	38.6	66.6

(1) Market Risk RWAs are determined using standardised approaches.
(2) Customer assets in the Corporate Centre largely comprise Social Housing.
(3) Eligible liquid assets include reverse repurchase agreements collateralised by eligible sovereign securities.
(4) The RWAs for other assets have been allocated to Corporate Centre. The RWAs cover Credit risk, Market risk and Operational ri sk.

RWA and Capital Requirements

Table UK OVC - ICAAP information

Article 438(a) CRR
Approach to assessing the adequacy of the internal capital

Each year we complete our Internal Capital Adequacy Assessment Process (ICAAP), which is fully documented and shared with the PRA. The purpose of the ICAAP is to:

1. Identify the major sources of risk to which we are exposed which could affect our ability to meet our liabilities as they fall due.
2. Assess the amounts, types, and distribution of our capital resources.
3. Perform stressed scenario tests and sensitivity analysis to confirm that our capital is adequate even in a severe adverse economic environment.
4. Ensure that the processes, strategies, and systems used are comprehensive and fit-for-purpose.

This ICAAP demonstrates that the minimum levels of all capital and leverage ratios, as articulated in the Board's Risk Appetite Statement, were exceeded at the reporting date and are forecast to be exceeded over the forecasting horizon under all scenarios, except (by design) under the Reverse Stress Test (RST). The PRA then tells us how much capital (Pillar 2A), and of what quality, it thinks we should hold in addition to the Pillar 1 requirements and buffer levels. We augment our regulatory minimum capital with internal buffers. We hold buffers to ensure we have enough time to take action against unexpected movements.

Article 438(c) CRR
Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process

Santander UK's latest TCR was received in August 2024. The Pillar 2A amount at 31 December 2024 for San UK Group was £2.7bn or 4.0% of RWA, of which at least £1.5bn or 2.3% of RWA must be met by CET1 capital.

Overview of risk weighted exposure amounts (OV1)

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

		Risk Weighted Exposure Amounts (RWEAs)		Total Own Funds Requirements
		31 December 2024 £bn	30 September 2024 £bn	31 December 2024 £bn[1]
1	Credit risk (excluding CCR) [1]	55.4	56.7	4.4
2	Of which the standardised approach	17.4	18.1	1.4
3	Of which the foundation IRB (FIRB) approach	2.1	1.9	0.2
4	Of which slotting approach	2.9	2.7	0.2
UK 4a	Of which equities under the simple risk weighted approach	-	0.1	-
5	Of which the advanced IRB (AIRB) approach	33.0	33.9	2.6
6	Counterparty credit risk - CCR [1]	0.6	0.6	-
7	Of which the standardised approach	0.2	0.3	0.0
8	Of which internal model method (IMM)	0.2	0.2	-
UK 8a	Of which exposures to a CCP	-	-	-
UK 8b	Of which credit valuation adjustment - CVA	0.2	0.1	-
9	Of which other CCR	-	-	
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap) [2]	2.5	1.9	0.2
17	Of which SEC-IRBA approach	0.4		0.0
18	Of which SEC-ERBA (including IAA)	0.8	0.7	0.1
19	Of which SEC-SA approach	1.3	1.2	0.1
UK 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk) [1]	0.2	0.2	
21	Of which the standardised approach	0.2	0.2	
22	Of which IMA			
UK 22a	Large exposures			
23	Operational risk [1]	7.9	7.8	0.6
UK 23a	Of which basic indicator approach			
UK 23b	Of which standardised approach	7.9	7.8	0.6
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
29	Total[1]	66.6	67.2	5.2

[1] Balances which are not visible due to rounding have been included in the total.
[2] Includes 8 Significant Risk Transfer transactions which are subject to re-characterisation risk.

UK CRR Pillar 1 risk types

The following sections of this document cover credit risk (which includes counterparty risk), market risk and operational risk, which are the risk types included in UK CRR Pillar 1 that contribute to the level of RWAs.

RWEA flow statements of credit risk exposures under the IRB approach (CR8) and RWEA flow statements of credit risk exposures under the standardised approach[1]

RWEA flow statements of credit risk exposures under IRB approach (CR8)

		RWEA £bn	Capital requirements
1	Risk weighted exposure amount as at 30 September 2024	38.8	3.1
2	Asset size	(0.5)	-
3	Asset quality	0.7	0.1
4	Model updates	0.1	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	(0.5)	-
9	Risk weighted exposure amount as at 31 December 2024	38.6	3.2

RWEA flow statements of credit risk exposures under standardised approach

		RWEA £bn	Capital requirements
1	Risk weighted exposure amount as at 30 September 2024	20.3	1.6
2	Asset size	-	-
3	Asset quality	0.1	-
4	Model updates	-	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	(0.7)	(0.1)
9	Risk weighted exposure amount as at 31 December 2024	19.7	1.5

The decrease in asset size under the IRB approach is attributed to reduced mortgage lending and the sale of mortgage assets. The asset quality in the IRB approach, however, shows an increase in the modelled Probability of Default (PD) due to the impact of the mortgage asset sale. Additionally, other items in both the Standardised and IRB approaches reflect portfolio optimisation through securitisation activities.

1 Table excludes CVA

Table UK CRC – Qualitative disclosure requirements related to CRM techniques

Article 453 (a) CRR	**A description of the core the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting;** Offsetting financial assets and liabilities Financial assets and liabilities including derivatives are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Santander UK group is party to a number of arrangements, including master netting arrangements under industry standard agreements which facilitate netting of transactions in jurisdictions where netting agreements are recognised and have legal force. These netting arrangements do not generally result in an offset of balance sheet assets and liabilities for accounting purposes, as transactions are usually settled on a gross basis.
Article 453 (b) CRR	**The core features of policies and processes for eligible collateral evaluation and management eligible collateral evaluation and management;** **Retail Banking** Credit risk mitigation The types of credit risk mitigation, including collateral, across each of our portfolios are: **Residential mortgages** Collateral is in the form of a first legal charge over the property. Before we grant a mortgage, the property is valued either by a surveyor or using automated valuation methodologies where our confidence in the accuracy of this method is high. **Unsecured lending** There is no collateral or security tied to the loan that can be used to mitigate any potential loss if the customer does not pay us back. **Business banking services** Business banking lending is unsecured. When lending to incorporated businesses, we typically obtain personal guarantees from each director, but we do not treat these as collateral covering 100% of losses for the Bounce Back Loan Scheme (BBLS) and 80% for Coronavirus Business Interruption Loan Scheme (CBILS). **Consumer Finance** Credit risk mitigation The type of credit risk mitigation, including collateral, is: **Consumer (auto) finance** Collateral is in the form of legal ownership of the vehicle for most loans, with the customer being the registered keeper. Only a very small proportion of business is underwritten as a personal loan. In these cases, there is no collateral or security tied to the loan. We use a leading vehicle valuation company to assess the LTV at the proposal stage to ensure the value of the vehicle is appropriate. **Corporate & Commercial Banking** Credit risk mitigation The types of credit risk mitigation, including collateral, across each of our portfolios are as follows. In addition, from time to time at a portfolio level we execute significant risk transfer transactions, which typically reduce RWAs. **SME and mid corporate** Includes secured and unsecured lending. We can take mortgage debentures or a first charge on commercial property as collateral. Before agreeing the loan, we obtain an independent professional valuation of the property. Loan agreements typically allow us to obtain revaluations during the term of the loan. We can also take guarantees, but we do not treat them as collateral unless they are supported by a tangible asset charged to us. We also lend against assets (like vehicles and equipment) and invoices for some customers. We value assets before we lend. For invoices, we review the customers' ledgers regularly and lend against debtors who meet agreed criteria. **Commercial Real Estate (CRE)** We take a first charge on commercial property as collateral. The loan is subject to criteria such as the property condition, age and location, tenant quality, lease terms and length, and the sponsor's experience and creditworthiness. Before advancing the loan and where appropriate, a bank representative visits the property. We also obtain an independent professional valuation which typically includes a site visit. Loan agreements typically allow us to obtain revaluations during the term of the loan. **Social Housing** We take a first charge on portfolios of residential real estate owned and let by UK Housing Associations as collateral, in most cases. We revalue this every three to five years (in line with industry practice), using the standard methods for property used for Social Housing.

	Corporate Centre Credit risk mitigation The types of credit risk mitigation, including collateral, across each of our portfolios are as follows. In addition, from time to time at a portfolio level we execute significant risk transfer transactions, which typically reduce RWAs. **Sovereign and Supranational** In line with market practice, there is no collateral against these assets. **Structured Products** These are our High-Quality Liquid Assets (HQLA) in our Eligible Liquidity Pool. They are mainly Asset Backed Securities (ABS) and covered bonds, which hold senior positions in the creditor hierarchy. Their credit rating reflects over-collateralisation in the structure and the assets that underpin their cash flows. **Financial Institutions** We use standard legal agreements to reduce credit risk via netting and collateralisation on derivatives, repos and reverse repos, and stock borrowing/lending. We also reduce risk by clearing trades through central counterparties (CCPs) where possible. **Crown Dependencies** We manage the risk on this portfolio in a similar way as for mortgages in Retail & Business Banking.
Article 453 (c) CRR	**A description of the main types of collateral taken by the institution to mitigate credit risk;** Covered by Article 453 (b) CRR section above.
Article 453 (d) CRR	**For guarantees and credit derivatives used as credit protection, the main types of guarantors and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures;** Credit protection entities Santander UK has established five (2023: four) unconsolidated credit protection entities, which are Designated Activity Companies limited by shares, incorporated in Ireland. Each entity has issued a series of credit linked notes varying in seniority which reference portfolios of Santander UK group loans. Concurrently, these entities sell credit protection to Santander UK in respect of the referenced loans and, in return for a fee, are liable to make protection payments to Santander UK upon the occurrence of a credit event in relation to any of the referenced loans. Credit linked notes, which amounted to £226m (2023: £185m), are all held by third party investors. Funds raised by the sale of the credit linked notes are deposited with Santander UK as collateral for the credit protection. Deposits and associated guarantees in respect of the credit linked notes are included in 'Deposits by customers' (see Note 22). The entities are not consolidated by Santander UK because the third-party investors have the exposure, or rights, to all of the variability of returns from the performance of the entities. No assets are transferred to, or income received from, these entities. Since the credit linked notes are fully cash collateralised, Santander UK's maximum exposure to loss is equal to any unamortised fees paid to the entities in connection with the credit protection outlined above.
Article 453 (e) CRR	**Information about market or credit risk concentrations within the credit mitigation taken;** **Monitoring** We measure and monitor changes in our credit risk profile on a regular and systematic basis against our budgets, limits and benchmarks. **Credit concentrations** A core part of our monitoring and management is a focus on credit concentrations, such as the proportion of our lending that goes to specific borrowers, groups or industries. We set and monitor concentration limits in line with our Risk Appetite and review them on a regular basis. – Geographical concentrations: We set exposure limits to countries and geographies, with reference to the country limits set by Banco Santander and our own Risk Appetite. For more geographical information, see 'Country risk exposures'. – Industry concentrations: We also set exposure limits by industry sector. We set these limits based on the industry outlook, our strategic aims and desired level of concentration, and relevant limits set by Banco Santander. We analyse committed exposures in the 'Credit risk review' section that follows.

Performing and non-performing exposures and related provisions (CR1)

The following table provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class at 31 December 2024:

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated Partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	33,031	33,031	-	-	-	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	212,023	192,570	19,626	3,237	581	2,656	(445)	(124)	(321)	(364)	9	(364)	-	198,803	2,622
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	92	92	-	-	-	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	2,184	2,184	-	-	-	-	-	-	-	-	-	-	-	1,363	-
050	*Other financial corporations*	15,730	15,445	285	52	-	52	(19)	(6)	(13)	(13)	-	(13)	-	10,459	33
060	*Non-financial corporations*	16,847	14,957	1,890	667	-	667	(120)	(53)	(67)	(156)	-	(156)	-	15,508	315
070	*Of which SMEs*	7,784	6,600	1,183	411	-	411	(82)	(34)	(48)	(91)	-	(91)	-	7,191	179
080	*Households*	177,170	159,892	17,451	2,518	581	1,937	(306)	(65)	(241)	(195)	9	(195)	-	171,473	2,274
090	**Debt securities**	12,540	12,485	-	-	-	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	8,399	8,344	-	-	-	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	3,553	3,553	-	-	-	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	582	582	-	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	35,554	34,338	1,215	118	-	118	(68)	(29)	(39)	(17)	-	(10)	-	-	-
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	*Credit institutions*	1,976	1,976	-	-	-	-	-	-	-	-	-	-	-	-	-
190	*Other financial corporations*	1,223	1,198	25	17	-	17	(4)	(3)	(1)	(7)	-	-	-	-	-
200	*Non-financial corporations*	7,539	7,083	455	50	-	50	(28)	(14)	(14)	(9)	-	(9)	-	-	-
210	*Households*	24,816	24,081	735	51	-	51	(36)	(12)	(24)	(1)	-	(1)	-	-	-
220	**Total**	293,148	272,424	20,841	3,355	581	2,774	(513)	(153)	(360)	(381)	9	(374)	-	198,803	2,622

Maturity of exposures (CR1-A)

	At 31 December 2024	Net exposure value					
		On demand	<= 1 year	>1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances to customers	1,886	25,670	52,217	123,156	-	202,929
2	Debt securities	-	4,547	2,673	5,604	-	12,824
3	**Total**	**1,886**	**30,217**	**54,890**	**128,760**	**-**	**215,753**

Changes in the stock of non-performing loans and advances (CR2)

		Gross carrying amount £m
010	**Initial stock of non-performing loans and advances as at 31 Dec 2023**	**3,684**
020	Inflows to non-performing portfolios	1,458
030	Outflows from non-performing portfolios	(1,905)
040	Of which Outflows due to write-offs	(200)
050	Of which Outflows due to other situations	(1,705)
060	**Final stock of non-performing loans and advances as at 31 Dec 2024**	**3,237**

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (CR3)

For more details on the Company's approach to Credit Risk Mitigation refer to the Other Segments – Credit Risk Review section of the Company's 2024 Annual Report.

The following table provides analysis of secured and collateralised exposures at 31 December 2024:

cr3		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		31-Dec 2024 £m	31-Dec 2024 £m	31-Dec 2024 £m	31-Dec 2024 £m	31-Dec 2024 £m
1	Loans and advances	10,597	201,426	199,951	1,417	-
2	Debt securities	9,913	2,627	2,627	-	-
3	Total	20,510	204,053	202,578	1,417	-
4	*Of which non-performing exposures*	888	2,349	-	-	-
5	*Of which defaulted*	888	2,349	-	-	-

Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects (CR4)

		Exposures before CCF and CRM		Exposure post-CCF and CRM		RWAs and RWAs density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density (%)
		31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 %
1	Central governments or central banks	42.2	-	43.6	-	-	0%
2	Regional government or local authorities	-	-	-	-	-	0%
3	Public sector entities	-	-	-	-	-	15%
4	Multilateral Development Banks	1.0	-	1.0	-	-	0%
5	International Organisations	0.1	-	0.1	-	-	0%
6	Institutions	0.5	-	0.5	-	0.1	29%
7	Corporates	6.4	2.6	5.2	0.2	4.9	90%
8	Retail	10.0	11.3	9.7	0.1	7.3	74%
9	Secured by mortgages on immovable property	1.3	-	1.3	-	0.5	36%
10	Exposures in default	0.7	0.1	0.5	-	0.6	133%
11	Exposures associated with particularly high risk	-	-	-	-	-	150%
12	Covered bonds	2.3	-	2.3	-	0.4	17%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
14	Collective investment undertakings	-	-	-	-	-	0%
15	Equity	-	-	-	-	-	0%
16	Other items	5.9	-	5.9	-	3.7	63%
17	**Total**	70.4	14.0	70.1	0.3	17.5	25%

IRB approach - Credit risk exposure and credit risk mitigation (CRM) effects

	Exposures before CCF and CRM		Exposure post-CCF and CRM		RWAs and RWAs density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density (%)
	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 %
Corporates – Specialised Lending	4.6	0.7	4.3	0.1	2.9	65%
Corporates – SME	0.3	0.2	0.3	-	0.1	18%
Corporates – Other	5.5	4.6	5.3	0.2	2.1	38%
Institutions	0.2	-	0.2	-	-	22%
Retail Immovable Property	167.5	10.8	167.9	6.5	30.3	17%
Retail QRR	0.4	4.0	0.5	5.0	1.7	32%
Retail Other	1.0	-	1.0	-	1.0	106%
Equity	-	-	-	-	-	370%
Total	179.5	20.3	179.5	11.8	38.1	20%

Probability of Default disclosures (CR6)

The following tables show the distribution by credit quality of exposure, risk parameters and capital for the Holdco Group's IRB portfolios, segmented by exposure class. They exclude specialised lending and securitisation portfolios where PD is not estimated for (RWA) calculations. The tables also exclude Counterparty Credit Risk exposure in order maintain consistency with the COREP C08.03 Template. The initial table below details the relationship between the IRB model portfolio and exposure class.

