

Santander UK Group Holdings plc

Investor Update

for the six months ended 30 June 2022

July 2022



H1 22 Financial Highlights

£993m

Profit before tax
(H1 21: £751m)

2.03%

Banking NIM
(H1 21: 1.87%)

49%

Cost-to-income ratio
(H1 21: 61%)

£572m

Transformation programme
savings cumulative since 2019¹

£7.1bn

Net mortgage
lending
(H1 21: £3.6bn)

>£6.5bn

Green Finance
cumulative since 2020²

15.5%

CET1 Capital ratio
(2021: 15.9%)

5.2%

UK leverage ratio
(2021: 5.2%)

172%

Holdco LCR³

Note: Please see appendix for abbreviations.

1. Ongoing transformation programme savings of £572m from £837m investment since 2019. 2. Includes lending to finance properties with an EPC rating of A and B, renewable energy and electric vehicles as well as financing raised and facilitated. 3. Liquidity metrics now reported for Santander UK Group Holdings plc, from 1 January 2022 following adoption of CRR2 regulation.



Strategy



Q2 2022
results



Fixed
income



Sustainability



Appendix

Our purpose is to help people and businesses prosper

- We help our customers at moments that matter most
- We champion British businesses and help them to grow sustainably
- Our customer focus helps us to develop more loyal and lasting relationships

1. Santander UK industry analysis as of Q1 22. Mortgage provider: UK mortgage stock, Retail Banking divisions. Commercial lender: UK commercial lending stock, Corporate and/or Commercial Banking divisions (excludes investment banking). 2. See Appendix 3 of QMS for more on NPS ranks.

Our competitive advantages



Leading scale challenger bank



Strong balance sheet



International expertise for UK companies

Established UK market position

14 million
active UK customers

3rd
largest retail mortgage provider¹

4th
retail NPS²

450 branches
across the UK

5th
largest commercial lender¹

6.8 million
digital customers

Our strategic priorities

1

Deliver growth through customer loyalty and outstanding customer experience

3

Engage, motivate and develop a talented and diverse team

2

Simplify and digitise the business for improved efficiency and returns

4

Be a responsible and sustainable business

Sustainability and Responsible Banking Strategy: three key pillars and a foundation

1 Thriving Workplace

2 Better Communities

3 Healthy Environment

Foundation: Being responsible in everything we do

Note: See 2021 ESG supplement for definitions and more information.

Creating a culture of inclusivity and belonging

Diversity, inclusion and belonging

Social mobility

Organisational culture and governance

1

Helping customers and communities prosper

Financial inclusion

Community engagement and support

Sustainable / ESG products

2

Fighting climate change and supporting the green economy

Support customer transition to a low carbon economy

Reducing emissions in our operations

3

Being responsible in everything we do

Responsible banking practices

Financial crime

Human and labour rights



Strategy



Q2 2022
results



Fixed
income



Sustainability

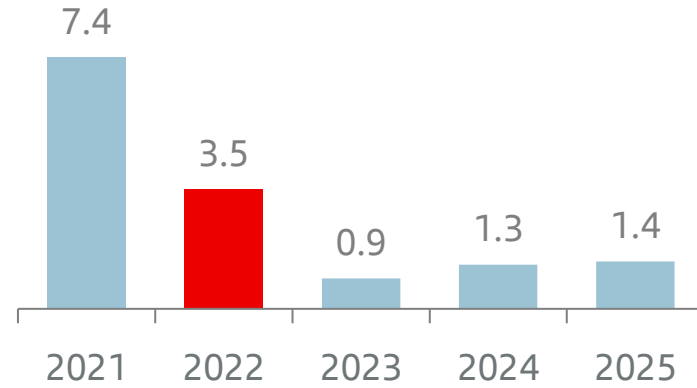


Appendix

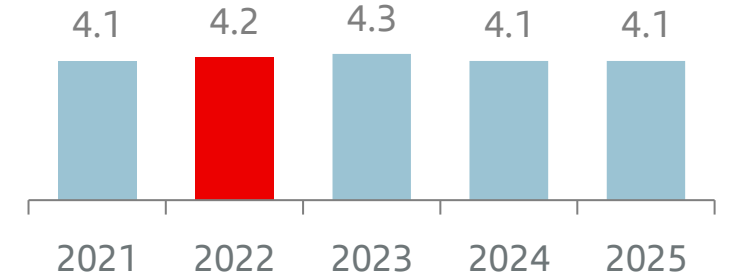
Outlook remains uncertain

- Lower economic growth due to high inflation and negative real wage growth into 2023
- Unemployment expected to remain low although cost pressures and rising bank rate will add to headwinds facing businesses
- Inflation set to remain above target in 2023 due elevated food and energy prices
- San UK base rate forecast for end 2022 is 2.0% and 2.25% for 2023-2025

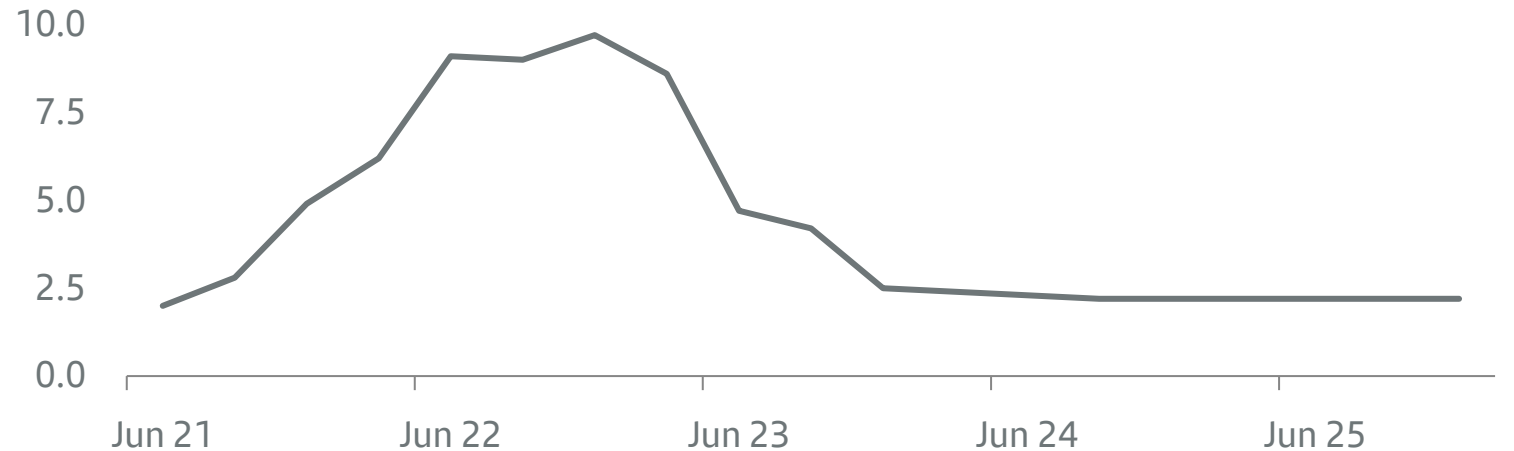
GDP^{1,2} (%)



Unemployment^{1,2,3} (%)



CPI^{2,4} (%)



1. 2021 source: Office for National Statistics. 2022 (f), 2023 (f), 2024 (f) and 2025(f) source: Santander UK forecasts at June 2022 2. % Annual Average 3. International Labour Organisation 4. Consumer Price Index. Santander UK latest estimation of inflation trends.

Strong results with higher operating income

- Net interest income +11% following impact of base rate increases and higher mortgage lending
- Non-interest income (6)% as the £71m gain on sale of our UK head office in H1 21 was not repeated
- Operating expenses (12)% largely due to lower transformation programme spend following restructuring in 2021
- Profit from continuing operations before tax +32% to £993m

Note: H1 22 (unless stated otherwise).

1. Operating expenses is before credit impairment (losses)/ write-backs, provisions and charges. Provisions is for other liabilities and charges. 2. Profit from continuing operations before tax. 3. Non IFRS measure. See Appendix 1 of QMS for details.

Summarised consolidated income statement

8

| | Statutory H1 22 | % Change YoY | Adjusted ³ H1 22 | % Change YoY |
|--------------------------------------|--------------------|-----------------|--------------------------------|-----------------|
| Net interest income | £2,148m | +11% | £2,148m | +11% |
| Non-interest income | £267m | (6)% | £232m | +41% |
| Operating expenses ¹ | £1,186m | (12)% | £1,061m | (3)% |
| Credit impairment losses | £118m | n.m. | £118m | n.m. |
| Provisions ¹ | £118m | (38)% | £107m | +37% |
| Profit before tax² | £993m | +32% | £1,094m | +11% |

Improved returns with strong capital and liquidity

- CET1 capital ratio and UK leverage ratio well above regulatory requirements
- Adjusted CIR below 50% following consistent growth in income and lower costs
- CoR of -2bps with low arrears and no material corporate defaults
- Adjusted ROTE of 12.8% despite normalisation of credit charges in H1 22 following releases in 2021

1. Non IFRS measure. See Appendix 1 of QMS for details. 2. Liquidity metrics now reported for Santander UK, our Holding Company, from 1 January 2022 following adoption of CRR2 regulation.

| | 2018 | 2019 | 2020 | 2021 | H1 22 |
|------------------------------|------|------|------|------|------------------|
| CET1 capital ratio (%) | 13.2 | 14.3 | 15.2 | 15.9 | 15.5 |
| Leverage ratio (%) | 4.5 | 4.7 | 5.1 | 5.2 | 5.2 |
| LCR (%) | 164 | 142 | 150 | 166 | 172 ² |
| Banking NIM (%) ¹ | 1.80 | 1.64 | 1.63 | 1.92 | 2.03 |
| Adjusted CIR (%) | 54 | 59 | 60 | 50 | 45 |
| Cost of risk (bps) | 8 | 11 | 31 | (11) | (2) |
| Adjusted RoTE (%) | 10.2 | 7.8 | 4.3 | 13.2 | 12.8 |

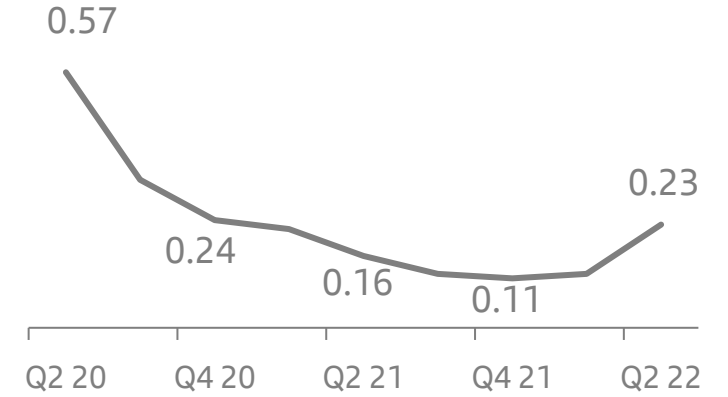
Improvement in Banking NIM

- Customer loan margins have started to increase however competitive pressures remain
- We expect deposit pass through rates to increase with future rate rises
- Banking NIM improved +16bps to 2.03% in higher rate environment and with increased mortgage lending

Customer loan yield (%)



Customer deposit cost (%)



Banking NIM¹ (%)

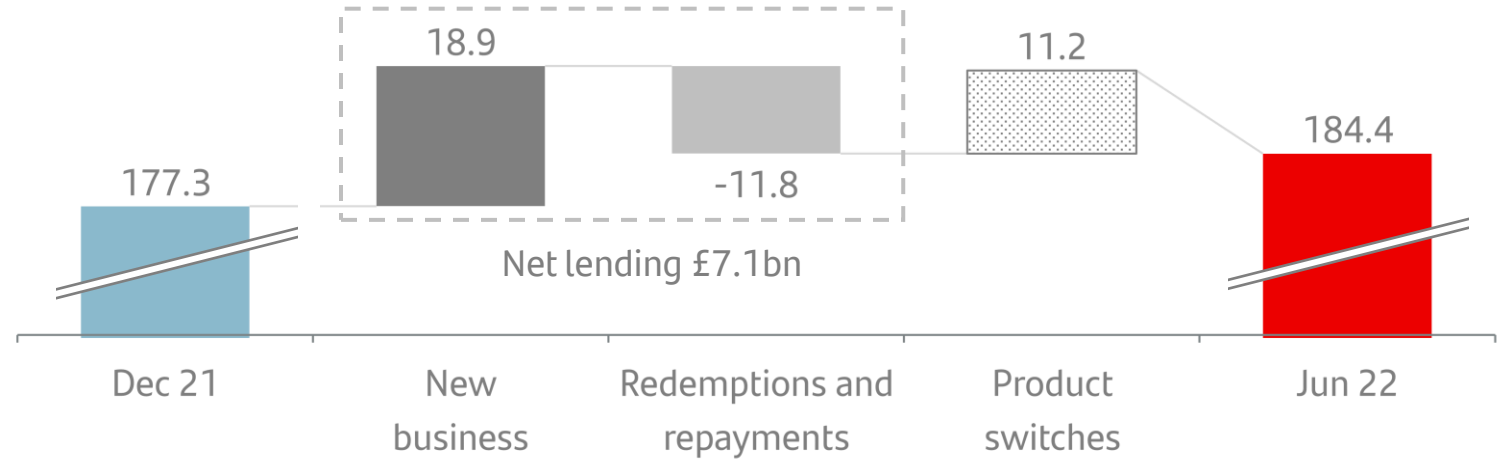


1. Adjusted Banking NIM is calculated as adjusted net interest income divided by average customer assets. 2. Includes cost of wholesale funding and income from liquid assets buffer (LAB).

