

**Santander UK Group Holdings plc and Santander UK plc**

**2019 Additional Capital and Risk Management Disclosures**

**Introduction**

Santander UK Group Holdings plc’s Additional Capital and Risk Management Disclosures for the year ended 31 December 2019 should be read in conjunction with our 2019 Annual Report.

As a significant wholly-owned subsidiary of Banco Santander, S.A., under CRD IV<sup>1</sup> Santander UK Group Holdings plc (the ‘Company’) is required to produce and publish annually a specified number of Pillar 3 disclosures rather than a complete set of Pillar 3 disclosures. In accordance with the EBA guidelines on disclosure frequency<sup>2</sup>, the Company has assessed the need to publish capital-related disclosures more frequently than annually and the disclosures deemed appropriate for more frequent publication have been included in the additional capital disclosures set out in this document. All disclosures cover the consolidated Santander UK Group Holdings plc Group position.

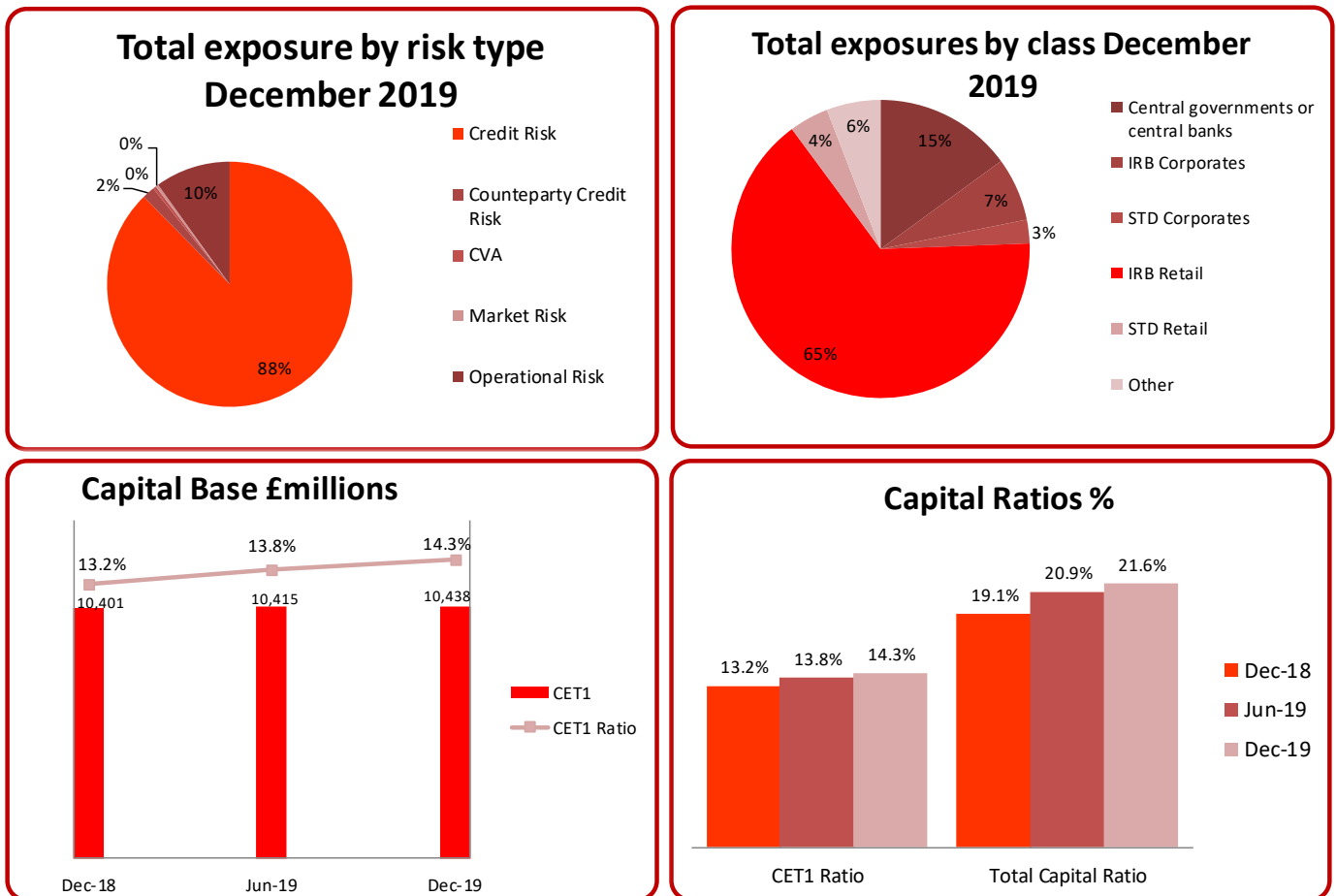
The Company was incorporated on 23 September 2013 and on 10 January 2014 became the immediate parent company of Santander UK plc and its controlled entities. From this date, the Company became the head of the Santander UK group for regulatory capital and leverage purposes. This document also includes a specified number of Pillar 3 disclosures in accordance with the EBA guidelines on disclosure frequency for the Santander UK plc Group in Appendix 1, which are substantially the same as Santander UK Group Holdings plc.

Pages 2-32 cover Santander UK Holdings plc and pages 33-51 cover Santander UK plc.

**CRD IV disclosures**

This document contains disclosures required under CRD IV and the EBA for The Company as a significant subsidiary of an EU Banking Group, some of which are not disclosed in the 2019 Annual Report. All disclosures cover the 31 December 2019 position or movement during 2019

**Summary**



<sup>1</sup> The Capital Requirements Directive IV (‘CRD IV’) and Capital Requirements Regulation (‘CRR’) legislative package, collectively referred to as CRD IV.

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

## Key metrics

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

	31 December 2019 £m	30 September 2019 £m	30 June 2019 £m	31 March 2019 £m	31 December 2018 £m
<b>Available Capital (amounts)</b>					
Common Equity Tier 1 (CET1) capital	10,438	10,327	10,415	10,363	10,401
Fully loaded <sup>1</sup> Expected Credit Loss (ECL) accounting model CET1	10,422	10,311	10,395	10,345	10,380
Tier 1 capital	13,083	12,981	12,849	12,810	12,767
Fully loaded ECL accounting model Tier 1	13,066	12,966	12,829	12,792	12,746
Total capital	15,778	15,943	15,713	15,730	15,038
Fully loaded ECL accounting model total capital	15,761	15,927	15,693	15,712	15,017
<b>Risk-weighted assets (amounts)</b>					
Total risk-weighted assets (RWA)	73,202	74,516	75,293	77,847	78,780
Fully loaded ECL accounting model total RWA	73,232	74,547	75,333	77,885	78,836
<b>Risk-based capital ratios as a percentage of RWA</b>					
Common Equity Tier 1 ratio	14.3%	13.9%	13.8%	13.3%	13.2%
Fully loaded ECL accounting model Common Equity Tier 1 (%)	14.2%	13.8%	13.8%	13.3%	13.2%
Tier 1 ratio	17.9%	17.4%	17.1%	16.5%	16.2%
Fully loaded ECL accounting model Tier 1 ratio (%)	17.8%	17.4%	17.0%	16.4%	16.2%
Total capital ratio	21.6%	21.4%	20.9%	20.2%	19.1%
Fully loaded ECL accounting model total capital ratio (%)	21.5%	21.4%	20.8%	20.2%	19.0%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	1.88%
Countercyclical buffer requirement (%)	0.98%	0.98%	0.95%	0.95%	0.96%
Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-	-
Total of bank CET1 specific buffer requirements (%)	3.48%	3.48%	3.45%	3.45%	2.84%
CET1 available after meeting the banks minimum capital	6.28%	5.88%	5.88%	5.36%	5.87%
<b>CRD IV leverage ratio</b>					
Total CRD IV leverage ratio exposure measure (£bn)	295.6	293.6	301.8	297.4	300.3
CRD IV leverage ratio	4.3%	4.3%	4.1%	4.2%	4.1%
Fully loaded ECL accounting model leverage Ratio	4.3%	4.3%	4.1%	4.2%	4.1%
<b>Liquidity Coverage Ratio</b>					
Total high-quality liquid assets (HQLA)	41,604	44,363	47,707	43,196	52,982
Total net cash outflow	29,266	29,927	30,702	30,958	32,391
Liquidity coverage ratio (LCR)	142.2%	148.2%	155.4%	141.9%	163.6%

## Key Movements

While LCR remains high at 142.2%, it is lower than as at 31 December 2018 reflecting reduced uncertainty.

<sup>1</sup> Fully loaded excludes the impact of transitional arrangements.

**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 2019 £bn	30 June 2019 £bn	
<b>Regulatory capital elements of TLAC and adjustments</b>			
1	Common Equity Tier 1 capital (CET1)	10.4	10.4
2	Additional Tier 1 capital (AT1) before TLAC adjustments	2.7	2.4
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	-	-
4	Other adjustments	-	-
5	AT1 instruments eligible under the TLAC framework	2.7	2.4
6	Tier 2 capital (T2) before TLAC adjustments	2.7	2.9
7	Amortised portion of T2 instruments where remaining maturity > 1 year	-	0.2
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	-	-
9	Other adjustments	-	-
10	T2 instruments eligible under the TLAC framework	2.7	2.9
11	TLAC arising from regulatory capital	15.8	15.7
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	8.0	9.3
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	8.0	9.3
<b>Non-regulatory capital elements of TLAC: adjustments</b>			
18	TLAC before deductions	23.8	25.0
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	23.8	25.0
<b>Risk-weighted assets and leverage exposure measure for TLAC purposes</b>			
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	73.2	75.3
24	Leverage exposure measure	295.6	301.8
<b>TLAC ratios and buffers</b>			
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	32.5%	33.2%
26	TLAC (as a percentage of leverage exposure)	8.0%	8.3%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	-	-
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)	3.48%	3.45%
29	Of which: capital conservation buffer requirement	2.50%	2.50%
30	Of which: bank specific countercyclical buffer requirement	0.98%	0.95%
31	Of which: D-SIB / G-SIB buffer	-	-

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

Creditor Hierarchy of Material subsidiaries, Santander UK plc

£bn		Creditor ranking						Sum of 1 to 6
		1 (most junior)	2	3	4	5	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	2.0	0.6	1.1	1.9	8.4	17.1
4	Subset of row 3 that are excluded liabilities	-	-	-	-	-	-	-
5	Total capital and liabilities less excluded liabilities	3.1	2.0	0.6	1.1	1.9	8.4	17.1
6	Subset of row 5 that are eligible as TLAC	3.1	2.0	0.6	1.1	1.9	7.5	16.2
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	-	-	0.8	0.8
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	-	1.1	5.3	6.4
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	-	0.8	-	1.4	2.2
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	0.3	0.3	-	0.6
11	Subset of row 6 that is perpetual securities	3.1	2.0	0.6	-	0.5	-	6.2

**TLAC3 – Resolution entity – creditor ranking at legal entity level**

Creditor Hierarchy of the Company

£bn		Creditor ranking				Sum of 1 to 4
		1 (most junior)	2	3	4 (most senior)	
		Share Capital Book value	Additional Tier 1 Instruments Stated value	Subordinated Debt Par value	Bail-in Debt Par value	Total
1	Description of creditor ranking					
2	Total capital and liabilities net of credit risk mitigation	7.1	2.8	3.0	8.9	21.8
3	Subset of row 2 that are excluded liabilities	-	-	-	-	-
4	Total capital and liabilities less excluded liabilities	7.1	2.8	3.0	8.9	21.8
5	Subset of row 4 that are potentially eligible as TLAC	7.1	2.8	3.0	8.0	20.9
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	-	-	-	1.9	1.9
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	-	-	1.1	4.2	5.3
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	-	-	0.8	1.9	2.7
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	0.6	-	0.6
10	Subset of row 5 that is perpetual securities	7.1	2.8	0.5	-	10.4

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

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

	31 December 2019 £m	30 September 2019 £m	30 June 2019 £m
Total Own Funds and Eligible Liabilities available	23,787	25,427	25,022
Fully loaded ECL accounting model Own Funds and Eligible Liabilities available	23,771	25,411	25,002
Total RWA at the level of the resolution group	73,202	74,516	75,293
Total Own Funds and Eligible Liabilities as a percentage of RWA	32.5%	34.1%	33.2%
Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model RWA	32.5%	34.1%	33.2%
CRD IV Leverage exposure measure at the level of the resolution group	295,562	293,591	301,834
Total Own Funds and Eligible Liabilities as a percentage of CRD IV leverage exposure measure	8.0%	8.7%	8.3%
Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model Basel III leverage ratio exposure measure	8.0%	8.7%	8.3%

The TLAC requirement for Santander UK Group Holdings plc excluding capital buffers is the higher of:

- 16% of the Group's consolidated RWAs;
- 6% of the CRR leverage exposure

**IFRS 9 Transitional Arrangements**

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

	85%	70%	50%	25%
	2019	2020	2021	2022
<b>Available Capital (amounts)</b>				
Common Equity Tier 1 (CET1) capital	10,438	10,435	10,431	10,427
CET1 Capital as if IFRS 9 STATIC transitional arrangements were not applied	10,422	10,422	10,422	10,422
CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements were not applied	10,438	10,435	10,431	10,427
CET1 Capital as if ALL IFRS 9 transitional arrangements were not applied	10,422	10,422	10,422	10,422
Tier 1 Capital	13,083	13,080	13,076	13,071
Tier 1 Capital as if ALL IFRS 9 transitional arrangements were not applied	13,066	13,066	13,066	13,066
Total Capital	15,778	15,774	15,771	15,766
Total Capital as if ALL IFRS 9 transitional arrangements were not applied	15,761	15,761	15,761	15,761
<b>Risk-weighted assets (amounts)</b>				
Total risk-weighted assets (RWA)	73,202	73,201	73,209	73,221
Total RWA as if IFRS 9 STATIC transitional arrangements were not applied	73,325	73,301	73,281	73,257
Total RWA as if IFRS 9 DYNAMIC transitional arrangements were not applied	73,109	73,132	73,160	73,196
Total RWA as if ALL IFRS 9 transitional arrangements were not applied	73,232	73,232	73,232	73,232
<b>Capital Ratios</b>				
Common Equity Tier 1 ratio	14.3%	14.3%	14.3%	14.2%
Common Equity Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	14.2%	14.2%	14.2%	14.2%
Tier 1 ratio	17.9%	17.9%	17.9%	17.9%
Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	17.8%	17.8%	17.8%	17.8%
Total capital ratio	21.6%	21.5%	21.5%	21.5%
Total Capital as if ALL IFRS 9 transitional arrangements were not applied	21.5%	21.5%	21.5%	21.5%
<b>CRD IV leverage ratio</b>				
Leverage Ratio Total Exposure Measure	295,562	295,562	295,562	295,562
Leverage Ratio	4.3%	4.3%	4.3%	4.3%
Leverage ratio as if ALL IFRS 9 transitional arrangements were not applied	4.3%	4.3%	4.3%	4.3%

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

The capital relief affects both the capital base and RWAs reported by the Company. The adjustment to CET1 capital is comprised of a static element and a dynamic element. The static element is based on the CET1 capital impact of the change in provision levels upon implementation of IFRS 9 (on 1st January 2018). The capital adjustments from this static element will only change over the five year transition period due to the phased reduction of the transitional factor. The dynamic element is based on the capital impact of the change in provision levels for non-credit impaired exposures from the first day of the implementation of IFRS 9. The dynamic element will change over the five year transition period and is also subject to progressive reduction over the 5 year transitional period due to the transitional factor. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk, Deferred Tax assets created upon adoption of IFRS 9 ECL-based provisioning and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Rating Based approach.