IRB Model Portfolio	Exposure class
Residential Mortgages	Retail Mortgages
Unsecured Personal Loans	Other Retail
Bank Accounts	Qualifying Revolving Retail Exposures
Social Housing	Corporates
Global Models – Banks	Institutions
Global Models – Insurers	Corporates
Global Models – Large Corporates	Corporates

In the tables below the PD bands and associated PD ranges reflect those used for PRA reporting purposes. All models listed ar e banded according to the PD used in their Regulatory Capital calculation. For all exposure classes, the average PD, LGD and maturity reflect exposure at default (EAD) weighted values.

At 31 December 2024

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
A-IRB Retail mortgages	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	663	437	101.05%	1,106	0.07%	19,335	9.35%	-	20	1.77%	-	(1)
0.00 to <0.10	464	357	101.06%	826	0.06%	13,143	9.30%	-	12	1.50%	-	(0)
0.10 to <0.15	199	80	100.99%	280	0.11%	6,192	9.51%	-	7	2.58%	-	(0)
0.15 to <0.25	1,084	420	75.67%	1,403	0.20%	6,133	17.20%	-	104	7.44%	-	(1)
0.25 to <0.50	55,634	7,354	58.87%	60,048	0.43%	385,607	9.21%	-	4,061	6.76%	23	(8)
0.50 to <0.75	5,993	636	65.26%	6,411	0.63%	61,736	10.82%	-	684	10.68%	4	(2)
0.75 to <2.50	68,248	1,756	52.21%	69,382	1.37%	398,357	9.63%	-	10,739	15.48%	92	(22)
0.75 to <1.75	55,602	1,598	52.90%	56,630	1.18%	317,139	9.64%	-	8,043	14.20%	65	(16)
1.75 to <2.5	12,646	158	45.22%	12,752	2.22%	81,218	9.58%	-	2,695	21.14%	27	(6)
2.50 to <10.00	26,345	153	58.68%	26,499	4.44%	154,664	11.51%	-	9,920	37.44%	140	(21)
2.5 to <5	19,804	133	58.42%	19,935	3.62%	111,529	11.08%	-	6,469	32.45%	81	(16)
5 to <10	6,541	20	60.38%	6,564	6.93%	43,135	12.80%	-	3,451	52.57%	59	(6)
10.00 to <100.00	8,040	50	38.15%	8,082	26.13%	60,918	11.34%	-	4,770	59.02%	232	(38)
10 to <20	4,801	39	42.30%	4,831	13.28%	36,079	11.55%	-	2,955	61.17%	74	(13)
20 to <30	1,317	3	25.65%	1,321	24.14%	9,715	11.79%	-	953	72.09%	38	(6)
30.00 to <100.00	1,923	8	22.56%	1,930	59.64%	15,124	10.50%	-	863	44.69%	121	(20)
100.00 (Default)	1,535	18	0.00%	1,535	100.00%	12,668	15.00%	-	-	-	230	(78)
Subtotal - Retail Mortgages	**167,543**	**10,825**	**60.32%**	**174,466**	**3.48%**	**1,099,418**	**10.00%**	**-**	**30,299**	**17.37%**	**722**	**(172)**

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions

									supporting factors			
A-IRB Qualifying revolving retail exposures	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	-	-	507730.00%	197	0.03%	789,522	65.79%	-	3	1.68%	-	-
0.00 to <0.10	-	-	507730.00%	197	0.03%	789,522	65.79%	-	3	1.68%	-	-
0.10 to <0.15	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.15 to <0.25	16	2,898	105.47%	3,072	0.17%	5,196,215	70.18%	-	213	6.92%	4	(2)
0.25 to <0.50	-	-	1300635.95%	117	0.31%	493,661	74.20%	-	14	11.88%	-	-
0.50 to <0.75	14	217	135.33%	307	0.68%	659,422	69.75%	-	65	21.05%	1	(1)
0.75 to <2.50	68	472	145.20%	753	1.39%	1,583,815	69.15%	-	267	35.44%	7	(5)
0.75 to <1.75	37	377	143.38%	578	1.17%	1,214,688	69.07%	-	181	31.37%	5	(3)
1.75 to <2.5	31	94	152.49%	175	2.10%	369,127	69.41%	-	85	48.90%	3	(2)
2.50 to <10.00	158	336	146.80%	656	5.18%	1,228,231	68.39%	-	576	87.74%	23	(13)
2.5 to <5	63	180	144.61%	325	3.39%	632,006	69.12%	-	222	68.27%	8	(5)
5 to <10	95	156	149.34%	332	6.94%	596,225	67.68%	-	354	106.81%	16	(8)
10.00 to <100.00	169	72	227.40%	358	23.78%	586,754	63.98%	-	604	168.89%	53	(23)
10 to <20	71	53	183.59%	174	13.88%	297,392	66.11%	-	266	153.29%	16	(8)
20 to <30	60	16	288.52%	116	24.14%	184,498	63.03%	-	215	185.39%	17	(8)
30.00 to <100.00	38	3	623.02%	68	48.49%	104,864	60.16%	-	123	180.63%	20	(7)
100.00 (Default)	25	1	0.00%	25	100.00%	30,567	74.47%	-	-	-	18	(14)
Subtotal - Qualifying revolving retail exposures	**449**	**3,996**	**125.27%**	**5,484**	**2.95%**	**10,568,187**	**69.34%**	**-**	**1,741**	**31.75%**	**107**	**(58)**

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
A-IRB Other Retail	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	1	-	0.00%	1	0.10%	3,427	88.04%	-	0	22.98%	-	-
0.00 to <0.10	-	-	0.00%	-	0.08%	144	88.03%	-	-	-	-	-
0.10 to <0.15	1	-	0.00%	1	0.10%	3,283	88.04%	-	0	23.15%	-	-
0.15 to <0.25	81	-	0.00%	81	0.20%	85,428	88.00%	-	31	38.30%	0	(2)
0.25 to <0.50	198	-	0.00%	198	0.50%	91,092	88.00%	-	132	66.86%	1	(4)
0.50 to <0.75	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.75 to <2.50	204	-	0.00%	204	1.16%	62,227	88.00%	-	206	100.95%	2	(5)
0.75 to <1.75	204	-	0.00%	204	1.16%	62,227	88.00%	-	206	100.95%	2	(5)
1.75 to <2.5	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
2.50 to <10.00	341	-	0.00%	341	4.20%	76,870	88.00%	-	457	134.02%	13	(16)
2.5 to <5	191	-	0.00%	191	2.86%	45,598	88.00%	-	246	129.23%	5	(7)
5 to <10	150	-	0.00%	150	5.90%	31,272	88.00%	-	211	140.10%	8	(9)
10.00 to <100.00	99	-	0.00%	99	23.02%	19,234	88.00%	-	183	183.96%	20	(18)
10 to <20	74	-	0.00%	74	13.02%	14,308	88.00%	-	127	172.47%	8	(8)
20 to <30	10	-	0.00%	10	29.54%	2,073	88.00%	-	23	237.44%	3	(2)
30.00 to <100.00	16	-	0.00%	16	64.91%	2,853	88.00%	-	33	204.38%	9	(8)
100.00 (Default)	26	-	0.00%	26	100.00%	4,335	88.00%	-	-	-	23	(20)
Subtotal - Other Retail	**951**	**-**	**0.00%**	**952**	**7.06%**	**342,613**	**88.00%**	**-**	**1,010**	**106.11%**	**59**	**(65)**
Total- A-IRB	**168,943**	**14,821**	**77.83%**	**180,902**	**3.48%**	**12,010,218**	**12.21%**	**-**	**33,050**	**18.27%**	**888**	**(295)**

PD range F-IRB FIRB Corp excl.SME	On-balance sheet exposures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD (%) %	Number of obligors	Exposure weighted average LGD (%) %	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provisions £m
0.00 to <0.15	4,474	3,306	2.80%	4,567	0.07%	100	40.46%	3.57	1,340	29.34%	1	(1)
0.00 to <0.10	3,917	2,518	0.02%	3,918	0.06%	83	40.20%	4.00	1,071	27.34%	1	- 1
0.10 to <0.15	557	788	11.67%	649	0.13%	17	42.05%	3.00	269	41.39%	-	(0)
0.15 to <0.25	244	288	0.00%	244	0.22%	10	42.91%	2.74	117	47.90%	-	(0)
0.25 to <0.50	206	378	0.04%	195	0.35%	14	42.80%	3.68	142	72.79%	-	(0)
0.50 to <0.75	185	171	25.13%	160	0.59%	11	45.00%	2.78	133	83.01%	-	(1)
0.75 to <2.50	342	333	2.08%	251	1.19%	24	44.61%	2.33	251	99.93%	1	(3)
0.75 to <1.75	342	333	2.08%	251	1.19%	24	44.61%	2.00	251	99.93%	1	(3)
1.75 to <2.5	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
2.50 to <10.00	68	76	3.64%	62	3.11%	9	44.51%	1.39	75	120.50%	1	(9)
2.5 to <5	65	76	3.64%	59	2.91%	8	45.00%	1.00	71	120.28%	1	(2)
5 to <10	3	-	0.00%	3	7.01%	1	35.00%	1.00	4	-	0	- 7
10.00 to <100.00	0	-	0.00%	0	31.85%	8	45.00%	5.00	0	-	-	-
10 to <20	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
20 to <30	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
30.00 to <100.00	0	-	0.00%	0	31.85%	8	45.00%	5.00	0	-	-	-
100.00 (Default)	-	13	50.69%	7	100.00%	2	45.00%	0.95	-	-	3	- 2
Subtotal - FIRB Corp excl.SME	**5,519**	**4,567**	**3.36%**	**5,486**	**0.31%**	**178**	**41.03%**	**3.43**	**2,057**	**37.49%**	**7**	**(16)**

PD range F-IRB FIRB Corp SME	On-balance sheet exposures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD (%) %	Number of obligors	Exposure weighted average LGD (%) %	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provisions £m
0.00 to <0.15	313	197	0.00%	313	0.06%	16	38.46%	3.13	49	15.63%	-	-
0.00 to <0.10	279	170	0.00%	279	0.05%	14	38.52%	3.00	38	13.73%	-	-
0.10 to <0.15	34	27	0.00%	34	0.13%	2	38.00%	5.00	11	31.40%	-	-
0.15 to <0.25	35	13	0.00%	35	0.21%	1	35.00%	5.00	13	-	0	- 0
0.25 to <0.50	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.50 to <0.75	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.75 to <2.50	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.75 to <1.75	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
1.75 to <2.5	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
2.50 to <10.00	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
2.5 to <5	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
5 to <10	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
10.00 to <100.00	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
10 to <20	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
20 to <30	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
30.00 to <100.00	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
100.00 (Default)	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
Subtotal - FIRB Corp SME	**348**	**210**	**0.00%**	**348**	**0.07%**	**17**	**38.11%**	**3.32**	**62**	**17.89%**	**0**	**- 0**

PD range F-IRB FIRB Institutions	On-balance sheet exposures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD (%) %	Number of obligors	Exposure weighted average LGD (%) %	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provisions £m
0.00 to <0.15	162	10	95.33%	171	0.04%	7	45.00%	1.46	36	21.12%	-	-
0.00 to <0.10	162	10	95.33%	171	0.04%	7	45.00%	1.46	36	21.12%	-	-
0.10 to <0.15	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.15 to <0.25	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.25 to <0.50	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.50 to <0.75	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.75 to <2.50	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
0.75 to <1.75	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
1.75 to <2.5	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
2.50 to <10.00	0	1	23.71%	0	9.55%	3	45.00%	2.28	1	-	0	-
2.5 to <5	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
5 to <10	0	1	23.71%	0	9.55%	3	45.00%	2.28	1	-	0	-
10.00 to <100.00	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
10 to <20	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
20 to <30	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
30.00 to <100.00	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
100.00 (Default)	-	-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-
Subtotal - Institutions	**162**	**10**	**90.78%**	**172**	**0.06%**	**10**	**45.00%**	**1.46**	**37**	**21.84%**	**0**	**-**
Total F-IRB Exposures	**6,030**	**4,786**	**3.40%**	**6,005**	**0.29%**	**205**	**40.97%**	**3.37**	**2,156**	**35.91%**	**7**	**(16)**

Template UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

A-IRB		Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
			Part of exposures covered by **Financial Collaterals** (%)	Part of exposures covered by **Other eligible collaterals** (%)	Part of exposures covered by **Immovable property Collaterals** (%)	Part of exposures covered by **Receivables** (%)	Part of exposures covered by **Other physical collateral** (%)	Part of exposures covered by **Other funded credit protection** (%)	Part of exposures covered by **Cash on deposit** (%)	Part of exposures covered by **Life insurance policies** (%)	Part of exposures covered by **Instruments held by a third party** (%)	Part of exposures covered by **Guarantees** (%)	Part of exposures covered by **Credit Derivatives** (%)		
		£bn												£bn	£bn
1	Central governments and central banks														
2	Institutions														
3	Corporates														
3.1	*Of which Corporates – SMEs*														
3.2	*Of which Corporates – Specialised lending*														
3.3	*Of which Corporates – Other*														
4	Retail	180.9		96.5%	96.5%									33.1	33.1
4.1	*Of which Retail – Immovable property SMEs*														
4.2	*Of which Retail – Immovable property non-SMEs*	174.5		100%	100%									30.3	30.3
4.3	*Of which Retail – Qualifying revolving*	5.5												1.8	1.8
4.4	*Of which Retail – Other SMEs*														
4.5	*Of which Retail – Other non-SMEs*	0.9												1.0	1.0
5	Total	180.9		96.5%	96.5%									33.1	33.1

F-IRB		Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
		£bn	Part of exposures covered by **Financial Collaterals** (%)	Part of exposures covered by **Other eligible collaterals** (%)	Part of exposures covered by **Immovable property Collaterals** (%)	Part of exposures covered by **Receivables** (%)	Part of exposures covered by **Other physical collateral** (%)	Part of exposures covered by **Other funded credit protection** (%)	Part of exposures covered by **Cash on deposit** (%)	Part of exposures covered by **Life insurance policies** (%)	Part of exposures covered by **Instruments held by a third party** (%)	Part of exposures covered by **Guarantees** (%)	Part of exposures covered by **Credit Derivatives** (%)	£bn	£bn
1	Central governments and central banks														
2	Institutions	1.1												0.2	0.2
3	Corporates	10.4		23.4%	23.4%							0.5%		5.0	5.0
3.1	*Of which Corporates – SMEs*	0.4		68.5%	68.5%										
3.2	*Of which Corporates – Specialised lending*	4.4												2.9	2.9
3.3	*Of which Corporates – Other*	5.6		39.1%	39.1%							0.8%		2.1	2.1
4	Total	11.5		21.1%	21.1%							0.4%		5.2	5.2

Specialised lending and equity exposures under the simple risk weighted approach (CR10)

The following tables outlines the level of exposure assigned to each Specialised Lending Category and maturity.