Mortgage lending growth remains robust

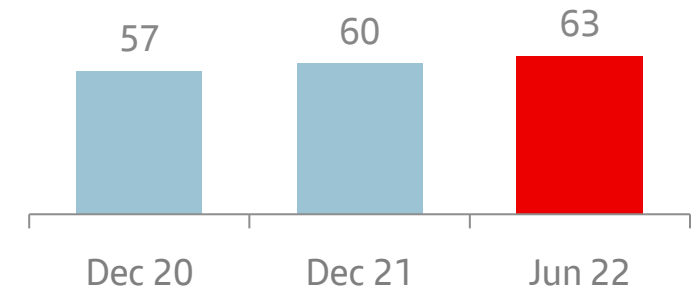
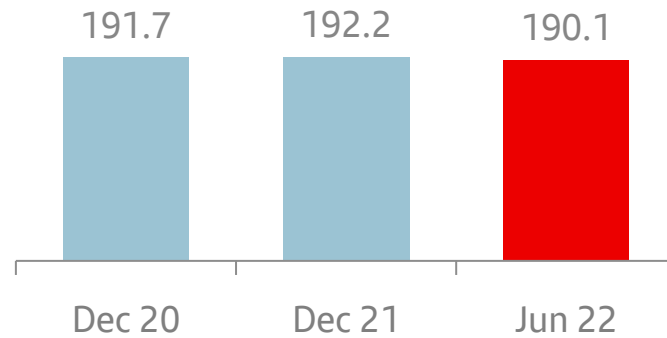
- c. 1/3 of the book refinances each year onto current rates through new lending and product switches
- Increasing competition in deposits although overall market rates are broadly stable
- Initial lag in passing increases in swap rates in Q4-21 front book mortgage pricing
- Base rate up to 1.25% in June 22, highest in 13 years

Mortgage lending breakdown (£bn)



Total customer deposits (£bn)

Total term funding (£bn)

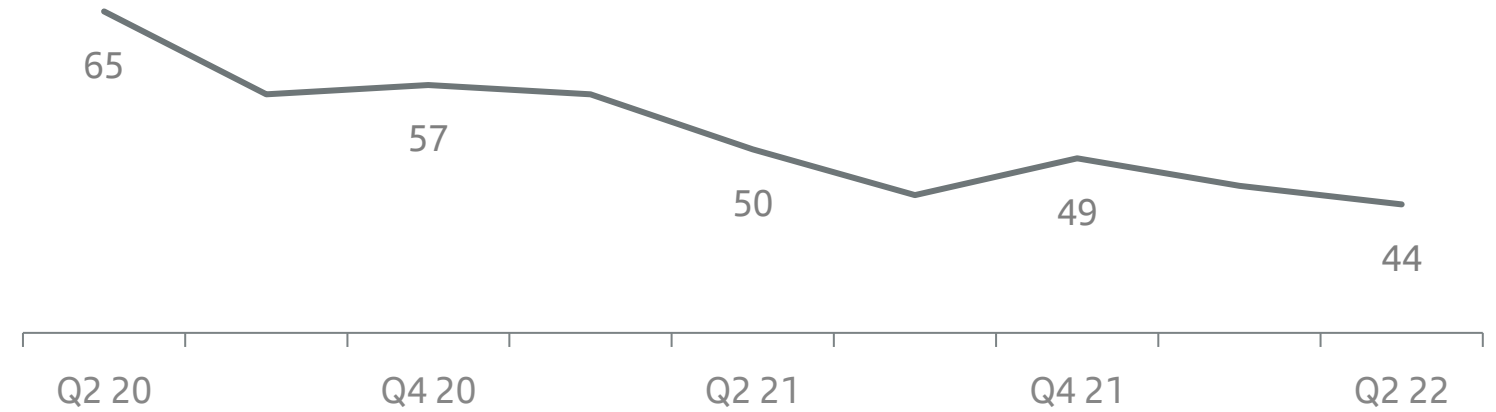


Multi-year transformation programme

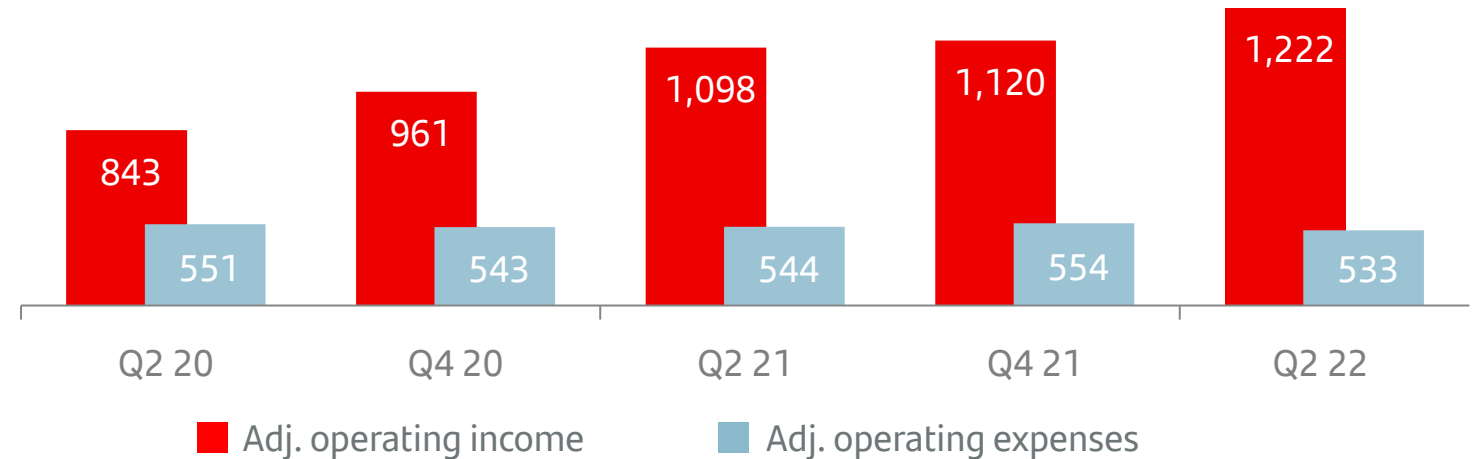
- Ongoing transformation savings of £572m from £837m transformation programme investment since 2019
- Adjusted operating expenses down with efficiency savings from our transformation programme partially offset by increased financial crime spend and inflationary pressures
- Improved operating performance with higher operating income and lower expenses

1. Non IFRS measure which excludes transformation costs. See Appendix 1 of QMS for details.

Adjusted cost-to-income ratio¹ (%)



Adjusted operating income and expenses¹ (£m)

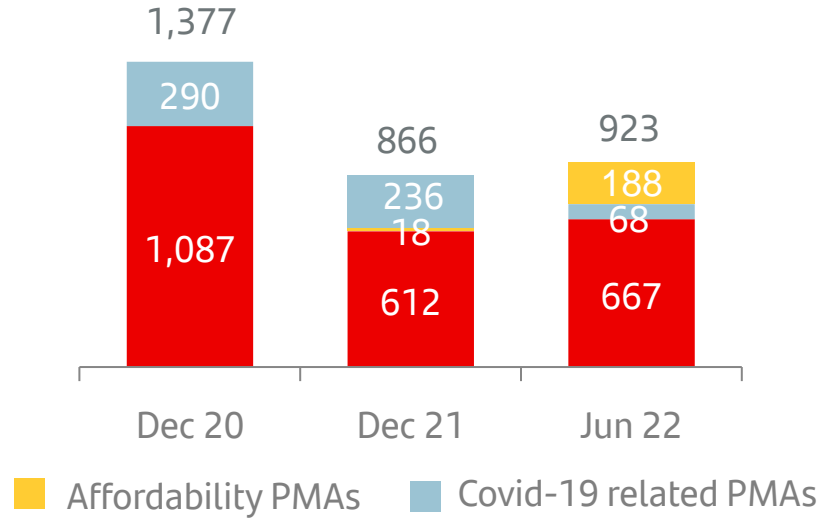


Prudent approach to risk across our businesses

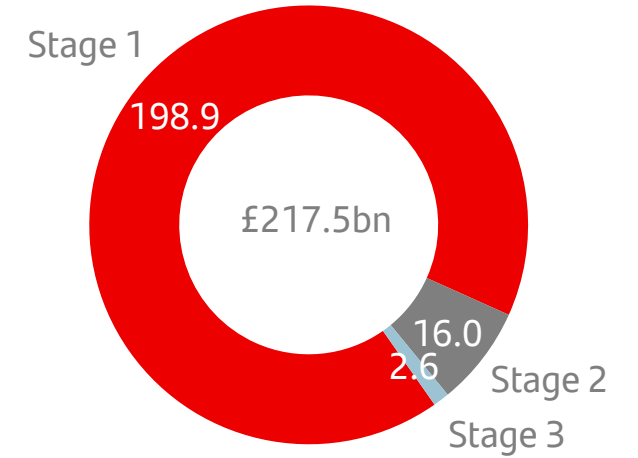
- Low arrears and no material corporate defaults with CoR: -2bps¹
- The loan book is largely secured with collateral (85% residential property)
- Stage 3 ratio 1.21% (Dec 21: 1.43%)
- Credit impairment losses driven by deterioration in economic outlook, including higher interest rate environment, and reflecting the risk that high inflation could impact lending repayments

1. CoR is rolling 12-month credit impairment losses as a percentage of average customer loans.

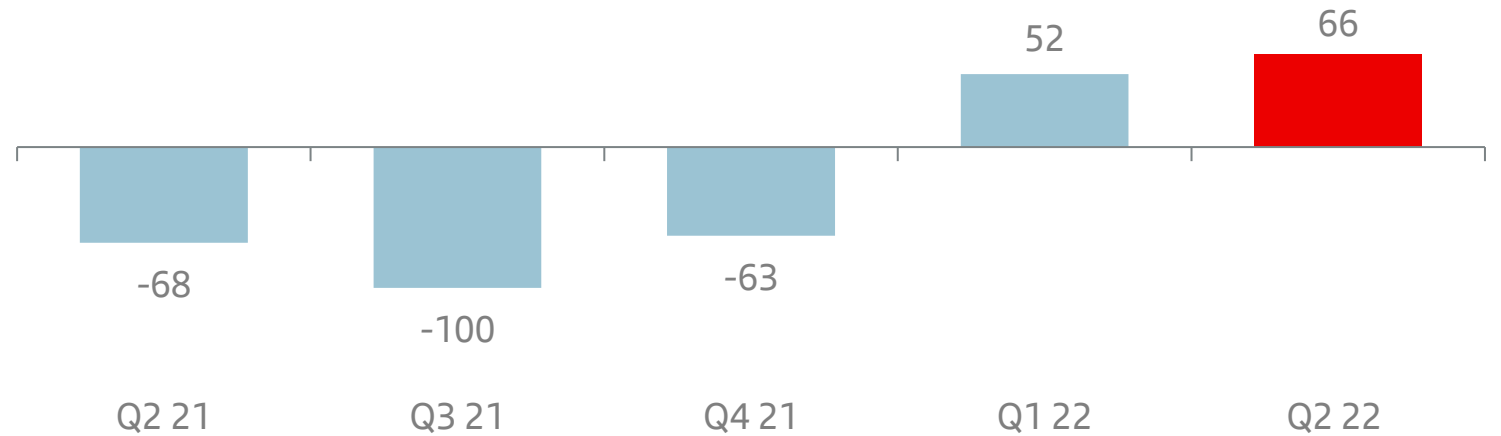
ECL provision (£m)