**Leverage ratio**

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

	31 December 2019 £m	30 September 2019 £m	30 June 2019 £m	31 March 2019 £m	31 December 2018 £m
Common Equity Tier 1 (CET1) capital	10,438	10,327	10,415	10,363	10,401
End point Additional Tier 1 (AT1) capital	2,187	2,222	2,041	2,041	2,041
End point Tier 1 capital	12,625	12,549	12,456	12,404	12,442
Leverage Exposure CRD IV (£bn)	295.6	293.6	301.8	297.4	300.3
Leverage Exposure UK Leverage Ratio <sup>1</sup> (£bn)	269.2	273.5	275.7	274.5	275.6
End point Tier 1 Leverage Ratio CRD IV	4.3%	4.3%	4.1%	4.2%	4.1%
End point Tier 1 Leverage Ratio UK Leverage Ratio <sup>1</sup>	4.7%	4.6%	4.5%	4.5%	4.5%
Average Tier 1 Leverage Ratio UK Leverage Ratio <sup>1</sup>	4.6%	4.5%	4.5%	4.5%	4.4%

The Leverage Ratio has increased by 20 bps during 2019 driven by the decreasing balance sheet amounts coupling with increasing end-point Additional Tier1 capital due to £0.2 bn AT1 issuance in 2019.

<sup>1</sup> Includes the impact of AT1 cap on end point AT1 capital and deductions permitted under the recommendation from the Financial Policy Committee on 25th July 2016.

**Liquidity Coverage Ratio**

Additional liquidity disclosures are published in the 2019 Annual Report. For further information please refer to the Liquidity Risk section of the 2019 Annual Report.

	Average unweighted value		Average weighted value	
	31 December 2019 £m	30 September 2019 £m	31 December 2019 £m	30 September 2019 £m
Total high-quality liquid assets (HQLA)	46,263	48,618	45,342	47,473
<b>CASH-OUTFLOWS</b>				
<b>Retail deposits and deposits from small business customers, of which:</b>	<b>133,649</b>	<b>133,562</b>	<b>7,820</b>	<b>7,823</b>
Stable deposits	116,999	116,784	5,850	5,839
Less stable deposits	16,650	16,778	1,970	1,984
<b>Unsecured wholesale funding</b>	<b>24,415</b>	<b>24,393</b>	<b>14,149</b>	<b>14,308</b>
Operational deposits (all counterparties) and deposits in networks of cooperative banks				
Non-operational deposits (all counterparties)	22,449	22,339	12,183	12,254
Unsecured debt	1,966	2,054	1,966	2,054
<b>Secured wholesale funding</b>	<b>12,400</b>	<b>11,802</b>	<b>511</b>	<b>667</b>
<b>Additional requirements</b>	<b>20,548</b>	<b>21,412</b>	<b>8,101</b>	<b>8,485</b>
Outflows related to derivative exposures and other collateral requirements	5,749	5,937	5,749	5,937
Outflows related to loss of funding on debt products	280	330	281	330
Credit and liquidity facilities	14,519	15,145	2,071	2,218
<b>Other contractual funding obligations</b>	<b>62</b>	<b>131</b>	<b>5</b>	<b>71</b>
<b>Other contingent funding obligations</b>	<b>26,022</b>	<b>25,463</b>	<b>1,974</b>	<b>1,909</b>
<b>TOTAL CASH OUTFLOWS</b>	<b>217,096</b>	<b>216,763</b>	<b>32,560</b>	<b>33,263</b>
<b>CASH-INFLOWS</b>				
Secured lending (eg reverse repos)	10,826	12,508	278	381
Inflows from fully performing exposures	1,811	1,879	1,042	1,109
Other cash inflows	1,693	1,737	504	548
(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)				
(Excess inflows from a related specialised credit institution)				
<b>TOTAL CASH INFLOWS</b>	<b>14,330</b>	<b>16,124</b>	<b>1,824</b>	<b>2,038</b>
Fully exempt inflows				
Inflows Subject to 90% Cap				
Inflows Subject to 75% Cap	9,297	10,064	1,824	2,038
<b>LIQUIDITY BUFFER</b>	<b>-</b>	<b>-</b>	<b>45,342</b>	<b>47,473</b>
<b>TOTAL NET CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>30,736</b>	<b>31,227</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>-</b>	<b>-</b>	<b>147.52</b>	<b>152.03%</b>
Number of data points used in calculation of averages	12	12	12	12

**Key Movements**

While LCR remains high at 147.52%, it is lower than as at 30 September 2019 reflecting reduced uncertainty.



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

In accordance with CRD IV rules, and with approval of the Single Supervisory Mechanism (SSM) comprised of the European Central Bank (ECB) and national supervisory authorities of the participating countries, the Company uses internal models to calculate 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	Corporate	Specialised Lending	Sovereigns Other Non-IRB Corporates

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

### Risk-weighted assets by business division

	Regulatory exposure			Risk-weighting			RWAs		
	Standardised approach	IRB Approach	Total	Standardised approach	IRB Approach	Total	Standardised approach	IRB Approach	Total
2019	£bn	£bn	£bn	%	%	%	£bn	£bn	£bn
<b>Retail Banking</b>									
- Secured lending	0.2	174.9	175.1	22.5	16.2	16.2	-	28.4	28.4
- Unsecured lending	14.3	8.2	22.5	75.5	50.0	66.2	10.8	4.1	14.9
- Operational risk	-	-	-	-	-	-	5.7	-	5.7
<b>Corporate &amp; Commercial Banking</b>									
- Customer assets	5.4	13.4	18.8	76.5	53.8	60.3	4.1	7.2	11.3
- Counterparty risk	0.1	0.3	0.4	97.8	65.1	74.3	0.1	0.2	0.3
- Operational risk	-	-	-	-	-	-	0.9	-	0.9
<b>Corporate &amp; Institutional Banking</b>									
- Credit risk	0.1	6.9	7.0	80.1	53.8	54.2	0.1	3.7	3.8
- Counterparty risk	-	0.4	0.4	-	68.5	74.5	-	0.3	0.3
- Market risk <sup>1</sup>	-	-	-	-	-	-	0.1	-	0.1
- Operational risk	-	-	-	-	-	-	0.7	-	0.7
<b>Corporate Centre</b>									
- Customer assets <sup>2</sup>	0.9	4.1	5.0	57.7	26.2	31.7	0.6	1.1	1.7
- Counterparty Risk	0.8	1.4	2.2	91.9	14.7	43.4	0.7	0.2	0.9
- Eligible liquid assets <sup>3</sup>	40.2	-	40.2	-	-	-	-	-	-
- Market Risk <sup>1</sup>	-	-	-	-	-	-	0.2	-	0.2
- Operational Risk	-	-	-	-	-	-	-	-	-
<b>Other assets<sup>4</sup></b>	8.4	1.0	9.4	42.9	40.0	42.6	3.6	0.4	4.0
<b>Total</b>	<b>70.4</b>	<b>210.6</b>	<b>281.0</b>	<b>39.2</b>	<b>21.7</b>	<b>26.1</b>	<b>27.6</b>	<b>45.6</b>	<b>73.2</b>

(1) Market Risk RWAs are determined using both internal model-based and standardised approaches. See the Market Risk section of the Risk Review in the 2019 Annual Report.

(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 risk.

**Overview of RWA**

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

	RWA		Minimum capital requirements
	31 December 2019 £bn	30 September 2019 £bn	31 December 2019 <sup>1</sup> £bn
Credit risk (excluding counterparty credit risk) <sup>1</sup>	62.3	63.1	5.0
- Of which: standardised approach (SA)	18.3	20.4	1.5
- Of which: foundation internal rating-based approach (FIRB) approach	5.4	4.7	0.4
- Of which: advanced internal rating-based approach (AIRB) approach	38.6	38.0	3.1
Counterparty credit risk (CCR) <sup>1</sup>	1.2	1.3	0.1
- Of which: standardised approach for counterparty credit risk	1.2	1.3	0.1
- Of which: IMM	-	-	-
- Of which: other CCR	-	-	-
Credit Valuation Adjustment (CVA)	0.3	0.5	-
Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	0.5	0.5	-
Equity investments in funds – look-through approach	-	-	-
Equity investments in funds – mandate-based approach	-	-	-
Equity investments in funds – fall-back approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book (after cap) <sup>2</sup>	1.3	1.2	-
- Of which: securitisation IRB approach (SEC-IRBA)	0.3	0.1	-
- Of which: securitisation external ratings-based approach (SEC-ERBA), including external assessment approach (IAA)	0.4	0.7	-
- Of which: securitisation standardised approach (SEC-SA)	0.6	0.4	-
Market risk <sup>1</sup>	0.3	0.3	-
- Of which: standardised approach	0.3	0.3	-
- Of which: internal model approach (IM)	-	-	-
Capital charge for switch between trading book and banking book	-	-	-
Operational risk <sup>1</sup>	7.3	7.6	0.6
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Aggregate capital floor applied	-	-	-
Floor adjustment (before application of transitional cap)	-	-	-
Floor adjustment (after application of transitional cap)	-	-	-
Total <sup>1</sup>	73.2	74.5	5.8

**CRD IV 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 CRD IV Pillar 1 that contribute to the level of RWAs.

**RWA flow statements of credit risk exposures under IRB and RWA flow statements of credit risk exposures under standardised<sup>3</sup>****RWA flow statements of credit risk exposures under IRB**

	RWA £bn	Capital requirements
RWAs at 30 September	45.0	3.6
Asset size	1.0	0.1
Asset quality	(0.8)	(0.1)
Model updates	1.0	0.1
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	-	-
RWAs at 31 December	46.2	3.7

**RWA flow statements of credit risk exposures under standardised approach**

	RWA £bn	Capital requirements
RWAs at 30 September	21.2	1.7
Asset size	(2.0)	(0.2)
Asset quality	1.2	0.1
Model updates	(1.3)	(0.1)
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	-	-
RWAs at 31 December	19.1	1.5

£1.0bn in IRB Model updates and (1.3bn) in standardised approach Model updates is due to the switch of counterparties from standardised to IRB following the Income Producing Real Estate (IPRE) Model extension. Full year RWA flow statements are included in the Annual Report.

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

<sup>2</sup> Includes Significant Risk Transfer transactions which are subject to re-characterisation risk

<sup>3</sup> Table excludes CVA

**Credit risk exposure and Credit Risk Mitigation (CRM) effects****Standardised approach**

	Exposures before CCF and CRM		Exposure post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019
Central government or central banks	38.6	0.4	38.6	0.4	-	-
Regional government or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	20%
Multilateral Development Banks	1.5	-	1.5	-	-	-
International Organisations	-	-	-	-	-	-
Institutions	1.0	-	1.0	-	0.2	16%
Corporates	7.2	2.3	6.8	0.1	6.6	98%
Retail	10.6	9.2	10.6	-	7.8	74%
Secured by mortgages on immovable property	0.4	-	0.4	-	0.2	49%
Exposures in default	0.1	-	0.1	-	0.2	116%
Higher-risk categories	0.1	-	0.1	-	0.2	150%
Covered bonds	1.4	-	1.4	-	0.1	10%
Institutions and corporations with a short term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Other items	6.5	-	6.5	-	3.6	55%
Securitisations	3.8	-	3.8	-	1.0	25%
Contributions to the default fund of a CCP	-	-	-	-	0.1	1250%
<b>Total</b>	<b>71.2</b>	<b>11.9</b>	<b>70.8</b>	<b>0.5</b>	<b>20.0</b>	<b>28%</b>

**IRB approach**

	Exposures before CCF and CRM		Exposure post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019
Corporates – Specialised Lending	4.6	1.0	4.6	0.4	4.2	85%
Corporates – SME	1.3	0.4	1.3	-	1.3	95%
Corporates – Other	11.9	11.7	11.9	5.1	6.7	39%
Institutions	1.4	0.1	1.4	0.1	0.5	33%
Retail Immovable Property	165.6	13.5	166.0	8.9	28.4	16%
Retail QRR	0.6	3.9	0.6	4.9	1.9	34%
Retail Other	2.1	-	2.1	-	1.8	86%
Equity	0.1	-	0.1	-	0.5	370%
Securitisations	1.5	0.7	1.5	0.7	0.3	14%
<b>Total</b>	<b>189.1</b>	<b>31.3</b>	<b>189.5</b>	<b>20.1</b>	<b>45.6</b>	<b>22%</b>

**IRB (specialised lending and equities)**

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

		Specialised Lending			Risk weight %	RWA £m	Expected losses £m
Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m				
1	Less than 2.5 years	65.8	156.1	50%	36	-	
	Equal to or more than 2.5 years	227.5	1,213.6	70%	184.7	1.1	
2	Less than 2.5 years	1,703	4,651.7	70%	1,313.5	7.6	
	Equal to or more than 2.5 years	2,288.1	3,921	90%	2,166.1	19.4	
3	Less than 2.5 years	65.1	15.2	115%	70.5	1.8	
	Equal to or more than 2.5 years	38.4	-	115%	44.2	1.1	
4	Less than 2.5 years	165.5	-	250%	408.9	13.2	
	Equal to or more than 2.5 years	3.2	0.9	250%	8.1	0.3	
5	Less than 2.5 years	70.6	1	-	-	35.3	
	Equal to or more than 2.5 years	-	-	-	-	-	
<b>Total</b>	Less than 2.5 years	<b>2,070</b>	<b>4,824</b>	<b>-</b>	<b>1,828.9</b>	<b>57.9</b>	
	Equal to or more than 2.5 years	<b>2,557.2</b>	<b>5,135.5</b>	<b>-</b>	<b>2,403.1</b>	<b>21.9</b>	

Equities under the simple risk-weight approach						
	On-balance sheet amount £m	Off-balance sheet amount £m	Risk weight %	RWA £m	Capital requirements £m	
Exchange –traded equity exposures	-	-	190%	-	-	
Private equity exposures	-	-	250%	-	-	
Other equity exposures	135.4	-	370%	500.8	40.1	
<b>Total</b>	<b>135.4</b>	<b>-</b>	<b>-</b>	<b>500.8</b>	<b>40.1</b>	

**Countercyclical Capital Buffer**

The following table outlines the geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer as at 31 December 2019.

