

Santander UK Group Holdings plc

June 2017 Additional Capital and Risk Management Disclosures

Additional Capital and Risk Management Disclosures continued

Introduction

Santander UK Group Holdings plc's Additional Capital and Risk Management Disclosures for the six months ended 30 June 2017 should be read in conjunction with our 2017 Half Yearly Financial Report.

Santander UK Group Holdings plc (the 'Company') is the immediate parent company of Santander UK plc. The Company and Santander UK plc operate on the basis of a unified business strategy, albeit the principal business activities of the Santander UK group are currently carried on by the Santander UK plc group. 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.

As a significant wholly-owned subsidiary of Banco Santander, S.A., under CRD IV¹ Santander UK Group Holdings plc is only required to produce and publish a specified number of Pillar 3 disclosures rather than a complete set of Pillar 3 disclosures. In accordance with the EBA guidelines on disclosure frequency², 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 and risk management disclosures set out in this document. All disclosures cover the consolidated Santander UK Group Holdings plc group position.

CRD IV Disclosures

This document contains disclosures required under CRD IV and the EBA for Santander UK as a significant subsidiary of an EU Banking Group, some of which are not disclosed in the Annual Report or in other sections of this document. All disclosures cover the 30 June 2017 position or movement over 2017.

Own Funds and Capital Ratios

The following table summarises the Company's Own Funds at 30 June 2017 and previously disclosed information for the three preceding quarter ends. It also details the key risk-based capital ratios. Further detail on Risk Weighted Assets is included in the subsequent RWA and Capital Requirements section of this document.

	30 June 2017 £m	31 March 2017 £m	31 December 2016 £m	30 September 2016 £m
Common Equity Tier 1 (CET1) capital before regulatory adjustments	14,589	14,598	14,290	14,456
Common Equity Tier 1 (CET1) capital regulatory adjustments	(3,998)	(4,156)	(4,084)	(4,565)
Common Equity Tier 1 (CET1) capital	10,591	10,442	10,206	9,891
Additional Tier 1 (AT1) capital before regulatory adjustments	2,451	1,965	2,033	2,052
Additional Tier 1 (AT1) capital regulatory adjustments	-	-	-	-
Additional Tier 1 (AT1) capital	2,451	1,965	2,033	2,052
Tier 1 capital	13,042	12,407	12,239	11,943
Tier 2 (T2) capital before regulatory adjustments	2,599	2,706	2,955	2,918
Tier 2 (T2) capital regulatory adjustments	-	-	-	-
Tier 2 (T2) capital	2,599	2,706	2,955	2,918
Total Capital	15,641	15,113	15,194	14,861
Risk Weighted Assets	87,194	87,997	87,632	89,135
Common Equity Tier 1 ratio	12.1%	11.9%	11.6%	11.1%
Tier 1 ratio	15.0%	14.1%	14.0%	13.4%
Total Capital ratio	17.9%	17.2%	17.3%	16.7%

Common Equity Tier 1 ratio increased to 12.1% at 30 June 2017 (11.9% at 31st March 2017) primarily driven by the decrease in Risk Weighted Assets (Credit Risk £0.2bn, Counterparty Credit Risk £0.2bn, CVA, £0.2bn and Market Risk £0.2bn) and increases in Common Equity Tier 1 primarily due to additional profits in the period. The Tier 1 ratio increased during the three months ended 30 June 2017 principally driven by new issuance of AT1 Capital on the 10th April 2017.

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

² 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

Additional Capital and Risk Management Disclosures continued

Leverage Ratio

The following table summarises the Company's end point CRD IV Tier 1 Leverage Ratio and UK Leverage Ratio at 30 June 2017, the previously disclosed 3 preceding quarter ends of March 2017, December and September 2016. The end point CRD IV Tier 1 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. For the UK Leverage Ratio, deductions are made to the exposure measure for assets constituting claims on central banks where they are matched by deposits accepted by the firm that are denominated in the same currency and of identical or longer maturity. The Average Leverage Exposure and Leverage Ratios included below represent the monthly averages for the 3 month periods ending on the specified date.

