CREDIT OPINION

20 February 2025

Update

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RATINGS

Santander UK Group Holdings plc

Domicile	London, United Kingdom
Long Term CRR	Not Assigned
Long Term Debt	Baa1
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Not Assigned

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Santander UK Group Holdings plc

Update following rating affirmation with a stable outlook

Summary

Santander UK plc's (SanUK, the bank) deposit and senior unsecured ratings of A1 reflect our very low loss-given-failure assumptions under our Advanced Loss Given Failure (LGF) analysis, which result in a two-notch uplift from the bank's BCA of baa1, as well as our assumption of moderate probability of support from the Government of Untied Kingdom (Aa3 stable), which results in one additional notch of uplift.

Santander UK Group Holdings plc's (SanUK Group, the holding company) senior unsecured debt rating of Baa1 (stable outlook) reflects the group's notional BCA of baa1; our assumption for moderate loss-given-failure for the instrument under our Advanced LGF analysis, resulting in no uplift from the notional BCA and low probability of government support, providing no rating uplift.

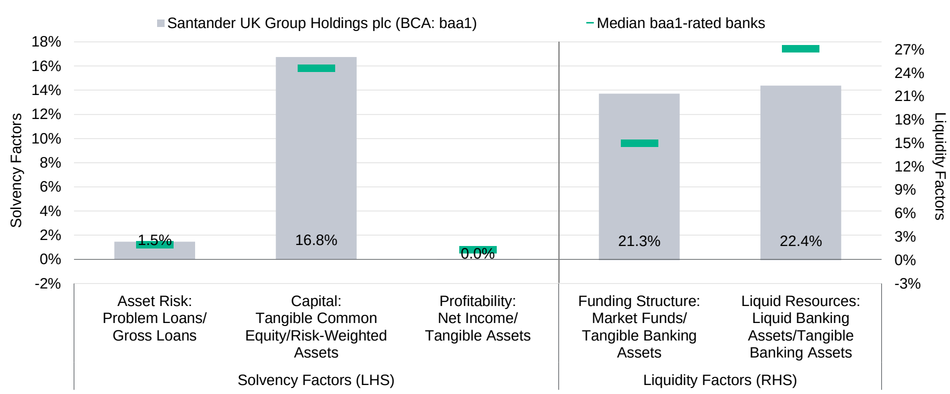
SanUK Group is a subsidiary of Banco Santander S.A. (Banco Santander, A2/A2 positive, baa1). We expect a high probability of support from Banco Santander; however, our assumption does not lead to any rating uplift in the Adjusted BCA of SanUK because its baa1 BCA is in line with that of Banco Santander.

The bank's BCA of baa1 reflects its low-risk loan portfolio mainly comprising residential mortgages, as well as its solid capitalisation, moderate profitability, robust funding profile with a large retail deposit base and ample liquidity buffers. The baa1 BCA also reflects the bank's concentrated focus on mortgage lending, which we reflect in a one-notch negative adjustment in our scorecard, in-line with that for peers with a similar business focus.

Exhibit 1

Rating Scorecard

Key financial ratios as at 30 June 2024



We assign a BCA to SanUK based on the consolidated financials of SanUK Group. The chart above shows the financial ratios of SanUK Group.

Source: Moody's Ratings

Credit strengths

» Low asset risk, reflecting a large proportion of retail mortgages in the loan portfolio

» Solid risk-based capitalisation, well in excess of the regulatory requirement

» Large retail base with a high proportion of current accounts

» Diversified funding profile

» Ample liquidity buffers

Credit challenges

» Moderate profitability reflecting lower-yielding portfolio and relatively weak cost efficiency

» High exposure to regulatory and legal risk related to motor finance exposure

» Relatively weak nominal leverage ratio

» High dependence on the UK housing market given a large proportion of retail mortgage loans in the portfolio

Outlook

The outlook is stable, reflecting our expectation that SanUK Group will maintain solid capital levels, with no meaningful deterioration in profitability, asset quality or liquidity.

Factors that could lead to an upgrade of the ratings

SanUK's BCA could be upgraded if there is an improvement in its asset quality metrics, profitability or capitalisation, or if the bank increases diversification of its business without weakening its solvency profile.