Country	General credit exposure		Trading book exposure		Securitisation exposure		Own funds requirement					Counter-cyclical capital buffer rate	
	Exposure value for SA £bn	Exposure value IRB £bn	Sum of long and short position of trading book £bn	Value of trading book exposure for internal models £bn	Exposure value for SA £bn	Exposure value IRB £bn	Of which: general credit exposures £bn	Of which: trading book exposures £bn	Of which: securitisation exposures £bn	Total £bn	Own funds requirement weight		
UK	29.5	214.4	-	-	-	1.6	5.1	-	-	-	5.1	-	1%
Crown													
Dependencies	0.7	0.3	-	-	-	-	-	-	-	-	-	-	0%
United States	0.1	0.1	-	-	-	-	-	-	-	-	-	-	0%
Spain	-	-	-	-	-	-	-	-	-	-	-	-	0%
Australia	-	-	-	-	-	-	-	-	-	-	-	-	0%
Luxembourg	0.2	0.1	-	-	-	-	-	-	-	-	-	-	0%
Canada	-	-	-	-	-	-	-	-	-	-	-	-	0%
Netherlands	0.1	0.2	-	-	-	-	-	-	-	-	-	-	0%
Ireland	0.2	0.3	-	-	1.9	2.4	-	-	0.1	0.1	-	-	1%
Norway	0.1	0.4	-	-	-	-	-	-	-	-	-	-	2.5%
Sweden	-	0.1	-	-	-	-	-	-	-	-	-	-	2.5%
France	0.3	-	-	-	-	-	-	-	-	-	-	-	0.25%
Belgium	0.1	-	-	-	-	-	-	-	-	-	-	-	0%
Finland	-	-	-	-	-	-	-	-	-	-	-	-	0%
Switzerland	-	-	-	-	-	-	-	-	-	-	-	-	0%
British Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	-	0%
Denmark	-	0.5	-	-	-	-	-	-	-	-	-	-	1%
Italy	-	-	-	-	-	-	-	-	-	-	-	-	0%
Bermuda	-	-	-	-	-	-	-	-	-	-	-	-	0%
New Zealand	-	-	-	-	-	-	-	-	-	-	-	-	0%
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	-	0%
Other	-	-	-	-	-	-	-	-	-	-	-	-	0% or not set

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

Countries included in the table above were selected if total exposure was greater than £0.1bn pre-deductions based on Article 140(4) of Directive 2013/36/EU.

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

	£bn
Total risk exposure	73.2
Institution specific countercyclical capital buffer rate	1.0%
Institution specific countercyclical capital buffer requirement	0.7

The level of the Countercyclical Capital Buffer for the Company at 31 December 2019 was 0.98%.

### 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<sup>1</sup>. The RWAs as at 31 December 2019 are also shown. This table does not include portfolios covered by the IRB approach for securitisations (£0.4bn RWAs) and IRB approach for equity exposures (£0.5bn 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 (£28.4bn)	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 (£1.8bn)	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 (£1.9bn)	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 (£2.1bn)	Expert judgement rating model	Low default portfolio	Corporates	PD floor of 0.03%
	Corporate	Four Models (£6.4bn)	Statistical rating model for Corporates and slotting model (1) for Specialised Lending	>10 years	Corporates	PD floor of 0.03%
	Global Models	Three Models (£6.3bn)	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 (£28.4bn)	Data driven estimates of loss and propensity to write-off, stressed to a downturn position	>10 years	Retail Mortgages
Unsecured Personal Loans		One Model (£1.8bn)	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 (£1.9bn)	Data driven estimates of loss and propensity to write-off, using a long run average	6-10 years	Qualifying Revolving Retail Exposures	NA
Social Housing		One Model (£2.1bn)	Data driven estimate of realisable value of collateral	Low default portfolio	Corporates	LGD Floor of 35%
Corporate		Four Models (£6.4bn)	Foundation IRB	NA	Corporates	NA
Global Models		Three Models (£6.3bn)	Combination of statistical and expert judgement models for Banks, Insurers and Large Corporates	Low default portfolios	Corporates & Institutions	NA
EAD		Residential Mortgages	One Model (£28.4bn)	Long-run credit conversion factors applied to on and off balance	>10 years	Retail Mortgages
	Unsecured Personal Loans	One Model (£1.8bn)	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 (£1.9bn)	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
	Social Housing	One Model (£2.1bn)	Data driven estimate	Low default portfolio	Corporates	EAD must be at least equivalent to current balance utilisation at account level
	Corporate	Four Models (£6.4bn)	Foundation IRB	NA	Corporates	EAD must be at least equivalent to current balance utilisation at account level
	Global Models	Three Models (£6.3bn)	Combination of statistical and expert judgement models for Banks, Insurers and Large Corporates	Low default portfolios	Corporates & Institutions	EAD must be at least equivalent to current balance utilisation at account level

<sup>1</sup> Slotting models do not estimate a PD or LGD, but do generate an Expected Loss

**Probability of Default disclosures**

The following tables show the distribution by credit quality of the value of exposures, credit risk parameters and capital for the Holdco Group's IRB portfolios, by exposure class. This excludes specialised lending and securitisation portfolios where PD is not estimated for RWA calculations. 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
Corporate	Corporates
Global Models – Banks	Institutions
Global Models – Insurers	Corporates
Global Models – Large Corporates	Corporates

The Company uses a single rating scale for reporting purposes to provide a consistent approach for reporting default risk across all the credit risk portfolios. The scale is comprised of eight grades for non-defaulted exposures numbered from 9 (lowest risk) to 2 (highest risk). In the tables below, the PD bands and associated PD ranges reflect those used for PRA reporting purposes. The PD band numbering is inverted, with 1 representing the lowest risk, and the definition of default is in accordance with PRA rules.

For the corporates and institutions exposure classes, the PD bands for an individual counterparty exposure are determined by the through-the-cycle PD value assigned to the counterparty exposures. This through-the-cycle PD is also used in the calculation of average PD, RWAs and average risk weighting for these classes. For the retail mortgages, qualifying revolving retail exposures and other retail exposure classes, the PD band and PD range reflect the point-in-time PD of an individual counterparty exposure, but the PD used for average PD, RWAs and average risk weighting is cycle-adjusted and hence can be different to the point-in-time PD. This results in the average PD being outside the specified PD range for some PD bands.

For all exposure classes, the average PD and average LGD reflect exposure at default-weighted values. The analysis for corporates and institutions includes both banking book exposures and counterparty risk exposures.

**At 31 December 2019****Corporates**

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
1	0.000 to 0.160	12,747	0.06	37.9	3,177	25
2	0.160 to 0.290	1,196	0.24	46.7	673	56
3	0.290 to 0.530	1,321	0.4	46.9	894	68
4	0.530 to 0.920	675	0.64	47.1	607	90
5	0.920 to 1.560	156	1.12	48.4	176	112
6	1.560 to 2.700	1,218	2.25	42.8	1,228	101
7	2.700 to 35.000	817	7.14	44.3	1,181	145
	In default	188	100.0	45.2	-	0
	Total	18,318	1.608	40.265	7,936	43

**Institutions**

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
1	0.000 to 0.037	697	0.0335	44.626	129	18.58
2	0.037 to 0.039	-	-	-	-	-
3	0.039 to 0.045	-	-	-	-	-
4	0.045 to 0.058	205	0.0570	45.033	38	18.76
5	0.058 to 0.076	-	-	-	-	-
6	0.076 to 0.100	393	0.0890	45.501	156	39.58
7	0.100 to 0.134	-	-	-	-	-
8	0.134 to 0.211	99	0.1380	46.242	61	61.42
9	0.211 to 0.339	99	0.2690	46.289	51	51.59
10	0.339 to 0.544	17	0.5280	48.139	12	69.59
11	0.544 to 0.873	-	-	-	-	-
12	0.873 to 1.402	-	-	-	-	-
	In default	-	-	-	-	-
	Total	1,510	0.0790	45.164	447	29.63

**Retail mortgages**

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
1	0.000 to 0.015	10,082	0.39	10.94	772	7.66
2	0.015 to 0.030	8,399	0.38	11.46	673	8.01
3	0.030 to 0.060	17,693	0.36	9.57	1,118	6.32
4	0.060 to 0.120	37,127	0.4	9.03	2,297	6.19
5	0.120 to 0.250	54,492	1.3	9.46	7,962	14.61
6	0.250 to 0.500	25,988	2.73	10.72	6,684	25.72
7	0.500 to 1.000	10,263	5.38	11.79	4,125	40.2
8	1.000 to 2.000	2,808	11.13	11.88	1,520	54.14
9	2.000 to 4.000	3,135	14.98	9.90	1,582	50.46
10	4.000 to 8.000	1,338	25.93	11.19	830	62.08
11	8.000 to 15.000	662	41.82	9.94	360	54.37
12	15.000 to 30.000	668	59.74	10.59	303	45.27
13	30.000 to 60.000	418	81.51	10.40	97	23.30
14	60.000 to 99.999	194	81.51	10.67	47	24.18
	In default	1,616	100.00	14.41	-	-
	<b>Total</b>	<b>174,883</b>	<b>3.5285</b>	<b>10.00</b>	<b>28,370</b>	<b>16.22</b>

**Qualifying revolving retail exposures**

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
1	0.000 to 0.010	174	0.03	65.68	3	1.52
2	0.010 to 0.030	2,889	0.17	69.92	202	6.98
3	0.030 to 0.050	9	0.10	65.86	-	4.06
4	0.050 to 0.100	148	0.54	70.86	26	17.75
5	0.100 to 0.200	370	1.27	65.57	118	31.83
6	0.200 to 0.500	784	1.63	68.60	294	37.56
7	0.500 to 1.000	355	3.99	66.41	248	69.74
8	1.000 to 2.000	336	5.02	67.47	282	83.94
9	2.000 to 5.000	251	10.17	66.77	327	130.17
10	5.000 to 10.000	137	20.25	62.76	238	173.53
11	10.000 to 20.000	74	36.74	59.94	135	183.11
12	20.000 to 40.000	17	52.06	56.81	28	165.20
13	40.000 to 99.999	10	68.44	57.17	12	131.36
	In default	23	100.00	74.74	1	4.28
	<b>Total</b>	<b>5,577</b>	<b>3.11</b>	<b>68.47</b>	<b>1,914</b>	<b>34.32</b>

**Other Retail**

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
2	0.010 to 0.030	-	0.08	88.00	-	19.26
3	0.030 to 0.050	7	0.1	88.00	2	23.14
4	0.050 to 0.100	116	0.15	88.00	36	31.54
5	0.100 to 0.200	366	0.22	88.00	146	39.79
6	0.200 to 0.500	636	0.5	88.00	425	66.85
7	0.500 to 1.000	423	1.16	88.00	427	100.94
8	1.000 to 2.000	294	2.86	88.00	380	129.17
9	2.000 to 5.000	179	5.9	88.00	250	139.88
10	5.000 to 10.000	47	11.44	88.00	79	167.16
11	10.000 to 20.000	13	18.49	88.00	28	215.11
12	20.000 to 40.000	8	29.54	88.00	19	258.24
13	40.000 to 99.999	12	64.91	88.00	27	226.60
	In default	17	100.00	88.00	0	0
	<b>Total</b>	<b>2,118</b>	<b>2.98</b>		<b>1,819</b>	<b>85.87</b>

### Significant IRB models and model performance

The residential mortgage portfolio comprised £174.9 bn of EAD at 31 December 2019 and represented 83% 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.

For the Company foundation IRB models employed in Commercial Banking, PD is determined via a calibration of the rating model outputs to observed defaults.

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 2018 £bn	31 December 2019 £bn	Allowances at 31 December 2019 £bn	Net Charge for 2019 £bn
Residential Mortgages	0.7	0.7	0.2	-
Unsecured Personal Loans	0.1	0.1	-	-
Bank Accounts	0.1	0.1	0.1	-
Social Housing	-	-	-	-
Corporate	0.2	0.2	0.1	-
Global Models	-	-	0.1	-
<b>Total</b>	<b>1.1</b>	<b>1.1</b>	<b>0.5</b>	

Differences in the value of 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.

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 2019 were as follows:

Market risk	2019 £bn
RWAs at 1 January	1.0
Movement in risk levels <sup>1</sup>	(0.7)
Model updates <sup>2</sup>	-
Methodology and policy <sup>3</sup>	-
<b>RWAs at 31 December</b>	<b>0.3</b>

(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 2019 RWAs of £0.3 bn were calculated under standardised approach.



**Key features of market risk models**

Following the introduction of Banking Reform, applicable as at 1<sup>st</sup> 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 decrease of RWAs in 2019 of £0.3bn was a result of lower average three year income.

**Credit risk adjustments**

The following table outlines the credit risk exposure, the associated level of impaired and past due exposures levels and impairment levels (credit risk adjustments) for 2019 by class of exposure. Further information on impairment losses and provisions is outlined in Notes 8 and 13 to the financial statements in the Company's 2019 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 2019 Annual Report.

**Credit quality of exposures by industry**

Breakdown of exposures by industry class and Credit Quality.