	30 June 2017 £m	31 March 2017 £m	31 December 2016 £m	30 September 2016 £m
Common Equity Tier 1 (CET1) capital	10,591	10,442	10,206	9,891
End point Additional Tier 1 (AT1) capital	2,041	1,545	1,545	1,545
End point Tier 1 capital	12,632	11,987	11,751	11,436
Leverage Exposure CRD IV (£bn)	308.0	304.3	306.8	301.9
End point Tier 1 Leverage Ratio CRD IV	4.1%	3.9%	3.8%	3.8%
End point Tier 1 Leverage Ratio UK Leverage Ratio	4.4%	4.1%	4.1%	4.0%
Average Tier 1 Leverage Ratio UK Leverage Ratio	4.3%	4.0%	4.0%	3.8%

The Leverage Ratio increased during the three months ended 30 June 2017 principally driven by new issuance of AT1 Capital on the 10th April 2017.

The risk of excessive leverage is addressed by the company's Capital Risk Management processes, which are outlined in the Capital risk section of the Company's Half Yearly Financial Report.

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

This table outlines credit risk exposure and credit risk mitigation effects under the standardised approach (excluding securitisations).

	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
	30 June 2017 £bn	30 June 2017 £bn	30 June 2017 £bn	30 June 2017 £bn	30 June 2017 £bn	30 June 2017
Central government of central banks	29.2	1.0	29.3	1.0	-	0%
Regional government or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	20%
Multilateral Development Banks	1.2	-	1.2	-	-	0%
Intentional Organisations	-	-	-	-	-	-
Institutions	3.2	0.2	3.3	0.1	0.4	11%
Corporates	12.9	6.5	13.4	3.0	16.1	99%
Retail	8.4	8.8	8.4	-	6.2	74%
Secured by mortgages on immovable property	1.0	-	1.0	-	0.6	61%
Exposures in default	0.2	-	0.2	-	0.3	127%
Higher-risk categories	0.2	0.1	0.2	0.1	0.3	150%
Covered bonds	2.7	-	2.7	-	0.4	15%
Institutions and corporations with a short term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity	0.1	-	0.1	-	0.1	100%
Other items	5.0	-	5.0	-	2.5	47%
Total	64.1	16.6	64.8	4.2	26.9	39%

Additional Capital and Risk Management Disclosures continued

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
	30 June 2017 £bn	31 March 2017 £bn	30 June ² 2017 £bn
Credit risk (excluding counterparty credit risk) (CCR)	69.8	70.0	5.6
- Of which standardised approach (SA)	25.2	27.6	2.0
- Of which foundation internal rating-based approach	9.8	8.0	0.8
- Of which advanced internal rating-based approach	34.7	34.4	2.8
- Of which equity IRB under the Simple risk-weight or the internal models approach	0.1	0.1	-
Counterparty credit risk	5.9	6.3	0.5
- Of which marked to market	4.2	4.4	0.3
- Of which original exposure	-	-	-
- Of which standardised approach for counterparty credit risk	-	-	-
- Of which internal model method (IMM)	-	-	-
- Of which risk exposure amount for contributions to the default fund of a CCP	0.2	0.2	-
- Of which CVA	1.5	1.7	0.1
Settlement risk	-	-	-
Securitisation exposures in banking book (after cap)	0.9	0.9	0.1
- Of which IRB ratings-based approach (RBA)	0.2	0.4	-
- Of which IRB supervisory formula approach (SFA)	-	-	-
- Of which internal assessment approach (IAA)	-	-	-
- Of which standardised approach (SA)	0.7	0.5	0.1
Market risk	3.3	3.5	0.3
- Of which standardised approach (SA)	0.5	0.3	-
- Of which internal model approach (IM)	2.8	3.2	0.2
Operational Risk	7.3	7.3	0.6
- Of which basic indicator approach	-	-	-
- Of which standardised approach	7.3	7.3	0.6
- Of which advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Floor adjustments	-	-	-
Total	87.2	88.0	7.0

Decrease of £0.8bn RWAs in the period, principally driven by decreases in Market Risk (£0.2bn) and Counterparty Credit Risk including CVA (£0.4bn).