SanUK Group's ratings could be upgraded following an upgrade of SanUK's BCA or an increase in the stock of bail-in-able liabilities. SanUK's long-term deposit, issuer, and senior unsecured debt ratings could be upgraded if both the BCA is upgraded due to an improvement in the financial profile and if the Advanced LGF analysis notching increases due to a significant increase in the stock of more junior bail-in-able liabilities; this is because a BCA upgrade or an additional uplift under the Advanced LGF analysis would be offset by a decrease of the government support to zero notches from the current one notch.

Factors that could lead to a downgrade of the ratings

The BCA could be downgraded if there is a material weakening in asset quality, which would suggest an increased risk in the loan portfolio, or if there is a substantial and sustained deterioration in profitability. The ratings could also be downgraded if there is a significant reduction in capital and liquidity (e.g., due to large provisions related to the motor finance business).

Downward rating pressure could also develop if any change in strategy or ownership introduces disruptions to its franchise, which could reduce the future stability of its earnings, or if the group meaningfully increases its risk appetite to enhance its profitability.

SanUK Group's senior unsecured debt ratings and SanUK's long-term deposit, issuer, and senior unsecured debt ratings could be downgraded if the BCA is downgraded, or if there is a significant decline in the stock of bail-in-able liabilities, or if the Government of United Kingdom sovereign debt rating is downgraded.

Key indicators

Exhibit 2
Santander UK Group Holdings plc (Consolidated Financials) [1]

	06-24[2]	12-23[2]	12-22[2]	12-21[2]	12-20[2]	CAGR/Avg.[3]
Total Assets (GBP Billion)	271.4	282.1	292.2	293.7	295.6	(2.4)[4]
Total Assets (USD Billion)	343.1	359.6	351.5	396.4	404.0	(4.6)[4]
Tangible Common Equity (GBP Billion)	11.4	11.6	12.1	12.3	11.4	(0.0)[4]
Tangible Common Equity (USD Billion)	14.5	14.7	14.5	16.6	15.6	(2.2)[4]
Problem Loans / Gross Loans (%)	1.5	1.4	1.2	1.4	1.4	1.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.7	16.7	17.2	18.0	15.7	16.9[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	24.6	23.8	20.3	22.4	22.7	22.8[5]
Net Interest Margin (%)	1.5	1.6	1.5	1.3	1.1	1.4[5]
PPI / Average RWA (%)	2.7	3.6	3.6	2.7	1.8	2.9[6]
Net Income / Tangible Assets (%)	0.0	0.4	-1.1	0.5	0.5	0.1[5]
Cost / Income Ratio (%)	59.1	50.0	48.8	55.6	64.3	55.5[5]
Market Funds / Tangible Banking Assets (%)	20.0	21.3	22.5	24.5	24.2	22.5[5]
Liquid Banking Assets / Tangible Banking Assets (%)	21.0	22.4	21.0	24.1	25.4	22.8[5]
Gross Loans / Due to Customers (%)	110.2	106.9	110.9	108.8	108.6	109.1[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Ratings and company filings

Profile

SanUK is a retail and commercial bank that operates exclusively in the UK. It is a subsidiary of Banco Santander S.A. (Spain) (A2/A2 positive, baa1[1]), accounting for 17% of the group's assets at end-December 2024. In the UK, SanUK is the fourth-largest residential mortgage provider and is the fifth-largest current account provider.

As part of the implementation of the ring-fencing legislation in the UK, in 2018, SanUK transferred its small corporate and investment banking division to the London branch of Banco Santander and its branches in the Crown Dependencies to its sister company SFS, which became the non-ring-fenced bank of Santander UK Group. At present, in addition to the branches in the Crown Dependencies, SFS retains a small portfolio of legacy assets.

Recent developments

» On 28 January 2025, SanUK Group announced that its Board Chair, William Vereker, will step down from the Board during the course of 2025.

» In 3Q 2024, SanUK Group booked £295 million of provisions in relation to historical motor finance commission payments.

Detailed credit considerations

We assign a BCA to SanUK based on the consolidated financials of SanUK Group. The financial data in the following sections are sourced from SanUK Group's consolidated financial statements, unless otherwise stated.

Concentration of revenue in UK residential mortgages

SanUK Group's baa1 BCA incorporates a one-notch negative adjustment under Business Diversification to reflect its concentrated focus on mortgage lending. We apply the same adjustment to other UK banks with a similar business models and to building societies.