Customer loans by stage (£bn)



Credit impairment losses (£m)

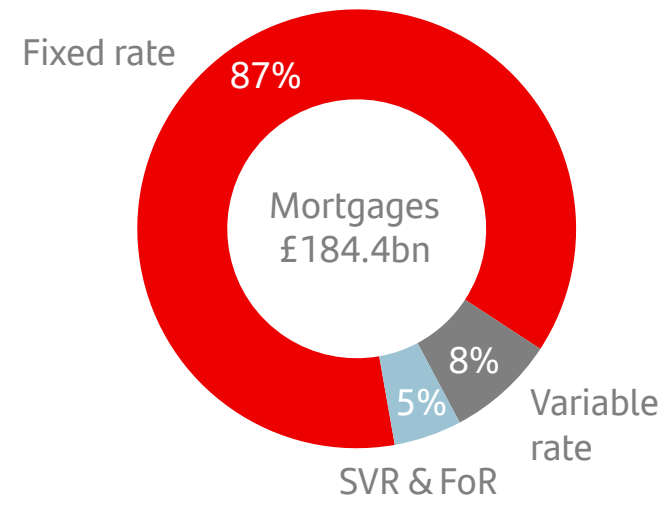


Homes: Strong growth in prime mortgage lending

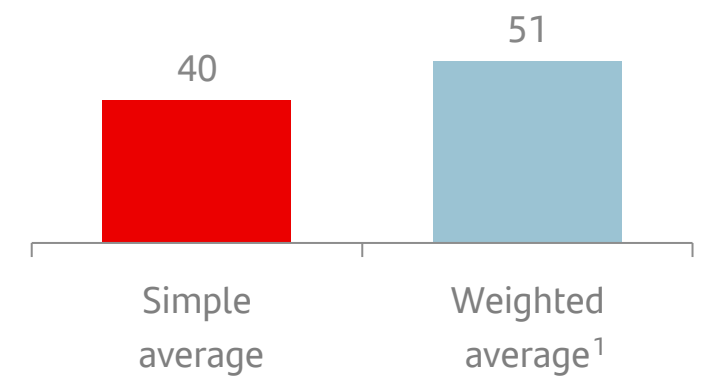
- H1 22 net mortgage lending £7.1bn
- New business LTV 68%¹ and average loan size of £237k
- London new business LTV 65%¹
- 91% of mortgages owner occupied, 9% BTL
- Strong pipeline for lending in H2 22

1. Balanced weighted average.

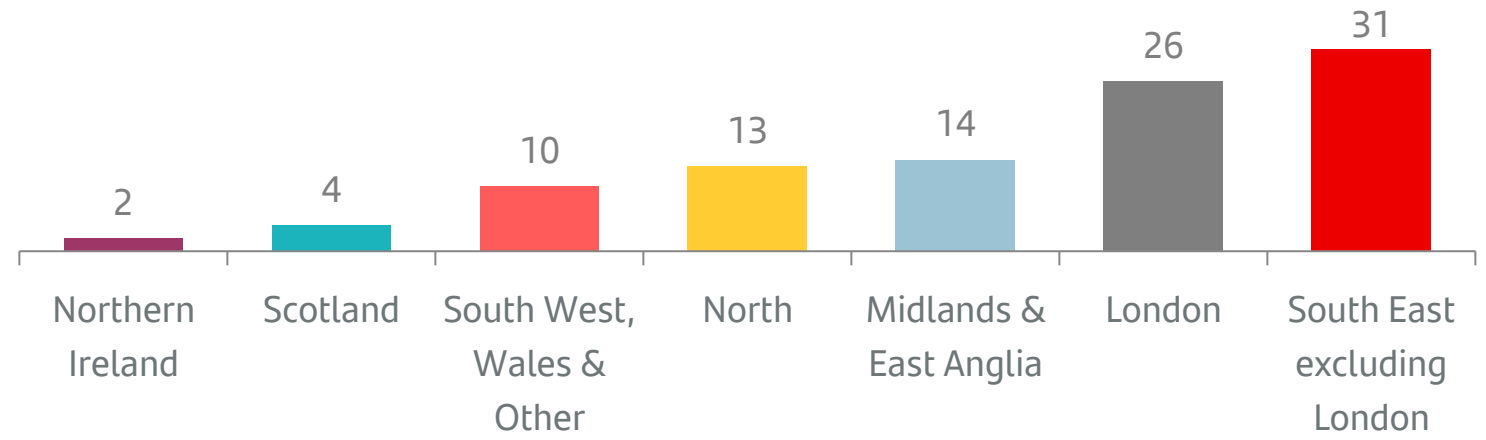
Interest rate profile (%)



Mortgage stock LTV (%)



Mortgage geographical distribution (%)

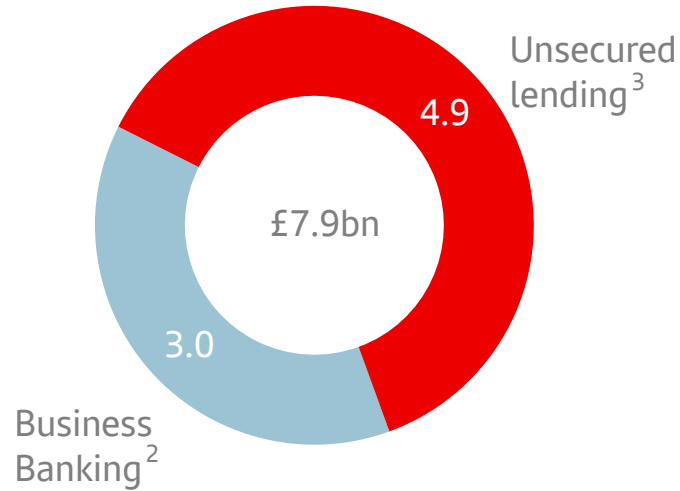


Everyday Banking

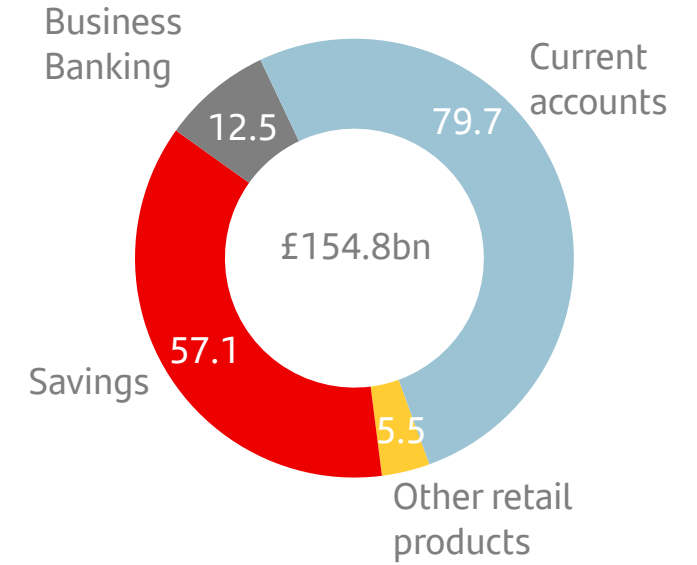
- Serves c.14m active customers in branch or through remote and digital channels
- Gained 9k loyal customers and c.130k new digital users in H1 22
- Successfully improved retail NPS score, ranked 4th
- Customer deposit balances down slightly with competitive pressure, expected to stabilise in H2 22

1. See Appendix 3 of QMS for more on NPS ranks. 2. Includes £2.9bn through Covid-19 government schemes (primarily BBLs with 100% guarantee) 3. Includes UPL, Overdrafts and Credit Cards

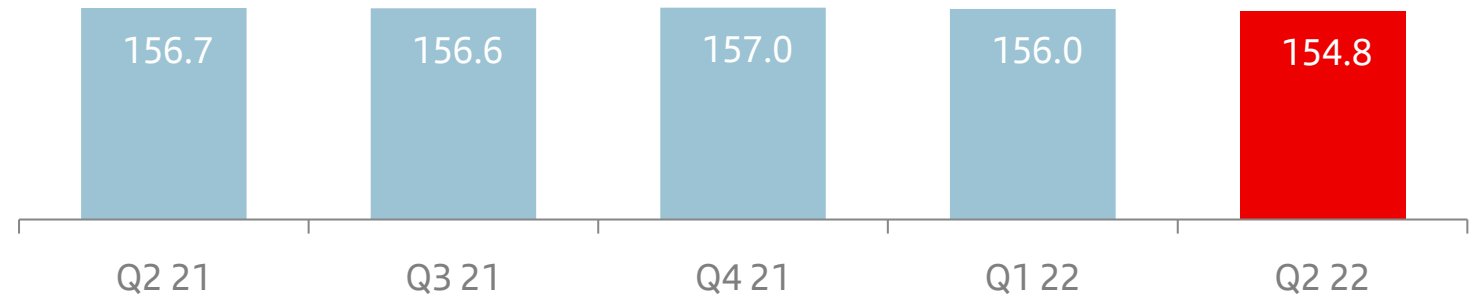
EDB customer lending (£bn)



EDB customer deposits (£bn)



EDB customer deposits (£bn)

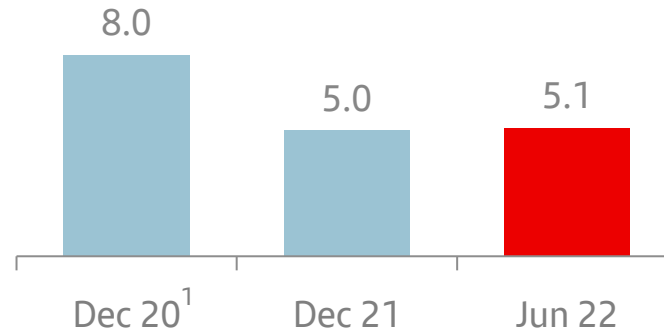


Consumer Finance

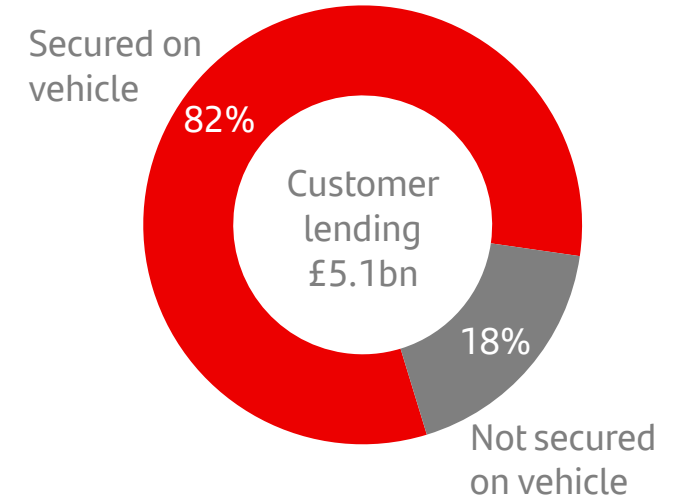
- Prime lending portfolio with defaults at historically low levels
- 94% of asset in Stage 1, negligible Stage 3
- Sustainable portfolio growth despite Covid-19 disruptions
- Significant customer equity in residual values
- Electric vehicles content of new business production 8.1% (H1 21: 4.3%)

1. December 2020 includes lending as part of a joint venture which was sold during 2021

Consumer Finance customer lending (£bn)