RWA flow statements of credit risk exposures under IRB

RWA flow statements of credit risk exposures under IRB and RWA flow statements of credit risk exposures under standardised.

	RWA £bn	Capital requirements
RWAs at 1 April ¹	45.8	3.6
Asset size	0.2	0.0
Asset quality	0.1	0.1
Model updates	1.3	0.1
Methodology and policy	0.0	0.0
Acquisitions and disposals	0.0	0.0
Foreign exchange movements	0.0	0.0
Other	0.0	0.0
RWAs at 30 June	47.4	3.8

RWA flow statements of credit risk exposures under standardised approach

	RWA £bn	Capital requirements
RWAs at 1 April	29.6	2.4
Asset size	(0.3)	0.0
Asset quality	0.1	0.0
Model updates	(1.8)	(0.1)
Methodology and policy	0.0	0.0
Acquisitions and disposals	0.0	0.0
Foreign exchange movements	0.0	0.0
Other	0.0	0.0
RWAs at 30 June	27.6	2.3

The flow statements include a reclassification of a £1.8bn between standardised and IRB due to a model recalibration.

¹ Includes 3 Significant Risk Transfer transactions which are subject to re-characterisation risk.

² Includes balances which are not visible due to rounding.

Additional Capital and Risk Management Disclosures continued

Credit risk and Counterparty risk by risk class

The following table details RWA and equivalent Own Funds Requirements (RWA multiplied by 8%) per risk class. Counterparty Risk and Credit Valuation Adjustment Risk are included in the table.

RWA

	30 June 2017 RWA £bn	31 March 2017 RWA £bn	31 December 2016 RWA £bn	30 September 2016 RWA £bn
Standardised Approach credit risk				
Institutions	0.4	0.5	0.5	0.5
Corporates	16.1	17.8	17.1	17.5
Standardised Retail	6.2	6.8	7.2	8.0
Secured by Mortgages on Immovable Property	0.6	0.6	0.7	0.7
Exposures in Default	0.3	0.3	0.4	0.4
Higher-risk Categories	0.3	-	-	-
Covered Bonds	0.4	0.3	0.3	0.3
Equity	0.1	0.3	0.3	0.3
Securitisation Positions	0.7	0.4	0.4	-
Other	2.5	2.6	2.5	2.7
Total	27.6	29.6	29.4	30.4
IRB Approach credit risk				
Institutions	1.6	1.9	1.5	1.8
Corporates	15.6	13.4	13.6	14.3
IRB Retail Mortgages	26.0	25.7	25.5	25.9
IRB Qualifying Revolving Retail Exposures	1.9	1.9	1.9	2.2
Other Retail	2.0	2.4	2.4	2.4
Securitisation Positions	0.2	0.4	0.4	0.2
IRB Equity Exposures – 370% Risk Weight	0.1	0.1	0.1	0.3
Total	47.4	45.8	45.4	47.0
CVA	1.5	1.7	1.9	1.7

Own Funds Requirements

	30 June 2017 8%* RWA £bn	31 March 2017 8%* RWA £bn	31 December 2016 8%* RWA £bn	30 September 2016 8%* RWA £bn
Standardised Approach credit risk				
Institutions	-	-	-	-
Corporates	1.3	1.4	1.4	1.4
Standardised Retail	0.5	0.5	0.5	0.6
Secured by Mortgages on Immovable Property	-	0.1	0.1	0.1
Exposures in Default	-	-	-	-
Higher-risk Categories	-	-	-	-
Covered Bonds	-	-	-	-
Equity	-	-	-	-
Securitisation Positions	0.1	-	-	-
Other	0.2	0.2	0.2	0.2
Total¹	2.2	2.4	2.4	2.4
IRB Approach credit risk				
Institutions	0.1	0.2	0.1	0.1
Corporates	1.2	1.1	1.1	1.1
IRB Retail Mortgages	2.1	2.1	2.0	2.1
IRB Qualifying Revolving Retail Exposures	0.2	0.1	0.2	0.2
Other Retail	0.2	0.2	0.2	0.2
Securitisation Positions	-	-	-	-
IRB Equity Exposures – 370% Risk Weight	-	-	-	-
Total¹	3.8	3.7	3.6	3.8
CVA	0.1	0.1	0.2	0.1

¹ Total includes balances which are not visible in the table due to rounding.