As at 31 December 2019	Gross carrying values of					Net value
	Defaulted Exposure	Non-Defaulted Exposure	Specific Credit Risk Adjustments	Accumulated write-offs	Credit risk adjustment charges during the period	
Central Banks and Central Governments	-	25,475	-	-	-	25,475
Agriculture, forestry and fishing	11	282	(2)	-	-	291
Mining and quarrying	1	211	(1)	-	-	211
Manufacturing	37	1,726	(12)	(2)	-	1,751
Electricity, gas, steam and air conditioning supply	-	820	(6)	(1)	-	814
Water supply	-	352	(2)	-	-	350
Construction	27	1,775	(12)	(2)	-	1,790
Wholesale and retail trade	42	5,825	(40)	(6)	-	5,827
Transport and storage	5	837	(6)	(1)	-	836
Accommodation and food service activities	65	2,612	(18)	(3)	-	2,659
Information and communication	11	755	(5)	(1)	-	761
Real estate activities	85	18,208	(124)	(20)	-	18,169
Professional, scientific and technical activities	24	1,557	(11)	(2)	-	1,570
Administrative and support service activities	26	1,901	(13)	(2)	-	1,914
Public administration and defence, compulsory social security	-	19	-	-	-	19
Education	11	482	(3)	(1)	-	490
Human health services and social work activities	82	2,072	(14)	(2)	-	2,140
Arts, entertainment and recreation	4	400	(3)	-	-	401
Other services	3	129	(1)	-	-	131
Retail	1,857	202,081	(591)	(206)	-	203,347
Financial Institutions and Other Financial Corporates	-	31,769	-	-	-	31,769
<b>Total</b>	<b>2,291</b>	<b>299,288</b>	<b>(864)</b>	<b>(249)</b>	<b>-</b>	<b>300,715</b>

**Credit risk exposure by country**

The following table provides analysis of the distribution of exposures by geography.

As at 31 December 2019	Gross carrying values of					Net value
	Defaulted Exposure	Non-Defaulted Exposure	Specific Credit Risk Adjustments	Accumulated write-offs	Credit risk adjustment charges during the period	
UK	2,235	277,190	(847)	(249)	-	278,578
US	-	310	-	-	-	310
Japan	-	1,560	-	-	-	1,560
Ireland	-	10,545	-	-	-	10,545
Luxembourg	-	5,293	-	-	-	5,293
Jersey	-	375	-	-	-	375
Germany	-	470	-	-	-	470
Canada	-	19	-	-	-	19
France	-	567	-	-	-	567
Isle Of Man	1	535	(2)	-	-	534
Netherlands	-	186	-	-	-	186
Italy	-	69	-	-	-	69
Norway	-	366	-	-	-	366
Denmark	-	482	-	-	-	482
Australia	-	80	-	-	-	80
Other	55	1,241	(15)	-	-	1,281
<b>Total</b>	<b>2,291</b>	<b>299,288</b>	<b>(864)</b>	<b>(249)</b>	<b>-</b>	<b>300,715</b>

For geographical areas of past due and impaired exposures, nearly 98% are to the UK.

**Credit Risk Mitigation Techniques**

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

The following table provides analysis of secured and collateralised exposures as at 31 December 2019.

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn
Total loans	101,505	190,286	8,921	-	-
Total debt securities <sup>1</sup>	14,210	-	2,593	-	-
Total exposures	115,715	190,286	11,514	-	-
Of which defaulted	637	1,653	-	-	-

**Changes in the stock of specific credit risk adjustments**

Movement over the period 1 January 2019 to 31 December 2019 of specific credit risk adjustments.<sup>2</sup>

	Accumulated specific credit risk adjustment £m
<b>Opening balance (IFRS9)</b>	<b>807</b>
Increases due to origination and acquisition during the period	56
Decreases due to derecognition during the period	(77)
Changes due to change in credit risk (net)	321
Changes due to modifications without derecognition (net)	1
Changes due to update in the institution's methodology for estimation (net)	-
Other adjustments	5
Decrease in allowance account due to write-offs	(249)
<b>Closing balance</b>	<b>864</b>
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	81
Specific credit risk adjustments directly recorded to the statement of profit or loss	-

**Changes in the stock of defaulted and impaired loans and debt securities**

Movement over the period 1 January 2019 to 31 December 2019 of carrying value of defaulted exposures.

	Gross carrying value of defaulted exposures £m
Opening balance (IFRS9)	2,572
Loans and debt securities that have defaulted or impaired since the last reporting period	957
Returned to non-defaulted status	(925)
Amounts written off	(361)
Other changes <sup>3</sup>	126
Closing balance	2,369

<sup>1</sup> Per note 20 Financial Investments in the Annual Report, excluding debt securities

<sup>2</sup> Table has been revised from the version in the EBA "Final Report on the guidelines on disclosure requirements under part eight of regulation (EU) NO 575/2013" to reflect FINREP update due to the adoption of IFRS 9

<sup>3</sup> Includes residual movement on facilities that did not change stage in the year, and which were neither acquired nor purchased in the year

**Credit risk exposure**

Breakdown of loans and advances to banks and customers and central bank exposures by credit quality, including total and average net amount of exposures (excludes securitisations and other debt instruments).

As at 31 December 2019	Gross carrying values of		Net value of exposures at the end of the period	Average net exposures over the period	Specific Credit Risk Adjustments	Accumulated write-offs	Credit risk adjustment charges during the period	Net value
	Defaulted Exposure	Non-Defaulted Exposure						
Central Banks and Central Governments	-	25,475	25,475	24,292	-	-	-	25,475
Financial Institutions and Other Financial Corporates	-	31,769	31,769	32,335	-	-	-	31,769
Corporate Exposures	434	39,963	40,397	41,573	(273)	(43)	-	40,124
Of which Specialised lending	261	9,544	9,805	4,903	(137)	(12)	-	9,668
Retail	1,857	202,081	203,938	197,779	(591)	(206)	-	203,347
Of which: IRB residential immovable property	1,628	177,457	179,085	89,411	(220)	-	-	178,865
<b>Total</b>	<b>2,291</b>	<b>299,288</b>	<b>301,579</b>	<b>295,979</b>	<b>(864)</b>	<b>(249)</b>	<b>-</b>	<b>300,715</b>

The following tables include all material CRDIV credit risk exposure classes, including securitisations and other debt instruments.

**Credit risk exposure by industry**

The following table outlines the CRDIV credit risk exposure by industry

As at 31 December 2019	Agriculture, Forestry & Fishing	Construction	Financial Industry (bank and non-bank)	Real Estate (commercial)	Manufacturing	Mining & Quarrying	Wholesale and Retail Trade	Business Services and Other	Transport, Utilities & Storage	Retail	Other Sectors
Central governments or central banks	-	-	38,185	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-	-	30
Multilateral Development Banks	-	-	1,522	-	-	-	-	-	-	-	-
Institutions	-	-	31,769	-	-	-	-	-	-	-	-
Corporations	290	1,790	-	18,170	1,751	211	5,827	1,913	837	-	9,335
Of which specialised Lending	57	734	-	3,563	514	23	1,315	1,913	448	-	1,101
Securitisations	-	-	3,034	-	-	-	-	-	-	-	-
Retail	12	30	310	482	51	1	201	276	29	201,724	231
Of which secured on residential real estate	-	4	286	68	-	-	1	67	-	178,433	6

**Residual maturity of credit exposures**

The following table outlines the CRDIV credit risk exposure by maturity.

As at 31 December 2019	< 3 months	< 1 year	1-3 years	3-5 years	> 5 years
Central governments or central banks	21,603	1,414	7,153	1,928	6,087
Public sector entities	30	-	-	-	-
Multilateral Development Banks	44	179	531	537	231
Institutions	11,373	1,597	8,661	8,409	1,729
Corporations	8,177	3,358	10,211	10,181	8,197
Of which specialised Lending	564	1,038	3,534	2,290	2,242
Securitisations	-	-	653	1,468	913
Retail	10,018	4,685	6,172	7,158	175,314
Of which secured on residential real estate	541	688	3,138	4,771	169,727

**Geographical Analysis of credit exposures**

The following table outlines the CRDIV credit risk exposure by geography.

As at 31 December 2019	UK	Germany	France	US	Spain	Other Eurozone	Other
Central governments or central banks	27,084	745	180	5,729	-	508	3,939
Public sector entities	30	-	-	-	-	-	-
Multilateral Development Banks	194	-	-	760	-	568	-
Institutions	11,537	453	537	49	385	15,383	3,425
Corporations	39,003	-	-	178	22	157	764
Of which specialised Lending	8,788	-	-	56	-	157	667
Securitisations	3,034	-	-	-	-	-	-
Retail	202,567	17	30	82	20	60	571
Of which secured on residential real estate	178,865	-	-	-	-	-	-

**Ageing of past-due exposures**

The following table provides an ageing analysis of accounting on-balance-sheet past-due exposures regardless of their impairment status.

As at 31 December 2019	Gross carrying values						> 1 year £m
	≤30 days £m	>30 days ≤ 60 days £m	>60 days ≤90 days £m	>90 days ≤ 180 days £m	>180 days ≤ 1 year £m	> 1 year £m	
Loans	2,702	658	372	599	533	423	
Debt Securities	-	-	-	-	-	-	
<b>Total Exposures</b>	<b>2,702</b>	<b>658</b>	<b>372</b>	<b>599</b>	<b>533</b>	<b>423</b>	

**Non-performing and forborne exposures**

This table provides an overview of non-performing and forborne exposures as at 31 December 2019.

	Gross carrying values of performing and non-performing exposures								Accumulated impairment and provisions and negative fair value adjustments due to credit risk		Collaterals and financial guarantees received	
	Of which performing but past due >30 days and ≤ 90 days		Of which performing >90 days forborne		Of which defaulted impaired		Of which forborne		On performing exposures	On non-performing exposures	On non-performing exposures	Of which forborne exposures
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Debt</b>												
Securities	17,047	-	-	-	-	-	-	-	-	-	-	-
<b>Loans and Advances</b>												
Advances	260,760	929	1,415	2,290	2,290	2,290	622	(442)	(29)	(403)	(166)	1,733
<b>Off-balance-sheet exposures</b>												
exposures	41,608	-	-	65	-	-	-	(66)	-	(12)	-	-

**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.

As at 31 December 2019	Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
Closeout uncertainty, of which:	5.56	7.87	-	1.64	-	15.07	1.29	13.78
- Mid-market value	5.52	6.47	-	1.27	-	13.26	1.25	12.01
- Closeout cost	0.04	0.87	-	0.37	-	1.28	0.04	1.24
- Concentration	-	0.53	-	-	-	0.53	-	0.53
Early termination	-	-	-	-	-	-	-	-
Model risk	0.01	5.42	-	2.72	-	8.15	0.41	7.74
Operational risk	0.56	0.68	-	0.16	-	1.4	0.13	1.27
Investing and funding costs	-	4.78	-	-	-	4.78	2.74	2.04
Unearned credit spreads	-	2.06	-	-	-	2.06	2.06	-
Future administrative costs	-	1.94	-	-	-	1.94	-	1.94
Other	1.9	-	-	-	-	1.90	-	1.90
<b>Total adjustment</b>	<b>8.03</b>	<b>22.75</b>		<b>4.52</b>	<b>-</b>	<b>35.30</b>	<b>6.63</b>	<b>28.67</b>

**Key Movements**

The PVA decreased during 2019 due to the calculation of loan AVAs changing from the fall-back approach to an approved model.

**Remuneration**

Per the Basel Committee on Banking Supervision's Pillar 3 disclosure requirements – consolidated and enhanced framework directive, the Company is fulfilling its obligation to disclose remuneration notes in the Directors' Remuneration Report section of the 2019 Annual Report.

**CRR Leverage ratio – disclosure template**

The table below provides a reconciliation of accounting assets to the CRD IV Leverage ratio exposure, and information on the composition of the principal exposure elements as at 31 December 2019. A CRD IV end point Tier 1 capital measure is used for this disclosure and Leverage Ratio calculation, consistent with the UK framework for large banks.

**Summary reconciliation of accounting assets and Leverage Ratio exposures**

	£bn	
1	Total assets as per published financial statements	288,488
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	1,000
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the Leverage Ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 CRR)	(2,845)
4	Adjustments for derivative financial instruments	(1,671)
5	Adjustments for securities financing transactions (SFTs)	1,006
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,393
EU-6a	(Adjustment for intragroup exposures excluded from the Leverage Ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-
EU-6b	(Adjustment for exposures excluded from the Leverage Ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	1,191
8	Total Leverage Ratio exposure	295,562

**Leverage Ratio common disclosure**

	Exposure £bn	
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	261,492
2	(Asset amounts deducted in determining Tier 1 capital)	(2,845)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	258,647
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2,595
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	959
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(1,862)
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	1,692
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	25,309
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,676)
14	Counterparty credit risk exposure for SFT assets	1,006
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	24,639
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	41,608
18	(Adjustments for conversion to credit equivalent amounts)	(33,215)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	8,393
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	1,000
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	1,191
Capital and total exposures		
20	Tier 1 capital (CRD IV end point)	12,679
21	Total Leverage Ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	295,562
Leverage Ratio		
22	Leverage Ratio	4.3%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	-
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-

**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 as at 31 December 2019. 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
<b>Santander UK Balance Sheet elements</b>			
Shareholder's equity and Non-controlling interests	13,866	2,476	-
Subordinated Liabilities	-	252	3,278
<b>CRD IV Adjustments</b>			
Additional value adjustments	(35)	-	-
Intangible Assets (net of related tax liability)	(1,728)	-	-
Fair value reserves related to gains or losses on cash flow hedges	(369)	-	-
Negative amounts resulting from the calculation of regulatory expected loss amounts	(619)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(5)	-	-
Deferred tax assets arising from temporary differences	(8)	-	-
Defined benefit pension fund assets	(502)	-	-
- Dividend accrual	(18)	-	-
- Deduction for minority interests	(160)	-	-
- IFRS 9 Transitional Adjustments	16	-	-
Amount excluded from Tier 2 due to transitional recognition cap	-	(83)	(583)
<b>Total</b>	<b>10,438</b>	<b>2,645</b>	<b>2,695</b>