Collateral held on loans



Partners and relationships

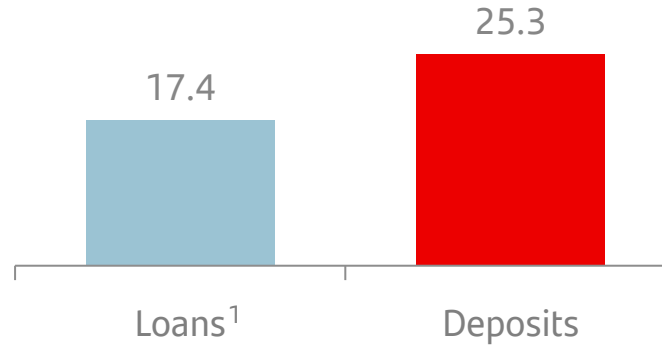


Corporate & Commercial Banking

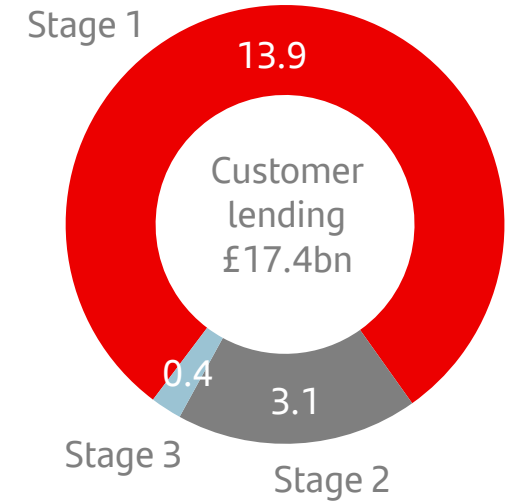
- Stable RWAs of £13.0bn, generating improved profits
- Strong source of funding from customer deposits
- Continued to attract new clients as part of our strategy to support high growth and international businesses
- Launched our new Santander Navigator platform to help British businesses utilise our extensive global network to explore new markets and grow internationally

1. CCB customer loans include £4.5bn of CRE loans.

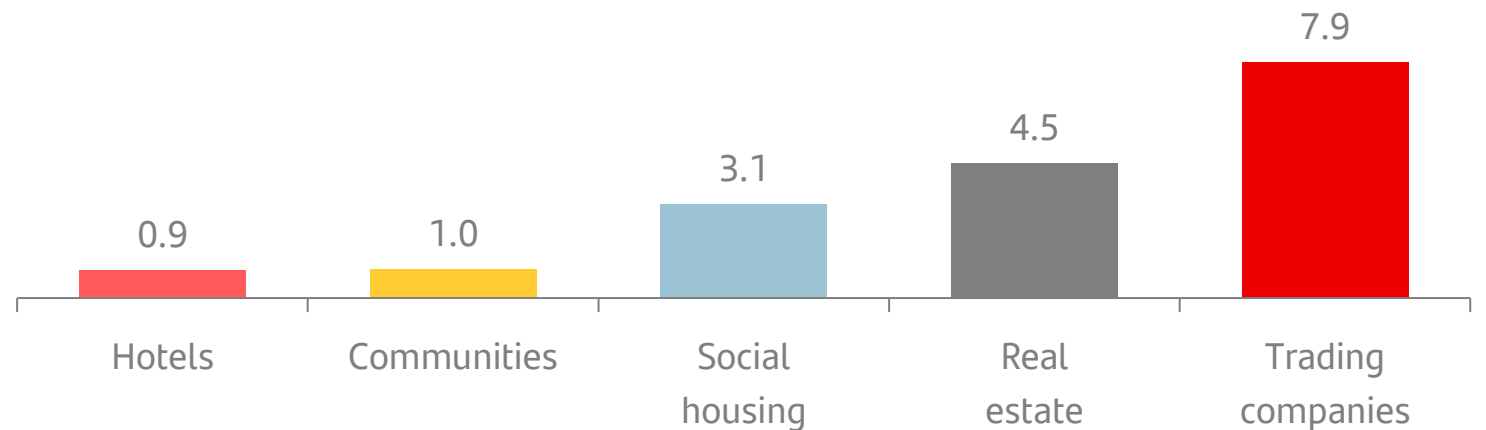
CCB customer loans and deposits (£bn)



Asset quality (£bn)



CCB customer lending by sector (£bn)



H1 22 Takeaways and Outlook

- Supporting our customers with what matters most
- Adjusted profit before tax^{1,2} +11% to £1,094m, Adjusted RoTE³ 12.8%
- Proven balance sheet resilience, 85% of customer loans are retail mortgages. Unsecured lending and BTL portfolios relatively small
- BBLS and CBILS lending made to pre-existing customers, expected to significantly mitigate potential fraud
- Strong capital and liquidity

1. Profit before tax from continuing operations. 2. Non- IFRS measure. See Appendix 1 of QMS for details. 3. Banco Santander's UK 2022 ROTE target is >13%. Adjusted RoTE: adjusted based on Group's deployed capital calculated as contribution of RWAs at 12%.

H1 22

£7.1bn

Net mortgage lending
(H1 21: £3.6bn)



2.03%

Banking NIM²
(H1 21: 1.87%)



45%

Adj. CIR²
(H1 21: 52%)



1.21%

Stage 3 ratio
(2021: 1.43%)



Outlook

Expect net mortgage lending will be broadly in line with market growth for the year

Expect Banking NIM² continue to be above 2021

Inflation will impact 2022 operating expenses. We expect this will be offset by savings from our transformation programme

Rising cost of living impacting our customers although we have not seen significant deterioration of credit quality



Strategy



Q2 2022
results



Fixed
income



Sustainability



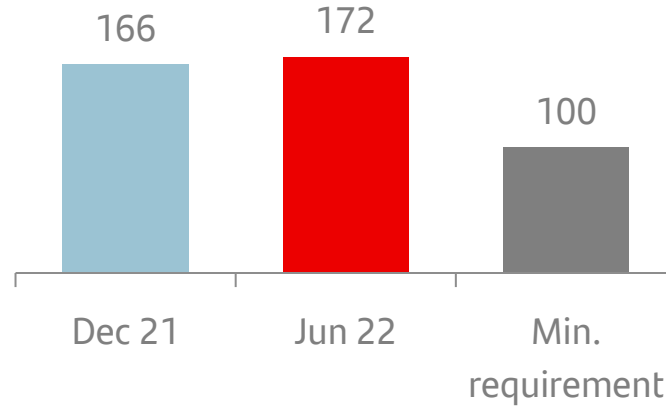
Appendix

Robust funding and liquidity position

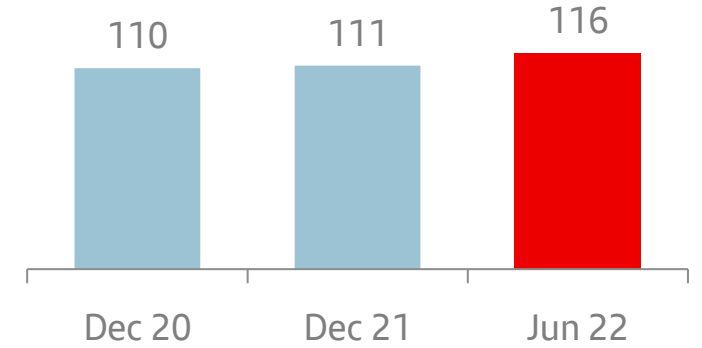
- Liquid assets of £21bn, above minimum requirement
- Strong LCR ratio
- We intend to start repaying TFSME ahead of 2025 contracted maturities¹
- Issuances to date of £5.3bn, including issuance of MREL of £1.2bn equivalent and £4.1bn of non-MREL issuance from Santander UK plc, our RFB

1. £3.9bn of TFSME drawn has a term of 6-10 years in line with BBL5

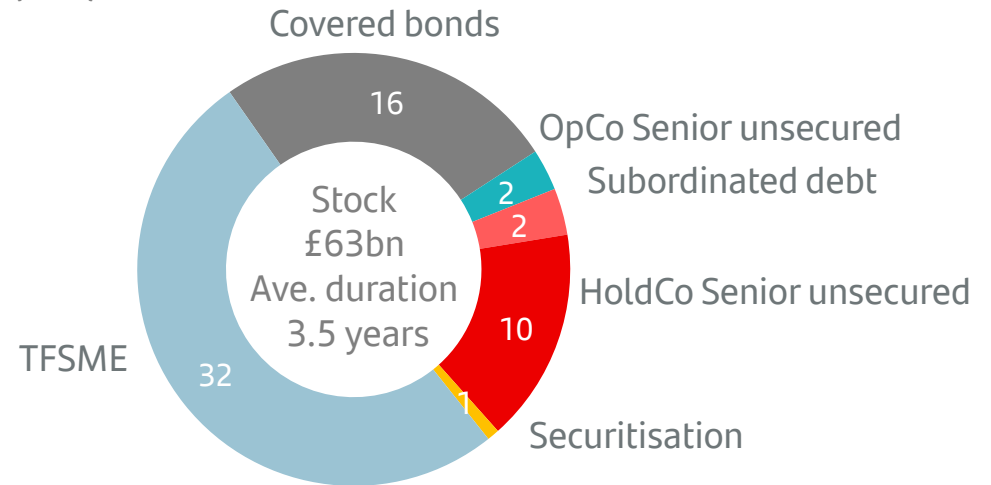
Liquidity coverage ratio (%)



Loan to deposit ratio (%)



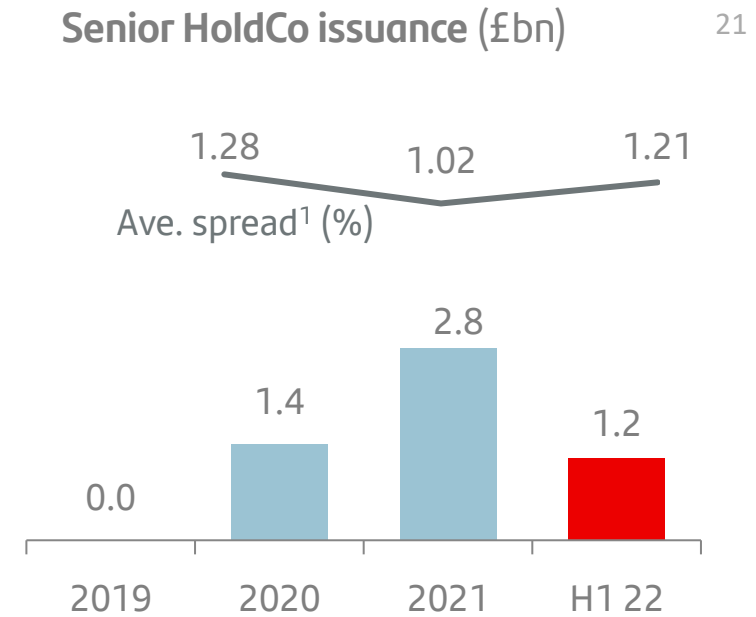
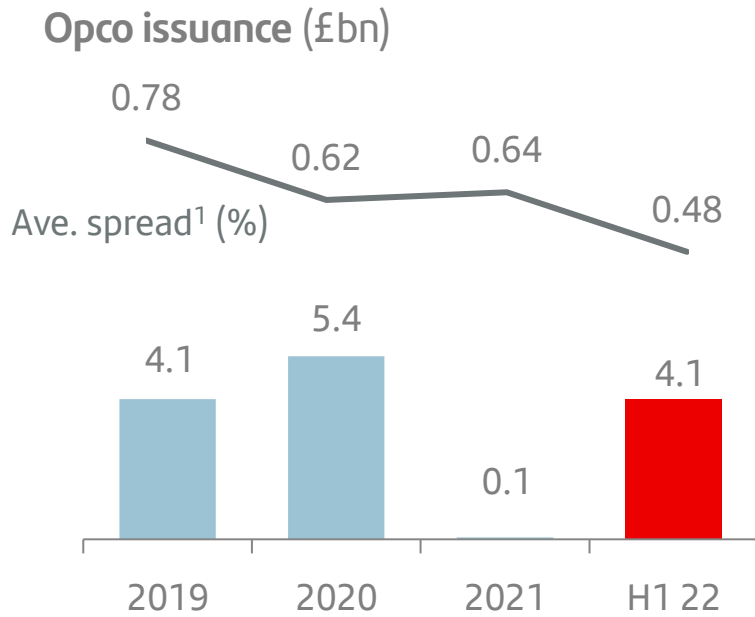
Term funding stock (£bn)