Asset risk supported by a low-risk profile of the loan book; incorporates regulatory and legal risk related to motor finance exposure

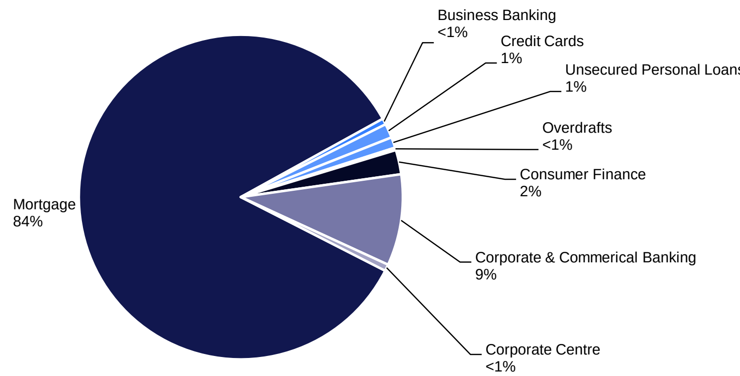
The assigned a1 Asset Risk score reflects our expectation that SanUK Group's Stage 3 loans will remain broadly stable, with borrowers benefiting from declining interest rates. At the same time, the assigned score reflects the group's exposure to legal and regulatory risk in its auto finance loan book, given the ongoing motor finance regulatory review and pending court actions in motor finance commission cases.

SanUK Group's loan book has a low risk profile, largely comprising mortgages (84.5% of total loans at year-end 2024), with a relatively low average loan-to-value (LTV) ratio of 51%. Within its mortgage loan book, SanUK Group also has a small buy-to-let loan portfolio, which represented 9% of its total mortgage loans as of year-end 2024. The group's corporate and commercial banking portfolio, which includes commercial real estate and social housing loans, accounted for 9% of total loans.

Exhibit 3

Mortgages account for the bulk of SanUK's loan book

Loan book breakdown as of end-December 2024



Source:Issuer filings

SanUK Group's problem loan ratio has ranged between 1.1% and 1.5% since 2015. As of year-end 2024, the problem loan ratio was 1.4%, representing a small decline from 1.5% a year ago due to the sale of a low-margin mortgage portfolio. While higher than that of building societies and banks focused on mortgage lending, we view it as in-line with the risk profile of its loan portfolio, which includes commercial and corporate loans, including CRE[2], as well as credit cards.

SanUK Group's auto finance loan portfolio exposes it to legal and regulatory risk that could result in additional liabilities stemming from the motor finance regulatory review and pending court actions in motor finance commission cases. However, the group's relatively low historical exposure to motor finance as a proportion of total loans limits the negative impact from potential redress or other forms of customer compensation on its franchise. As of year-end 2024, SanUK Group's consumer finance portfolio, which mostly comprises auto finance loans, amounted to £4.8 billion (2.4% of total loans). In 3Q 2024, SanUK Group set aside £295 million of provisions for motor finance commission payments.

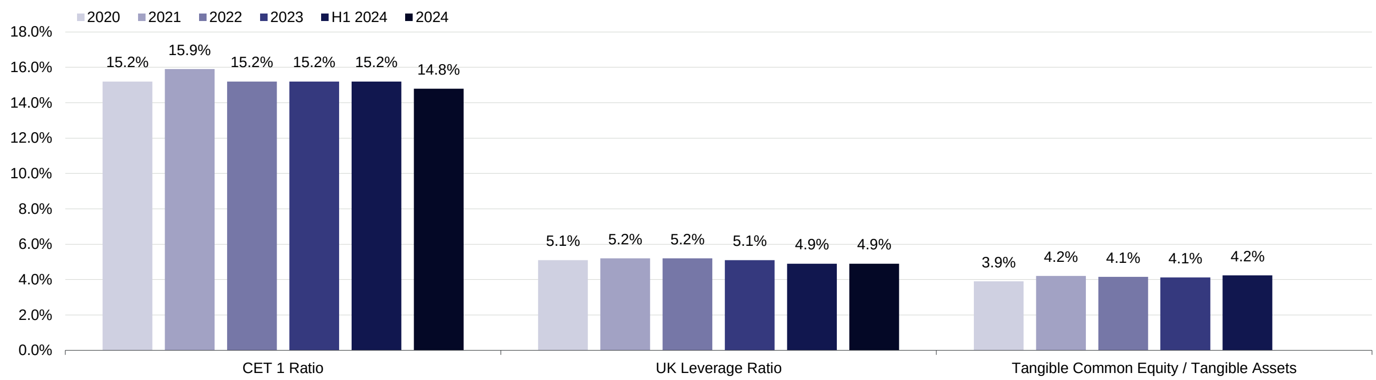
Solid risk-based capitalisation, but relatively weak nominal leverage