Template UK CR10.1

		Specialised lending : Project finance (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	79.2	50.2	50%	84.1	31.5	-
	Equal to or more than 2.5 years	138.9	104.4	70%	177.6	93.4	0.7
Category 2	Less than 2.5 years	245.9	218.2	70%	264.1	164.3	1.1
	Equal to or more than 2.5 years	370.3	240.9	90%	436.7	335.0	3.5
Category 3	Less than 2.5 years	16.3	-	115%	16.3	18.7	0.5
	Equal to or more than 2.5 years	34.4	-	115%	34.4	39.6	1.0
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
Total	Less than 2.5 years	**341.4**	**268.4**	-	**364.5**	**214.5**	**1.6**
	Equal to or more than 2.5 years	**543.6**	**345.3**	-	**648.7**	**468.0**	**5.2**

Template UK CR10.2

		Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	500.7	33.5	50%	500.7	235.9	-
	Equal to or more than 2.5 years	634.9	36.8	70%	634.9	409.6	2.5
Category 2	Less than 2.5 years	1,151.6	23.2	70%	1,151.6	689.4	4.6
	Equal to or more than 2.5 years	956.6	21.1	90%	956.6	748.9	7.7
Category 3	Less than 2.5 years	69.9	-	115%	69.9	74.3	2.0
	Equal to or more than 2.5 years	13.1	0.1	115%	13.1	11.9	0.4
Category 4	Less than 2.5 years	4.3	-	250%	4.3	10.7	0.3
	Equal to or more than 2.5 years	0.3	-	250%	0.3	0.5	-
Category 5	Less than 2.5 years	17.8	-	-	17.8	-	8.9
	Equal to or more than 2.5 years	64.1	-	-	64.1	-	32.1
Total	Less than 2.5 years	**1,744.3**	**56.7**	-	**1,744.3**	**1,010.3**	**15.8**
	Equal to or more than 2.5 years	**1,669.0**	**58.0**	-	**1,669.0**	**1,170.9**	**42.7**

Template UK CR10.5

	Equity exposures under the simple risk-weighted approach					
Categories	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Private equity exposures	-	-	190%	-	-	-
Exchange-traded equity exposures	-	-	290%	-	-	-
Other equity exposures	6.6	-	370%	6.6	24.3	0.2
Total	**6.6**	**-**		**6.6**	**24.3**	**0.2**

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (CCyB1)

The following table outlines the geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer at 31 December 2024:

	General credit exposures		Relevant credit exposures – Market risk				Own funds requirement						
Country	Exposure value under the standardised approach £bn	Exposure value under the IRB approach £bn	Sum of long and short positions of trading book exposures for SA £bn	Value of trading book exposures for internal models £bn	Securitisation exposures Exposure value for non-trading book £bn	Total exposure value £bn	Relevant credit risk exposure-Credit Risk £bn	Relevant credit exposures–Market risk £bn	Relevant credit exposures-Securitisation positions in the non-trading book £bn	Total £bn	Risk-weighted exposure amounts £bn	Own funds requirements weights (%)	Countercyclical buffer rate (%)
United Kingdom	22.2	190.7	-	-	6.1	219	4.4	-	0.2	4.6	56.4	97.60%	2.00%
Isle of Man	0.4	-	-	-	-	0.4	-	-	-	-	0.2	0.30%	0.00%
Jersey	1.1	0.1	-	-	-	1.3	-	-	-	-	0.6	1.10%	0.00%
Guernsey	-	0.1	-	-	-	0.1	-	-	-	-	0.1	0.10%	0.00%
United States	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Spain	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Australia	0.3	-	-	-	-	0.3	-	-	-	-	0.1	0.10%	1.00%
Luxembourg	-	0.1	-	-	-	0.1	-	-	-	-	-	0.00%	0.50%
Denmark	-	-	-	-	-	-	-	-	-	-	-	0.00%	2.50%
Canada	0.8	-	-	-	-	0.8	-	-	-	-	0.2	0.30%	0.00%
Netherlands	-	-	-	-	-	-	-	-	-	-	-	0.00%	2.00%
Ireland	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.50%
Norway	0.1	-	-	-	-	0.1	-	-	-	-	-	0.00%	2.50%
Sweden	-	-	-	-	-	-	-	-	-	-	-	0.00%	2.00%
France	0.2	-	-	-	-	0.2	-	-	-	-	-	0.10%	1.00%
Belgium	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Finland	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Austria	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
British Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	0.10%	
Czech Republic	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.25%
Germany	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.75%
Hong Kong	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Iceland	-	-	-	-	-	-	-	-	-	-	-	0.00%	2.50%
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Slovakia	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.50%
Croatia	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.50%
Chile	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.50%
Cyrpus	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Korea, Republic of	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Other	0.1	0.1	-	-	-	0.2	-	-	-	-	0.1	0.10%	0.00%
Total	25.2	191.1	-	-	6.1	222.5	4.4	-	0.2	4.6	57.7	100%	

Exposure value of relevant credit exposures is defined in accordance with Article 140(4) of Directive 2013/36/EU.

Amount of institution-specific countercyclical capital buffer (CCyB2)

The following table shows the amount of institution-specific countercyclical capital buffer:

	£bn
Total risk exposure amount	57.8
Institution specific countercyclical capital buffer rate	1.96%
Institution specific countercyclical capital buffer requirement	1.13

The level of the Countercyclical Capital Buffer for the Company at 31 December 2024 was 1.96%.

Key features of credit risk models

The following table shows the key features of the HoldCo Group's IRB models, outlining the model methodology or approach, the number of years of loss data used, the exposure class covered and applicable regulatory thresholds for each of the PD, LGD and EAD components[1]. The RWAs at 31 December 2024 are also shown. This table does not include portfolios covered by the IRB approach for equity exposures (£0.1bn RWAs).

Component Modelled	Portfolio	Number of significant models and size of associated portfolio (RWAs)	Model Description and Methodology	Number of Years Loss Data	Exposure Classes Measured	Applicable Industry-wide regulatory thresholds
PD	Residential Mortgages	One Model (£30.3bn)	Statistical scorecard produces a PD that is scaled to a long-run cycle average	>10 years	Retail Mortgages	PD floor of 0.03%
	Unsecured Personal Loans	One Model (£1.0bn)	Statistical scorecard produces a PD that is scaled to a long-run average	c.3 years	Other Retail	PD floor of 0.03%
	Bank Accounts	One Model (£1.7bn)	Observed default rates segmented into statistical score bands, scaled to a long-run average	6-10 years	Qualifying Revolving Retail Exposures	PD floor of 0.03%
	Social Housing	One Model (£1.6bn)	Expert judgement rating model	Low default portfolio	Corporates	PD floor of 0.03%
	Global Models	Three Models (£1.0bn)	Combination of statistical and expert judgement models for Banks, Insurers and Large Corporates	Low default portfolios	Corporates & Institutions	PD floor of 0.03%
LGD	Residential Mortgages	One Model (£30.3bn)	Data driven estimates of loss and propensity to write-off, stressed to a downturn position	>10 years	Retail Mortgages	LGD floor of 10% at a portfolio level
	Unsecured Personal Loans	One Model (£1.0bn)	Regression based estimates of loss and propensity to write-off, with expert judgement where appropriate	c.3 years	Other Retail	NA
	Bank Accounts	One Model (£1.7bn)	Data driven estimates of loss and propensity to write-off, using a long run average	6-10 years	Qualifying Revolving Retail Exposures	NA
EAD	Residential Mortgages	One Model (£30.3bn)	Long-run credit conversion factors applied to on and off balance	>10 years	Retail Mortgages	EAD must be at least equivalent to current balance utilisation at account level
	Unsecured Personal Loans	One Model (£1.0bn)	Regression based model	c.3 years	Other Retail	EAD must be at least equivalent to current balance utilisation at account level
	Bank Accounts	One Model (£1.7bn)	Long-run credit conversion factors applied to on and off balance	6-10 years	Qualifying Revolving Retail Exposures	EAD must be at least equivalent to current balance utilisation at account level

[1] Slotting models do not estimate a PD or LGD but do generate an Expected Loss.

Significant IRB models and model performance

The residential mortgage portfolio comprised £174.4bn of EAD at 31 December 2024 and represented 89% of all IRB EAD, therefore the IRB models employed to calculate RWAs for this portfolio are considered the most significant. PD is determined by the new business application score and a bespoke default-risk scorecard for the back-book. These models produce account level, point-in-time PD estimates which are adjusted to a long-run average default rate using a variable scalar methodology employing observed and inferred default rate data back to 1989. Within each of the legacy portfolios (the former Abbey and Alliance & Leicester businesses) the scaling of the PD (grouped into 15 non-default risk grades) is performed separately across 13 risk segments determined by balance-to-value and buyer type.

LGD for residential mortgages is calculated as the proportion of the EAD expected to be written-off multiplied by the probability of a write-off occurring after a default event. The loss proportion uses a 'workout' approach, that is one minus the expected recovery proportion, plus direct and indirect recovery costs associated with the recovery process. The probability of write-off given default is measured from observed loss rates from quarterly tranches of accounts entering default since 2007. Downturn LGD is determined by stressing the model inputs to values observed during the worst points of the last recession. For example, the forced sale discount is increased from 19% in normal times to a downturn value of 27%. The downturn probability of write-off given default uses the highest observed values, typically seen from in-defaults occurring during 2008. Other parameters such as time from default to sale, balance owing at sale and property value are also adjusted to be applicable for downturn conditions.

The performance of the Company's IRB models is monitored each quarter in accordance with its model monitoring policies. The monitoring assesses the performance of the rating system with respect to the accuracy of the calibration, discrimination and stability of the component models. The retail models produce both point-in-time and regulatory values of PD, LGD and EAD. Actual values for these parameters are compared with:

The point-in-time estimates to ensure the models remain accurate; and
The regulatory values to ensure the margin of conservatism in regulatory capital.

The model monitoring analyses the causes of significant variance between actual and predicted parameters and identifies actions required to remediate. The monitoring and actions taken to correct under-performance are reviewed in accordance with the Company's internal model governance. Should the monitoring indicate that a model is underestimating risk, a temporary capital charge is raised by management until the cause is resolved.

The table below compares the IRB model expected loss with the amount of impairment allowances calculated under the IFRS rules and the impairment charge. The amount of expected loss not covered by impairment allowances contributes to deductions from regulatory capital.

	Expected Loss		Impairment	
	31 December 2023 £bn	31 December 2024 £bn	Allowances at 31 December 2024 £bn	Net Charge for 2024 £bn
Residential Mortgages	0.7	0.7	0.1	(0.1)
Unsecured Personal Loans	0.1	0.1	0.1	-
Bank Accounts	0.1	0.1	0.1	-
Social Housing	-	-	-	-
IPRE (Income Producing Real Estate)	0.1	0.1	-	-
Global Models	-	-	-	-
Total	1.0	1.0	0.3	(0.1)

Differences in the value of Expected Loss (EL) and provisions arise from differences in the way the two measures are calculated under the regulatory capital and accounting rules. These include, but are not limited to:

- Differences in the definition of default and impairment used for EL and provisions, respectively;
- Regulatory floors and economic cycle adjustments applied to PD and LGD values used in EL;
- Provisions recognise forward-looking losses for 12-months and lifetime period while EL is a forward-looking measure of loss arising from defaults in the 12 months; and
- Differences in the cost of recovery and discount rates applied to EL and provisions.
- Old definition of defaults still in use on certain models, pending regulatory approval. Where appropriate, capital add-ons are held to compensate for any additional own fund requirements necessary under the New Definition of Default.
- The IRB model expected loss is not regarded as an indicator of expected losses in accordance with accounting standards due to the level of regulatory floors and prudence built into the IRB models.

Market risk

Movements in RWAs during 2024 were as follows:

Market risk	2024 £bn
RWAs at 1 January	0.4
Movement in risk levels[1]	(0.2)
Model updates[2]	-
Methodology and policy[3]	-
RWAs at 31 December	0.2

(1)Changes in risk due to position changes and market movements, includes the removal of regulatory add-ons.
(2)Updates to the model to reflect recent experience, change in model scope.
(3)Methodology changes to the calculations driven by regulatory policy changes.

The 31 December 2024 RWAs of £0.2 bn were calculated under standardised approach.

Key features of market risk models

Following the introduction of Banking Reform, applicable as at 1st January 2019, the Company no longer has approval for a VAR Internal Market Risk model. All Market Risk is calculated using the Standardised approach.

Operational risk

The Company calculates its operational risk capital requirement under the standardised approach in accordance with PRA rules. The standardised approach uses the average of three years' income of each business line. The average three year income is adjusted to take into account historical income of any businesses acquired during that period. The increase of RWAs in 2024 of £0.1bn was a result of higher average three year income.

CRB: Additional disclosure related to the credit quality of assets

The following tables outlines the credit risk exposure, the associated level of impaired and past due exposures levels and impairment levels (credit risk adjustments) at 31 December 2024 by class of exposure. Further information on impairment losses and provisions is outlined in Note 8 to the financial statements in the Company's 2024 Annual Report.

Definitions of past due and impaired and the approaches and methods adopted for specific credit risk are included in Note 1 to the financial statements in the Company's 2024 Annual Report.

Credit quality of forborne exposures (CQ1)

The following table provides an overview of the quality of forborne exposures at 31 December 2024.

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	1,222	1,017	1,017	1,017	(91)	(99)	1,930	883
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	37	6	6	6	(4)	(1)	37	-
060	*Non-financial corporations*	543	110	110	110	(79)	(27)	464	80
070	*Households*	642	901	901	901	(8)	(71)	1,429	803
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	***Total***	1,222	1,017	1,017	1,017	(91)	(99)	1,930	883

Credit quality of performing and non-performing exposures by past due days (CQ3)

The following table provides an overview of credit quality of non-performing exposures at 31 December 2024:

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	33,031	33,031	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	212,023	211,524	499	3,237	1,596	543	502	534	26	35	1	3,237
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	92	92	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	2,184	2,184	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	15,730	15,726	4	52	44	-	4	4	-	-	-	52
060	*Non-financial corporations*	16,847	16,745	102	667	453	59	57	71	24	2	1	667
070	*Of which SMEs*	7,784	7,682	102	411	275	48	46	17	23	1	1	411
080	*Households*	177,170	176,777	393	2,518	1,099	484	441	459	2	33	-	2,518
090	Debt securities	12,540	12,540	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	8,399	8,399	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	3,553	3,553	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	582	582	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	6	6	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	35,554			118								101
160	*Central banks*	-			-								-
170	*General governments*	-			-								-
180	*Credit institutions*	1,976			-								-
190	*Other financial corporations*	1,223			17								-
200	*Non-financial corporations*	7,539			50								50
210	*Households*	24,816			51								51
220	***Total***	**293,148**	**257,095**	**499**	**3,355**	**1,596**	**543**	**502**	**534**	**26**	**35**	**1**	**3,338**

Credit quality of loans and advances to non-financial corporations by industry (CQ5)

Breakdown of exposures by industry class and Credit Quality:

	At 31 December 2024	Gross carrying amount	Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	93	14	14	93	(3)	-
020	Mining and quarrying	70	-	-	70	(1)	-
030	Manufacturing	539	15	15	539	(10)	-
040	Electricity, gas, steam and air conditioning supply	403	-	-	403	(1)	-
050	Water supply	84	7	7	84	(1)	-
060	Construction	915	35	35	915	(13)	-
070	Wholesale and retail trade	1,492	97	97	1,492	(55)	-
080	Transport and storage	183	3	3	183	(3)	-
090	Accommodation and food service activities	1,155	117	117	1,154	(59)	-
100	Information and communication	336	32	32	332	(14)	-
110	Financial and insurance activities	18,247	52	52	17,666	(31)	-
120	Real estate activities	8,802	78	78	8,797	(25)	-
130	Professional, scientific and technical activities	1,303	53	53	1,297	(28)	-
140	Administrative and support service activities	632	97	97	632	(17)	-
150	Public administration and defence, compulsory social security	39	-	-	39	-	-
160	Education	206	4	4	199	(3)	-
170	Human health services and social work activities	778	100	100	778	(24)	-
180	Arts, entertainment and recreation	144	3	3	144	(1)	-
190	Other services	340	12	12	340	(18)	-
200	**Total**	35,761	719	719	35,157	(307)	-

Collateral obtained by taking possession and execution processes (CQ7)

The following table provides an overview of foreclosed assets obtained from non-performing exposures at 31 December 2024.