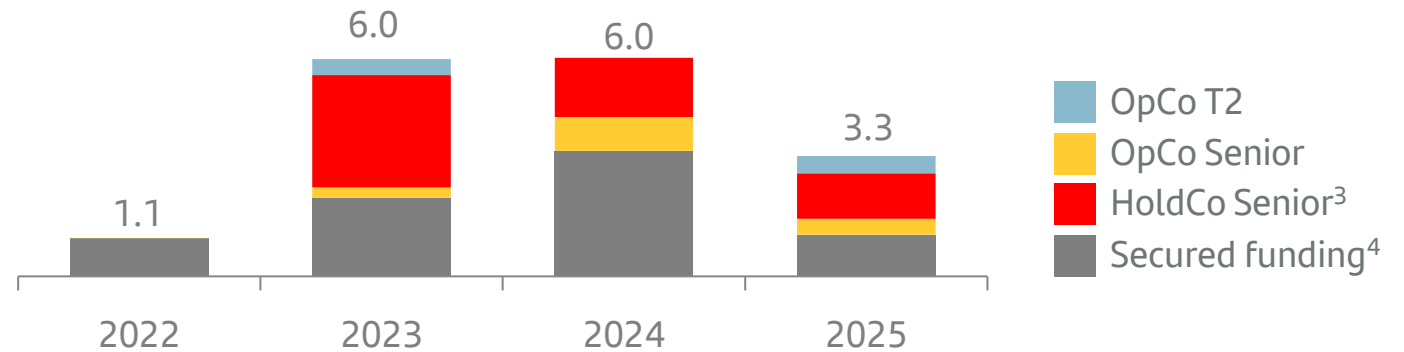
Strong funding position across a diverse range of products

- Lower issuance in 2021 and 2022 as a result of TFSME
- Expect a gradual return to more normalised issuance levels from 2023 as we commence early TFSME repayment; principally through Opco and secured issuance
- Next Tier 2 maturity in 2025 and AT1 call in 2024

1. Average spread is the weighted margin above SONIA for issuance in that calendar year. 2. Includes issuances from Santander Consumer Finance UK. 3. Earliest between first call date and maturity date. 4. Excludes TSFME which has a term of 4-10 years in line with BBLs.



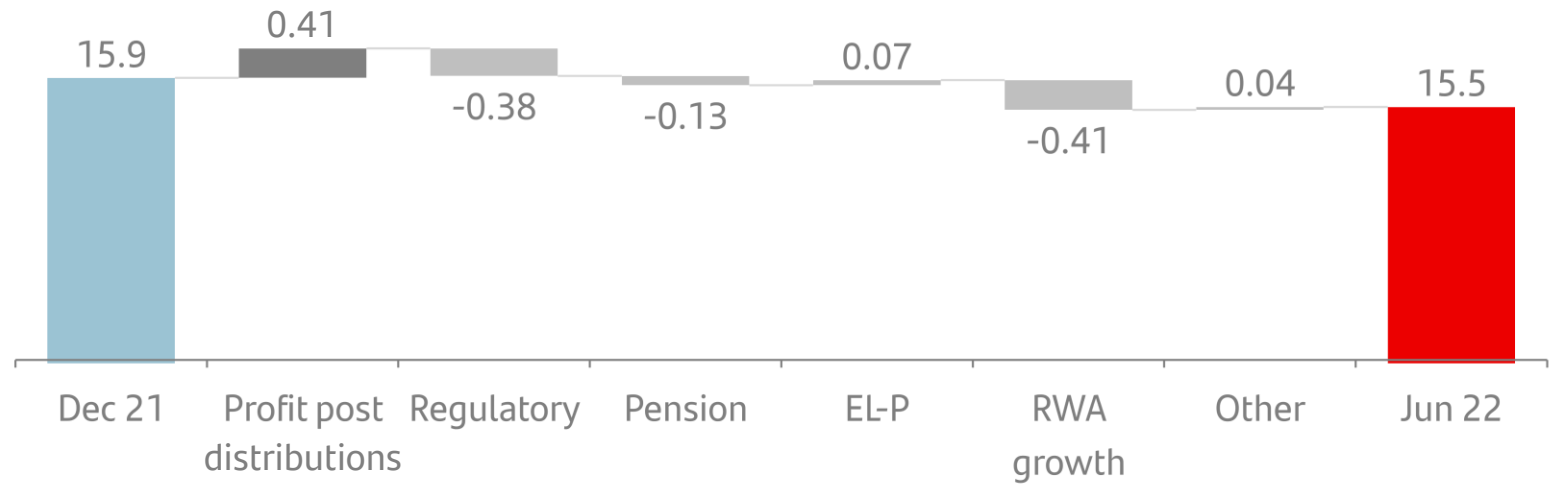
MTF maturities² (£bn)



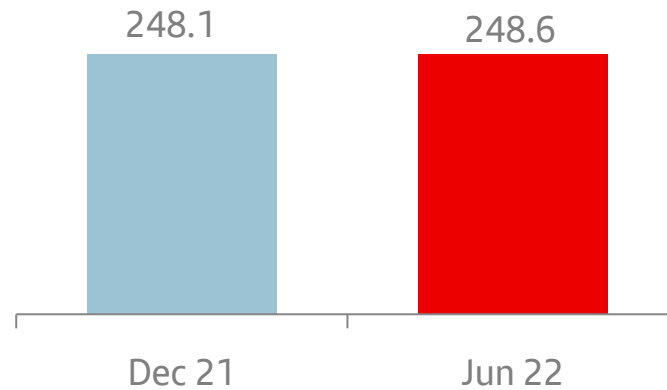
Continued resilience through strong capital position

- CET1 capital ratio headroom of >5pp over regulatory minimum
- CET1 capital ratio decreased 40bps to 15.5%, largely due to regulatory changes, effect from Jan 2022. RWA growth in Retail Banking and Consumer Finance were offset by retained profit. Business remains strongly capitalised
- Changes included CET1 deduction for software assets and definition of default

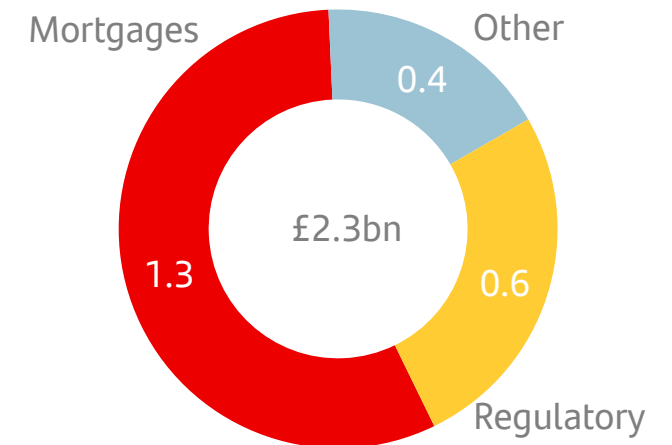
CET1 capital ratio change (%)



Leverage exposure (£bn)



RWA growth (£bn)

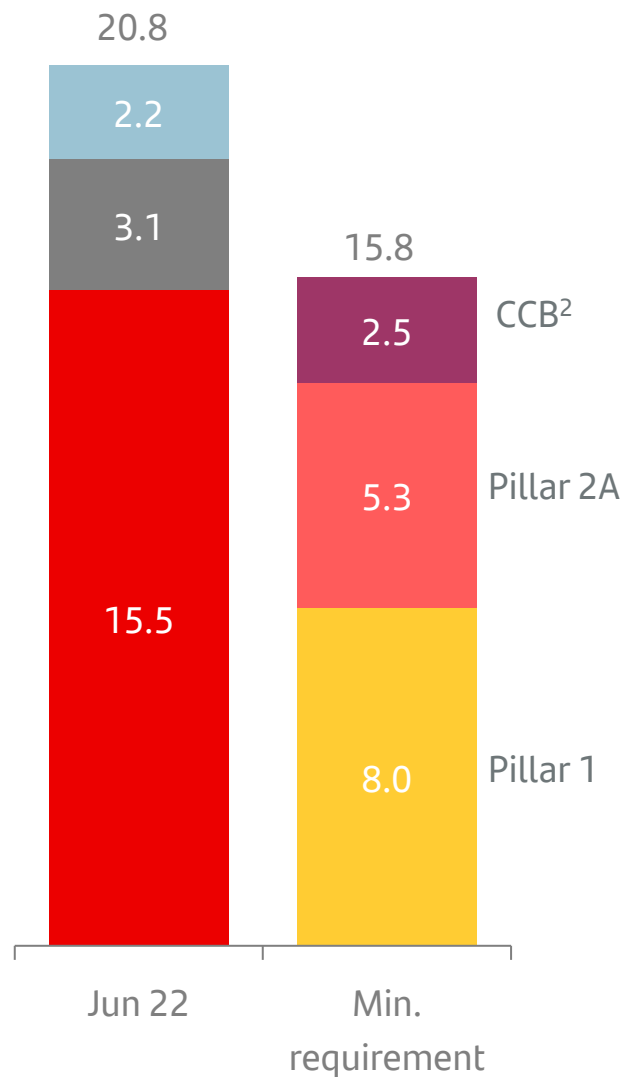


Capital positioned for dual regulatory requirements

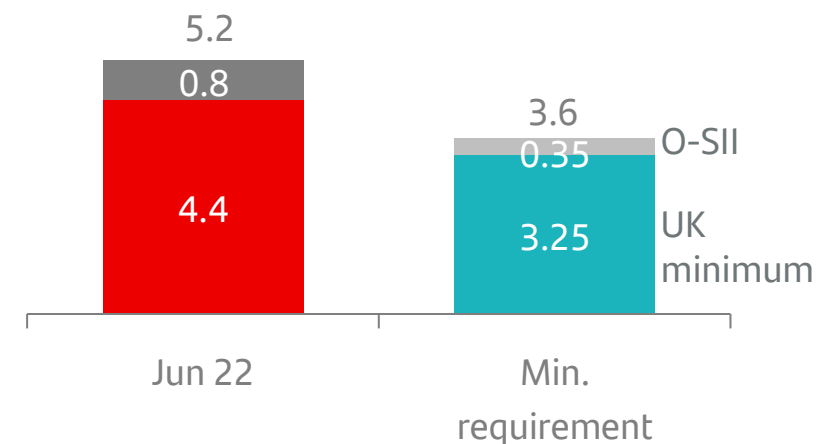
- Our CET1 and AT1 outstanding amounts are driven by leverage
- From RWA perspective part of our T2 requirements are met with CET1 and AT1
- At 30 Jun 2022 SanUK's P2A capital requirement remained with RWA percentage based element

1. Headroom on UK Leverage requirement of 1.6% is sufficient to cover 100bps drawdown from 2021 BoE stress test with additional management buffer 2. Capital Conservation Buffer

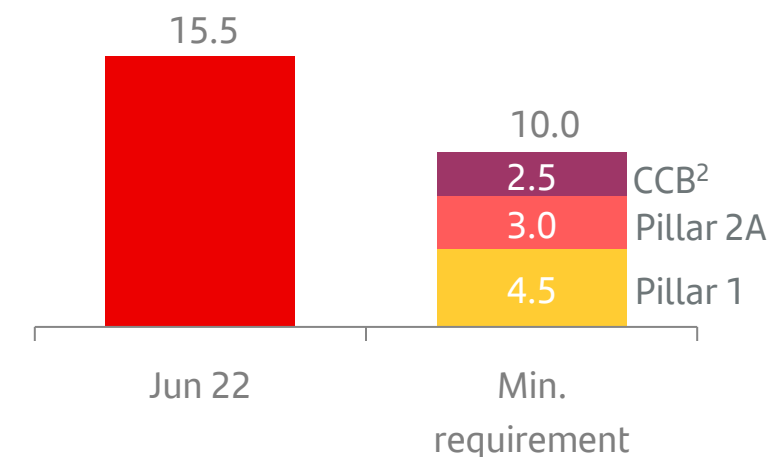
Total capital resources (%)



UK Leverage ratio (%)



CET 1 Capital ratio (%)