**Own Funds disclosure – Transitional Own Funds disclosure template**

The following table provides disclosure of the Company's own funds items. The CRD IV end point position can be derived as the sum of the 31 December 2019 result 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 2019 £m	CRD IV end point adjustments £m
<b>Common Equity Tier 1 (CET1) Capital: instruments and reserves</b>		
1 Capital Instruments and the related share premium accounts	7,060	-
2 Retained Earnings	6,235	-
3 Accumulated other comprehensive income (and other reserves)	393	-
4 Amount of qualifying items referred to in Article 484 (3) and the related share premium account subject to phase out from CET1	-	-
5 Minority interests (amount allowed in consolidated CET1)	-	-
5a Independently reviewed interim profits net of any foreseeable charge or dividend	-	-
<b>6 Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>13,688</b>	<b>-</b>
<b>Common Equity Tier 1 (CET1) Capital: regulatory adjustments</b>		
7 Additional value adjustments (negative amount)	(35)	-
8 Intangible assets (net of related tax liability) (negative amount)	(1,728)	-
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)	-	-
11 Fair value reserves related to gains or losses on cash flow hedges	(369)	-
12 Negative amounts resulting from the calculation of expected loss amounts	(619)	-
13 Any increase in equity that results from securitised assets (negative amount)	-	-
14 Gains of losses on liabilities valued at fair value resulting from changes in own credit standing	(5)	-
15 Defined-benefit pension fund assets (negative amount)	(502)	-
16 Direct and indirect 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)	-	-
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-
20b of which: qualifying holdings outside the financial sector (negative amount)	-	-
20c of which: securitisation positions (negative amount)	-	-
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)	(8)	-
22 Amount exceeding the 15% threshold (negative amount)	-	-
23 of which: 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	-	-
25 of which: deferred tax assets arising from temporary differences	-	-
25a Losses for the current financial year (negative amount)	-	-
25b Foreseeable tax charges relating to CET1 items (negative amount)	-	-
26 Regulatory adjustment applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment and IFRS 9 Transitional	16	-
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-	-
26b Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-	-
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(3,250)	-
<b>29 Common Equity Tier 1 (CET1) capital</b>	<b>10,438</b>	<b>-</b>
30 Capital instruments and the related share premium accounts	2,241	-
31 of which: classified as equity under applicable accounting standards	2,241	-
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 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	404	(404)
35 of which: instruments issued by subsidiaries subject to phase out	404	(404)
<b>36 Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>2,645</b>	<b>(404)</b>
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>		
37 Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	-
38 Holdings of the 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 (amount above the 10% threshold net of eligible short positions) (negative amount)	-	-
41 Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	-



	31 December 2019 £m	CRD IV end point adjustments £m	
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transition period pursuant to article 472 of Regulation (EU) No 575/2013	-	-
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article of Regulation (EU) No 575/2013	-	-
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	-
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-
44	Additional Tier 1 (AT1) capital	2,645	(404)
45	Tier 1 capital (T1 = CET1 + AT1)	13,083	(404)
<b>Tier 2 (T2) capital: instruments and provisions</b>			
46	Capital instruments and the related share premium accounts	1,142	-
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts 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	1,553	(20)
49	of which: instruments issued by subsidiaries subject to phase out	312	(312)
50	Credit risk adjustments	-	-
51	Tier 2 (T2) capital before regulatory adjustments	2,695	(20)
<b>Tier 2 (T2) capital: regulatory adjustments</b>			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-
53	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 and indirect 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)	-	-
54a	Of which new holdings not subject to transitional arrangements	-	-
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements	-	-
55	Direct and indirect 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)	-	-
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) 575/2013 (i.e. CRR residual amounts)	-	-
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	-
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-	-
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	-	-
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-
58	Tier 2 (T2) capital	2,695	-
59	Total Capital (TC = T1 + T2)	15,778	-
59a	Risk weighted assets in respect of amounts subject to pre CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) 575/2013 (i.e. CRR residual amounts)	-	-
60	Total risk weighted assets	73,202	-
<b>Capital ratio and buffers</b>			
61	Common Equity Tier (as a percentage of total risk exposure amount)	14.3%	-
62	Tier 1 (as a percentage of total risk exposure amount)	17.9%	-
63	Total capital (as a percentage of total risk exposure amount)	21.6%	-
64	Institution specific buffer requirement (CET 1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	3.48%	-
65	of which: capital conservation buffer requirement	2.50%	-
66	of which: countercyclical buffer requirement	0.98%	-
67	of which: systemic risk buffer requirement	-	-
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)	14.3%	-
<b>Amounts below the threshold for deduction (before risk weighting)</b>			
72	Direct and indirect holdings of the capital 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 institutions of the CET1 instruments of financial sector entities where the institution has a significant in those entities (amount below 10% threshold and net of eligible short positions)	-	-
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
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 if credit risk adjustment in T2 under standardised approach	235	-
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	274	-
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>			
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)	-	-

## Own Funds disclosure – capital instruments main features

The following table outlines the main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments. Further details are included in the Company's 2019 Annual Report in Notes 26 and 31 to the financial statements.

1	Issuer	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK plc	Santander UK plc
2	ISIN	XS1244538523	n/a	n/a	XS1592884123	US80281LAA35 XS1291333760	US80281LAB18 XS1291352711	US80281LAB18 XS1291352711	GB0000064393	GB0000044221
3	Governing law(s) of the instrument	English	English	English	English	English	English	English	English	English
Regulatory treatment										
4	Transitional Basel III rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2	Tier 2	Additional Tier 1	Additional Tier 1
5	Post-transitional Basel III rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2	Tier 2	Additional Tier 1	Additional Tier 1
6	Eligible at solo/group/group&solo	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Subordinated	Subordinated	Subordinated	Preferred	Preferred
8	Amount recognised in regulatory capital (£m)	745	500	500	500	760	381	381	212	132
9	Par value of instrument (£m)	750	500	500	500	755	378	378	200	125
9a	Issue Price of Instrument	100%	100%	100%	100%	99.724%	99.412%	99.412%	100m @ 101.52% 100m @ 108.935%	101.55%
9b	Redemption Price of Instrument	100% (call)	100% (call)	100% (call)	100% (call)	100%	100%	100%	n/a	n/a
10	Accounting classification	Shareholders' Equity	Shareholders' Equity	Shareholders' Equity	Shareholders' Equity	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost
11	Original date of issuance	10/06/2015	24/06/2014	09/08/2019	10/04/2017	15/09/2015	15/09/2015	15/09/2015	23/10/1995	09/06/1997
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated	Perpetual	Perpetual
13	Original maturity date	n/a	n/a	n/a	n/a	15/09/2025	15/09/2045	15/09/2045	n/a	n/a
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	No	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	24/06/2022	24/06/2019	24/03/2025	24/06/2024	n/a	n/a	n/a	n/a	n/a
16	Subsequent call dates, if applicable	5 years	Quarterly	Quarterly	Quarterly	5 years	n/a	n/a	n/a	n/a
Coupons / dividends										
17	Fixed or floating dividend/coupon	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	7.375%	6.625%	6.3%	6.75%	4.75%	5.625%	5.625%	10.375%	8.625%
19	Existence of a dividend stopper	No	No	No	No	No	No	No	Yes	Yes
20a & b	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Fully Discretionary	Fully Discretionary	Fully Discretionary	Mandatory	Mandatory	Mandatory	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative	Cumulative	Cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK plc	Santander UK plc
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7%	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7%	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7%	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7%	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7%	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
32	If write-down, full or partial	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Tier 2	Senior	Senior	Senior	Tier 2	Tier 2
36	Non-compliant transitioned features	No	No	No	No	No	No	No	Yes	Yes
37	If yes, specify non-compliant features								No CET1 conversion or write down trigger Dividend Stopper	No CET1 conversion or write down trigger Dividend Stopper

## Own Funds disclosure – capital instruments main features

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK Group Holdings plc
2	ISIN	XS0124569566	XS0103012893	XS0060837068	XS0117973262	US002920AC09	XS0133956168	XS0989359756	XS0117973429	n/a
3	Governing law(s) of the instrument	English	English	English	English	New York	English	English	English	English
Regulatory treatment										
4	Transitional Basel III rules	Additional Tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Common Equity Tier 1
5	Post-transitional Basel III rules	Ineligible	Tier 2	Tier 2	Ineligible	Tier 2	Tier 2	Tier 2	Ineligible	Common Equity Tier 1
6	Eligible at solo/group/group&solo	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Preferred	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Equity
8	Amount recognised in regulatory capital (£m)	235	40	205	15	281	10	873	362	7,060
9	Par value of instrument (£m)	235	29	200	14	197	11	1,133	270	7,060
9a	Issue Price of Instrument	100%	99.561%	100.432%	99.277%	99.626%	98.878%	99.681%	175m @ 97.712% 100m @ 109.744%	100%
9b	Redemption Price of Instrument	100% (call)	100%	n/a	100% (call)	100%	100%	100%	100% (call)	n/a
10	Accounting classification	Shareholders' Equity	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Shareholders' Equity
11	Original date of issuance	14/02/2001	21/10/1999	23/10/1995	28/09/2000	26/10/1999	14/08/2001	07/11/2013	28/09/2000	10/01/2014
12	Perpetual or dated	Perpetual	Dated	Perpetual	Perpetual	Dated	Dated	Dated	Perpetual	Perpetual
13	Original maturity date	n/a	21/10/2030	n/a	n/a	26/10/2029	14/08/2031	07/11/2023	n/a	n/a
14	Issuer call subject to prior supervisory approval	Yes	No	No	Yes	No	n/a	No	Yes	No
15	Optional call date, contingent call dates and redemption amount	14/02/2026	n/a	n/a	28/09/2020	n/a	n/a	n/a	28/09/2030	n/a
16	Subsequent call dates, if applicable	Annually	n/a	n/a	5 years	n/a	n/a	n/a	5 years	n/a
Coupons / dividends										
17	Fixed or floating dividend/coupon	Fixed to Floating	Fixed	Fixed	Fixed to Floating	Fixed	Fixed	Fixed	Fixed to Floating	Variable
18	Coupon rate and any related index	7.037%	6.5%	10.0625%	7.375%	7.95%	5.875%	5%	7.125%	n/a
19	Existence of a dividend stopper	Yes	No	No	No	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Mandatory	Partially discretionary	Partially discretionary	Partially discretionary	Mandatory	Mandatory	Partially discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	Yes	No	No	Yes	No	No	No	Yes	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Contractual: None Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	n/a
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	n/a
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	Contractual: 100% Statutory: To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	n/a
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Contractual : at the option of the issuer Statutory: Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	n/a
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	Contractual: Additional Tier 1 Statutory: CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	n/a
29	If convertible, specify issuer of instrument it converts into	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	n/a
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	n/a
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	n/a
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Senior	Tier 2	Tier 2	Senior	Senior	Senior	Tier 2	Additional Tier 1

Additional Capital and Risk Management Disclosures

36	Non-compliant transitioned features	Yes	No	No	Yes	Yes	No	No	Yes	No
37	If yes, specify non-compliant features	No CET1 conversion or write down trigger Dividend Stopper Incentive to Redeem: Step Up			Incentive to Redeem: Step Up	Governing law: New York Grandfather to June 2025			Incentive to Redeem: Step Up	

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

Own Funds disclosure – capital instruments main features table on page 26-28 outlines the main features of the Company's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments &amp; other TLAC eligible instruments as well.

## CCA Bail In- Main features of other TLAC-eligible instruments

1	Issuer	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc
2	ISIN	US80281LAD73	US80281LAE56	XS1487315860	US80281LAF22	XS1615065320	US80281LAG05	US80281LAH87	XS1799039976	XS1816338914	US80281LAJ44
3	Governing law(s) of the instrument	New York	New York	English	New York	English	New York	New York	English	English	New York
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	Contractual	Contractual	n/a	Contractual	n/a	Contractual	Contractual	n/a	n/a	Contractual
4	Transitional CRR rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6	Eligible at solo/group/group & solo	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond
8	Amount recognised in regulatory capital (£m)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
9	Par value of instrument (£m)	755	1133	848	755	424	755	755	636	500	755
10	Accounting classification	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost
11	Original date of issuance	08/01/2016	05/08/2016	08/09/2016	10/01/2017	18/05/2017	03/11/2017	05/01/2018	27/03/2018	08/05/2018	15/11/2018
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	08/01/2021	05/08/2021	08/09/2023	10/01/2023	18/05/2023	03/11/2028	05/01/2024	27/03/2024	08/05/2026	15/11/2024
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Tax event at any time/par	Tax event at any time/par	Tax event at any time/par	10/01/2022/Tax event at any time/par	18/05/2022/Tax event at any time, Loss absorption disqualification event call option/par	03/11/2027/Tax event at any time, Loss absorption disqualification event call option/par	05/01/2023/Tax event at any time, Loss absorption disqualification event call option/par	27/03/2023/Tax event at any time, Loss absorption disqualification event call option/par	08/05/2025/Tax event at any time, Loss absorption disqualification event call option/par	15/11/2023/Tax event at any time, Loss absorption disqualification event call option/par
16	Subsequent call dates, if applicable <sup>1</sup>	n/a	n/a	n/a	None	None	None	None	None	None	None
Coupons / dividends											
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Floating	Fixed to Floating	Fixed to Floating	Floating	Fixed	Fixed to Floating
18	Coupon rate and any related index	3.13%	2.88%	1.13%	3.58%	3m EURIBOR + 78bps	3.380%	4.80%	3m EURIBOR + 85bps	2.92%	3.82%
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion

<sup>1</sup> Not considering contingent call events

27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BOE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary <sup>1</sup>	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism <sup>2</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34a	Type of subordination	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
36	Non-compliant transitioned features	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
37	If yes, specify non-compliant features	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  Permanently Grandfathered					

<sup>1</sup> Permanent subject to any write-up in accordance with s.48Y Banking Act 2009

<sup>2</sup> Section 48Y Banking Act 2009

## CCA Bail In- Main features of other TLAC-eligible instruments

1	Issuer	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc
2	ISIN	XS1345415472	XS1435163859	XS1569879304	XS1573245864
3	Governing law(s) of the instrument	English	English	English	English
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a	n/a	n/a
4	Transitional CRR rules	n/a	n/a	n/a	n/a
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a
6	Eligible at solo/group/group & solo	Consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Bond
8	Amount recognised in regulatory capital (£m)	n/a	n/a	n/a	n/a
9	Par value of instrument (£m)	500	43	17	69
10	Accounting classification	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost
11	Original date of issuance	14/01/2016	22/06/2016	22/02/2017	10/03/2017
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	14/01/2026	22/06/2026	22/02/2027	10/03/2027
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	n/a / Tax event at any time / par	n/a / Tax event at any time / par	n/a / Tax event at any time / par	n/a / Tax event at any time, Loss absorption disqualification event call option / par
16	Subsequent call dates, if applicable <sup>1</sup>	n/a	n/a	n/a	n/a
Coupons / dividends					
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	3.63%	0.79%	3.45%	0.90%
19	Existence of a dividend stopper	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions

<sup>1</sup> Not considering contingent call events

28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc
30	Write-down feature	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary <sup>1</sup>	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism <sup>2</sup>	n/a	n/a	n/a	n/a
34a	Type of subordination	Structural	Structural	Structural	Structural
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a	n/a	n/a	n/a
36	Non-compliant transitioned features	Yes	Yes	Yes	Yes
37	If yes, specify non-compliant features	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  No Express waiver to set off  Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  No Express waiver to set off  Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the resolution entity  Permanently Grandfathered

<sup>1</sup> Permanent subject to any write-up in accordance with s.48Y Banking Act 2009

<sup>2</sup> Section 48Y Banking Act 2009



## Appendix 1

### December 2019 Additional Capital and Risk Management Disclosures for Santander UK plc Group

#### Introduction

As a significant wholly-owned subsidiary under CRD IV<sup>1</sup>, Santander UK plc (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<sup>2</sup>, 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.