Additional Capital and Risk Management Disclosures continued

Probability of Default ('PD') disclosures

The following tables show the distribution by credit quality of the value of exposures, credit risk parameters and capital for the Company's IRB portfolios, by exposure class. This excludes CVA, specialised lending, equity exposures and securitisation portfolios where PD is not estimated for RWA calculations – at 30 June 2017, the RWA for such portfolios was £7.9bn. 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 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 30 June 2017

Corporates

PD Band	PD Range	Exposure at default estimate	Average PD	Average LGD	RWAs	Average Risk Weighting	External Rating Equivalent Range	External Rating Equivalent Average PD
	%	£m	%	%	£m	%		
1	0.000 to 0.160	12,439	0.067	29	1,846	15	AAA to A-	A
2	0.160 to 0.290	1,001	0.177	42	516	52	A- to BBB	BBB+
3	0.290 to 0.530	1,606	0.351	46	1,200	75	BBB to BBB-	BBB-
4	0.530 to 0.920	764	0.766	46	682	89	BBB- to BB+	BB+
5	0.920 to 1.560	392	0.465	22	392	100	BB+ to BB	BB
6	1.560 to 2.700	2,788	1.012	20	2,715	97	BB to BB-	BB-
7	2.700 to 35.000	1,479	3.325	20	1,827	124	BB- to C	B-
	In default	180	-	-	14	8		
	Total	20,649			9,192	45		

Institutions

PD Band	PD Range	Exposure at default estimate	Average PD	Average LGD	RWAs	Average Risk Weighting	External Rating Equivalent Range	External Rating Equivalent Average PD
	%	£m	%	%	£m	%		
1	0.000 to 0.037	1,577	0.03	45	406	26	AAA to A-	A
2	0.037 to 0.039	213	0.015	22	76	36		
3	0.039 to 0.045	-	-	-	-	-		
4	0.045 to 0.058	449	0.5	45	159	35	A	A
5	0.058 to 0.076	22	0.0425	23	11	48		
6	0.076 to 0.100	1,252	0.2175	47	590	47	A to A-	A-
7	-	-	-	-	-	-		
8	0.134 to 0.211	118	0.145	47	80	68	A- to BBB+	BBB+
9	0.211 to 0.339	472	0.247	47	259	55	BBB+ to BBB-	BBB
10	0.339 to 0.544	10	0.421	47	6	64	BBB- to BB+	BBB-
11	0.544 to 0.873	3	0.717	48	27	1063	BB+ to C	BB+ to C
12	0.873 to 1.402	15	0.6095	24	24	159		
13	1.402 to 99.999	-	1.271	25	-	196		
	In default	-	-	-	-	-		
	Total	4,131			1,638	40		

Additional Capital and Risk Management Disclosures continued

Retail mortgages

PD Band	PD Range	Exposure at default estimate	Average PD	Average LGD		RWAs	Average Risk Weighting	
				£m	%		£m	%
	%	£m	%	%	%	£m	%	%
1	0.000 to 0.015	740	0.310	9	9	37	5	5
2	0.015 to 0.030	5,262	0.296	9	9	266	5	5
3	0.030 to 0.060	15,440	0.315	9	9	827	5	5
4	0.060 to 0.120	33,964	0.359	9	9	1,970	6	6
5	0.120 to 0.250	54,684	1.018	10	10	6,778	12	12
6	0.250 to 0.500	29,242	2.075	11	11	6,508	22	22
7	0.500 to 1.000	11,336	3.842	12	12	3,870	34	34
8	1.000 to 2.000	3,310	7.837	12	12	1,537	46	46
9	2.000 to 4.000	3,996	11,408	10	10	1,871	47	47
10	4.000 to 8.000	1,891	20,299	11	11	1,159	61	61
11	8.000 to 15.000	772	34,504	10	10	458	59	59
12	15.000 to 30.000	903	53,038	11	11	466	52	52
13	30.000 to 60.000	599	76,235	11	11	187	31	31
14	60.000 to 99.999	306	75,960	11	11	98	32	32
	In default	1,923	100.000	14	14	-	-	-
	Total	164,368				26,032	16	16