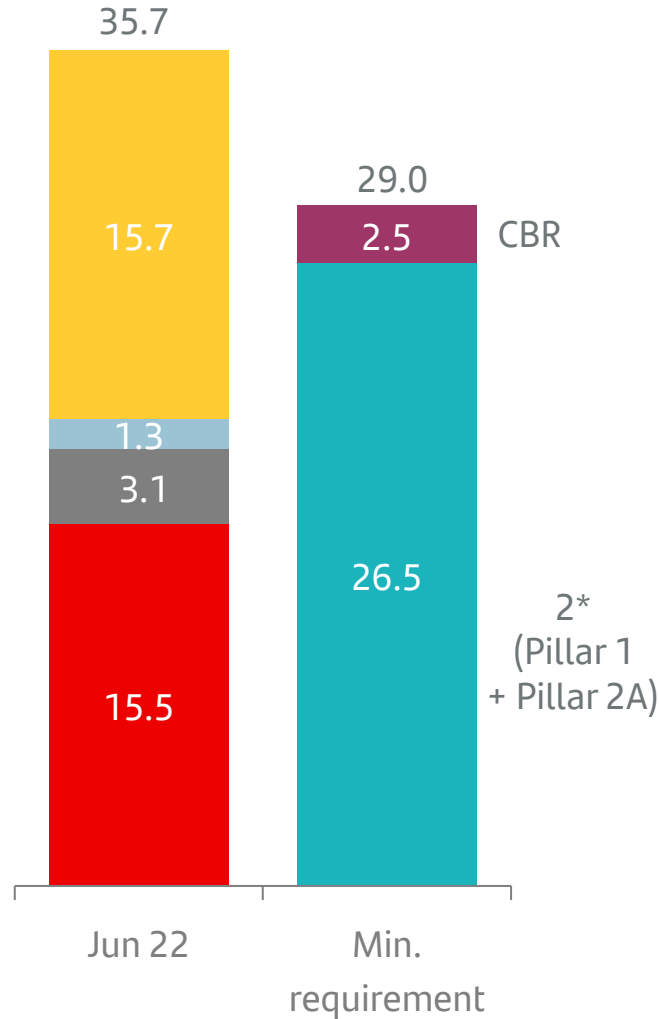
■ CET 1 ■ AT1 ■ Tier 2

RWA loss absorbing capacity Holdco requirements^{1,2}

- Fully compliant with end state MREL requirements, being RWA constrained
- Expect to issue between £2bn - £3bn of MREL in 2022, of which we have already issued £1.2bn equivalent
- Minimum requirement is 26.5% of RWAs plus CBR²
- BoE published its first RAF assessment in June, we were only UK bank with no material issues to achieve resolution identified

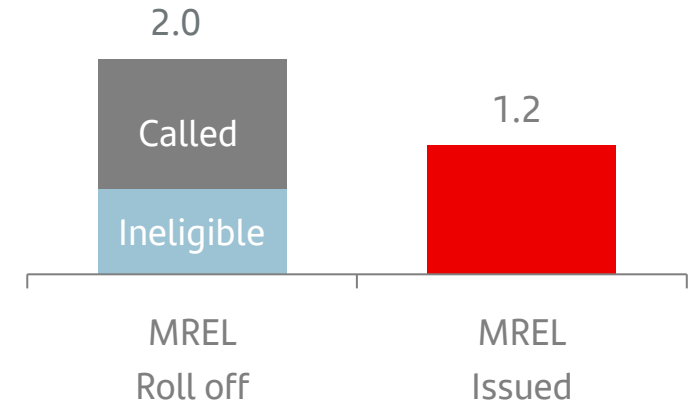
1. At 30 June 2022 Santander UK Group Holdings Pillar 2A requirements was 5.25%. 2. Combined Buffer Requirement includes CCB 2.5% and CCyB 0% and will be met exclusively with CET1

MREL resources (%)



■ CET 1 ■ AT1 ■ Tier 2 ■ Senior Holdco

2022 issuance & replacement (£bn) ²⁴



Resolvability Assessment Framework

| BoE assessment | Ranking |
|--------------------------------|---|
| Adequate Financial Resources | No material issues currently identified |
| Continuity and Restructuring | No material issues currently identified |
| Coordination and Communication | No material issues currently identified |

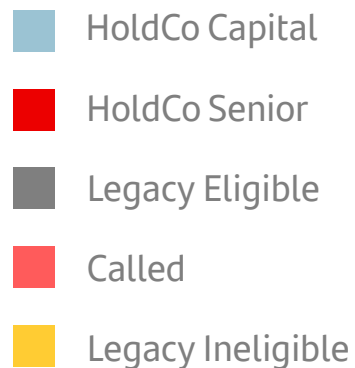
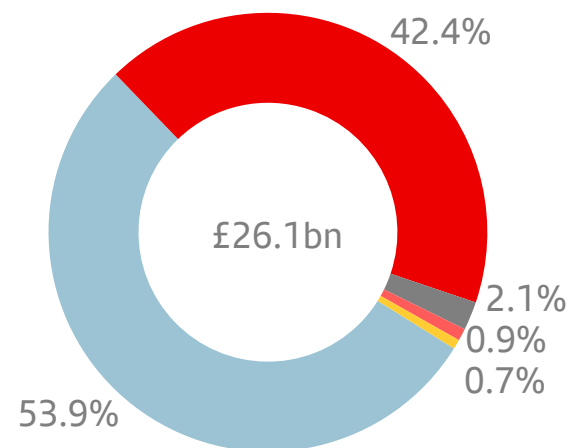
Continuing to reduce legacy capital

- 7.037% RCI was subject to a regulatory call on 14 February 2022
- 7.95% Term Subordinated Securities due October 2029 are governed by New York law and will as such likely lose grandfathering as Tier 2 Capital under the UK CRR post 28 June 2025
- Bilateral buybacks continue to reduce amount of legacy capital

1. No contractual recognition of bail-in given that these securities were issued before that law existed, UK CRR as amended on 1 January 2022 suggest likely loss of grandfathering post June 2025. USD value of instrument \$214. Change in GBP Amount of is a result of FX movements. 2. In Dec 21 existing internal AT1 securities were modified to be subordinated to preference shares. 3. Regulatory call notice issued Jan 2022, called 14 Feb 2022.

Capital and Senior Holdco Instruments

25

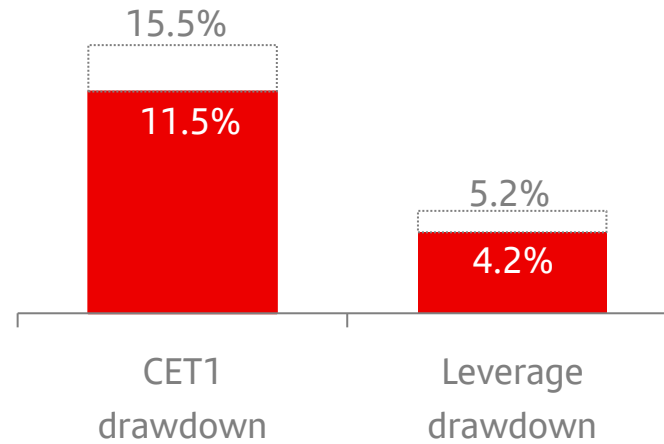


| Instrument | Amount | 2022/25+ |
|--------------------------|--------|--------------------|
| 10.0625% Perp | £200m | Tier 2 |
| 7.95% ¹ '29 | £176m | Tier 2/ Ineligible |
| 7.125% Perp | £14m | Ineligible |
| 6.5% '30 | £22m | Tier 2 |
| 5.875% '31 | £11m | Tier 2 |
| Pref Shares ² | £325m | Tier 2 |
| 7.037% RCI ³ | £0m | N/A |
| Ineligible | | £14m/£190m |

Bank of England stress tests

- Passed BoE stress tests without need for management actions
- 4.0% CET1 drawdown post stress compares favourably to our 5.5% buffer to MDA and 7.3% buffer to reference rate

H1 22 ratios post SST drawdowns (%)



SST scenarios (%)

| | BoE SST 2021 ¹ | Global recession |
|---------------|---------------------------|------------------|
| UK GDP Growth | (9.00) | (6.25) |
| Unemployment | 11.90 | 8.40 |
| HPI | (33.00) | (17.00) |
| Base rate | (0.10) | 2.00 |

Peer drawdowns at BoE 2021 SST (pp)

| |  |  |  |  |  |  |  |  |
|--------------------------------|---|---|---|---|---|---|---|---|
| CET 1 drawdown ³ | 4.0 | 19.3 | 3.9 | 5.1 | 6.9 | 6.1 | 8.1 | 9.4 |
| Leverage drawdown ³ | 1.0 | 0.2 | 0.5 | 1.2 | 1.3 | 1.3 | 2.0 | 2.3 |

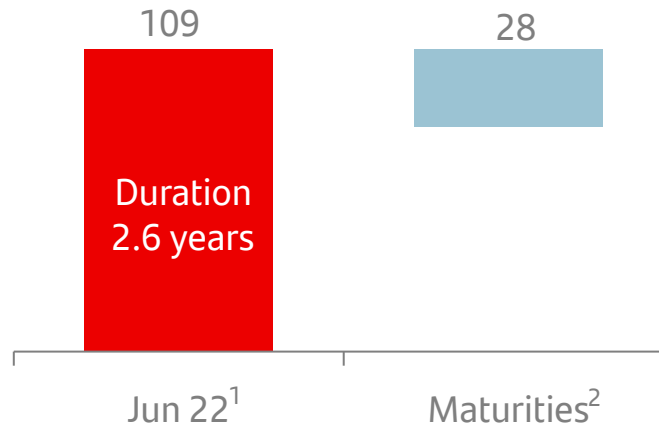
1. Source: BoE, Key elements of the 2021 stress test, Jan 21. 2. Santander UK base case scenario see slide 37. 3. Reference rates for CET1 capital ratio: 8.2% and leverage ratio: 3.5%

Structural hedge evolution

- Structural hedge remained broadly stable
- Table shows how NII would be affected by +/- 25 bps and +/- 50bps parallel shift applied instantaneously to the yield curve
- Consists of primarily fixed rate mortgages. Yield driven from swap rates that would have swapped fixed rate mortgages to floating assets

1. Average of last 12 months. 2. Over the next 12 months. 3. Forward rates as of July 2022. 4. Based on modelling assumptions of repricing behaviour

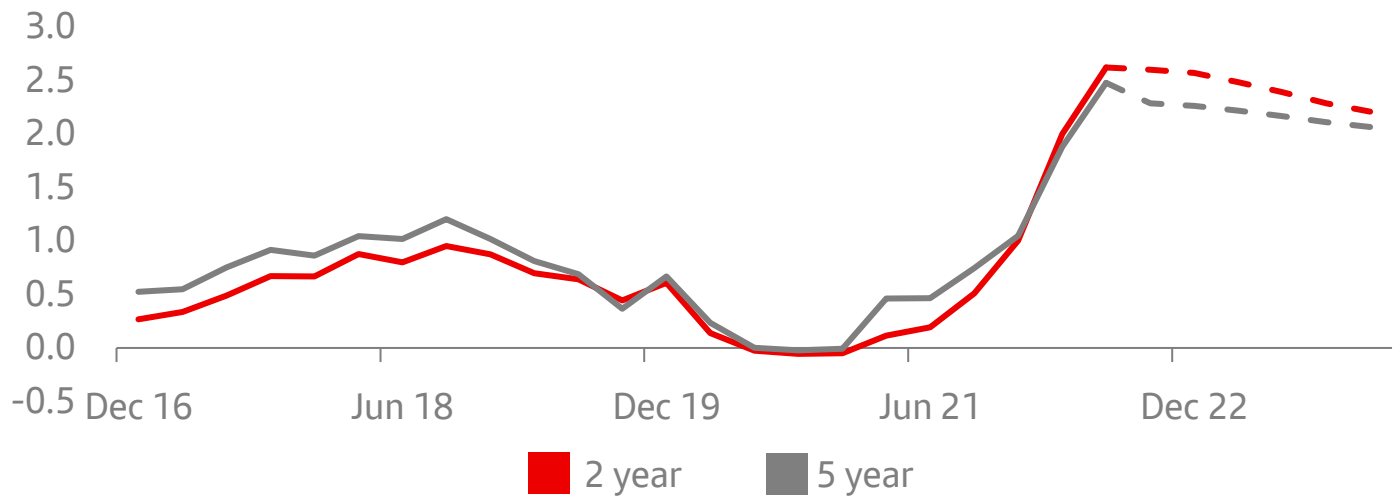
Balance of structural hedge (£bn)