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

#### Key metrics

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

	31 December 2019 £m	30 September 2019 £m	30 June 2019 £m	31 March 2019 £m
<b>Available Capital (amounts)</b>				
Common Equity Tier 1 (CET1) capital	10,419	10,316	10,394	10,357
Fully loaded <sup>3</sup> Expected Credit Loss (ECL) accounting model CET1	10,403	10,300	10,374	10,338
Tier 1 capital	12,862	12,759	12,637	12,600
Fully loaded ECL accounting model Tier 1	12,845	12,743	12,617	12,581
Total capital	15,787	15,947	15,788	15,736
Fully loaded ECL accounting model total capital	15,771	15,931	15,768	15,718
<b>Risk-weighted assets (amounts)</b>				
Total risk-weighted assets (RWA)	72,614	73,927	74,742	77,168
Fully loaded ECL accounting model total RWA	72,645	73,959	74,782	77,206
<b>Risk-based capital ratios as a percentage of RWA</b>				
Common Equity Tier 1 ratio	14.3%	14.0%	13.9%	13.4%
Fully loaded ECL accounting model Common Equity Tier 1 (%)	14.3%	13.9%	13.9%	13.4%
Tier 1 ratio	17.7%	17.3%	16.9%	16.3%
Fully loaded ECL accounting model Tier 1 ratio (%)	17.7%	17.2%	16.9%	16.3%
Total capital ratio	21.7%	21.6%	21.1%	20.4%
Fully loaded ECL accounting model total capital ratio (%)	21.7%	21.5%	21.1%	20.4%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>				
Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%
Countercyclical buffer requirement (%)	0.99%	0.99%	0.96%	0.97%
Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-
Systemic Risk Buffer requirement (%)	1.0%	1.0%	-	-
Total of bank CET1 specific buffer requirements (%)	4.49%	4.49%	3.46%	3.47%
CET1 available after meeting the banks minimum capital requirements (%)	5.36%	4.97%	5.94%	5.45%
<b>Basel III leverage ratio</b>				
Total Basel III leverage ratio exposure measure (£bn)	288.7	287.2	295.9	291.7
Basel III leverage ratio	4.3%	4.3%	4.1%	4.2%
Fully loaded ECL accounting model leverage Ratio	4.3%	4.3%	4.1%	4.1%
<b>Liquidity Coverage Ratio</b>				
Total high-quality liquid assets (HQLA)	41,604	44,363	47,707	43,916
Total net cash outflow	28,601	29,560	30,258	30,030
Liquidity coverage ratio (LCR)	145.5%	150.1%	157.7%	146.2%

#### Key Movements

While LCR remains high at 145.5%, it is lower than 2018 reflecting reduced uncertainty.

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

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

<sup>3</sup> Fully loaded excludes the impact of transitional arrangements.

**IFRS 9 Transitional Arrangements**

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

	85%	70%	50%	25%
	2019	2020	2021	2022
<b>Available Capital (amounts)</b>				
Common Equity Tier 1 (CET1) capital	10,419	10,416	10,413	10,408
CET1 Capital as if IFRS 9 STATIC transitional arrangements were not applied	10,404	10,403	10,403	10,403
CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements were not applied	10,418	10,416	10,413	10,408
CET1 Capital as if ALL IFRS 9 transitional arrangements were not applied	10,403	10,403	10,403	10,403
Tier 1 Capital	12,862	12,859	12,855	12,850
Tier 1 Capital as if ALL IFRS 9 transitional arrangements were not applied	12,845	12,845	12,845	12,845
Total Capital	15,787	15,784	15,781	15,776
Total Capital as if ALL IFRS 9 transitional arrangements were not applied	15,771	15,771	15,771	15,771
<b>Risk-weighted assets (amounts)</b>				
Total risk-weighted assets (RWA)	72,614	72,614	72,622	72,634
Total RWA as if IFRS 9 STATIC transitional arrangements were not applied	72,737	72,714	72,694	72,670
Total RWA as if IFRS 9 DYNAMIC transitional arrangements were not applied	72,522	72,545	72,573	72,609
Total RWA as if ALL IFRS 9 transitional arrangements were not applied	72,645	72,645	72,645	72,645
<b>Capital Ratios</b>				
Common Equity Tier 1 ratio	14.3%	14.3%	14.3%	14.3%
Common Equity Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	14.3%	14.3%	14.3%	14.3%
Tier 1 ratio	17.7%	17.7%	17.7%	17.7%
Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	17.7%	17.7%	17.7%	17.7%
Total capital ratio	21.7%	21.7%	21.7%	21.7%
Total Capital as if ALL IFRS 9 transitional arrangements were not applied	21.7%	21.7%	21.7%	21.7%
<b>CRD IV leverage ratio</b>				
Leverage Ratio Total Exposure Measure	288,729	288,729	288,729	288,729
Leverage Ratio	4.3%	4.3%	4.3%	4.3%
Leverage ratio as if ALL IFRS 9 transitional arrangements were not applied	4.3%	4.3%	4.3%	4.3%

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

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

**Leverage Ratio**

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

	30 December 2019 £m	30 September 2019 £m	30 June 2019 £m	31 March 2019 £m
Common Equity Tier 1 (CET1) capital	10,419	10,316	10,394	10,357
End point Additional Tier 1 (AT1) capital	1,956	1,956	1,756	1,756
End point Tier 1 capital	12,375	12,272	12,150	12,113
Leverage Exposure CRD IV (£bn)	288.7	287.2	295.9	291.7
Leverage Exposure UK Leverage Ratio <sup>1</sup> (£bn)	267.5	271.8	274.0	272.8
End point Tier 1 Leverage Ratio CRD IV	4.3%	4.3%	4.1%	4.2%
End point Tier 1 Leverage Ratio UK Leverage Ratio <sup>1</sup>	4.6%	4.5%	4.4%	4.4%
Average Tier 1 Leverage Ratio UK Leverage Ratio <sup>1</sup>	4.6%	4.4%	4.4%	4.4%

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

## Liquidity Coverage Ratio

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

	Average unweighted value		Average weighted value	
	31 December 2019 £m	30 September 2019 £m	31 December 2019 £m	30 September 2019 £m
Total high-quality liquid assets (HQLA)	46,749	47,723	45,819	46,654
<b>CASH-OUTFLOWS</b>				
<b>Retail deposits and deposits from small business customers, of which:</b>	<b>135,092</b>	<b>135,136</b>	<b>7,904</b>	<b>7,887</b>
Stable deposits	118,260	118,509	5,913	5,925
Less stable deposits	16,832	16,627	1,991	1,962
<b>Unsecured wholesale funding</b>	<b>24,534</b>	<b>24,713</b>	<b>14,184</b>	<b>14,434</b>
Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-
Non-operational deposits (all counterparties)	22,548	22,517	12,198	12,238
Unsecured debt	1,986	2,196	1,986	2,196
<b>Secured wholesale funding</b>	<b>12,507</b>	<b>12,185</b>	<b>519</b>	<b>626</b>
<b>Additional requirements</b>	<b>20,568</b>	<b>21,100</b>	<b>8,050</b>	<b>8,317</b>
Outflows related to derivative exposures and other collateral requirements	5,820	5,914	5,820	5,914
Outflows related to loss of funding on debt products	302	382	302	382
Credit and liquidity facilities	14,446	14,804	1,928	2,021
<b>Other contractual funding obligations</b>	<b>63</b>	<b>62</b>	<b>5</b>	<b>6</b>
<b>Other contingent funding obligations</b>	<b>26,338</b>	<b>26,077</b>	<b>2,003</b>	<b>1,947</b>
<b>TOTAL CASH OUTFLOWS</b>	<b>219,102</b>	<b>219,273</b>	<b>32,665</b>	<b>33,217</b>
<b>CASH-INFLOWS</b>				
Secured lending (e.g. reverse repos)	10,951	12,421	283	367
Inflows from fully performing exposures	2,213	2,264	1,266	1,304
Other cash inflows	1,775	1,793	521	562
(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)	-	-	-	-
(Excess inflows from a related specialised credit institution)	-	-	-	-
<b>TOTAL CASH INFLOWS</b>	<b>14,939</b>	<b>16,478</b>	<b>2,070</b>	<b>2,233</b>
Fully exempt inflows	-	-	-	-
Inflows Subject to 90% Cap	-	-	-	-
Inflows Subject to 75% Cap	9,841	10,382	2,070	2,233
<b>LIQUIDITY BUFFER</b>	<b>-</b>	<b>-</b>	<b>45,819</b>	<b>46,654</b>
<b>TOTAL NET CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>30,595</b>	<b>30,983</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>-</b>	<b>-</b>	<b>149.76</b>	<b>150.58%</b>
Number of data points used in calculation of averages	12	9	12	9

While LCR remains high at 149.76%, it is lower than as at 30 September 2019 reflecting reduced uncertainty.

## RWA and Capital Requirements

### Overview of RWA

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

	RWA		Minimum capital requirements
	31 December 2019 £bn	30 September 2019 £bn	31 December 2019 £bn <sup>1</sup>
Credit risk (excluding counterparty credit risk) <sup>1</sup>	62.1	63.0	5.0
- Of which: standardised approach (SA)	18.2	20.4	1.5
- Of which: foundation internal rating-based (FIRB) approach	5.4	4.7	0.4
- Of which advanced internal rating-based (AIRB) approach	38.5	37.9	3.1
Counterparty credit risk (CCR) <sup>1</sup>	1.2	1.2	0.1
- Of which: standardised approach for counterparty credit risk	1.2	1.2	0.1
- Of which: IMM	-	-	-
- Of which: other CCR	-	-	-
Credit Valuation Adjustment (CVA)	0.3	0.5	-
Equity positions under the simple risk-weight approach and the internal model method during the five-year linear phase-in period	0.1	0.1	-
Equity investments in funds – look-through approach	-	-	-
Equity investments in funds – mandate-based approach	-	-	-
Equity investments in funds – fall-back approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book (after cap) <sup>2</sup>	1.3	1.2	-
- Of which: securitisation IRB approach (SEC-IRBA)	0.3	0.1	-
- Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	0.4	0.7	-
- Of which: securitisation standardised approach (SEC-SA)	0.6	0.4	-
Market risk <sup>1</sup>	0.3	0.3	-
- Of which: standardised approach (SA)	0.3	0.3	-
- Of which: internal model approach (IMA)	-	-	-
Capital charge for switch between trading book and banking book	-	-	-
Operational risk <sup>1</sup>	7.3	7.6	0.6
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Aggregate capital floor applied	-	-	-
Floor adjustment (before application of transitional cap)	-	-	-
Floor adjustment (after application of transitional cap)	-	-	-
Total <sup>1</sup>	72.6	73.9	5.7

### RWA flow statements of credit risk exposures under IRB and RWA flow statements of credit risk exposures under standardised<sup>3</sup>

#### RWA flow statements of credit risk exposures under IRB

	RWA £bn	Capital requirements
RWAs at 30 September	44.5	3.6
Asset size	1.0	0.1
Asset quality	(0.8)	(0.1)
Model updates	1.0	0.1
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	-	-
RWAs at 31 December	45.7	3.7

#### RWA flow statements of credit risk exposures under standardised approach

	RWA £bn	Capital requirements
RWAs at 30 September	21.1	1.7
Asset size	(2.0)	(0.2)
Asset quality	1.2	0.1
Model updates	(1.3)	(0.1)
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	-	-
RWAs at 31 December	19.0	1.5

£1.0bn in IRB Model updates and £(1.3 bn) in standardised approach Model updates is due to the Income Producing Real Estate (IPRE) Model extension. £ 0.4 bn RWA reduction in asset size of standardised approach is driven by significant risk transfer (SRT) securitisation.