The assigned a1 Capital score is two notches below the aa2 Macro-Adjusted score, reflecting our expectation that San UK Group will maintain solid capitalisation levels, which however could moderate further as a result of the group's dividend distributions to its parent Banco Santander. The assigned score also reflects the group's relatively weak nominal leverage, reflective of the low RWA density of its loan book.

SanUK Group's Common Equity Tier 1 (CET1) capital ratio declined to 14.8% by year-end 2024 from 15.2% a year ago, as its dividend distributions of £1.3 billion during the year exceeded earnings of £950 million. Notwithstanding the decline, SanUK Group's capitalisation remained well in excess of regulatory requirements. As of year-end 2024, SanUK Group's distance to the maximum distributable amount (MDA) trigger level of 11.2% was 3.6% at the holding company level and 2.6% when incorporating a 1% systemic buffer at the ring-fenced bank.

SanUK Group's nominal leverage ratio, which we calculate as the amount of tangible common equity relative to tangible assets, was 4.2% as of end-June 2024, which we view as modest. The bank's regulatory leverage ratio, which excludes claims on central banks, declined to 4.9% by the end-December 2024 from 5.1% at year-end 2023, but remained above the regulatory minimum requirement of 4.3%[3]. SanUK Group's minimum requirement for own funds and eligible liabilities (MREL) was 29% of its RWAs as of year-end 2024, relative to its MREL ratio of 36.3%.

Exhibit 4
SanUK Group's capital ratios



Regulatory ratios on a transitional phase-in basis. The Tangible Common Equity ratio excludes high-trigger AT1 instruments from 2020
Source: Moody's Ratings and issuer filings

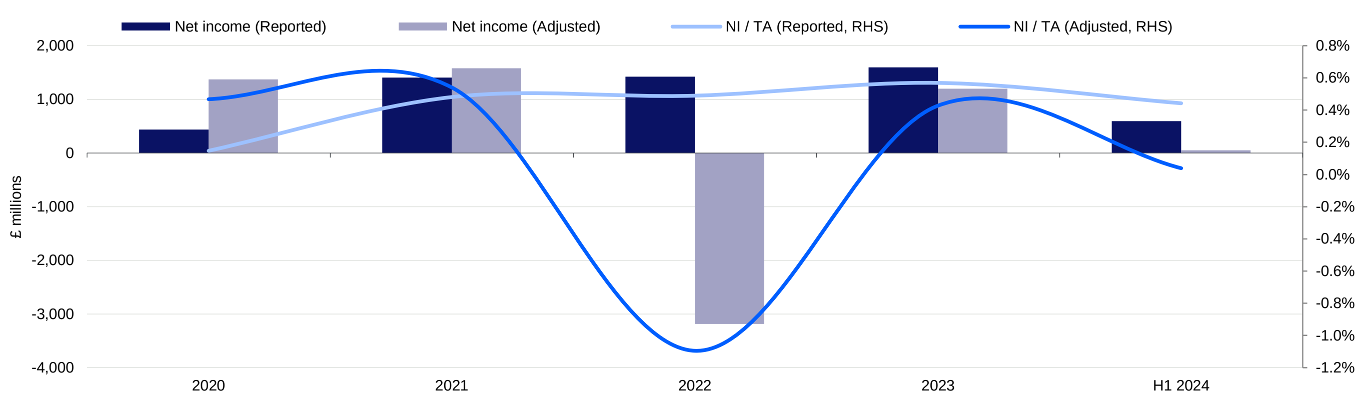
Moderate profitability, reflecting lower-margin loan portfolio and relatively weak cost efficiency

The assigned ba2 Profitability score reflects SanUK Group's moderate profitability, reflecting its lower-margin portfolio mainly focused on retail mortgages, but also its relatively high cost base. While we expect SanUK Group to resume growth, driven by higher demand for mortgages as rates fall, lower interest rates will put pressure on the group's margins.