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		£m	£m
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	22	-
030	*Residential immovable property*	22	-
040	*Commercial Immovable property*	-	-
050	*Movable property (auto, shipping, etc.)*	-	-
060	*Equity and debt instruments*	-	-
070	*Other collateral*	-	-
080	**Total**	**22**	-

Prudential valuation adjustments (PVA)

PVA for all assets measured at fair value (mark to market or marked to model) and for which PVA are required. Assets can be non-derivative or derivative instruments.

Category level AVA	Risk category					Category level AVA - Valuation uncertainty				
	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	**Total category level post-diversification**	Of which: **Total core approach** in the trading book	Of which: **Total core approach** in the banking book
Market price uncertainty	0.06	2.59	-	0.20	-	0.05	0.20	3.10	0.02	3.08
Close-out cost	-	3.99	-	0.60	-	0.22	-	4.81	0.08	4.73
Concentrated positions	0.05	-	-	0.67	-	-	-	0.72	0.00	0.72
Early termination	-	-	-	-	-	-	-	-	-	-
Model risk	0.02	0.71	-	0.25	-	0.24	0.71	1.93	0.72	1.21
Operational risk	0.01	0.70	-	0.08		-	-	0.79	0.01	0.78
Future administrative costs	-	2.65	-	0.04	-	-	-	2.69	1.01	1.68
Total Additional Valuation Adjustments (AVAs)	-	-	-	-	-	-	-	14.04	1.84	12.20

Key Movements

The year-on-year reduction in PVA for Holdco can be attributed from the decrease in Concentrated Positions. This was due to the illiquid equities in SEIL following the sale of VocaLink shares and ALCO from a reduction in the bond volatility. Additionally, the reduction in Investment & Funding Costs AVA is a result of tightening funding spreads in Property Derivatives. However, these reductions were offset by an increase in Future Administrative Cost, due to the implementation of a enhanced Future Administrative Cost AVA model and Market Price Uncertainty from a widening of MPU spreads in Structural Risk Derivatives.

Remuneration

All remuneration requirements outlined in the **UK REMA** as presented in Annex XXXIII of PRA Rulebook, Article 450 (1) (a), (b), (c), (d), (e), (f), (j) and (k) and 450 (2) in accordance with Articles 433a, 433b and 433c are disclosed in the Santander UK Group Holdings Regulatory Remuneration Disclosures, which are available as a separate document on the Santander UK website.

Own Funds disclosure – balance sheet reconciliation

The scope of consolidation and method for consolidation of the Company's balance sheet is substantially the same as that used for regulatory purposes.

A reconciliation of regulatory own funds to the relevant balance sheet items for the Company is included in the table below at 31 December 2024.This outlines the impact of the difference in scope of consolidation outlined above:

	Own Funds Type		
	CET1 £m	Additional Tier 1 £m	Tier 2 £m
Santander UK Balance Sheet elements			
Shareholder's equity and Non-controlling interests	11,993	2,100	-
Subordinated Liabilities	-	-	2,385
UK CRR Adjustments			
Additional value adjustments	(14)	-	-
Intangible Assets (net of related tax liability)	(1,469)	-	-
Fair value reserves related to gains or losses on cash flow hedges	311	-	-
Negative amounts resulting from the calculation of regulatory expected loss amounts	(658)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	1	-	-
Deferred tax assets arising from temporary differences	-	-	-
Defined benefit pension fund assets	(316)	-	-
- Dividend accrual	(3)	-	-
- Deduction for minority interests	-	-	-
- NPE Backstop	-	-	-
- Capital Add-on	-	-	-
- IFRS 9 Transitional Adjustments	12	-	-
Amount excluded from Tier 2 due to transitional recognition cap	-	-	(401)
Total	9,857	2,100	1,984

Composition of regulatory own funds (CC1)

The following table provides disclosure of the Company's own funds items. The UK CRR end point position can be derived as the sum of the 31 December 2024 results and the associated end point adjustment. The Common Equity Tier 1 (CET1) Capital before regulatory adjustments below differs from other disclosures in this document as this template requires an alternative treatment of CET1 Minority Interests and foreseeable dividends:

		31 December 2024 Amounts £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital Instruments and the related share premium accounts	7,060	Share Capital
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained Earnings	5,255	Retained Earnings
3	Accumulated other comprehensive income (and other reserves)	(325)	Other Reserves
UK-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	11,990	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(14)	
8	Intangible assets (net of related tax liability) (negative amount)	(1,469)	Intangible Assets
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	Deferred Tax Assets
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	311	Other Reserves
12	Negative amounts resulting from the calculation of expected loss amounts	(658)	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	1	
15	Defined-benefit pension fund assets (negative amount)	(316)	Retirement Benefit Assets
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
UK-20c	of which: securitisation positions (negative amount)	-	
UK-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
UK-25a	Losses for the current financial year (negative amount)	-	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	12	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(2,133)	
29	**Common Equity Tier 1 (CET1) capital**	9,857	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	2,100	Other Equity Instruments
31	of which: classified as equity under applicable accounting standards	2,100	Other Equity Instruments
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT 1	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	2,100	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	

		31 December 2024 Amounts £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	2,100	
45	**Tier 1 capital (T1 = CET1 + AT1)**	11,957	
	-		
46	Capital instruments and the related share premium accounts	1,354	Subordinated Liabilities
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in row 5 or 34) issued by subsidiaries and held by third parties	630	Subordinated Liabilities
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	1,984	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
UK-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	1,984	
59	**Total Capital (TC = T1 + T2)**	13,941	
60	**Total Risk exposure amount**	66,563	
	Capital ratios and buffer		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,8%	-
62	Tier 1 (as a percentage of total risk exposure amount)	18.0%	-
63	Total capital (as a percentage of total risk exposure amount)	20.9%	-
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	4.5%	-
65	of which: capital conservation buffer requirement	2.5%	-
66	of which: countercyclical buffer requirement -	2.0%	
67	of which: systemic risk buffer requirement	-	-
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	14.8%	-
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustment in T2 under standardised approach	220	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustment in T2 under internal ratings-based approach	229	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (CC2)

The scope of consolidation and method for consolidation of the Company's balance sheet is substantially the same as that used for regulatory purposes.
A reconciliation of regulatory own funds to the relevant balance sheet items for the Company is included in the table below 31 December 2024. This outlines the impact of the difference in scope of consolidation outlined above:

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference[1]
		As at period end 31 December 2024	As at period end 31 December 2024	
Assets - *Breakdown by asset class according to the balance sheet in the published financial statements*				
1	Cash and balances at central banks	33,067	33,067	
2	Financial assets at fair value through profit or loss:	-	-	
3	– Trading assets	-	-	
4	– Derivative financial instruments	1,264	1,265	
5	– Other financial assets at fair value through profit or loss	421	421	
6	Financial assets at amortised cost:	-	-	
7	– Loans and advances to customers	202,929	203,664	
8	– Loans and advances to banks	1,101	1,128	
9	– Reverse repurchase agreements – non trading	10,338	10,338	
10	– Other financial assets at amortised cost	3,408	3,408	
11	Macro hedge of interest rate risk	-738	-738	
12	Financial assets at fair value through other comprehensive income	9,040	9,040	
13	Financial investments	-	-	
14	Interests in other entities	289	-	
15	Intangible assets	1,539	1,539	Table CC1 Row 8
16	Property, plant and equipment	1,584	2,048	
17	Current tax assets	504	515	
18	Deferred tax assets	-	8	Table CC1 Row 10
19	Retirement benefit assets	439	439	
20	Other assets	1,879	1,966	
21	Assets held for sale	12	12	
22	**Total assets**	267,076	268,120	
Liabilities - *Breakdown by liability class according to the balance sheet in the published financial statements*				
1	Financial liabilities at fair value through profit or loss:	-	-	
2	– Trading liabilities	-	-	
3	– Derivative financial instruments	717	722	
4	– Other financial liabilities at fair value through profit or loss	1,055	1,055	
5	Financial liabilities at amortised cost:	-	-	
6	– Deposits by customers	185,775	185,871	
7	– Deposits by banks	14,037	14,236	
8	– Repurchase agreements – non trading	8,617	8,617	
9	– Debt securities in issue	37,569	37,919	
10	– Subordinated liabilities	2,385	2,385	Table CC1 Row 46/48
11	Macro hedge of interest rate risk	47	47	
12	Other liabilities	1,882	1,976	
13	Provisions	627	630	
14	Current tax liabilities	-	2	
15	Deferred tax liabilities	249	256	Table CC1 Row 10
16	Retirement benefit obligations	23	23	
17	Liabilities held for sale	-	-	
18	Total liabilities	252,983	253,739	
Shareholders' Equity				
1	Equity	-	-	
2	Share capital	7,060	7,213	Table CC1 Row 1
3	Share premium	-	-	
4	Other equity instruments	2,100	2,100	Table CC1 Row 30
5	Retained earnings	5,258	5,392	Table CC1 Row 2
6	Other reserves	(325)	(324)	Table CC1 Row 3
7	Non-controlling interests	-	-	
	Total shareholders' equity	14,093	14,381	

The main difference between the balance sheet published per the financial statements and the balance sheet under the regulatory scope of consolidation relates to the adjustments required to convert the joint ventures in Consumer Finance from the equity method consolidation to full consolidation in addition to eliminating the intragroup balances between the Company and these Joint ventures.

[1] The references describe regulatory balance sheet components that link initially to items disclosed in table CC1, prior to the application of regulatory definitions and adjustments per the rules for calculating own funds.

Own Funds disclosure – capital instruments main features

Own Funds disclosure – Capital Instruments Main Features table is available on our website as Full Year 2024 ACRMD tables, Appendix I. This includes the main features of the Company's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.

CCA - Main features of regulatory capital instruments and of other TLAC-eligible instruments

Own Funds disclosure – Capital Instruments Main Features table is available on our website as Full Year 2024 ACRMD tables, Appendix I. This includes the main features of the Company's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments. Further details on main features of other TLAC eligible instruments is available as Appendix II from the same location.

Part 2

December 2024 Additional Capital and Risk Management Disclosures for Santander UK plc Group

Introduction

As a wholly-owned large subsidiary under UK CRR, Santander UK plc (the RFB) 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 frequency[1], the RFB 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.

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

Key metrics (KM1)

The following table summarises the RFB Group's Own Funds and key risk-based capital ratios at 31 December 2024, together with the previously disclosed quarter end information at 30 September 2024, 30 June 2024, 31 March 2024 and 31 December 2023. Further details on Risk Weighted Assets are included in the subsequent sections of this document:

		31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	9,791	10,291	10,305	10,500	10,443
2	Tier 1 capital	11,651	12,151	12,165	12,456	12,399
3	Total capital	13,744	14,238	14,312	14,638	14,571
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	65,528	66,047	67,105	68,363	67,839
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.9%	15.6%	15.4%	15.4%	15.4%
6	Tier 1 ratio (%)	17.8%	18.4%	18.1%	18.2%	18.3%
7	Total capital ratio (%)	21.0%	21.6%	21.3%	21.4%	21.5%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	2.28%	2.28%	2.31%	2.31%	2.31%
UK 7b	Additional AT1 SREP requirements (%)	0.76%	0.76%	0.77%	0.77%	0.77%
UK 7c	Additional T2 SREP requirements (%)	1.01%	1.01%	1.03%	1.03%	1.03%
UK 7d	Total SREP own funds requirements (%)	4.05%	4.05%	4.11%	4.11%	4.11%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.97%	1.97%	1.98%	1.97%	1.97%
UK 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
UK 10a	Other Systemically Important Institution buffer	1.00%	1.00%	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	5.47%	5.47%	5.48%	5.47%	5.47%
UK 11a	Overall capital requirements (%)	17.52%	17.52%	17.59%	17.58%	17.58%
12	CET1 available after meeting the total SREP own funds requirements (%)	3.45%	4.04%	4.04%	3.83%	3.90%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	238,445	245,816	247,266	243,176	242,851
14	Leverage ratio excluding claims on central banks (%)	4.9%	4.9%	4.9%	5.1%	5.1%
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.9%	4.9%	4.9%	5.1%	5.1%
14b	Leverage ratio including claims on central banks (%)	4.3%	4.4%	4.4%	4.4%	4.4%
14c	Average leverage ratio excluding claims on central banks (%)	5.0%	5.0%	5.1%	5.2%	5.4%
14d	Average leverage ratio including claims on central banks (%)	4.5%	4.5%	4.5%	4.4%	4.6%
14e	Countercyclical leverage ratio buffer (%)	0.7%	0.7%	0.7%	0.7%	0.7%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	43,681	47,112	45,106	51,766	47,824
UK 16a	Cash outflows – Total weighted value	30,324	32,285	33,785	33,621	31,831
UK 16b	Cash inflows – Total weighted value	2,001	1,959	2,048	1,790	1,846
16	Total net cash outflows (adjusted value)	28,323	30,326	31,737	31,831	29,985
17	Liquidity coverage ratio (%)	154%	155%	142%	163%	159%
	Net Stable Funding Ratio					
18	Total available stable funding	208,000	212,207	211,932	219,517	218,975
19	Total required stable funding	151,457	157,273	158,565	160,193	158,693
20	NSFR ratio (%)	137%	135%	134%	137%	138%

Key Movements

The CET1 capital ratio and Total capital ratio decreased to 14.9% and 21.0% respectively, driven by £1.3bn in dividends paid in 2024 (2023: £1.5bn), slightly offset by a reduction in RWA exposure. UK leverage ratio decreased to 4.9% (Dec-23: 5.1%), driven by dividends, offset by a reduction in leverage exposure as a result of active balance sheet management. RWAs decreased due to lower mortgage lending and active balance sheet management. We remain very strongly capitalised with significant headroom to minimum requirements.

IFRS 9 Transitional Arrangements (IFRS9 – FL)

The following table summarises the impact of IFRS 9 transitional arrangements at 31 December 2024 over the full allowable period:

		2024
	IFRS9 Transitional Factor for credit loss-based provision movements post 1/1/20	25%
	Available Capital (amounts)	
1	Common Equity Tier 1 (CET1) capital	9,791
	CET1 Capital as if IFRS 9 STATIC transitional arrangements had not been applied	9,791
	CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements had not been applied	9,779
2	CET1 Capital as if ALL IFRS 9 transitional arrangements had not been applied	9,779
3	Tier 1 Capital	11,651
4	Tier 1 Capital as if ALL IFRS 9 transitional arrangements had not been applied	11,639
5	Total Capital	13,744
6	Total Capital as if ALL IFRS 9 transitional arrangements had not been applied	13,732
	Risk-weighted assets (amounts)	
7	Total risk-weighted assets (RWA)	65,528
	Total RWA as if IFRS 9 STATIC transitional arrangements had not been applied	65,528
	Total RWA as if IFRS 9 DYNAMIC transitional arrangements had not been applied	66,516
8	Total RWA as if ALL IFRS 9 transitional arrangements had not been applied	66,516
	Capital Ratios	
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.9%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.9%
11	Tier 1 (as a percentage of risk exposure amount)	17.8%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.8%
13	Total capital (as a percentage of risk exposure amount)	21.0%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.0%
	Leverage ratio[1]	
15	Leverage ratio total exposure measure	269,513
16	Leverage ratio	4.3%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4.3%

The RFB group is applying the IFRS 9 capital transitional arrangements set out in the onshored versions of EU 2017/2395 and EU Regulation 2020/873 that amend the Capital Requirements Regulation. Under the transitional arrangements, the Company is entitled to mitigate the effect to capital of Expected Credit Loss-based provisioning following the implementation of IFRS 9. The transitional arrangements ended on 31st December 2024 with the amount of capital relief available having reduced each year by a transitional factor. The transitional factor for 2024 was 25 percent which applies to post 1 January 2020 provision movements.