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

<sup>2</sup> Includes 3 Significant Risk Transfer transactions which are subject to re-characterisation risk

<sup>3</sup> Table excludes CVA

**Credit risk exposure and Credit Risk Mitigation (CRM) effects****Standardised approach**

	Exposures before CCF and CRM		Exposure post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019
Central government or central banks	33.4	0.4	33.4	0.4	-	-
Regional government or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	20%
Multilateral Development Banks	1.5	-	1.5	-	-	-
International Organisations	-	-	-	-	-	-
Institutions	0.9	-	0.9	-	0.1	16%
Corporates	6.8	2.3	6.8	0.1	6.7	98%
Retail	10.6	9.2	10.6	-	7.8	74%
Secured by mortgages on immovable property	0.1	-	0.1	-	0.1	78%
Exposures in default	0.1	-	0.1	-	0.2	116%
Higher-risk categories	0.1	-	0.1	-	0.2	150%
Covered bonds	1.4	-	1.4	-	0.1	10%
Institutions and corporations with a short term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Other items	6.5	-	6.5	-	3.6	55%
Securitisations	3.8	-	3.8	-	1.0	25%
Contributions to the default fund of a CCP	-	-	-	-	0.1	1250%
<b>Total</b>	<b>65.2</b>	<b>11.9</b>	<b>65.2</b>	<b>0.5</b>	<b>19.9</b>	<b>30%</b>

**IRB approach**

	Exposures before CCF and CRM		Exposure post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019 £bn	31 December 2019
Corporates – Specialised Lending	4.6	1.0	4.6	0.4	4.2	85%
Corporates – SME	1.3	0.4	1.3	-	1.3	95%
Corporates – Other	11.9	11.7	11.9	5.1	6.6	39%
Institutions	1.4	0.1	1.4	0.1	0.5	33%
Retail Immovable Property	165.6	13.5	166.0	8.9	28.4	16%
Retail QRR	0.6	3.9	0.6	4.9	1.9	34%
Retail Other	2.1	-	2.1	-	1.8	86%
Equity	-	-	-	-	0.1	370%
Securitisations	1.5	0.7	1.5	0.7	0.3	14%
<b>Total</b>	<b>189.0</b>	<b>31.3</b>	<b>189.4</b>	<b>20.1</b>	<b>45.1</b>	<b>22%</b>

**IRB (specialised lending and equities)**

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

		Specialised Lending				
Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	Risk weight %	RWA £m	Expected losses £m
1	Less than 2.5 years	65.8	156.1	50%	36	-
	Equal to or more than 2.5 years	227.5	1,213.6	70%	184.7	1.1
2	Less than 2.5 years	1,703	4,651.7	70%	1,313.5	7.6
	Equal to or more than 2.5 years	2,288.1	3,921	90%	2,166.1	19.4
3	Less than 2.5 years	65.1	15.2	115%	70.5	1.8
	Equal to or more than 2.5 years	38.4	-	115%	44.2	1.1
4	Less than 2.5 years	165.5	-	250%	408.9	13.2
	Equal to or more than 2.5 years	3.2	0.9	250%	8.1	0.3
5	Less than 2.5 years	70.6	1	-	-	35.3
	Equal to or more than 2.5 years	-	-	-	-	-
Total	Less than 2.5 years	2,070	4,824	-	1,828.9	57.9
	Equal to or more than 2.5 years	2,557.2	5,135.5	-	2,403.1	21.9

## Equities under the simple risk-weight approach

	On-balance sheet amount £m	Off-balance sheet amount £m	Risk weight %	RWA £m	Capital requirements £m
Exchange –traded equity exposures	-	-	190%	-	-
Private equity exposures	-	-	250%	-	-
Other equity exposures	16.5	-	370%	61.0	4.9
<b>Total</b>	<b>16.5</b>	<b>-</b>	<b>-</b>	<b>61.0</b>	<b>4.9</b>

**Countercyclical Capital Buffer**

The following table outlines the geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer as at 31 December 2019.

Country	General credit exposure		Trading book exposure		Securitisation exposure		Own funds requirement					Counter-cyclical capital buffer rate	
	Exposure value for SA £bn	Exposure value IRB £bn	Sum of long and short position of trading book £bn	Value of trading book exposure for internal models £bn	Exposure value for SA £bn	Exposure value IRB £bn	Of which: general credit exposures £bn	Of which: trading book exposures £bn	Of which: securitisation exposures £bn	Total £bn	Own funds requirement weight		
UK	29.4	213.6	-	-	-	1.6	5.1	-	-	-	5.1	-	1%
Crown Dependencies	0.1	0.3	-	-	-	-	-	-	-	-	-	-	0%
United States	-	0.1	-	-	-	-	-	-	-	-	-	-	0%
Spain	-	-	-	-	-	-	-	-	-	-	-	-	0%
Australia	-	-	-	-	-	-	-	-	-	-	-	-	0%
Luxembourg	0.2	0.1	-	-	-	-	-	-	-	-	-	-	0%
Canada	-	-	-	-	-	-	-	-	-	-	-	-	0%
Netherlands	0.1	0.2	-	-	-	-	-	-	-	-	-	-	0%
Ireland	0.2	0.3	-	-	1.9	2.4	-	-	0.1	0.1	-	-	1%
Norway	0.1	0.4	-	-	-	-	-	-	-	-	-	-	2.5%
Sweden	-	0.1	-	-	-	-	-	-	-	-	-	-	2.5%
France	0.3	-	-	-	-	-	-	-	-	-	-	-	0.25%
Belgium	0.1	-	-	-	-	-	-	-	-	-	-	-	0%
Finland	-	-	-	-	-	-	-	-	-	-	-	-	0%
British Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	-	0%
Denmark	-	0.5	-	-	-	-	-	-	-	-	-	-	1%
New Zealand	-	-	-	-	-	-	-	-	-	-	-	-	0%
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	-	0%
Other	0.1	-	-	-	-	-	-	-	-	-	-	-	0% or not set

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

Countries included in the table above were selected if total exposure was greater than £0.1bn pre-deductions based on Article 140(4) of Directive 2013/36/EU.

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

	£bn
Total risk exposure	<b>72.6</b>
Institution specific countercyclical capital buffer rate	1.0%
Institution specific countercyclical capital buffer requirement	0.7

The level of the Countercyclical Capital Buffer for the RFB Group at 31 December 2019 was 0.99%.

**Credit risk adjustments**

The following table outlines the credit risk exposure, the associated level of impaired and past due exposures levels and impairment levels (credit risk adjustments) for 31 December 2019 by class of exposure. Further information on impairment losses and provisions is outlined in Notes 5 and 10 to the financial statements in the 2019 Annual Report.

**Credit quality of exposures by industry**

Breakdown of exposures by industry class and Credit Quality.

As at 31 December 2019	Gross carrying values of					Net value
	Defaulted Exposure	Non-Defaulted Exposure	Specific Credit Risk Adjustments	Accumulated write-offs	Credit risk adjustment charges during the period	
Central Banks and Central Governments	-	20,260	-	-	-	20,260
Agriculture, forestry and fishing	11	282	(2)	-	-	291
Mining and quarrying	1	211	(1)	-	-	211
Manufacturing	37	1,727	(12)	(2)	-	1,752
Electricity, gas, steam and air conditioning supply	-	820	(6)	(1)	-	814
Water supply	-	353	(2)	-	-	351
Construction	27	1,775	(12)	(2)	-	1,790
Wholesale and retail trade	42	5,826	(40)	(6)	-	5,828
Transport and storage	5	837	(6)	(1)	-	836
Accommodation and food service activities	65	2,613	(18)	(3)	-	2,660
Information and communication	11	725	(5)	(1)	-	731
Real estate activities	85	18,377	(125)	(20)	-	18,337
Professional, scientific and technical activities	24	1,557	(11)	(2)	-	1,570
Administrative and support service activities	26	1,901	(13)	(2)	-	1,914
Public administration and defence, compulsory social security	-	19	-	-	-	19
Education	11	482	(3)	(1)	-	490
Human health services and social work activities	82	2,072	(14)	(2)	-	2,140
Arts, entertainment and recreation	4	400	(3)	-	-	401
Other services	3	129	(1)	-	-	131
Retail	1,855	201,747	(591)	(206)	-	203,011
Financial Institutions and Other Financial Corporates	-	31,008	-	-	-	31,008
<b>Total</b>	<b>2,289</b>	<b>293,121</b>	<b>(865)</b>	<b>(249)</b>	<b>-</b>	<b>294,545</b>

**Credit risk exposure by country**

The following table provides analysis of the distribution of exposures by geography.

As at 31 December 2019	Gross carrying values of					Net value
	Defaulted Exposure	Non-Defaulted Exposure	Specific Credit Risk Adjustments	Accumulated write-offs	Credit risk adjustment charges during the period	
UK	2,235	271,417	(847)	(249)	-	272,805
US	-	306	-	-	-	306
Japan	-	1,560	-	-	-	1,560
Ireland	-	10,542	-	-	-	10,542
Luxembourg	-	5,293	-	-	-	5,293
Jersey	-	351	-	-	-	351
Germany	-	464	-	-	-	464
Canada	-	19	-	-	-	19
France	-	567	-	-	-	567
Isle of Man	-	240	-	-	-	240
Netherlands	-	186	-	-	-	186
Italy	-	69	-	-	-	69
Norway	-	366	-	-	-	366
Denmark	-	482	-	-	-	482
Australia	-	80	-	-	-	80
Other	54	1,179	(18)	-	-	1,215
<b>Total</b>	<b>2,289</b>	<b>293,121</b>	<b>(865)</b>	<b>(249)</b>	<b>-</b>	<b>294,545</b>

For geographical areas of past due and impaired exposures, nearly 98% are to the UK.



**Credit Risk Mitigation Techniques**

For more detail on the RFB Group's approach to Credit Risk Mitigation refer to the Other Segments – Credit Risk Review section of the RFB 2019 Annual Financial Report.

The following table provides analysis of secured and collateralised exposures as at 31 December 2019.

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	31 December 2019	31 December 2019	31 December 2019	31 December 2019	31 December 2019
	£bn	£bn	£bn	£bn	£bn
Total loans	95,338	190,286	8,921	-	-
Total debt securities <sup>1</sup>	14,210	-	2,593	-	-
Total exposures	109,548	190,286	11,514	-	-
Of which defaulted	635	1,653	-	-	-

**Changes in the stock of specific credit risk adjustments**

Movement over the period 1 January 2019 to 31 December 2019 of specific credit risk adjustments.<sup>2</sup>

	Accumulated specific credit risk adjustment £m
<b>Opening balance (IFRS9)</b>	807
Increases due to origination and acquisition during the period	56
Decreases due to derecognition during the period	(77)
Changes due to change in credit risk (net)	321
Changes due to modifications without derecognition (net)	1
Changes due to update in the institution's methodology for estimation (net)	-
Other adjustments	6
Decrease in allowance account due to write-offs	(249)
<b>Closing balance</b>	<b>865</b>
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	(81)
Specific credit risk adjustments directly recorded to the statement of profit or loss	-

**Changes in the stock of defaulted and impaired loans and debt securities**

Movement over the period 1 January 2019 to 31 December 2019 of carrying value of defaulted exposures.

	Gross carrying value of defaulted exposures £m
Opening balance (IFRS9)	2,571
Loans and debt securities that have defaulted or impaired since the last reporting period	957
Returned to non-defaulted status	(925)
Amounts written off	(361)
Other changes <sup>3</sup>	127
Closing balance	2,369

<sup>1</sup> Per note 20 Financial Investments in the Half Yearly Financial Report, excluding debt securities

<sup>2</sup> Table has been revised from the version in the EBA "Final Report on the guidelines on disclosure requirements under part eight of regulation (EU) NO 575/2013" to reflect FINREP update due to the adoption of IFRS 9

<sup>3</sup> Includes residual movement on facilities that did not change stage in the year, and which were neither acquired nor purchased in the year

**Credit risk exposure**

Breakdown of loans and advances to banks and customers and central bank exposures by credit quality, including total and average net amount of exposures (excludes securitisations and other debt instruments).

As at 31 December 2019	Gross carrying values of								Net value
	Defaulted Exposure	Non-Defaulted Exposure	Net value of exposures at the end of the period	Average net exposures over the period	Specific Credit Risk Adjustments	Accumulated write-offs	Credit risk adjustment charges during the period		
Central Banks and Central Governments	-	20,260	20,260	10,130	-	-	-	20,260	
Financial Institutions and Other Financial Corporates	-	31,008	31,008	15,504	-	-	-	31,008	
Corporate Exposures Of which Specialised lending	434	40,106	40,540	20,270	(274)	(43)	-	40,266	
Retail	1,855	201,747	203,602	101,801	(591)	(206)	-	203,011	
Of which: IRB residential immovable property	1,628	177,457	179,085	89,411	(220)	-	-	178,865	
<b>Total</b>	<b>2,289</b>	<b>293,121</b>	<b>295,410</b>	<b>147,705</b>	<b>(865)</b>	<b>(249)</b>	<b>-</b>	<b>294,545</b>	

**Credit risk exposure by industry**

The following table outlines the CRDIV credit risk exposure by industry

As at 31 December 2019	Agriculture, Forestry & Fishing	Construction	Financial Industry (bank and non-bank)	Real Estate (commercial)	Manufacturing	Mining & Quarrying	Wholesale and Retail Trade	Business Services and Other	Transport, Utilities & Storage	Retail	Other Sectors
Central governments or central banks	-	-	32,970	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-	-	30
Multilateral Development Banks	-	-	1,522	-	-	-	-	-	-	-	-
Institutions	-	-	31,008	-	-	-	-	-	-	-	-
Corporations	291	1,790	-	18,335	1,752	211	5,829	1,914	837	-	9,307
Of which specialised Lending	-	22	-	3,538	49	-	8	188	376	-	5,487
Securitisations	-	-	3,034	-	-	-	-	-	-	-	-
Retail	12	30	16	481	51	1	201	276	29	201,683	231
Of which secured on residential real estate	-	4	286	68	-	-	1	67	-	178,433	6

**Residual maturity of credit exposures**

The following table outlines the CRDIV credit risk exposure by maturity.

As at 31 December 2019	< 3 months	< 1 year	1-3 years	3-5 years	> 5 years
Central governments or central banks	21,405	1,414	2,208	1,911	6,032
Public sector entities	30	-	-	-	-
Multilateral Development Banks	44	179	531	537	231
Institutions	10,911	1,596	8,619	8,400	1,482
Corporations	8,164	3,258	10,391	10,230	8,223
Of which specialised Lending	564	1,038	3,534	2,290	2,242
Securitisations	-	-	653	1,468	913
Retail	10,015	4,685	6,171	7,156	174,984
Of which secured on residential real estate	541	688	3,138	4,771	169,727

**Geographical Analysis of credit exposures**

The following table outlines the CRDIV credit risk exposure by geography.

As at 31 December 2019	UK	Germany	France	US	Spain	Other Eurozone	Other
Central governments or central banks	26,851	738	178	797	-	503	3,903
Public sector entities	30	-	-	-	-	-	-
Multilateral Development Banks	194	-	-	761	-	567	-
Institutions	11,008	447	537	178	173	15,384	3,281
Corporations	38,979	-	-	45	22	157	1063
Of which specialised Lending	8,788	-	-	56	-	157	667
Securitisations	3,034	-	-	-	-	-	-
Retail	202,558	17	30	82	19	58	247
Of which secured on residential real estate	178,865	-	-	-	-	-	-

**Ageing of past-due exposures**

The following table provides an ageing analysis of accounting on-balance-sheet past-due exposures regardless of their impairment status.

As at 30 June 2019	Gross carrying values						> 1 year £m
	≤30 days £m	>30 days ≤ 60 days £m	>60 days ≤90 days £m	>90 days ≤ 180 days £m	>180 days ≤ 1 year £m		
Loans	2,700	657	372	598	532	423	
Debt Securities	-	-	-	-	-	-	
<b>Total Exposures</b>	<b>2,700</b>	<b>657</b>	<b>372</b>	<b>598</b>	<b>532</b>	<b>423</b>	

**Non-performing and forborne exposures**

This table provides an overview of non-performing and forborne exposures as at 31 December 2019.