Qualifying revolving retail exposures

PD Band	PD Range	Exposure at default estimate	Average PD	Average LGD		RWAs	Average Risk Weighting	
				£m	%		£m	%
	%	£m	%	%	%	£m	%	%
1	0.000 to 0.010	-	-	-	-	-	-	-
2	0.010 to 0.030	179	0.030	66	66	3	2	2
3	0.030 to 0.050	3,181	0.171	70	70	221	7	7
4	0.050 to 0.100	118	0.267	70	70	12	10	10
5	0.100 to 0.200	191	1.143	63	63	53	28	28
6	0.200 to 0.500	573	0.971	70	70	151	26	26
7	0.500 to 1.000	549	2.875	67	67	304	55	55
8	1.000 to 2.000	359	3.990	70	70	276	77	77
9	2.000 to 5.000	330	9.480	67	67	415	126	126
10	5.000 to 10.000	148	19,840	64	64	259	176	176
11	10.000 to 20.000	60	34,348	61	61	113	188	188
12	20.000 to 40.000	33	48,761	57	57	55	169	169
13	40.000 to 99.999	11	65,893	58	58	16	141	141
	In default	24	100.000	75	75	-	-	-
	Total	5,756				1,878	33	33

Other Retail

PD Band	PD Range	Exposure at default estimate	Average PD	Average LGD		RWAs	Average Risk Weighting	
				£m	%		£m	%
	%	£m	%	%	%	£m	%	%
1	0.000 to 0.010	-	-	-	-	-	-	-
2	0.010 to 0.030	-	0.078	88	88	-	19	19
3	0.030 to 0.050	7	0.100	88	88	2	23	23
4	0.050 to 0.100	108	0.154	88	88	34	32	32
5	0.100 to 0.200	336	0.216	88	88	134	40	40
6	0.200 to 0.500	665	0.497	88	88	444	67	67
7	0.500 to 1.000	505	1.163	88	88	510	101	101
8	1.000 to 2.000	337	2.861	88	88	435	129	129
9	2.000 to 5.000	224	5.895	88	88	313	140	140
10	5.000 to 10.000	59	11,444	88	88	97	164	164
11	10.000 to 20.000	13	18,491	88	88	26	201	201
12	20.000 to 40.000	9	29,542	88	88	22	237	237
13	40.000 to 99.999	11	64,913	88	88	22	204	204
	In default	18	100.000	88	88	-	-	-
	Total	2,292				2,039	89	89

Additional Capital and Risk Management Disclosures continued

IRB (specialised lending and equities)

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

Regulatory categories	Remaining maturity	Specialised Lending				
		On-balance sheet amount	Off-balance sheet amount	Risk weight	RWAs	Expected losses
		£m	£m	%	£m	£m
1	Less than 2.5 years	2	11	50	3	-
	Equal to or more than 2.5 years	1,039	358	70	628	4
2	Less than 2.5 years	1,975	230	70	1,618	9
	Equal to or more than 2.5 years	3,854	392	90	3,636	32
3	Less than 2.5 years	49	38	115	65	2
	Equal to or more than 2.5 years	120	1	115	136	3
4	Less than 2.5 years	24	-	250	56	2
	Equal to or more than 2.5 years	71	1	250	172	6
5	Less than 2.5 years	35	-	-	-	18
	Equal to or more than 2.5 years	49	-	-	-	24
Total		7,218	1,031	-	6,314	100
Equities under the simple risk-weight approach						
		On-balance sheet amount	Off-balance sheet amount	Risk weight	RWAs	Capital requirements
		£m	£m	%	£m	£m
Exchange –traded equity exposures		-	-	-	-	-
Private equity exposures		-	-	-	-	-
Other equity exposures		26	-	-	97	8
Total		26	-	-	97	8

Additional Capital and Risk Management Disclosures continued

EBA-defined Disclosures

The following sections of this document set out disclosures required under CRD IV for the Company defined by EBA implementing technical standards on the disclosure of Own Funds and the Leverage Ratio. These items are presented in the defined EBA template format, with the exception of the balance sheet reconciliation (where no format is prescribed). All disclosures cover the 30 June 2017 position.