The capital relief affects both the capital base and RWAs reported by RFB group. The adjustment to CET1 capital is based on the capital impact of the change in provision levels post 1 January 2020. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Ratings-Based approach

[1] This is the UK Leverage ratio which includes claims on central banks.

UK LRA: Disclosure of LR qualitative information

Description of the processes used to manage the risk of excessive leverage Processes used to manage the risk of excessive leverage are same as those in Company.
Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers UK leverage ratio decreased to 4.9% (Dec-23: 5.1%), largely due to lower retained profits. UK leverage exposure decreased to £238.4bn (Dec-23: £242.9bn) as a result of active balance sheet management.

UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		31-Dec-24 £m
1	Total assets as per published financial statements	259,944
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	2,301
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for exemption of exposures to central banks)[1]	(31,068)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	(213)
9	Adjustment for securities financing transactions (SFTs)	624
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,582
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	-
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-
12	Other adjustments	(1,725)
13	**Total exposure measure**	238,445

[1] Adjustment for exemption of exposures to central banks - is inclusive of 100% guaranteed Bounce Back loans.

UK LR2 - LRCom: Leverage ratio common disclosure

	Leverage ratio exposures	31-Dec 2024 £m	30-Jun 2024 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	220,306	222,138
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(1,518)	(1,402)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	-
5	(General credit risk adjustments to on-balance sheet items)	0	-
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(2,397)	(2,511)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	216,391	218,225
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	1,641	1,676
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	868	746
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	-
UK-9b	Exposure determined under the original exposure method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	2,509	2,422
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	16,176	19,238
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(5,837)	(3,920)
16	Counterparty credit risk exposure for SFT assets	624	564
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	0	
17	Agent transaction exposures	0	-
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	0	-
18	**Total securities financing transaction exposures**	10,963	15,882
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	35,512	37,177
20	(Adjustments for conversion to credit equivalent amounts)	(26,930)	(26,440)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	0	-
22	**Off-balance sheet exposures**	8,582	10,737
Excluded exposures			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	-	-
UK-22g	(Excluded excess collateral deposited at triparty agents)	-	-
UK-22k	**(Total exempted exposures)**	**-**	**-**
Capital and total exposure measure			
23	**Tier 1 capital (leverage)**	11,651	12,166

24	Total exposure measure including claims on central banks	269,513	275,634
UK-24a	(-) Claims on central banks excluded	(31,068)	(28,368)
UK-24b	**Total exposure measure excluding claims on central banks**	238,445	247,266
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.9%	4.9%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.9%	4.9%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	4.9%	4.9%
UK-25c	Leverage ratio including claims on central banks (%)	4.3%	4.4%
26	Regulatory minimum leverage ratio requirement (%)	3.3%	3.3%
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%)	1.0%	1.0%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.4%	0.4%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.7%	0.7%
Additional leverage ratio disclosure requirements - disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	13,744	16,138
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	15,209	14,923
UK-31	Average total exposure measure including claims on central banks	276,540	279,227
UK-32	Average total exposure measure excluding claims on central banks	242,766	241,506
UK-33	Average leverage ratio including claims on central banks	4.4%	4.4%
UK-34	Average leverage ratio excluding claims on central banks	5.0%	5.1%

UK LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		Leverage ratio exposures 31-Dec-24 £m
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	220,306
UK-2	Trading book exposures	0
UK-3	Banking book exposures, of which:	220,306
UK-4	Covered bonds	2,302
UK-5	Exposures treated as sovereigns	9,089
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,051
UK-7	Institutions	7,817
UK-8	Secured by mortgages of immovable properties	163,137
UK-9	Retail exposures	10,189
UK-10	Corporates	16,633
UK-11	Exposures in default	3,223
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	6,865

Table UK LIQA - Liquidity risk management

in accordance with Article 451a(4) CRR

Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding, As a financial services provider, managing risk is a core part of our day-to-day activities. To be able to manage our business effectively, it is critical that we understand and control risk in everything we do. We aim to use a prudent approach and advanced risk management techniques to help us deliver robust financial performance, withstand stresses and build sustainable value for our stakeholders. We aim to keep a predictable medium-low risk profile, consistent with our business model. Through our LRA framework, we manage our funding or structural contingent and market liquidity risks wherever they arise. This can be in retail and corporate deposit outflows, wholesale secured and unsecured liquidity outflows and off-balance sheet activities. Other risks our framework covers include funding concentrations, intra-day cash flows, intra-group commitments and support, franchise retention and cross currency risk. Our LRA statement is based on the principles of liquidity management we use to manage our balance sheet. It also supports our need to meet or exceed the rules of our regulators. In line with our liquidity management principles, we avoid an over-reliance on funding from a single product, customer or counterparty. We also maintain enough unencumbered customer assets to support current and future funding and collateral requirements and maintain enough capacity to monetise liquid assets and other counterbalancing capacity within an appropriate timeframe.
Structure and organisation of the liquidity risk management function (authority, statute, other arrangements). We are committed to the highest standards of corporate governance in every part of our business, including risk management. For details of our governance, including the Board and its Committees, see the 'Governance' section of the Annual Report. The Board delegates certain responsibilities to Board Level Committees as needed and where appropriate. Our risk governance structure strengthens our ability to identify, assess, manage and report risks, as follows: – Committees: A number of Board and Executive committees are responsible for specific parts of our Risk Framework – Key senior management roles: A number of senior roles have specific responsibilities for risk management – Risk organisational structure: We have the 'three lines of defence' model built into the way we run our business When our Board sets our strategic objectives, it is important that we are clear about the risks we are prepared to take to achieve them. We express this through our Risk Appetite Statement, which defines the amount and kind of risk we are willing to take. Our Risk Appetite and strategy are closely linked, and our strategy must be achievable within the limits set out in our Risk Appetite.
A description of the degree of centralisation of liquidity management and interaction between the group's units We manage liquidity risk on a consolidated basis in our CFO division, which is our centralised function for managing funding, liquidity and capital. We created our governance, oversight and control frameworks, and our LRA, on the same consolidated basis. We monitor and manage liquidity risk for the Santander UK plc group and SFS separately. Under this model, and the PRA's liquidity rules, Santander UK plc and its subsidiary Cater Allen Limited form the RFB Domestic Liquidity Sub-group (the RFB DoLSub), which allows the entities to collectively meet regulatory requirements for the purpose of managing liquidity risk. Each member of the RFB DoLSub will support the other by transferring surplus liquidity in times of stress. We continue to transfer liquidity risks from the securities Santander UK Group Holdings plc issues, or the contracts it executes, into our subsidiaries largely through back-to-back transactions. We fund any mismatches, if needed, by ordinary share dividends from subsidiaries.
Scope and nature of liquidity risk reporting and measurement systems. We use a number of metrics to manage liquidity risk. These include metrics that show the difference between cash and collateral inflows and outflows in different periods. They also include structural metrics, such as our level of encumbered assets. We monitor liquidity risk daily, weekly and monthly. We do this through different committees and levels of management, including ALCO and the Board Risk Committee
Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants. The Board aims to make our balance sheet resilient at all times and for it to be perceived as such by stakeholders. This preserves our short and long-term viability. The Board recognises that as we are involved in maturity transformation, we cannot hold enough liquidity to cover all possible stress scenarios. The Board requires us to hold enough liquidity to make sure we will survive three plausible but severe stress scenarios (our LRA stress). We do this by maintaining a prudent balance sheet structure and approved liquid resources
An outline of the bank`s contingency funding plans. The Liquidity Contingency Plan (LCP) is encompassed within the Recovery Plan, this includes early warning indicators which are used to identify an emerging liquidity or funding stress as well as a range of actions that could be taken immediately in response to the stress. We review and refresh our recovery plan each year. It sets out the risks, the indicators we use to monitor these risks, and the actions that are available to mitigate a capital, liquidity or combined stress event. We are confident that we have sufficient credible and executable options to respond to a wide variety of stresses, be they market-wide or idiosyncratic, in a timely and effective manner. Recovery indicators are both qualitative and quantitative and are embedded into risk frameworks. We monitor recovery capacity, headroom to recovery triggers and recovery indicators regularly. If necessary, we would invoke recovery early to mitigate the effects of a stress and restore our financial position and balance sheet strength.
An explanation of how stress testing is used. Stress testing helps us understand how different events and economic conditions could affect our business plan, earnings and risk profile. This helps us plan and manage our business To see how we might cope with difficult conditions, we regularly develop challenging scenarios that we might face. We consult a broad range of internal stakeholders, including Board members, when we design and choose our most important scenarios. The scenarios cover a wide range of outcomes, risk factors, time horizons and market conditions. They are designed to test: – The impact of shocks affecting the economy as a whole or the markets we operate in

– Key potential vulnerabilities of our business model, and the processes and systems which support it – Potential impacts on specific risk types. We have a liquidity stress testing framework in place which is central to our LRA measurement and monitoring. It includes three severe but plausible stress test scenarios. To fit with our risk appetite, the liquidity outflows that come from these stress tests must be fully covered with high-quality liquid assets, other liquid assets and management actions sanctioned at the right level of governance. A funding plan disruption stress scenario also forms part of our LRA monitoring. Our Risk division runs a range of stress tests. Our LRA stress test is a combination of three tests that cover idiosyncratic, market-wide and combined scenarios. Our other tests consider scenarios such as a global economic slowdown that results in reduced confidence in banks, a slowdown in a major economy or a decline in access to liquidity. These are considered on both an acute and protracted basis. We also run severe combined stress tests which look at both a deep and prolonged UK recession that results in a reduction in wholesale funding availability and an idiosyncratic shock that would lead to retail and commercial outflows. We run climate change stresses, these include severe physical risks which result in a reduction in retail deposits, increased use of corporate lending facilities and an increase in mortgage defaults and a scenario where there is disorderly transition to net zero, resulting in supply shocks and data transparency concerns. We run technological disruptions scenario which include the introduction of new innovative platforms as well as Central Bank Digital Currencies (CBDC) as well as increased cyber-security risks these result in deposit outflows across both retail, corporate and wholesale. We also conduct sensitivity analysis and reverse stress testing for instant liquidity shocks by each key liquidity risk. We do this to understand the impacts they would have on our LRA and our regulatory liquidity metrics.
A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy. Our LRA statement is based on the principles of liquidity management we use to manage our balance sheet. It also supports our need to meet or exceed the rules of our regulators. In line with our liquidity management principles, we avoid an over-reliance on funding from a single product, customer or counterparty. We also maintain enough unencumbered customer assets to support current and future funding and collateral requirements and maintain enough capacity to monetise liquid assets and other counterbalancing capacity within an appropriate timeframe. Our LRA is proposed to the Risk division and the Board, which is then approved under advice from the Board Risk Committee. Our LRA, in the context of our overall Risk Appetite, is reviewed and approved by the Board each year, or more often if needed.
A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the UK LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body. Our short-term activities focus on intra-day collateral; management and maintaining liquid assets to cover unexpected demands on cash in a stress scenario, such as large and unexpected deposit withdrawals by customers and loss of wholesale funding. Our strategic activities focus on ensuring we are not over reliant on any one source for funding and that we avoid excessive concentrations in the maturity of our funding. We regularly test the liquidity of our eligible liquidity pool, in line with PRA and Basel rules. We do this by realising some of the assets through repurchase or outright sale to the market. We make sure that over any 12-month period we realise a significant part of our eligible liquidity pool. As well as our eligible liquidity pool, we always hold a portfolio of unencumbered liquid assets. Our LRA and PRA requirements determine the size and composition of this portfolio. These assets give us a source of contingent liquidity, as we can realise some of them in a time of stress to create liquidity through repurchase or outright sale to the market.

Liquidity Coverage Ratio (LIQ1)

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

		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m
UK-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					47,769	48,527	48,521	48,500
	CASH-OUTFLOWS								
2	**Retail deposits and deposits from small business customers, of which:**	**144,367**	**145,501**	**146,604**	**147,630**	**8,798**	**8,872**	**8,951**	**9,016**
3	Stable deposits	120,242	120,997	121,738	122,573	6,012	6,050	6,087	6,129
4	Less stable deposits	24,125	24,504	24,866	25,057	2,786	2,822	2,864	2,887
5	**Unsecured wholesale funding**	**25,965**	**26,552**	**26,565**	**26,405**	**15,359**	15,403	15,352	15,080
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,738	1,744	1,753	1,799	330	315	313	326
7	Non-operational deposits (all counterparties)	21,851	22,705	22,854	22,765	12,654	12,985	13,081	12,912
8	Unsecured debt	2,376	2,103	1,958	1,841	2,375	2,103	1,958	1,842
9	**Secured wholesale funding**					**277**	**286**	**300**	271
10	**Additional requirements**	**14,098**	**14,174**	**13,983**	**13,736**	**7,630**	**7,761**	**7,615**	7,352
11	Outflows related to derivative exposures and other collateral requirements	5,973	6,155	5,978	5,796	5,973	6,155	5,978	5,796
12	Outflows related to loss of funding on debt products	297	220	252	180	297	220	252	180
13	Credit and liquidity facilities	7,828	7,799	7,753	7,760	1,360	1,386	1,385	1,376
14	**Other contractual funding obligations**	**36**	**33**	**33**	**104**	**3**	**3**	**6**	82
15	**Other contingent funding obligations**	**24,359**	**23,723**	**24,118**	**23,725**	**1,645**	**1,487**	**1,552**	1,480
16	**TOTAL CASH OUTFLOWS**					**33,712**	**33,812**	**33,776**	33,281
	CASH-INFLOWS								
17	Secured lending (e.g reverse repos)	10,097	9,253	8,349	7,502	13	10	10	-
18	Inflows from fully performing exposures	2,267	2,236	2,178	2,274	1,507	1,487	1,441	1,519
19	Other cash inflows	1,895	2,160	2,212	2,220	542	637	667	639
UK-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)								
UK-19b	(Excess inflows from a related specialised credit institution)								
20	**TOTAL CASH INFLOWS**	**14,259**	**13,649**	**12,739**	**11,996**	**2,062**	**2,134**	**2,118**	2,158
UK-20a	Fully exempt inflows								
UK-20b	Inflows Subject to 90% Cap								
UK-20c	Inflows Subject to 75% Cap	14,259	13,649	12,739	11,996	2,062	2,134	2,118	2,158
	TOTAL ADJUSTED VALUE								
UK-21	**LIQUIDITY BUFFER**					**47,969**	**48,527**	**48,521**	48,501
22	**TOTAL NET CASH OUTFLOWS**					**31,650**	**31,678**	**31,658**	31,123
23	**LIQUIDITY COVERAGE RATIO**					**151%**	**153%**	**153%**	156%

Qualitative information on LCR (LIQB)

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time The LCR requirement (weighted) is broadly consistent over time, driven mainly by deposits. Corporate deposits contribute a greater requirement despite Retail deposits being significantly larger in number, as a result of the standardised LCR weightings. The 12 month average HQLA has reduced slightly in Q4 as a result of lower customer deposits and the Q4 TFSME repayment. The LCR maintains a significant surplus to both internal and regulatory requirements.
Explanations on the changes in the LCR over time The 12 month average LCR of 151% reflects our strong liquidity position
Explanations on the actual concentration of funding sources Santander UK is largely funded through customer deposits (£177bn), with the significant proportion being Retail. We also have c£56bn of wholesale funding which includes secured, unsecured term funding as well as c£11bn of TFSME Funding.
High-level description of the composition of the institution`s liquidity buffer. The liquidity buffer is largely compromised (c92%) of Level 1 assets, primarily cash held in our Bank of England Reserve Account.
Derivative exposures and potential collateral calls The main drivers of derivative exposures / potential collateral calls are the Historic Look Back Approach (HLBA) to calculating collateral requirements in the LCR and collateral outflows due to counterparties in the event of a deterioration of our own credit quality. These amounts had reduced as TFSME drawing had led a to a reduction in secured issuance volumes, as we repay TFSME we expect to see an increase in the potential collateral outflows.
Currency mismatch in the LCR We have no material mismatch in our currency LCRs, with most of the funding raised in currency swapped back to GBP and the remainder being used to fund structural currency assets.
Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile n/a