During 2024, SanUK Group's reduced pricing on its high cost deposits to improve its margins. However, this caused a £10.2 billion (5% year-over-year) deposit outflow that was almost offset by a reduction in loan balances of £8.8 billion (4% year-over-year), which also incorporated the sale of a low-yielding mortgage loan portfolio of an undisclosed amount. With higher NIM, which improved by 18 basis points since 1Q 2024 to 2.25% in 4Q 2024, the group was able to stabilise its net interest income. However, SanUK Group's persistently high cost base continues to weigh on its profitability, which the group has been looking to address through its "transformation" program, aimed to improve cost efficiencies and customer experience.

In 2024, SanUK Group recorded £1,330 million of pretax earnings, a reduction of 38% from £2,149 million a year ago. Included in the group's 2024 results were £295 million of provisions related to motor finance commissions and a £31 million loss on the low-yield mortgage loan portfolio sale. Normalised for these items, SanUK Group's pretax earnings was £1,656 million, representing a 23% decline from last year, largely driven by increased expenses and higher non-lending provisions, some of which related to the group's transformation program. In addition, SanUK Group recorded £25 million of credit impairment write-backs in 4Q 2024, which primarily reflected the sale of previously written off unsecured loan portfolios. On an after-tax basis and adjusted for dividends on Additional Tier 1 (AT1) instruments, we estimate that SanUK Group's return on tangible assets was 0.4%.

Exhibit 5
NI and NI as a % of Tangible Assets (TA) on both a reported and Moody's adjusted basis from 2019 to H1 2024[4].



Source: Moody's Ratings and issuer filings

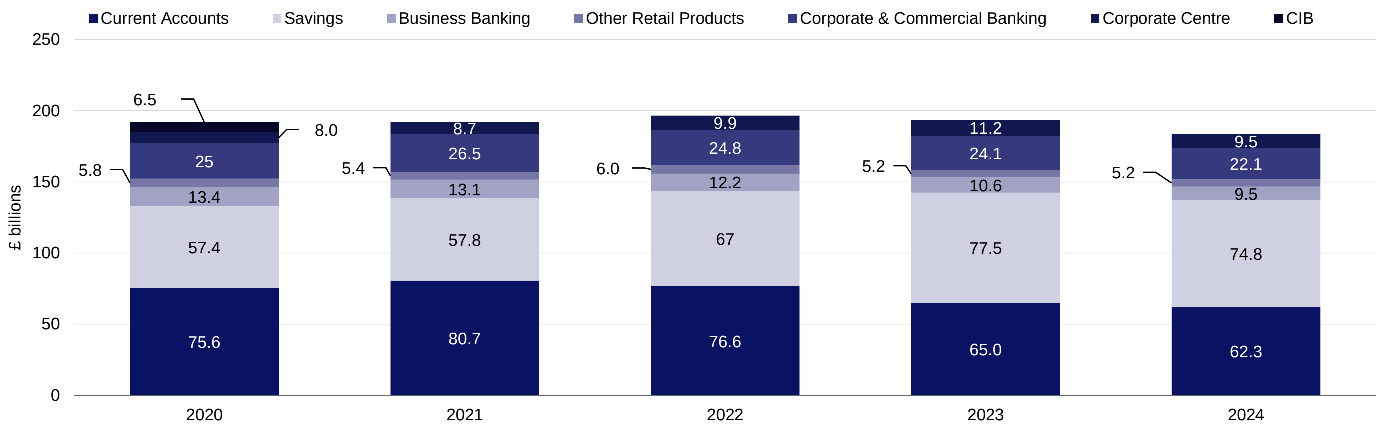
Large retail deposit base as a primary source of funding; diversified wholesale funding

The assigned baa1 Funding Structure score is in line with the Macro-Adjusted score. Being primarily a retail bank, SanUK Group primarily funds itself with retail deposits, which are largely insured. At the same time, the assigned score reflects the extent of the group's reliance on wholesale funding, which is relatively high as compared to peers, but is also highly diversified.

As of end-December 2024, SanUK Group's retail deposits represented 77% of its total funding. While significant in relation to total funding, the group's deposit base is smaller than its loan book, with the loan-to-deposit ratio of 109%. Among its peer group, SanUK Group has the highest reliance on wholesale funding, with market funds representing 20% of its tangible banking assets as of end-June 2024.