	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received							
	Of which performing but past due > 30 days and ≤ 90 days		Of which performing forborne		Of which non-performing defaulted		Of which non-performing impaired		Of which forborne		On performing exposures		On non-performing exposures		On non-performing exposures		Of which forborne		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Debt																			
Securities	17,042	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and Advances	254,163	928	1,415	2,288	2,288	2,288	622	(442)	(29)	(403)	(166)	1,732	1,498						
Off-balance-sheet exposures	41,595	-	-	65	-	-	-	(66)	-	(12)	-	-	-						

**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.

As at 31 December 2019	Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
Closeout uncertainty, of which:	-	7.73	-	1.64	-	9.37	1.29	8.08
- Mid-market value	-	6.41	-	1.27	-	7.68	1.25	6.43
- Closeout cost	-	0.81	-	0.37	-	1.18	0.04	1.14
- Concentration	-	0.51	-	-	-	0.51	-	0.51
Early termination	-	-	-	-	-	-	-	-
Model risk	0.01	5.36	-	2.72	-	8.09	0.41	7.68
Operational risk	-	0.67	-	0.16	-	0.83	0.13	0.70
Investing and funding costs	-	4.78	-	-	-	4.78	2.74	2.04
Unearned credit spreads	-	2.06	-	-	-	2.06	2.06	-
Future administrative costs	-	1.89	-	-	-	1.89	-	1.89
Other	0.04	-	-	-	-	0.04	-	0.04
<b>Total adjustment</b>	<b>0.05</b>	<b>22.49</b>	<b>-</b>	<b>4.52</b>	<b>-</b>	<b>27.06</b>	<b>6.63</b>	<b>20.43</b>

**Key Movements**

The PVA decreased during 2019 due to the calculation of loan AVAs changing from the fall-back approach to an approved model.

**Remuneration**

Per the Basel Committee on Banking Supervision's Pillar 3 disclosure requirements – consolidated and enhanced framework directive, the Company is fulfilling its obligation to disclose remuneration notes in the Directors' Remuneration Report section of the 2019 Annual Report.

**CRR Leverage ratio – disclosure template**

The table below provides a reconciliation of accounting assets to the CRD IV Leverage ratio exposure, and information on the composition of the principal exposure elements as at 31 December 2019. A CRD IV end point Tier 1 capital measure is used for this disclosure and Leverage Ratio calculation, consistent with the UK framework for large banks.

**Summary reconciliation of accounting assets and Leverage Ratio exposures**

	£bn	
1	Total assets as per published financial statements	281,702
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	1,000
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the Leverage Ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 CRR)	(2,860)
4	Adjustments for derivative financial instruments	(1,701)
5	Adjustments for securities financing transactions (SFTs)	1,006
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,391
EU-6a	(Adjustment for intragroup exposures excluded from the Leverage Ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-
EU-6b	(Adjustment for exposures excluded from the Leverage Ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	1,191
8	Total Leverage Ratio exposure	288,729

**Leverage Ratio common disclosure**

	Exposure £bn	
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	254,753
2	(Asset amounts deducted in determining Tier 1 capital)	(2,860)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	251,893
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2,588
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	889
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(1,862)
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	1,615
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	25,309
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,676)
14	Counterparty credit risk exposure for SFT assets	1,006
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	24,639
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	41,595
18	(Adjustments for conversion to credit equivalent amounts)	(33,204)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	8,391
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	1,000
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	1,191
Capital and total exposures		
20	Tier 1 capital (CRD IV end point)	12,375
21	Total Leverage Ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	288,729
Leverage Ratio		
22	Leverage Ratio	4.3%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	-
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-

**Own Funds disclosure – balance sheet reconciliation**

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 as at 31 December 2019. 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
<b>Santander UK Balance Sheet elements</b>			
Shareholder's equity and Non-controlling interests	13,829	2,191	-
Subordinated Liabilities	-	252	3,276
<b>CRD IV Adjustments</b>			
Additional value adjustments	(27)	-	-
Intangible Assets (net of related tax liability)	(1,719)	-	-
Fair value reserves related to gains or losses on cash flow hedges	(371)	-	-
Negative amounts resulting from the calculation of regulatory expected loss amounts	(618)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(5)	-	-
Deferred tax assets arising from temporary differences	(8)	-	-
Defined benefit pension fund assets	(501)	-	-
- Dividend accrual	(17)	-	-
- Deduction for minority interests	(160)	-	-
- IFRS 9 Transitional Adjustments	16	-	-
Amount excluded from Tier 2 due to transitional recognition cap	-	-	(351)
<b>Total</b>	<b>10,419</b>	<b>2,443</b>	<b>2,925</b>

## Own Funds disclosure – Transitional Own Funds disclosure template

The following table provides disclosure of the RFB Group's own funds items. The CRD IV end point position can be derived as the sum of the 31 December 2019 result 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 2019 £m	CRD IV end point adjustments £m
Common Equity Tier 1 (CET1) Capital: instruments and reserves		
1	8,725	-
2	4,531	-
3	396	-
4	-	-
5	-	-
5a	-	-
<b>6</b>	<b>13,652</b>	<b>-</b>
Common Equity Tier 1 (CET1) Capital: regulatory adjustments		
7	(27)	-
8	(1,719)	-
10	-	-
11	(371)	-
12	(618)	-
13	-	-
14	(5)	-
15	(501)	-
16	-	-
17	-	-
18	-	-
19	-	-
20a	-	-
20b	-	-
20c	-	-
20d	-	-
21	(8)	-
22	-	-
23	-	-
25	-	-
25a	-	-
25b	-	-
26	16	-
26a	-	-
26b	-	-
27	-	-
28	(3,233)	-
<b>29</b>	<b>10,419</b>	<b>-</b>
Additional Tier 1 (AT1) capital: instruments and reserves		
30	1,956	-
31	1,956	-
32	-	-
33	-	-
34	487	(487)
35	487	(487)
<b>36</b>	<b>2,443</b>	<b>(487)</b>
Additional Tier 1 (AT1) capital: regulatory adjustments		
37	-	-
38	-	-
39	-	-
40	-	-
41	-	-
41a	-	-
41b	-	-
41c	-	-

	31 December 2019 £m	CRD IV end point adjustments £m
CRR		
42		
43		
44	2,443	
45	12,862	
Tier 2 (T2) capital: instruments and provisions		
46	1,143	-
47	-	-
48	1,782	(337)
49	377	(377)
50	-	-
51	2,925	(337)
Tier 2 (T2) capital: regulatory adjustments		
52	-	-
53	-	-
54	-	-
54a	-	-
54b	-	-
55	-	-
56	-	-
56a	-	-
56b	-	-
56c	-	-
57	-	-
58	2,925	-
59	15,787	-
59a	-	-
60	72,614	-
Capital ratio and buffers		
61	14.3%	-
62	17.7%	-
63	21.7%	-
64	3.49%	-
65	2.50%	-
66	0.99%	-
67	-	-
67a	-	-
68	14.3%	-
Amounts below the threshold for deduction (before risk weighting)		
72	-	-
73	-	-
75	-	-
Applicable caps on the inclusion of provisions in Tier 2		
76	-	-
77	243	-
78	-	-
79	271	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	-	-
81	-	-
82	-	-
83	-	-
84	-	-
85	-	-

## Own Funds disclosure – capital instruments main features

The following table outlines the main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments. Further details are included in the 2019 Annual Report in Note 26 and 31 to the financial statements.

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
2	ISIN	GB0000064393	GB0000044221	XS0124569566					XS0060837068
3	Governing law(s) of the instrument	English	English	English	English	English	English	English	English
Regulatory treatment									
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
5	Post-transitional Basel CRR rules	Ineligible	Ineligible	Ineligible	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo/ group/ group & solo	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Preferred	Preferred	Preferred	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Subordinated
8	Amount recognised in regulatory capital (£m)	212	132	235	210	745	500	500	205
9	Par value of instrument (£m)	200	125	235	210	750	500	500	200
9a	Issue Price of Instrument	100m @ 101.52% 100m @ 108.935%	101.55%	100%	100%	100%	100%	100%	100.432%
9b	Redemption Price of Instrument	n/a	n/a	100% (call)	100% (call)	100% (call)	100% (call)	100% (call)	n/a
10	Accounting classification	Liability-amortised cost	Liability-amortised cost	Shareholders' Equity	Shareholders' Equity	Shareholders' Equity	Shareholders' Equity	Shareholders' Equity	Liability-amortised cost
11	Original date of issuance	23/10/1995	09/06/1997	14/02/2001	24/06/2014	10/06/2015	09/08/2019	10/04/2017	23/10/1995
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
14	Issuer call subject to prior supervisory approval	No	No	Yes	Yes	Yes	Yes	Yes	No
15	Optional call date, contingent call dates and redemption amount	n/a	n/a	14/02/2026	24/09/2019	24/06/2022	24/03/2025	24/06/2024	n/a
16	Subsequent call dates, if applicable	n/a	n/a	Annually	Quarterly	5 years	Quarterly	5 years	n/a
Coupons / dividends									
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed
18	Coupon rate and any related index	10.375%	8.625%	7.037%	5.180%	7.375%	6.3%	6.75%	10.0625%
19	Existence of a dividend stopper	Yes	Yes	Yes	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Partially discretionary	Partially discretionary	Fully Discretionary	Fully Discretionary	Fully Discretionary	Fully Discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	Yes	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Contractual: None Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	Contractual: 100% Statutory: To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Contractual : at the option of the issuer Statutory: Mandatory upon satisfaction of certain conditions
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	Contractual: Additional Tier 1 Statutory: CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK plc.	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of Santander UK Group Holdings or Santander UK plc < 7%	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of Santander UK Group Holdings or Santander UK plc < 7%	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of Santander UK Group Holdings or Santander UK plc < 7%	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of Santander UK Group Holdings or Santander UK plc < 7%	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent



34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
36	Non-compliant transitioned features	Yes	Yes	Yes	No	No	No	No	No
37	If yes, specify non-compliant features	No CET1 conversion or write down trigger Dividend Stopper Grandfathered to December 2021	No CET1 conversion or write down trigger Dividend Stopper Grandfathered to December 2021	No CET1 conversion or write down trigger Dividend Stopper Incentive to Redeem: Step Up Grandfathered to December 2021 as Tier 1					

## Own Funds disclosure – capital instruments main features

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
2	ISIN	XS0117973262	XS0117973429	XS0103012893	US002920AC09	XS0989359756 US80283LAA17		XS0133956168	
3	Governing law(s) of the instrument	English	English	English	New York	English	English	English	English
Regulatory treatment									
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel CRR rules	Ineligible	Ineligible	Tier 2	Tier 2	Tier 2	Tier 2	Ineligible	Tier 2
6	Eligible at solo/group/group & solo	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated
8	Amount recognised in regulatory capital (£m)	15	362	40	281	873	380	10	190
9	Par value of instrument (£m)	14	270	29	197	1,133	378	11	197
9a	Issue Price of Instruments	99.277%	175m @ 97.712% 100m @ 109.744%	99.561%	99.626%	99.681%	99.724%	98.878%	99.724%
9b	Redemption Price of Instrument	100% (call)	100% (call)	100%	100%	100%	100%	100%	100%
10	Accounting classification	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost
11	Original date of issuance	28/09/2000	28/09/2000	21/10/1999	26/10/1999	07/11/2013	15/09/2015	14/08/2001	15/09/2015
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	n/a	n/a	21/10/2030	26/10/2029	07/11/2023	15/09/2025	14/08/2031	15/09/2025
14	Issuer call subject to prior supervisory approval	Yes	Yes	No	No	No	No	n/a	No
15	Optional call date, contingent call dates and redemption amount	28/09/2020	28/09/2030	n/a	n/a	n/a	n/a	n/a	n/a
16	Subsequent call dates, if applicable	5 years	5 years	n/a	n/a	n/a	n/a	n/a	n/a
Coupons / dividends									
17	Fixed or floating dividend/coupon	Fixed to Floating	Fixed to Floating	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	7.375%	7.125%	6.5%	7.95%	5%	4.75%	5.875%	4.75%
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Partially discretionary	Mandatory	Partially discretionary	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Yes	Yes	No	No	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Senior	Senior	Senior	Senior	Senior	Senior
36	Non-compliant transitioned features	Yes	Yes	No	No	No	No	Yes	No
37	If yes, specify non-compliant features	Incentive to Redeem: Step Up Grandfathered to December 2021	Incentive to Redeem: Step Up Grandfathered to December 2021					No express waiver of set-off Grandfathered to June 2025	

## Own Funds disclosure – capital instruments main features

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
2	ISIN				n/a
3	Governing law(s) of the instrument	English	English	English	English
Regulatory treatment					
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Common Equity Tier 1
5	Post-transitional Basel CRR rules	Tier 2	Tier 2	Tier 2	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated	Subordinated	Subordinated	Equity
8	Amount recognised in regulatory capital (£m)	190	191	190	7,060
9	Par value of instrument (£m)	196	189	188	7,060
9a	Issue Price of Instrument	99.724%	99.412%	99.412%	100%
9b	Redemption Price of Instrument	100%	100%	100%	n/a
10	Accounting classification	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Shareholders' Equity
11	Original date of issuance	15/09/2015	15/09/2015	15/09/2015	10/01/2014
12	Perpetual or dated	Dated	Dated	Dated	Perpetual
13	Original maturity date	15/09/2025	15/09/2045	15/09/2045	n/a
14	Issuer call subject to prior supervisory approval	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	n/a	n/a	n/a	n/a
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
Coupons / dividends					
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Variable
18	Coupon rate and any related index	4.75%	5.625%	5.625%	n/a
19	Existence of a dividend stopper	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Fully Discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Non-Convertible
24	If convertible, conversion trigger (s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	n/a
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	n/a
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	n/a
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	n/a
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	n/a
29	If convertible, specify issuer of instrument it converts into	Santander UK plc	Santander UK plc	Santander UK plc	n/a
30	Write-down feature	Yes	Yes	Yes	No
31	If write-down, write-down trigger(s)	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	n/a
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	n/a
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior	Senior	Additional Tier 1
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features				

## 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 CRD IV 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.
CRD IV	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.
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 Systemically 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 CRD IV 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	CRD IV 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 CRD IV 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 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 CRD IV, 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 CRD IV, 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.