Template UK LIQ2: Net Stable Funding Ratio

In accordance with Article 451a(3) CRR
The table below represents the breakdown of the key component for the December 2024 RFB Group's NSFR ratio

(in currency amount)		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments		**500**	**-**	**15,372**	**15,372**
2	*Own funds*		500	-	15,372	15,372
3	*Other capital instruments*		-	-	=	-
4	Retail deposits		**148,466**	**2,719**	**868**	**143,131**
5	*Stable deposits*		122,458	1,455	448	118,166
6	*Less stable deposits*		26,008	1,264	420	24,965
7	Wholesale funding:		**42,620**	**8,376**	**10,372**	**22,957**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		42,620	8,376	10,372	22,957
10	Interdependent liabilities		**-**	**-**	**-**	**-**
11	Other liabilities:		**8,189**	**421**	**26,330**	**26,540**
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		8,189	421	26,330	26,540
14	**Total available stable funding (ASF)**					**208,000**
15	Total high-quality liquid assets (HQLA)					**661**
UK-15a	Assets encumbered for more than 12m in cover pool			**-**	**-**	**-**
16	Deposits held at other financial institutions for operational purposes			**-**	**-**	**-**
17	Performing loans and securities:		**22,146**	**6,338**	**185,328**	**142,930**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		10,260	1,619	-	809
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		-	-	-	-
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		6,172	3,316	182,126	137,661
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		2593	1,467	169,000	123,790
22	*Performing residential mortgages, of which:*		134	370	164,993	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		134	370	164,992	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		5,714	1,403	3,202	4,460
25	Interdependent assets		**-**	**-**	**-**	**-**
26	Other assets:		**3,720**	**156**	**6,086**	**7,455**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	233
29	*NSFR derivative assets*		85	-	-	85
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*		3635	156	6,086	7,137
32	Off-balance sheet items		**28,957**	**138**	**4,497**	**411**
33	**Total RSF**					**151,457**
34	**Net Stable Funding Ratio (%)**					**137%**

RWA and Capital Requirements

Table UK OVC - ICAAP information

Article 438(a) CRR

Approach to assessing the adequacy of the internal capital

Each year we complete our Internal Capital Adequacy Assessment Process (ICAAP), which is fully documented and shared with the PRA. The purpose of the ICAAP is to:

1. Identify the major sources of risk to which we are exposed which could affect our ability to meet our liabilities as they fall due.
2. Assess the amounts, types, and distribution of our capital resources.
3. Perform stressed scenario tests and sensitivity analysis to confirm that our capital is adequate even in a severe adverse economic environment.
4. Ensure that the processes, strategies, and systems used are comprehensive and fit-for-purpose.

This ICAAP demonstrates that the minimum levels of all capital and leverage ratios, as articulated in the Board's Risk Appetite Statement, were exceeded at the reporting date and are forecast to be exceeded over the forecasting horizon under all scenarios, except (by design) under the Reverse Stress Test (RST). The PRA then tells us how much capital (Pillar 2A), and of what quality, it thinks we should hold in addition to the Pillar 1 requirements and buffer levels. We augment our regulatory minimum capital with internal buffers. We hold buffers to ensure we have enough time to take action against unexpected movements.

Article 438(c) CRR

Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process

Santander UK's latest TCR was received in August 2024. The Pillar 2A amount at 31 December 2024 for San UK RFB Group was £2.7bn or 4.1% of RWA, of which at least £1.5bn or 2.3% of RWA must be met by CET1 capital.

Overview of risk weighted exposure amounts (OV1)

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

		Risk Weighted Exposure Amounts (RWEAs)		Total Own Funds Requirements
		31 December 2024 £bn	30 September 2024 £bn	31 December 2024 £bn[1]
1	Credit risk (excluding CCR) [1]	54.7	55.6	4.4
2	Of which the standardised approach	16.9	17.5	1.4
3	Of which the foundation IRB (FIRB) approach	2.2	1.9	0.2
4	Of which slotting approach	2.9	2.7	0.2
UK 4a	Of which equities under the simple risk weighted approach			
5	Of which the advanced IRB (AIRB) approach	32.7	33.5	2.6
6	Counterparty credit risk - CCR [1]	0.4	0.6	
7	Of which the standardised approach	0.2	0.3	
8	Of which internal model method (IMM)	0.1	0.2	
UK 8a	Of which exposures to a CCP	-		
UK 8b	Of which credit valuation adjustment - CVA	0.1	0.1	
9	Of which other CCR			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap) [2]	2.5	1.9	0.2
17	Of which SEC-IRBA approach	0.4		
18	Of which SEC-ERBA (including IAA)	0.8	0.7	0.1
19	Of which SEC-SA approach	1.3	1.2	0.1
UK 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk) [1]	0.2	0.2	
21	Of which the standardised approach	0.2	0.2	
22	Of which IMA			
UK 22a	Large exposures			
23	Operational risk [1]	7.8	7.7	0.6
UK 23a	Of which basic indicator approach			
UK 23b	Of which standardised approach	7.8	7.7	0.6
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
29	Total [1]	65.6	66.0	5.2

[1] Balances which are not visible due to rounding have been included in the total.
[2] Includes 8 Significant Risk Transfer transactions which are subject to re-characterisation risk.

RWEA flow statements of credit risk exposures under the IRB approach (CR8) and RWEA flow statements of credit risk exposures under the standardised approach [1]

RWEA flow statements of credit risk exposures under IRB approach (CR8)

		RWEA £bn	Capital requirements
1	Risk weighted exposure amount as at 30 September 2024	38.3	3.1
2	Asset size	(0.3)	-
3	Asset quality	0.7	0.1
4	Model updates	0.1	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	(0.5)	-
9	Risk weighted exposure amount as at 31 December 2024	38.3	3.2

RWEA flow statements of credit risk exposures under standardised approach

		RWEA £bn	Capital requirements
1	Risk weighted exposure amount as at 30 September 2024	19.7	1.6
2	Asset size	-	-
3	Asset quality	0.1	-
4	Model updates	-	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	(0.6)	-
9	Risk weighted exposure amount as at 31 December 2024	19.2	1.6

The decrease in asset size under the IRB approach is attributed to reduced mortgage lending and the sale of mortgage assets. The asset quality in the IRB approach, however, shows an increase in the modelled Probability of Default (PD) due to the impact of the mortgage asset sale. Additionally, other items in both the Standardised and IRB approaches reflect portfolio optimisation through securitisation activities.

1 Table excludes CVA.

Table UK CRC – Qualitative disclosure requirements related to CRM techniques

<table>
<tr><td>Article 453 (a) CRR</td><td>A description of the core the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting;

Offsetting financial assets and liabilities
Financial assets and liabilities including derivatives are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Santander UK group is party to a number of arrangements, including master netting arrangements under industry standard agreements which facilitate netting of transactions in jurisdictions where netting agreements are recognised and have legal force. These netting arrangements do not generally result in an offset of balance sheet assets and liabilities for accounting purposes, as transactions are usually settled on a gross basis.</td></tr>
<tr><td>Article 453 (b) CRR</td><td>The core features of policies and processes for eligible collateral evaluation and management eligible collateral evaluation and management;

Retail Banking

Credit risk mitigation
The types of credit risk mitigation, including collateral, across each of our portfolios are:

Residential mortgages Collateral is in the form of a first legal charge over the property. Before we grant a mortgage, the property is valued either by a surveyor or using automated valuation methodologies where our confidence in the accuracy of this method is high.
Unsecured lending There is no collateral or security tied to the loan that can be used to mitigate any potential loss if the customer does not pay us back.
Business banking services Business banking lending is unsecured. When lending to incorporated businesses, we typically obtain personal guarantees from each director, but we do not treat these as collateral covering 100% of losses for the Bounce Back Loan Scheme (BBLS) and 80% for Coronavirus Business Interruption Loan Scheme (CBILS).

Consumer Finance

Credit risk mitigation
The type of credit risk mitigation, including collateral, is:

Consumer (auto) finance Collateral is in the form of legal ownership of the vehicle for most loans, with the customer being the registered keeper. Only a very small proportion of business is underwritten as a personal loan. In these cases, there is no collateral or security tied to the loan. We use a leading vehicle valuation company to assess the LTV at the proposal stage to ensure the value of the vehicle is appropriate.

Corporate & Commercial Banking

Credit risk mitigation
The types of credit risk mitigation, including collateral, across each of our portfolios are as follows. In addition, from time to time at a portfolio level we execute significant risk transfer transactions, which typically reduce RWAs.

SME and mid corporate Includes secured and unsecured lending. We can take mortgage debentures or a first charge on commercial property as collateral. Before agreeing the loan, we obtain an independent professional valuation of the property. Loan agreements typically allow us to obtain revaluations during the term of the loan. We can also take guarantees, but we do not treat them as collateral unless they are supported by a tangible asset charged to us. We also lend against assets (like vehicles and equipment) and invoices for some customers. We value assets before we lend. For invoices, we review the customers' ledgers regularly and lend against debtors who meet agreed criteria.
Commercial Real Estate (CRE) We take a first charge on commercial property as collateral. The loan is subject to criteria such as the property condition, age and location, tenant quality, lease terms and length, and the sponsor's experience and creditworthiness. Before advancing the loan and where appropriate, a bank representative visits the property. We also obtain an independent professional valuation which typically includes a site visit. Loan agreements typically allow us to obtain revaluations during the term of the loan.
Social Housing We take a first charge on portfolios of residential real estate owned and let by UK Housing Associations as collateral, in most cases. We revalue this every three to five years (in line with industry practice), using the standard methods for property used for Social Housing.

Corporate Centre

Credit risk mitigation</td></tr>
</table>

	The types of credit risk mitigation, including collateral, across each of our portfolios are as follows. In addition, from time to time at a portfolio level we execute significant risk transfer transactions, which typically reduce RWAs. **Sovereign and Supranational** In line with market practice, there is no collateral against these assets. **Structured Products** These are our High-Quality Liquid Assets (HQLA) in our Eligible Liquidity Pool. They are mainly Asset Backed Securities (ABS) and covered bonds, which hold senior positions in the creditor hierarchy. Their credit rating reflects over-collateralisation in the structure and the assets that underpin their cash flows. **Financial Institutions** We use standard legal agreements to reduce credit risk via netting and collateralisation on derivatives, repos and reverse repos, and stock borrowing/lending. We also reduce risk by clearing trades through central counterparties (CCPs) where possible. **Crown Dependencies** We manage the risk on this portfolio in a similar way as for mortgages in Retail & Business Banking.
Article 453 (c) CRR	**A description of the main types of collateral taken by the institution to mitigate credit risk;** Covered by Article 453 (b) CRR section above.
Article 453 (d) CRR	**For guarantees and credit derivatives used as credit protection, the main types of guarantors and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures;** Credit protection entities Santander UK has established five (2023: four) unconsolidated credit protection entities, which are Designated Activity Companies limited by shares, incorporated in Ireland. Each entity has issued a series of credit linked notes varying in seniority which reference portfolios of Santander UK group loans. Concurrently, these entities sell credit protection to Santander UK in respect of the referenced loans and, in return for a fee, are liable to make protection payments to Santander UK upon the occurrence of a credit event in relation to any of the referenced loans. Credit linked notes, which amounted to £226m (2023: £185m), are all held by third party investors. Funds raised by the sale of the credit linked notes are deposited with Santander UK as collateral for the credit protection. Deposits and associated guarantees in respect of the credit linked notes are included in 'Deposits by customers' (see Note 22). The entities are not consolidated by Santander UK because the third-party investors have the exposure, or rights, to all of the variability of returns from the performance of the entities. No assets are transferred to, or income received from, these entities. Since the credit linked notes are fully cash collateralised, Santander UK's maximum exposure to loss is equal to any unamortised fees paid to the entities in connection with the credit protection outlined above.
Article 453 (e) CRR	**Information about market or credit risk concentrations within the credit mitigation taken;** **Monitoring** We measure and monitor changes in our credit risk profile on a regular and systematic basis against our budgets, limits and benchmarks. **Credit concentrations** A core part of our monitoring and management is a focus on credit concentrations, such as the proportion of our lending that goes to specific borrowers, groups or industries. We set and monitor concentration limits in line with our Risk Appetite and review them on a regular basis. – Geographical concentrations: We set exposure limits to countries and geographies, with reference to the country limits set by Banco Santander and our own Risk Appetite. For more geographical information, see 'Country risk exposures'. – Industry concentrations: We also set exposure limits by industry sector. We set these limits based on the industry outlook, our strategic aims and desired level of concentration, and relevant limits set by Banco Santander. We analyse committed exposures in the 'Credit risk review' section that follows.

Performing and non-performing exposures and related provisions (CR1)

The following table provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class at 31 December 2024:

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated Partial write-off	Collateral and financial guarantees received	
		Performing Exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	29,775	29,775	-	-	-	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	208,233	188,967	19,423	3,223	581	2,642	(445)	(124)	(321)	(363)	-	(363)	-	195,271	2,609
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	92	92	-	-	-	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	2,183	2,183	-	-	-	-	-	-	-	-	-	-	-	1,363	-
050	*Other financial corporations*	15,285	14,982	285	52	-	52	(19)	(6)	(13)	(13)	-	(13)	-	10,277	33
060	*Non-financial corporations*	16,839	14,950	1,890	667	-	667	(120)	(53)	(67)	(156)	-	(156)	-	15,500	315
070	*Of which SMEs*	7,776	6,593	1,183	411	-	411	(82)	(34)	(48)	(91)	-	(91)	-	7,183	179
080	*Households*	173,834	156,760	17,248	2,504	581	1,923	(306)	(65)	(241)	(194)	-	(194)	-	168,131	2,261
090	**Debt securities**	12,540	12,485	-	-	-	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	8,399	8,344	-	-	-	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	3,553	3,553	-	-	-	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	582	582	-	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	35,532	34,317	1,215	118	-	118	(68)	(29)	(39)	(17)	-	(10)	-	-	-
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	*Credit institutions*	1,976	1,976	-	-	-	-	-	-	-	-	-	-	-	-	-
190	*Other financial corporations*	1,223	1,198	25	17	-	17	(4)	(3)	(1)	(7)	-	-	-	-	-
200	*Non-financial corporations*	7,539	7,083	455	50	-	50	(28)	(14)	(14)	(9)	-	(9)	-	-	-
210	*Households*	24,794	24,060	735	51	-	51	(36)	(12)	(24)	(1)	-	(1)	-	-	-
220	**Total**	286,080	265,544	20,638	3,341	581	2,760	(513)	(153)	(360)	(380)	-	(373)	-	195,271	2,609

Maturity of exposures (CR1-A)

	At 31 December 2024	Net exposure value					
		On demand	<= 1 year	>1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances to customers	1,879	25,616	52,045	119,868	-	199,408
2	Debt securities	-	4,562	2,673	5,304	-	12,539
3	**Total**	**1,879**	**30,178**	**54,718**	**125,172**	**-**	**211,947**

Changes in the stock of non-performing loans and advances (CR2)

		Gross carrying amount £m
010	**Initial stock of non-performing loans and advances as at 31 Dec 2023**	**3,650**
020	Inflows to non-performing portfolios	1,473
030	Outflows from non-performing portfolios	(1,900)
040	Of which Outflows due to write-offs	(200)
050	Of which Outflows due to other situations	(1,700)
060	**Final stock of non-performing loans and advances as at 31 Dec 2024**	**3,223**

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (CR3)

For more details on the Company's approach to Credit Risk Mitigation refer to the Other Segments – Credit Risk Review section of the Company's 2024 Annual Report.