Current accounts, on which the bank does not pay interest and which we view as more sticky, represent about a third of SanUK Group's total deposit base. A significant portion of the group's retail deposits (86% as of end-June 2024) benefit from the Financial Services Compensation Scheme (FSCS) guarantee.

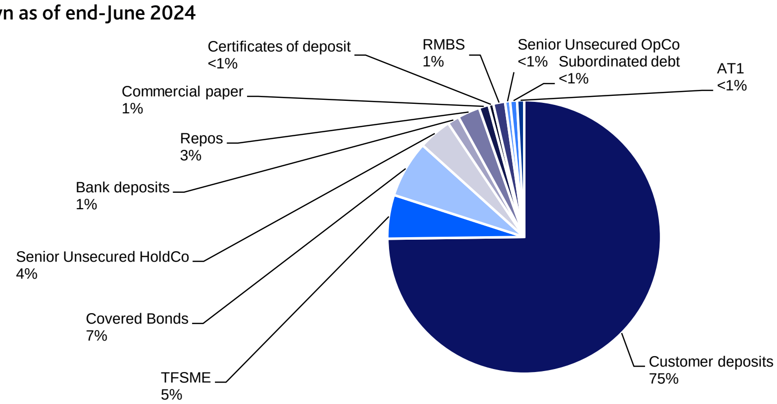
Exhibit 6
Deposit balances have been declining due to price actions taken to improve margins
Customer deposit mix: 2020 to 2024



Source: Issuer filings

SanUK Group's wholesale funding is highly diversified among different debt classes, with central bank borrowings (the Term Funding Scheme with additional incentives for SME, TFSME) representing a relatively large proportion of the mix. In 2025, the group will have to repay £7.1 billion of its remaining £11 billion TFSME borrowings, which we expect it to largely replace with wholesale funding.

Exhibit 7
SanUK Group's market funding is highly diversified
Funding breakdown as of end-June 2024



Source: Issuer filings

Ample liquidity buffers

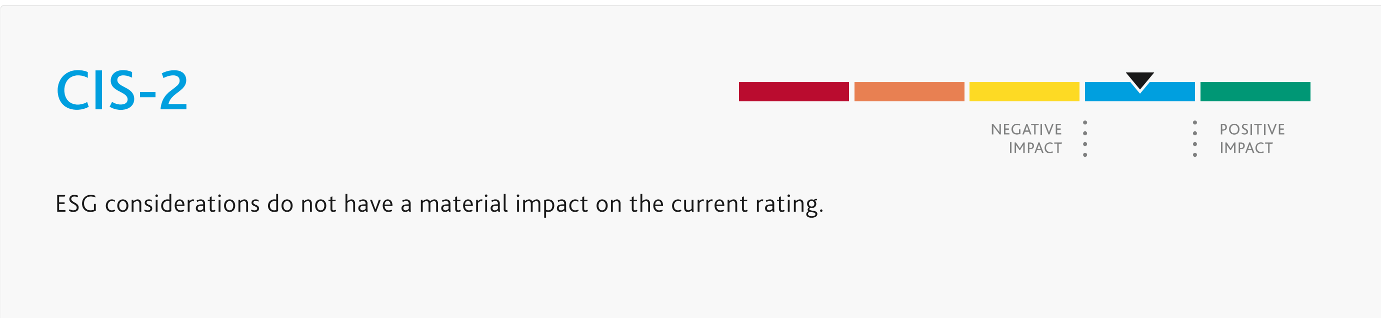
We assign a baa1 Liquid Resources score to SanUK Group, in line with the Macro-Adjusted score, to reflect our expectation that SanUK Group will continue to maintain ample liquidity buffers.

In 2024, SanUK Group's liquid assets declined by almost £3 billion to £47.8 billion, and its Liquidity Coverage Ratio (LCR) reduced to 156% from 162%, driven by repayments of central bank borrowings. Cash and central bank reserves amounted to £32.2 billion as of year-end 2024 and represented 67% of SanUK Group's liquid assets.

ESG considerations

Santander UK Group Holdings plc's ESG credit impact score is CIS-2

Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Santander UK Group's **CIS-2** reflects that ESG considerations do not have a material impact on the rating to date. In particular, governance risks are low, supported by sound capital, liquidity and risk management.