12 month NII sensitivity⁴ (£m)

| Rate shifts | Dec 21 | Jun 22 |
|-------------|--------|--------|
| +50bps | 167 | 191 |
| +25bps | 89 | 94 |
| (25)bps | (94) | (93) |
| (50)bps | (205) | (192) |

Yield from Sonia historic and forward³ swap rates (%)



Credit ratings

- S&P and Fitch affirmed ratings in January 2022
- S&P rating A / A-1 / Stable¹
- Fitch rating A+ / F1 / Stable¹
- Moody's rating A1 / P-1 / Stable¹

| Instrument | Issuer ² | S&P | Fitch | Moody's |
|------------------|---------------------|-----|-------|---------|
| Covered Bond | OpCo | AAA | AAA | Aaa |
| Senior Unsecured | OpCo | A | A+ | A1 |
| Senior Unsecured | HoldCo | BBB | A | Baa1 |
| Tier 2 | HoldCo | BB+ | BBB+ | Baa1 |
| AT1 | HoldCo | BB- | BBB- | Ba1 |

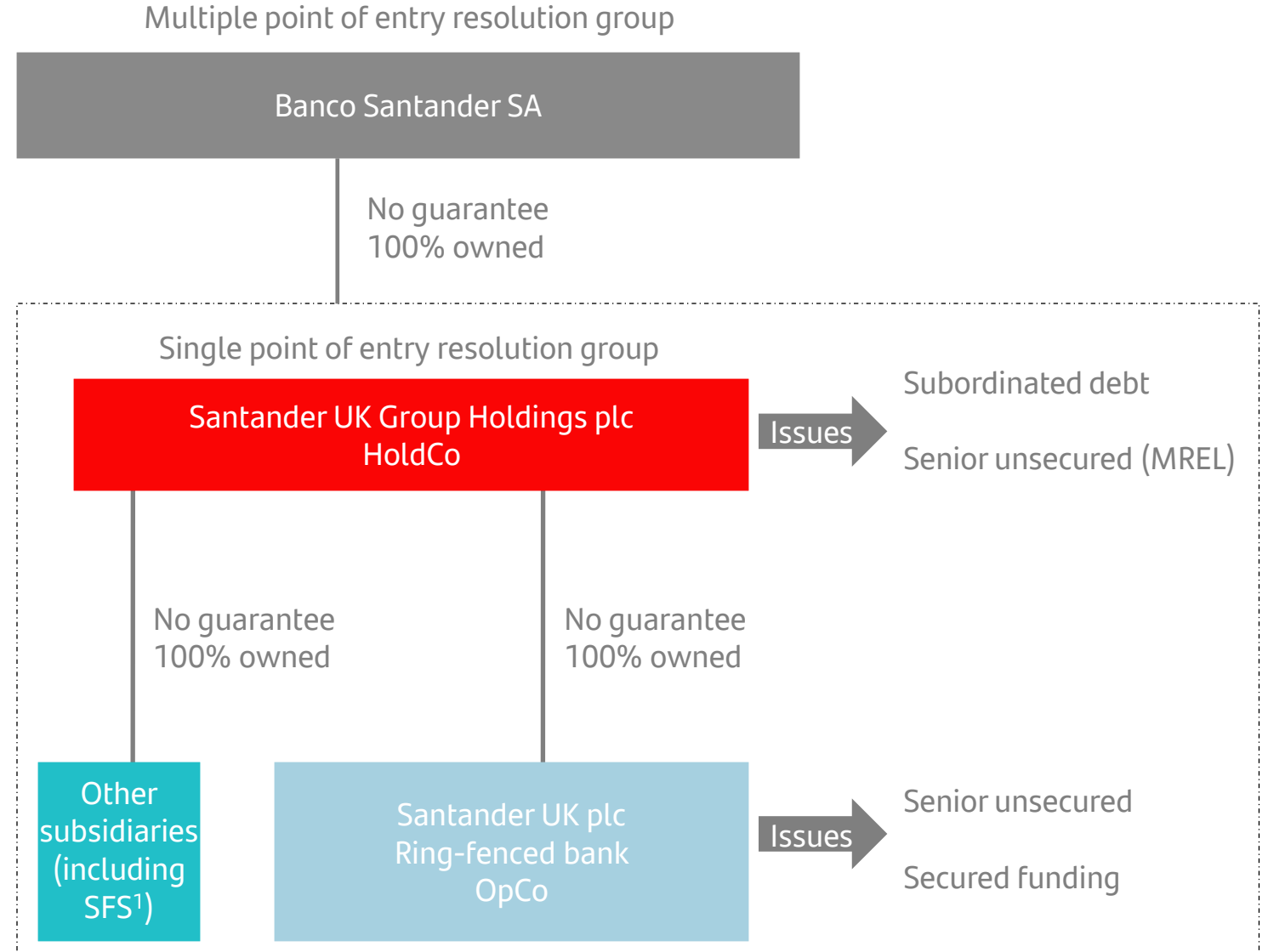
1. Santander UK plc ratings. 2. Opco is Santander UK plc. HoldCo is Santander UK Group Holdings plc.

Santander UK Group down-streaming model

- The PRA regulates capital, liquidity (including dividends) and large exposures
- Requirement to satisfy the PRA that we can withstand capital and liquidity stresses on a standalone basis

1. Santander Financial Services.

Wholesale funding model





Strategy



Q2 2022
results



Fixed
income



Sustainability



Appendix

Clear focus on our communities and being a responsible and sustainable bank

E Environmental: supporting the green transition

S Social: building a more inclusive society

G Governance: doing business the right way

Note: At 30 June 2022 (unless stated otherwise).
 1. 2021 assessment of our UK mortgage portfolio, see page 26, 2021 Santander UK Strategic Report. 2. This population includes c.1400 senior managers and those in more senior positions. These represent 7% of Santander UK employees 3. Cumulative since 2019. 4. Measurement changed from annual Global Engagement Strategy to a continuous listening strategy using Workday Peakon 5. 10% weighting 6. At 1 January 2022

| | | |
|---|--|--|
| <p>Helping customers go green</p> <p>>£250m funding committed to battery storage sector³</p> <p>>Greener Homes Hub launched for customers</p> | <p>Going green ourselves</p> <p>Carbon Neutral in our operations</p> <p>Net Zero with Nature Founding Partner UK National Parks</p> | <p>Aligning to Paris targets</p> <p>Net Zero Banking Alliance Partnership</p> <p>95% mortgages negligible/very low flood risk¹</p> |
|---|--|--|

| | | |
|--|--|---|
| <p>Talented and diverse team</p> <p>Top 20 ranking Social Mobility Index</p> <p>32% women in senior positions²</p> | <p>Advice & tools for customers</p> <p>Financially empowering >1.4m people³</p> <p>1.0m young people financially educated³</p> | <p>Supporting society</p> <p>>3.5k other people supported through volunteering</p> <p>536 scholarships and awards granted</p> |
|--|--|---|

| | |
|--|--|
| <p>A strong culture: Simple, Personal, Fair</p> <p>7.7/10 Employees engagement score +0.4 since 2021⁴</p> <p>Remuneration policy for people and sustainability⁵</p> | <p>An independent, diverse Board⁶</p> <p>50% Independent 33% Female</p> <p>ESG governance with Board oversight</p> |
|--|--|

Targets underpinning our three key pillars

1 Thriving Workplace

2 Better Communities

3 Healthy Environment

Note: See 2021 ESG supplement for definitions and more information.
 1. This population includes c. 1400 senior managers and those in more senior positions. These represent 7% of Santander UK employees. 2. Cumulative since 2019. 3. Cumulative since 2020. Includes lending to finance properties with an EPC rating of A and B, renewable energy and electric vehicles as well as financing raised and facilitated. 4. Customers with EPC rated of D or below properties engaged to improve efficiency of their homes

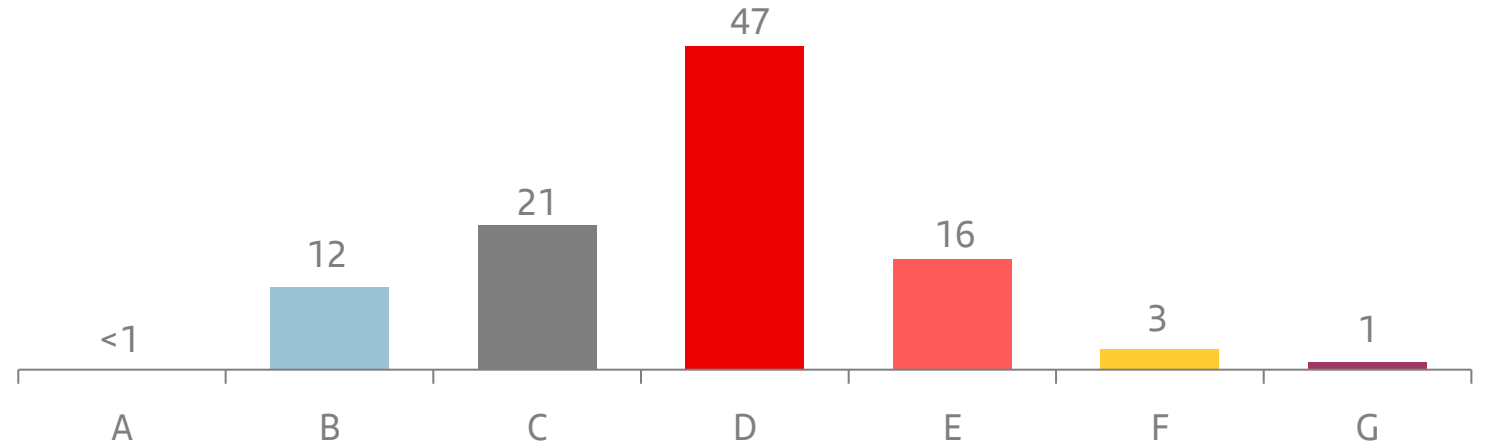
| Targets | H1 22 | Commitments | Target date |
|---|----------------------|----------------|-------------|
| Women in senior positions ¹ | 32% | 50% (+/-10%) | 2025 |
| Ethnic minorities in senior positions ¹ | 10% | 14% (+/-2%) | 2025 |
| Women on the Board | 33% | 40-60% | 2030 |
| Top 10 Company to work for | 16 th | Top 10 | 2025 |
| Senior leaders from lower socio-economic backgrounds ¹ | 28% | 35% | 2030 |
| Financially empowered people | >1.4m ² | 3m | 2025 |
| Financial education to children and young people | 1.0m ² | 2.2m | 2025 |
| Green finance ³ | >£6.5bn ³ | £20bn | 2025 |
| Customers helped to improve their homes' efficiency ⁴ | n.a. | 1.3m customers | 2025 |
| Customers supported to become greener with products and services | >23k | 180k customers | 2025 |