The following table provides analysis of secured and collateralised exposures at 31 December 2024:

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		31-Dec 2024 £m	31-Dec 2024 £m	31-Dec 2024 £m	31-Dec 2024 £m	31-Dec 2024 £m
1	Loans and advances	10,353	197,080	196,406	1,417	-
2	Debt securities	9,913	2,627	2,627	-	-
3	Total	20,266	200,507	199,033	1,417	-
4	*Of which non-performing exposures*	888	2,335	-	-	-
5	*Of which defaulted*	888	2,335	-	-	-

Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects (CR4)

		Exposures before CCF and CRM		Exposure post-CCF and CRM		RWAs and RWAs density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density (%)
		31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 %
1	Central governments or central banks	39.0	-	40.4	-	-	0%
2	Regional government or local authorities	-	-	-	-	-	0%
3	Public sector entities	-	-	-	-	-	15%
4	Multilateral Development Banks	1.0	-	1.0	-	-	0%
5	International Organisations	0.1	-	0.1	-	-	0%
6	Institutions	0.5	-	0.5	-	0.1	29%
7	Corporates	6.1	2.6	5.2	0.2	4.7	85%
8	Retail	10.0	11.3	9.7	0.1	7.2	74%
9	Secured by mortgages on immovable property	0.1	-	0.1	-	-	61%
10	Exposures in default	0.6	0.1	0.5	-	0.6	133%
11	Exposures associated with particularly high risk	-	-	-	-	-	150%
12	Covered bonds	2.3	-	2.3	-	0.4	17%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
14	Collective investment undertakings	-	-	-	-	-	0%
15	Equity	-	-	-	-	-	0%
16	Other items	5.9	-	5.9	-	3.7	63%
17	**Total**	65.6	14.0	65.7	0.3	16.7	26%

IRB approach -Credit risk exposure and credit risk mitigation (CRM) effects

	Exposures before CCF and CRM		Exposure post-CCF and CRM		RWAs and RWAs density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density (%)
	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 £bn	31 December 2024 %
Corporates – Specialised Lending	4.6	0.7	4.3	0.1	2.9	65%
Corporates – SME	0.3	0.2	0.3	-	0.1	18%
Corporates – Other	5.5	4.6	5.3	0.2	2.1	38%
Institutions	0.2	-	0.2	-	-	22%
Retail Immovable Property	165.5	10.8	165.9	6.5	30.0	17%
Retail QRR	0.4	4.0	0.5	5.0	1.7	32%
Retail Other	1.0	-	1.0	-	1.0	106%
Equity	-	-	-	-	-	370%
Total	177.5	20.3	177.5	11.8	37.8	20%

Template UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

A-IRB		Total exposures	Credit risk Mitigation techniques												Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
			Part of exposures covered by **Financial Collaterals** (%)	Part of exposures covered by **Other eligible collaterals** (%)	Part of exposures covered by **Immovable property Collaterals** (%)	Part of exposures covered by **Receivables** (%)	Part of exposures covered by **Other physical collateral** (%)	Part of exposures covered by **Other funded credit protection** (%)	Part of exposures covered by **Cash on deposit** (%)	Part of exposures covered by **Life insurance policies** (%)	Part of exposures covered by **Instruments held by a third party** (%)	Part of exposures covered by **Guarantees** (%)	Part of exposures covered by **Credit Derivatives** (%)		
		£bn													£bn	£bn
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
3	Corporates	-	-	-	-	-	-	-	-	-	-	-	-		-	-
3.1	*Of which Corporates – SMEs*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
3.2	*Of which Corporates – Specialised lending*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
3.3	*Of which Corporates – Other*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
4	Retail	178.9	-	96.4%	96.4%	-	-	-	-	-	-	-	-		32.7	32.7
4.1	*Of which Retail – Immovable property SMEs*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
4.2	*Of which Retail – Immovable property non-SMEs*	172.4	-	100%	100%	-	-	-	-	-	-	-	-		30.0	30.0
4.3	*Of which Retail – Qualifying revolving*	5.5	-	-	-	-	-	-	-	-	-	-	-		1.7	1.7
4.4	*Of which Retail – Other SMEs*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
4.5	*Of which Retail – Other non-SMEs*	1.0	-	-	-	-	-	-	-	-	-	-	-		1.0	1.0
5	Total	178.9	-	96.4%	96.4%	-	-	-	-	-	-	-	-		32.7	32.7

F-IRB		Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		**RWEA post all CRM assigned to the obligor exposure class**	**RWEA with substitution effects**
		£bn	Part of exposures covered by **Financial Collaterals** (%)	Part of exposures covered by **Other eligible collaterals** (%)	Part of exposures covered by **Immovable property Collaterals** (%)	Part of exposures covered by **Receivables** (%)	Part of exposures covered by **Other physical collateral** (%)	Part of exposures covered by **Other funded credit protection** (%)	Part of exposures covered by **Cash on deposit** (%)	Part of exposures covered by **Life insurance policies** (%)	Part of exposures covered by **Instruments held by a third party** (%)	Part of exposures covered by **Guarantees** (%)	Part of exposures covered by **Credit Derivatives** (%)	**£bn**	**£bn**
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	1.1	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
3	Corporates	10.3	-	23.4%	23.4%	-	-	-	-	-	-	0.5%	-	5.0	5.0
3.1	*Of which Corporates – SMEs*	0.4	-	68.5%	68.5%	-	-	-	-	-	-	-	-	-	-
3.2	*Of which Corporates – Specialised lending*	4.4	-	-	-	-	-	-	-	-	-	-	-	2.9	2.9
3.3	*Of which Corporates – Other*	5.5	-	39.1%	39.1%	-	-	-	-	-	-	0.8%	-	2.1	2.1
4	Total	11.4	-	21.2%	21.2%	-	-	-	-	-	-	0.4%	-	5.2	5.2

Specialised lending and equity exposures under the simple risk weighted approach (CR10)

The following tables outlines the level of exposure assigned to each Specialised Lending Category and maturity.

Template UK CR10.1

		Specialised lending : Project finance (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	79.2	50.2	50%	84.1	31.5	-
	Equal to or more than 2.5 years	138.9	104.4	70%	177.6	93.4	0.7
Category 2	Less than 2.5 years	245.9	218.2	70%	264.1	164.3	1.1
	Equal to or more than 2.5 years	370.3	240.9	90%	436.7	335.0	3.5
Category 3	Less than 2.5 years	16.3	-	115%	16.3	18.7	0.5
	Equal to or more than 2.5 years	34.4	-	115%	34.4	39.6	1.0
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
Total	Less than 2.5 years	**341.4**	**268.4**	-	**364.5**	**214.5**	**1.6**
	Equal to or more than 2.5 years	**543.6**	**345.3**	-	**648.7**	**468.0**	**5.2**

Template UK CR10.2

		Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	500.7	33.5	50%	500.7	235.9	-
	Equal to or more than 2.5 years	634.9	36.8	70%	634.9	409.6	2.5
Category 2	Less than 2.5 years	1,151.6	23.2	70%	1,151.6	689.4	4.6
	Equal to or more than 2.5 years	956.6	21.1	90%	956.6	748.9	7.7
Category 3	Less than 2.5 years	69.9	-	115%	69.9	74.3	2.0
	Equal to or more than 2.5 years	13.1	0.1	115%	13.1	11.9	0.4
Category 4	Less than 2.5 years	4.3	-	250%	4.3	10.7	0.3
	Equal to or more than 2.5 years	0.3	-	250%	0.3	0.5	-
Category 5	Less than 2.5 years	17.8	-	-	17.8	-	8.9
	Equal to or more than 2.5 years	64.1	-	-	64.1	-	32.1
Total	Less than 2.5 years	**1,744.3**	**56.7**	-	**1,744.3**	**1,010.3**	**15.8**
	Equal to or more than 2.5 years	**1,669.0**	**58.0**	-	**1,669.0**	**1,170.9**	**42.7**

Template UK CR10.5

	Equity exposures under the simple risk-weighted approach					
Categories	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Private equity exposures	-	-	190%	-	-	-
Exchange-traded equity exposures	-	-	290%	-	-	-
Other equity exposures	0.2	-	370%	0.2	0.9	-
Total	0.2	-	-	0.2	0.9	-

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (CCyB1)

The following table outlines the geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer at 31 December 2024:

	General credit exposures		Relevant credit exposures – Market risk				Own funds requirement						
Country	Exposure value under the standardised approach £bn	Exposure value under the IRB approach £bn	Sum of long and short positions of trading book exposures for SA £bn	Value of trading book exposures for internal models £bn	Securitisation exposures Exposure value for non-trading book £bn	Total exposure value £bn	Relevant credit risk exposure-Credit Risk £bn	Relevant credit exposures– Market risk £bn	Relevant credit exposures-Securitisation positions in the non-trading book £bn	Total £bn	Risk-weighted exposure amounts £bn	Own funds requirements weights (%)	Countercyclical buffer rate (%)
United Kingdom	22.2	188.7	-	-	6.1	216.9	4.4	-	0.2	4.5	55.9	98.4%	2.00%
Isle of Man	-	-	-	-	-	0.1	-	-	-	-	0.1	0.1%	0.00%
Jersey	0.1	0.1	-	-	-	0.3	-	-	-	-	0.3	0.4%	0.00%
Guernsey	-	0.1	-	-	-	0.1	-	-	-	-	0.1	0.1%	0.00%
United States	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.00%
Spain	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.00%
Australia	0.3	-	-	-	-	0.3	-	-	-	-	0.1	0.1%	1.00%
Luxembourg	-	0.1	-	-	-	0.1	-	-	-	-	-	0.0%	0.50%
Denmark	-	-	-	-	-	-	-	-	-	-	-	0.0%	2.50%
Canada	0.8	-	-	-	-	0.8	-	-	-	-	0.2	0.3%	0.00%
Netherlands	-	-	-	-	-	-	-	-	-	-	-	0.0%	2.00%
Ireland	-	-	-	-	-	-	-	-	-	-	-	0.0%	1.50%
Norway	0.1	-	-	-	-	0.1	-	-	-	-	-	0.0%	2.50%
Sweden	-	-	-	-	-	-	-	-	-	-	-	0.0%	2.00%
France	0.2	-	-	-	-	0.2	-	-	-	-	-	0.1%	1.00%
Belgium	-	-	-	-	-	-	-	-	-	-	-	0.0%	1.00%
Finland	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.00%
Austria	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.00%
British Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	0.1%	0.0%
Czech Republic	-	-	-	-	-	-	-	-	-	-	-	0.0%	1.25%
Germany	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.75%
Hong Kong	-	-	-	-	-	-	-	-	-	-	-	0.0%	1.00%
Iceland	-	-	-	-	-	-	-	-	-	-	-	0.0%	2.50%
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.00%
Slovakia	-	-	-	-	-	-	-	-	-	-	-	0.0%	1.50%
Croatia	-	-	-	-	-	-	-	-	-	-	-	0.0%	1.50%
Chile	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.50%
Cyprus	-	-	-	-	-	-	-	-	-	-	-	0.0%	1.00%
Korea, Republic of	-	-	-	-	-	-	-	-	-	-	-	0.0%	1.00%
Other	0.1	0.1	-	-	-	0.2	-	-	-	-	0.1	0.1%	0.00%
Total	23.8	189.1	-	-	6.1	219.1	4.4	-	0.2	4.5	56.8	100%	

Exposure value of the relevant credit exposures is defined in accordance with Article 140(4) of Directive 2013/36/EU.

Amount of institution-specific countercyclical capital buffer (CCyB2)

The following table shows the amount of institution-specific countercyclical capital buffer:

	£bn
Total risk exposure amount	56.9
Institution specific countercyclical capital buffer rate	1.97%
Institution specific countercyclical capital buffer requirement	1.12

The level of the Countercyclical Capital Buffer for the Company at 31 December 2024 was 1.97%.

CRB: Additional disclosure related to the credit quality of assets

The following tables outlines the credit risk exposure, the associated level of impaired and past due exposures levels and impairment levels (credit risk adjustments) at 31 December 2024 by class of exposure. Further information on impairment losses and provisions is outlined in Note 8 to the financial statements in the Company's 2024 Annual Report.

Definitions of past due and impaired and the approaches and methods adopted for specific credit risk are included in Note 1 to the financial statements in the Company's 2024 Annual Report.

Credit quality of forborne exposures (CQ1)

The following table provides an overview of the quality of forborne exposures at 31 December 2024.

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	1,216	1,010	1,010	1,010	(91)	(99)	1,918	877
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	37	6	6	6	(4)	(1)	37	-
060	*Non-financial corporations*	543	110	110	110	(79)	(27)	464	80
070	*Households*	636	894	894	894	(8)	(71)	1,417	797
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	***Total***	1,216	1,010	1,010	1,010	(91)	(99)	1,918	877

Credit quality of performing and non-performing exposures by past due days (CQ3)

The following table provides an overview of credit quality of non-performing exposures at 31 December 2024:

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	29,775	29,775	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	208,233	207,740	493	3,223	1,593	539	496	533	26	35	1	3,223
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	92	92	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	2,183	2,183	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	15,285	15,281	4	52	44	-	4	4	-	-	-	52
060	*Non-financial corporations*	16,839	16,737	102	667	453	59	57	71	24	2	1	667
070	*Of which SMEs*	7,776	7,674	102	411	275	48	46	17	23	1	1	411
080	*Households*	173,834	173,447	387	2,504	1,096	480	435	458	2	33	-	2,504
090	Debt securities	12,540	12,540	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	8,399	8,399	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	3,553	3,553	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	582	582	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	6	6	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	35,532			118								101
160	*Central banks*	-			-								-
170	*General governments*	-			-								-
180	*Credit institutions*	1,976			-								-
190	*Other financial corporations*	1,223			17								-
200	*Non-financial corporations*	7,539			50								50
210	*Households*	24,794			51								51
220	***Total***	**286,080**	**250,055**	**493**	**3,341**	**1,593**	**539**	**496**	**533**	**26**	**35**	**1**	**3,324**

Credit quality of loans and advances to non-financial corporations by industry (CQ5)

Breakdown of exposures by industry class and Credit Quality:

	At 31 December 2024	Gross carrying amount	Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	93	14	14	93	(3)	-
020	Mining and quarrying	70	-	-	70	(1)	-
030	Manufacturing	539	15	15	539	(10)	-
040	Electricity, gas, steam and air conditioning supply	403	-	-	403	(1)	-
050	Water supply	84	7	7	84	(1)	-
060	Construction	915	35	35	915	(13)	-
070	Wholesale and retail trade	1,492	97	97	1,492	(55)	-
080	Transport and storage	183	3	3	183	(3)	-
090	Accommodation and food service activities	1,155	117	117	1,154	(59)	-
100	Information and communication	336	32	32	332	(14)	-
110	Financial and insurance activities	17,732	52	52	17,499	(31)	-
120	Real estate activities	8,802	78	78	8,797	(25)	-
130	Professional, scientific and technical activities	1,303	53	53	1,297	(28)	-
140	Administrative and support service activities	632	97	97	632	(17)	-
150	Public administration and defence, compulsory social security	39	-	-	39	-	-
160	Education	206	4	4	199	(3)	-
170	Human health services and social work activities	778	100	100	778	(24)	-
180	Arts, entertainment and recreation	144	3	3	144	(1)	-
190	Other services	332	12	12	340	(18)	-
200	**Total**	35,238	719	719	34,982	(307)	-

Collateral obtained by taking possession and execution processes (CQ7)

The following table provides an overview of foreclosed assets obtained from non-performing exposures at 31 December 2024.

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		£m	£m
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	22	-
030	*Residential immovable property*	22	-
040	*Commercial Immovable property*	-	-
050	*Movable property (auto, shipping, etc.)*	-	-
060	*Equity and debt instruments*	-	-
070	*Other collateral*	-	-
080	**Total**	**22**	-

Prudential valuation adjustments (PVA)

PVA for all assets measured at fair value (mark to market or marked to model) and for which PVA are required. Assets can be non-derivative or derivative instruments.