Exhibit 9
ESG issuer profile scores

Source: Moody's Ratings

Environmental

Santander UK Group faces lower-than-industry-average exposure to environmental risks. The bank has limited exposure to carbon transition risks because its loan book is concentrated in UK residential mortgages, with very low exposure to commercial loans.

Social

Santander UK Group faces high social risks from customer relations because of considerable focus on consumer protection in the UK, exposing banks to potential fines from regulators and litigation from customers as well as cyber risk and the financial and reputational implications of data breaches. The bank's developed policies and procedures help manage associated credit risks. The bank also faces moderate social risks related to potential competition from technology firms and other disruptors.

Governance

Santander UK Group faces low governance risks. The bank's risk management, policies, and procedures are in line with industry best practices, as evidenced by its good asset quality and sound management of capital and liquidity. Because Santander UK is fully owned by Banco Santander SA, we aligned the subsidiary's board structure, policies and procedures score with that of its parent, given the bank's strategic importance and public affiliation with the group, the parent's oversight of its subsidiary board and the regulated nature of both entities.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Affiliate support

We expect a high probability of support coming from Banco Santander, based on the size of SanUK within the group and reputational risk to its parent. Our assumptions do not lead to any uplift, because the BCA of SanUK is in line with that of Banco Santander.

Loss Given Failure (LGF) analysis

SanUK is subject to the UK implementation of the EU Bank Recovery and Resolution Directive, which we consider to be an operational resolution regime. Our analysis assumes residual tangible common equity of 3%, post-failure losses of 8% of tangible banking assets, a 25% run-off in junior wholesale deposits and a 5% run-off in preferred deposits and it assigns a 25% probability to deposits being preferred to senior unsecured debt. These assumptions are in line with our standard assumptions. We also assume the proportion of deposits considered junior at 10%, relative to our standard assumption of 26%, because of the more retail, and small and medium-sized enterprise-oriented depositor base.

SanUK's junior deposits and senior debt are likely to face very low loss-given-failure because of the loss absorption provided by subordinated debt and the volume of deposits and senior debt. This results in a two-notch uplift from the bank's BCA. For the senior unsecured debt of the holding company SanUK Group, our LGF analysis shows moderate loss-given-failure, resulting from the combination of its own volume of debt and the amount of debt subordinated to it. This results in ratings in line with SanUK Group's BCA.

SanUK's and SanUK Group's dated subordinated debt are likely to face high loss-given-failure because the loss absorption provided by limited junior instruments and residual equity is small. We also incorporate notching for Additional Tier 1 instruments, reflecting coupon features. The Additional Tier 1 high-trigger contingent convertible perpetual preferred securities issued by SanUK Group are rated Ba1 (hyb).

Government support

We expect a moderate probability of government support for SanUK's deposits and senior debt, reflecting the bank's high market share for deposits and residential mortgages in the UK. This results in one notch of uplift to the long-term deposit and senior unsecured ratings.

For junior securities, and for the senior debt of the holding company, we believe that potential government support is low and these ratings do not include any uplift.

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 10

Rating Factors

Macro Factors							
Weighted Macro Profile	**Strong +**	**100%**					
Factor		**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency							
Asset Risk							
Problem Loans / Gross Loans		1.5%	aa3	↓	a1	Sector concentration	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		16.7%	aa2	↓	a1	Expected trend	Nominal leverage
Profitability							
Net Income / Tangible Assets		0.0%	caa1	↑↑	ba2	Expected trend	
Combined Solvency Score			a3		a3		
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets		21.3%	baa1	↔	baa1		
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets		22.4%	baa1	↔	baa1		
Combined Liquidity Score			baa1		baa1		
Financial Profile			a3		a3		
Qualitative Adjustments					Adjustment		
Business Diversification					-1		
Opacity and Complexity					0		
Corporate Behavior					0		
Total Qualitative Adjustments					-1		
Sovereign or Affiliate constraint					Aa3		
BCA Scorecard-indicated Outcome - Range					a3 - baa2		
Assigned BCA					baa1		
Affiliate Support notching					0		
Adjusted BCA					baa1		