Energy efficiency of properties in our mortgage book

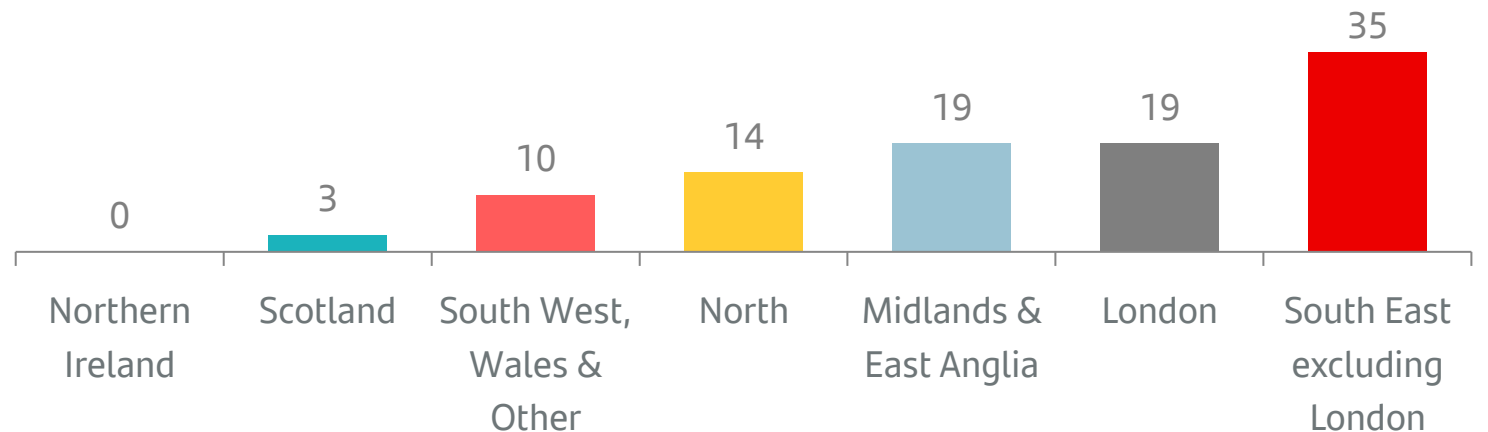
- 19 million homes across UK have average EPC rating of D and >20% of UK dwellings >100 years old
- Intend to support transition to more efficient housing through our bond issuance
- 57% of our mortgages with A and B EPC rating written in last 3 years
- Supplied 1,100 free Energy Fact reports to help customers improve their homes' carbon efficiency

1. Sourced from Landmark. Santander UK analysis based on residential mortgages where EPC records are held.

Santander UK mortgage distribution by EPC rating (%)



Santander UK mortgage geographical distribution of A and B EPC ratings (%)



Green Finance

- >£6.5bn of green finance¹ cumulative since 2020, helping our customers reduce their carbon footprint
- Offering green solutions for mortgage customers, SME's and corporates

1. Includes lending to finance properties with an EPC rating of A and B, renewable energy and electric vehicles as well as financing raised and facilitated.

| | What our customers need | What we finance |
|-----------------|---|--|
| Green buildings | Developer loans, private solar panel installation, smart meters, energy efficient lighting, mortgages on homes with an A or B energy rating | Purchase, construction and renovation of energy-efficient buildings Renewable power system installation and refurbishments that use 30% less energy |
| Clean mobility | Finance for electric and hybrid vehicles and financing of charging stations and bicycle lanes | Clean infrastructure and transport (<50 g CO2 per passenger km) |
| Renewables | Financing of solar panels, wind farms and battery storage production | Renewable energy production and transportation Energy storage |



Strategy



Q2 2022
results



Fixed
income



Sustainability



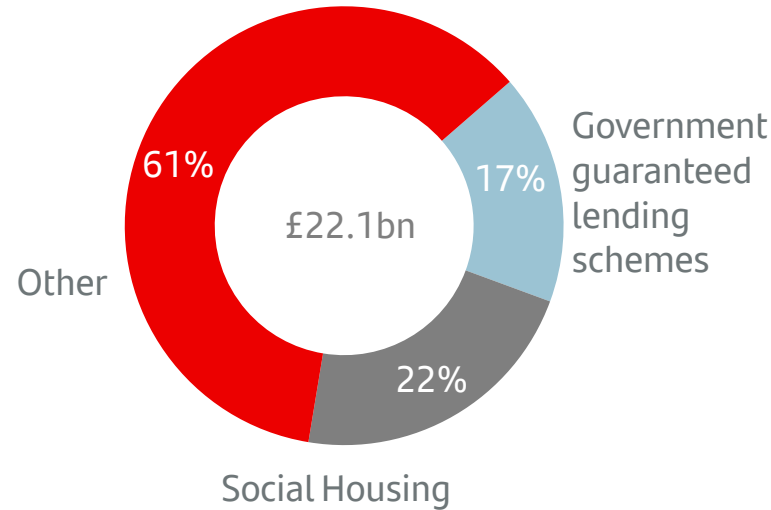
Appendix

Supplementary information

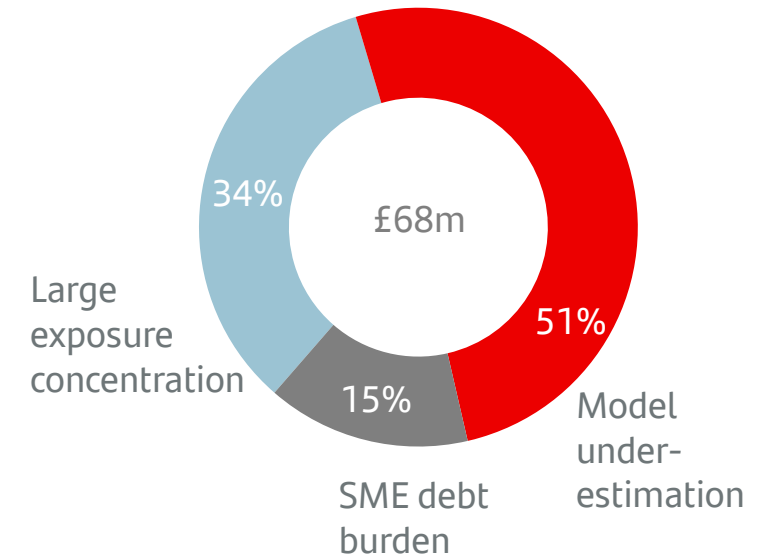
- Social housing is 22% of lending to corporates¹ and has zero credit defaults historically
- Covid-19 related PMAs down to £68m with lower risk of lockdowns
- Exposure to higher risk sectors related to higher inflation, energy and input costs and potential for lower demand

1. Includes CCB, Business Banking and non-core.

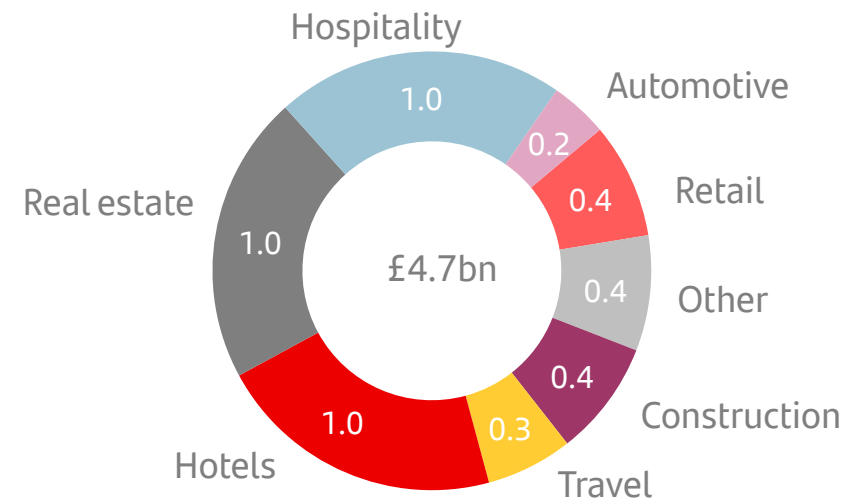
Customer loans¹ customer sector split



Covid-19 related PMAs



Exposure to higher risk sectors (£bn)



Economic scenarios

- UK economic outlook remains uncertain, with inflation at record levels
- Real wages set to drop c.2% in 2022, exacerbating cost of living crisis
- Bank Rate expected to rise to 2% in 2022
- House price growth to remain positive in 2022 but expect a marked slow down in H2 22

| % | | Upside 1 | Base Case | Downside 1 | Downside 2 | Stubborn Inflation |
|--|-----------|----------|-----------|------------|------------|--------------------|
| GDP ¹ | 2022 | 3.7 | 3.5 | 3.3 | 0.5 | 2.5 |
| | 2023 | 1.1 | 0.9 | 0.0 | (3.3) | (1.7) |
| | 2024 | 1.8 | 1.3 | 0.4 | 1.4 | 0.1 |
| Base rate ² | 2022 | 1.50 | 2.00 | 1.00 | 1.75 | 2.50 |
| | 2023 | 1.75 | 2.25 | 1.00 | 2.75 | 4.50 |
| | 2024 | 2.00 | 2.25 | 1.00 | 3.00 | 5.00 |
| House price inflation (HPI) ² | 2022 | 6.2 | 5.0 | 5.9 | 3.6 | 5.3 |
| | 2023 | (1.9) | 2.0 | (3.7) | (12.6) | (7.4) |
| | 5-yr CAGR | 1.1 | 3.4 | (1.7) | (3.4) | (2.9) |
| Unemployment (ILO) ³ | 2022 | 3.7 | 4.2 | 3.9 | 5.2 | 4.3 |
| | 2023 | 3.8 | 4.3 | 4.4 | 6.7 | 5.4 |
| | 5-yr peak | 4.1 | 4.3 | 5.9 | 6.7 | 6.3 |
| Weighting | | 5 | 40 | 15 | 20 | 20 |

1. Calendar year annual growth rate. 2. At 31 December 2021 3. Quarterly annual growth rate.

Abbreviations

| | |
|-----------------|---|
| Adj. | Adjusted |
| AT1 | Additional Tier 1 |
| Ave. | Average |
| Banco Santander | Banco Santander SA |
| Banking NIM | Banking Net Interest Margin |
| BBLS | Bounce Back Loan Scheme |
| BoE | Bank of England |
| BTL | Buy-To-Let |
| CBR | Combined Buffer Requirement |
| CCB | Corporate & Commercial Banking |
| CET1 | Common Equity Tier 1 |
| CF | Consumer Finance (operating segment) |
| CIB | Corporate & Investment Banking |
| CIR | Cost-To-Income Ratio |
| CoR | Cost of risk |
| CPI | Consumer Price Index |
| CRR | Capital Requirements Regulation |
| EBA | European Banking Authority |
| ECL | Expected Credit Losses |
| EDB | Everyday Banking |
| EL-P | Expected Loss Provisions |
| EPC | Energy Performance Certificate |
| ESG | Environmental, Social and Governance |
| FCA | Financial Conduct Authority |
| FoR | Follow on Rate |
| GDP | Gross Domestic Product |
| HoldCo | Holding Company (Santander UK Group Holdings plc) |
| HPI | House Price Index |
| IFRS | International Financial Reporting Standard |

| | |
|--------------|--|
| LAB | Liquid Assets Buffer |
| LCR | Liquidity Coverage Ratio |
| LDR | Loan-to-Deposit Ratio |
| LTV | Loan-To-Value |
| MDA | Maximum Distributable Amount |
| MREL | Minimum Requirement for own funds and Eligible Liabilities |
| n.a. | Not applicable |
| NII | Net interest income |
| n.m. | Not meaningful |
| NPS | Net promoter score |
| PCP | Personal contract purchase |
| PMA's | Post model adjustments |
| PRA | Prudential Regulation Authority |
| QMS | Quarterly Management Statement |
| QoQ | Quarter-on-Quarter |
| RFB | Ring-Fenced Bank (Santander UK plc) |
| RFB DoLSub | Santander UK plc Domestic Liquidity Sub-group |
| RoTE | Return on Tangible Equity |
| RWA | Risk-Weighted Assets |
| Santander UK | Santander UK Group Holdings plc |
| SFS | Santander Financial Services plc |
| SLB | Santander London Branch |
| SME | Small and Medium-Sized Enterprise |
| SST | Solvency stress test |
| SVR | Standard Variable Rate |
| TFSME | Term Funding Scheme with additional incentives for SMEs |
| UK | United Kingdom |
| UPL | Unsecured Personal Lending |
| YoY | Year-on-Year |

Santander UK Group Holdings plc (Santander UK) is a subsidiary of Banco Santander SA (Santander).

This presentation provides a summary of the unaudited business and financial trends for the six months ended 30 June 2022 for Santander UK Group Holdings plc and its subsidiaries (Santander UK), including its principal subsidiary, Santander UK plc. Unless otherwise stated, references to results in previous periods and other general statements regarding past performance refer to the business results for the same period in 2021.

Alternative Performance Measures (APMs)

In addition to the financial information prepared under IFRS, this presentation includes financial measures that constitute APMs, as defined in European Securities and Markets Authority (ESMA) guidelines. These measures are defined and reconciliations to the nearest IFRS measures are available in the appendix to the Santander UK Group Holdings plc Quarterly Management Statement for the six months ended 30 June 2022.

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Key dates

Q3 22 results: 26 October 2022



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