Category level AVA	Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
Market price uncertainty	0.01	2.55	-	0.20	-	0.05	0.20	3.01	0.02	2.99
Close-out cost	-	3.98	-	0.60	-	0.22	-	4.80	0.08	4.72
Concentrated positions	0.01	-	-	0.68	-	-	-	0.69	-	0.68
Early termination	-	-	-	-	-	-	-	0.00	-	-
Model risk	0.02	0.65	-	0.25	-	0.24	0.71	1.87	0.72	1.15
Operational risk	-	0.70	-	0.08	-	-	-	0.78	0.01	0.77
Future administrative costs	-	2.55	-	0.04	-	-	-	2.59	1.01	1.58
Total Additional Valuation Adjustments (AVAs)	-	-	-	-	-	-	-	13.74	1.84	11.89

Key Movements

The year-on-year marginal increase in PVA for RFB can be attributed from the increase in Market Price Uncertainty driven by the widening of MPU spreads in Structural Risk derivatives and Future Administrative Cost, due to the implementation of a enhanced Future Administrative Cost AVA model. However, these increases were offset by a decrease in Investment &Funding Costs AVA from a widening of funding spreads in Property Derivatives and Concentrated Positions from a reduction in the bond volatility in ALCO.

Remuneration

All remuneration requirements outlined in the **UK REMA** as presented in Annex XXXIII of PRA Rulebook, Article 450 (1) (a), (b), (c), (d), (e), (f), (j) and (k) and Article 450 (2) in accordance with Articles 433a, 433b and 433c are disclosed in the Santander UK Group Holdings Regulatory Remuneration Disclosures, which are available as a separate document on the Santander UK website.

Own Funds disclosure – balance sheet reconciliation

The scope of consolidation and method for consolidation of the Company's balance sheet is substantially the same as that used for regulatory purposes.

A reconciliation of regulatory own funds to the relevant balance sheet items for the Company is included in the table below at 31 December 2024.This outlines the impact of the difference in scope of consolidation outlined above:

	Own Funds Type		
	CET1 £m	Additional Tier 1 £m	Tier 2 £m
Santander UK Balance Sheet elements			
Shareholder's equity and Non-controlling interests	11,914	1,860	-
Subordinated Liabilities	-	-	2,385
UK CRR Adjustments			
Additional value adjustments	(14)	-	-
Intangible Assets (net of related tax liability)	(1,467)	-	-
Fair value reserves related to gains or losses on cash flow hedges	316	-	-
Negative amounts resulting from the calculation of regulatory expected loss amounts	(653)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	1	-	-
Deferred tax assets arising from temporary differences	-	-	-
Defined benefit pension fund assets	(316)	-	-
- Dividend accrual	(2)	-	-
- Deduction for minority interests	-	-	-
- NPE Backstop	-	-	-
- Capital Add-on	-	-	-
- IFRS 9 Transitional Adjustments	12	-	-
Amount excluded from Tier 2 due to transitional recognition cap	-	-	(292)
Total	**9,791**	**1,860**	**2,093**

Composition of regulatory own funds (CC1)

The following table provides disclosure of the Company's own funds items. The UK CRR end point position can be derived as the sum of the 31 December 2024 results and the associated end point adjustment. The Common Equity Tier 1 (CET1) Capital before regulatory adjustments below differs from other disclosures in this document as this template requires an alternative treatment of CET1 Minority Interests and foreseeable dividends:

		31 December 2024 Amounts £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital Instruments and the related share premium accounts	8,725	Share Capital
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained Earnings	3,520	Retained Earnings
3	Accumulated other comprehensive income (and other reserves)	(333)	Other Reserves
UK-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	11,912	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(14)	
8	Intangible assets (net of related tax liability) (negative amount)	(1,467)	Intangible Assets
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	Deferred Tax Assets
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	316	Other Reserves
12	Negative amounts resulting from the calculation of expected loss amounts	(653)	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	1	
15	Defined-benefit pension fund assets (negative amount)	(316)	Retirement Benefit Assets
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
UK-20c	of which: securitisation positions (negative amount)	-	
UK-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
UK-25a	Losses for the current financial year (negative amount)	-	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	12	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(2,121)	
29	**Common Equity Tier 1 (CET1) capital**	9,791	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	1,860	Other Equity Instruments
31	of which: classified as equity under applicable accounting standards	1,860	Other Equity Instruments
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT 1	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	1,860	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	

		31 December 2024 Amounts £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	1,860	
45	**Tier 1 capital (T1 = CET1 + AT1)**	11,651	
	-		
46	Capital instruments and the related share premium accounts	1,354	Subordinated Liabilities
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in row 5 or 34) issued by subsidiaries and held by third parties	739	Subordinated Liabilities
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	2,093	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
UK-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	2,093	
59	**Total Capital (TC = T1 + T2)**	13,744	
60	**Total Risk exposure amount**	65,528	
	Capital ratios and buffer		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14.9%	-
62	Tier 1 (as a percentage of total risk exposure amount)	17.8%	-
63	Total capital (as a percentage of total risk exposure amount)	21.0%	-
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	5.5%	-
65	of which: capital conservation buffer requirement	2.5%	-
66	of which: countercyclical buffer requirement -	2.0%	
67	of which: systemic risk buffer requirement	1.0%	-
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	14.9%	-
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustment in T2 under standardised approach	214	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustment in T2 under internal ratings-based approach	227	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (CC2)

The scope of consolidation and method for consolidation of the RFB Group balance sheet is substantially the same as that used for regulatory purposes.
A reconciliation of regulatory own funds to the relevant balance sheet items for the RFB Group is included in the table below at 31 December 2024. This outlines the impact of the difference in scope of consolidation outlined above:

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference[1]
		As at period end 31 December 2024	As at period end 31 December 2024	
Assets - *Breakdown by asset class according to the balance sheet in the published financial statements*				
1	Cash and balances at central banks	29,881	29,881	
2	Financial assets at fair value through profit or loss:	-	-	
3	– Trading assets	-	-	
4	– Derivative financial instruments	1,204	1,205	
5	– Other financial assets at fair value through profit or loss	136	136	
6	Financial assets at amortised cost:	-	-	
7	– Loans and advances to customers	199,408	200,143	
8	– Loans and advances to banks	1,032	1,059	
9	– Reverse repurchase agreements – non trading	10,338	10,338	
10	– Other financial assets at amortised cost	3,408	3,408	
11	Macro hedge of interest rate risk	-738	-738	
12	Financial assets at fair value through other comprehensive income	9,040	9,040	
13	Financial investments	-	-	
14	Interests in other entities	289	-	
15	Intangible assets	1,539	1,539	Table CC1 Row 8
16	Property, plant and equipment	1,563	2,027	
17	Current tax assets	506	517	
18	Deferred tax assets	-	8	Table CC1 Row 10
19	Retirement benefit assets	439	439	
20	Other assets	1,887	1,974	
21	Assets held for sale	12	12	
22	**Total assets**	259,944	260,988	
Liabilities - *Breakdown by liability class according to the balance sheet in the published financial statements*				
1	Financial liabilities at fair value through profit or loss:	-	-	
2	– Trading liabilities	-	-	
3	– Derivative financial instruments	702	707	
4	– Other financial liabilities at fair value through profit or loss	1,055	1,055	
5	Financial liabilities at amortised cost:	-	-	
6	– Deposits by customers	180,967	181,063	
7	– Deposits by banks	13,993	14,192	
8	– Repurchase agreements – non trading	8,617	8,617	
9	– Debt securities in issue	35,673	36,023	
10	– Subordinated liabilities	2,385	2,385	Table CC1 Row 46/48
11	Macro hedge of interest rate risk	47	47	
12	Other liabilities	1,851	1,945	
13	Provisions	611	614	
14	Current tax liabilities	-	2	
15	Deferred tax liabilities	246	253	
16	Retirement benefit obligations	23	23	
17	Liabilities held for sale	-	-	
18	Total liabilities	246,170	246,926	
Shareholders' Equity				
1	Equity	-	-	
2	Share capital	3,105	3,258	Table CC1 Row 1
3	Share premium	5,620	5,620	Table CC1 Row 1
4	Other equity instruments	1,860	1,860	Table CC1 Row 30
5	Retained earnings	3,522	3,656	Table CC1 Row 2
6	Other reserves	(333)	(332)	Table CC1 Row 3
7	Non-controlling interests	-	-	
	Total shareholders' equity	13,774	14,062	

The main difference between the balance sheet published per the financial statements and the balance sheet under the regulatory scope of consolidation relates to the adjustments required to convert the joint ventures in Consumer Finance from the equity method consolidation to full consolidation in addition to eliminating the intragroup balances between the Company and these Joint ventures.

1 The references describe regulatory balance sheet components that link initially to items disclosed in table CC1, prior to the application of regulatory definitions and adjustments per the rules for calculating own funds.

Own Funds disclosure – capital instruments main features

Own Funds disclosure – Capital Instruments Main Features table is available on our website as Full Year 2024 ACRMD tables, Appendix III. This includes the main features of the Santander UK plc Group's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.

Glossary

Advanced Internal Ratings Based Approach (AIRB)	A method of calculation using internal estimates for all risk components.
Basel III	In December 2010, the Basel Committee on Banking Supervision issued the Basel III rules text, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity. The standards were implemented in the EU in January 2014.
Capital Conservation Buffer	A capital buffer required under Basel III to ensure banks build up capital buffers outside of periods of stress.
Common Equity Tier 1 (CET1) capital	The called-up share capital and eligible reserves less deductions calculated in accordance with the UK CRR implementation rules as per the PRA Policy Statement PS7/13. CET1 capital ratio is CET1 capital as a percentage of risk-weighted assets.
Common Equity Tier 1 ratio	CET1 capital as a percentage of risk weighted assets.
Countercyclical capital buffer (CCyB)	A capital buffer required under Basel III to ensure that capital requirements take account of the macro-financial environment in which banks operate.
Counterparty credit risk	A subset of credit risk and is the risk that a counterparty defaults.
UK CRR	An EU legislative package covering prudential rules for banks, building societies and investment firms.
Credit Conversion Factor (CCF)	An estimate of the amount Santander expects a customer to have drawn further on a facility limit at the point of default.
Credit Risk	The risk that a counterparty will default and will be unable to fulfil the obligations of their contract.
Credit Valuation Adjustment (CVA)	Adjustments to the fair values of derivative assets to reflect the creditworthiness of the counterparty.
EU Banking Group	Banco Santander group, a leading and commercial bank headquartered in Spain.
Expected Loss (EL)	The Santander UK Group Holdings plc group measure of anticipated loss for exposures captured under an internal ratings-based credit risk approach for capital adequacy calculations. It is measured as the Santander UK Group Holdings plc group-modelled view of anticipated loss based on Probability of Default, Loss Given Default and Exposure at Default, with a one-year time horizon.
Exposure	The maximum loss that a financial institution might suffer if a borrower, counterparty or group fails to meet their obligations or assets and off-balance sheet positions have to be realised.
Exposure at Default (EAD)	The estimation of the extent to which the Santander UK Group Holdings plc group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit.
Fair Value	The value of an asset or liability when the transaction is on an arm's length basis.
Financial Policy Committee	An independent committee at the Bank of England with the objective of overseeing and taking action to remove or reduce systemic risks to protect and enhance the resilience of the UK financial system.
Foundation Internal Ratings Based Approach (FIRB)	A method of calculation for credit risk capital requirements using internal estimate of PD with supervisory estimates for LGD and supervisory calculations for EAD.
Global Systematically Important Bank (G-SIB)	G-SIBs are subject to higher capital buffer requirements, total loss-absorbing capacity requirements, resolvability requirements and higher supervisory expectations and have been phased in from 1 January 2016.
Institution	An investment firm or credit institution.
Internal Models Approach (IMA)	Approved by the PRA this model is used to calculate market risk capital and RWA.
Internal Ratings-Based Approach (IRB)	The Santander UK Group Holdings plc group's method, under the UK CRR framework, for calculating credit risk capital requirements using the Santander UK Group Holdings plc group's internal Probability of Default models but with supervisory estimates of Loss Given Default and conversion factors for the calculation of Exposure at Default.
Leverage Ratio	UK CRR end-point Tier 1 capital divided by exposures as defined by the European Commission Delegated Regulation 2015/62 of October 2014. In July 2016, the definition was amended to exclude from the calculation for total exposure those assets held against central banks that are matched by deposits in the same currency and of equal or longer maturity.
Loss Given Default (LGD)	The fraction of Exposure at Default that will not be recovered following default. LGD comprises the actual loss (the part that is not recovered), together with the economic costs associated with the recovery process.
Mark-to-Market Approach	An approach available to banks to calculate the exposure value associated with derivative transactions.
Market Risk	The risk of loss of earnings or economic value due to adverse changes in the financial market.
Maturity or Residual Maturity (for RWAs)	Remaining time until a transaction expires.
Minimum Capital Requirement	Minimum capital required for credit, market and operational risk.
Multilateral Development Banks	An institution created by a group of countries to provide financing for the purpose of development.
Operational Risk	The risk of loss due to the failure of people, process or technology.
Pillar 1	The first pillar of the Basel III approach which provides the approach to the calculation of the minimum capital requirements. This is 8% of the banks risk-weighted assets.
Pillar 3	The part of the UK CRR Accord which sets out the disclosure requirements for firms to publish details of their risks, capital and risk management. The aims are greater transparency and strengthening market discipline.
Probability of Default (PD)	The degree of likelihood that the counterparty fails to meet their financial obligation, within a period of one year.
Prudential Regulation Authority (PRA)	The UK financial services regulator formed as one of the successors to the FSA. The PRA is part of the Bank of England and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm.
Prudential Valuation Adjustment (PVA)	These are adjustments to the tier 1 capital where the prudent value of the position in the trading book is seen by the bank as being below the fair value recognised in the financial statements.
Regulatory Capital	The amount of capital that the Santander UK Group Holdings plc group holds, determined in accordance with rules established by the UK PRA for the consolidated Santander UK Group Holdings plc group and by local regulators for individual Santander UK Group Holdings plc group companies.
Repurchase Agreement (repo)/Reverse Repurchase Agreement (reverse repo)	In a sale and repurchase agreement one party, the seller, sells a financial asset to another party, the buyer, under commitments to reacquire the asset at a later date. The buyer at the same time agrees to resell the asset at the same later date. From the seller's perspective such agreements are securities sold under repurchase agreements (repos) and from the buyer's securities purchased under commitments to resell (reverse repos).
Retail Internal Ratings Based Approach (Retail IRB)	The Santander UK Group Holdings plc group's internal method of calculating credit risk capital requirements for its key retail portfolios. The FSA approved the Santander UK Group Holdings plc group's application of the Retail IRB approach to the Santander UK Group Holdings plc group's credit portfolios with effect from 1 January 2008.
Risk-Weighted Assets (RWAs)	A measure of a bank's assets adjusted for their associated risks. Risk weightings are established in accordance with the Basel Capital Accord as implemented by the PRA.
RWA Density	The risk-weighted asset divided by exposure at default.
Securities Financing Transactions (SFT)	Transactions involving repurchase agreements and reverse repurchase agreements, stock borrow lending and other securities.

Securitisation Positions	The position assumed by the bank following the purchase of certain structured securities.
Specialised Lending	An exposure to an entity which was created specifically to finance and/or operate physical assets, where the contractual arrangements given the lender a substantial degree of control over the assets and the income that they generate and the primary source of repayment of the obligation is the income generated by the assets being financed.
Standardised Approach	In relation to credit risk, a method for calculating credit risk capital requirements under UK CRR, using External Credit Assessment Institutions ratings and supervisory risk weights. The Standardised approach is less risk-sensitive than IRB (see 'IRB' above). In relation to operational risk, a method of calculating the operational capital requirement under UK CRR, by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.
Tier 1 Capital	A measure of a bank's financial strength defined by the PRA. It captures Core Tier 1 capital plus other Tier 1 securities in issue but is subject to a deduction in respect of material holdings in financial companies.
Tier 1 Capital ratio	The ratio expresses Tier 1 capital as a percentage of risk weighted assets.
Tier 2 Capital	Defined by the PRA. Broadly, it includes qualifying subordinated debt and other Tier 2 securities in issue, eligible collective impairment allowances, unrealised available for sale equity gains and revaluation reserves. It is subject to deductions relating to the excess of expected loss over regulatory impairment allowance, securitisation positions and material holdings in financial companies.
Trading Book	Positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book, which must be free of restrictive covenants on their tradability or ability to be hedged.
Value at Risk (VaR)	An estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day, measured to a confidence level.