Balance Sheet	**in-scope (GBP Million)**	**% in-scope**	**at-failure (GBP Million)**	**% at-failure**
Other liabilities	57,661	20.6%	71,361	25.4%
Deposits	195,721	69.8%	182,021	64.9%
Preferred deposits	176,149	62.8%	167,341	59.7%
Junior deposits	19,572	7.0%	14,679	5.2%
Senior unsecured bank debt	1,775	0.6%	1,775	0.6%
Dated subordinated bank debt	180	0.1%	180	0.1%
Junior subordinated bank debt	525	0.2%	525	0.2%
Senior unsecured holding company debt	12,464	4.4%	12,464	4.4%
Dated subordinated holding company debt	1,593	0.6%	1,593	0.6%
Preference shares(holding company)	2,200	0.8%	2,200	0.8%
Equity	8,416	3.0%	8,416	3.0%
Total Tangible Banking Assets	280,535	100.0%	280,535	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	14.9%	14.9%	14.9%	14.9%	3	3	3	3	0	a1
Counterparty Risk Assessment	14.9%	14.9%	14.9%	14.9%	3	3	3	3	0	a1 (cr)
Deposits	14.9%	9.0%	14.9%	9.7%	2	2	2	2	0	a2
Senior unsecured bank debt	14.9%	9.0%	9.7%	9.0%	2	1	2	2	0	a2
Senior unsecured holding company debt	9.0%	4.6%	9.0%	4.6%	0	0	0	0	0	baa1
Dated subordinated bank debt	4.6%	4.0%	4.6%	4.0%	-1	-1	-1	-1	0	baa2
Dated subordinated holding company debt	4.6%	4.0%	4.6%	4.0%	-1	-1	-1	-1	0	baa2
Junior subordinated bank debt	4.0%	3.8%	4.0%	3.8%	-1	-1	-1	-1	-1	baa3
Non-cumulative bank preference shares	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	-2	ba1
Holding company non-cumulative preference shares	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	1	Aa3	Aa3
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3(cr)	
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a2	1	A1	A1
Senior unsecured holding company debt	0	0	baa1	0	Baa1	Baa1
Dated subordinated bank debt	-1	0	baa2	0	Baa2	
Dated subordinated holding company debt	-1	0	baa2	0	Baa2	Baa2
Junior subordinated bank debt	-1	-1	baa3	0	Baa3 (hyb)	Baa3 (hyb)
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	
Holding company non-cumulative preference shares	-1	-2	ba1	0	Ba1 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 11

Category	Moody's Rating
SANTANDER UK GROUP HOLDINGS PLC	
Outlook	Stable
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Issuer Rating -Dom Curr	Baa1
Senior Unsecured	Baa1
Subordinate	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Other Short Term	(P)P-2
SANTANDER FINANCIAL SERVICES PLC	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
ST Issuer Rating	P-1
SANTANDER UK PLC	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Subordinate -Dom Curr	Baa2
Jr Subordinate	Baa3 (hyb)
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1

Source: Moody's Ratings

Endnotes

1 The bank ratings shown in this report are the bank's deposit rating, senior unsecured debt rating and Baseline Credit Assessment.

2 CRE loans totalled £5.1 billion as of end-December 2024 (2023: £4.6 billion).

3 Base leverage of 3.3% plus the countercyclical capital buffer (CyCB) of 0.7% plus the other systemically important institutions (O-SII) buffer of 0.3%.

4 The historical net income / tangible banking assets ratios shown in the key indicators table and in the scorecard, which drive the Profitability Macro Adjusted score, include our standard adjustment for defined benefit pension schemes. Under our standard approach, we adjust banks' profit to take into account gains and losses from the actual returns on plan assets, which in recent years have been sizeable. We do not include in profit any other remeasurements of actuarial gain/loss components, like the impact of changes in the pension liability discount rate. Given the high level of fixed income securities among pension assets, the rapid increase in interest rates in 2022 led to a material decline in the value of the pension assets, which drove a large negative adjustment that hindered the bank's adjusted profitability. These changes did not however, materially affect the bank's pension deficit or surplus, as they have been largely offset by a lower value of the pension scheme's obligations in 2022 to reflect the increase in the discount rates (i.e. higher interest rates). In recent years, the value of pension assets have also been affected by equity markets, as pension assets also include a material level of shares

REPORT NUMBER 1421490

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454