CRR Leverage Ratio – Disclosure Template

The table below provides a reconciliation of accounting assets to Leverage Ratio exposure, and information on the composition of the principal exposure elements. 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	304,917
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	704
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')	(3,391)
4 Adjustments for derivative financial instruments	(10,964)
5 Adjustments for securities financing transactions 'SFTs'	1,303
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	13,880
EU- (Adjustment for intragroup exposures excluded from the Leverage Ratio exposure measure in accordance with Article 429 (7) of	-
6a Regulation (EU) No 575/2013)	
EU- (Adjustment for exposures excluded from the Leverage Ratio exposure measure in accordance with Article 429 (14) of	-
6b Regulation (EU) No 575/2013)	
7 Other adjustments	1,551
8 Total Leverage Ratio exposure	308,000

Leverage Ratio common disclosure

	Exposure £bn
<i>On-balance sheet exposures (excluding derivatives and SFTs)</i>	
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	265,299
2 (Asset amounts deducted in determining Tier 1 capital)	(3,391)
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	261,908
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	5,810
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	4,837
EU- Exposure determined under Original Exposure Method	-
5a	
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)	-
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)	10,647
<i>Securities financing transaction exposures</i>	
12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	21,003
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	(2,996)
14 Counterparty credit risk exposure for SFT assets	1,303
EU- Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No	-
14a 575/2013	
15 Agent transaction exposures	-
EU- (Exempted CCP leg of client-cleared SFT exposure)	-
15a	
16 Total securities financing transaction exposures (sum of lines 12 to 15a)	19,310
<i>Other off-balance sheet exposures</i>	
17 Off-balance sheet exposures at gross notional amount	43,488
18 (Adjustments for conversion to credit equivalent amounts)	(29,608)
19 Other off-balance sheet exposures (sum of lines 17 to 18)	13,880
<i>Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)</i>	
EU- (Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off	704
19a balance sheet))	
EU- (Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	1,551
19b	
Capital and total exposures	
20 Tier 1 capital (CRD IV end point)	12,632
21 Total Leverage Ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	308,000
Leverage Ratio	
22 Leverage Ratio	4.1%
Choice on transitional arrangements and amount of derecognised fiduciary items	
EU- Choice on transitional arrangements for the definition of the capital measure	-
23	
EU- Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-
24	

Additional Capital and Risk Management Disclosures continued

Own Funds disclosure – balance sheet reconciliation

The scope of consolidation and method for consolidation of the Santander UK Group Holdings plc balance sheet is substantially the same as that used for Regulatory purposes.

The sole difference is the consolidation for Regulatory purposes of trust preferred entities, which were set up by Santander UK solely for the issuance of trust preferred securities to third parties and to lend the funds raised onto Santander UK plc. These securities are recognised as liabilities for regulatory purposes and are classified as 'US\$1,000m Non-Cumulative Trust Preferred Securities'. For the Santander UK Group Holdings plc balance sheet, under IFRS 10, the trust preferred entities are not consolidated. Instead the subordinated liabilities issued by Santander UK plc to the trust preferred entities, which are for the same amount and terms as the notes issued to third parties from the trust preferred entities, are recognised as liabilities of the Santander UK Group holding plc group and classified as subordinated liabilities. These are classified as '8.963% Subordinated notes 2030 (US\$1,000m)'.

A reconciliation of regulatory own funds to the relevant balance sheet items for Santander UK Group Holdings plc is included in the table below. This outlines the impact of the difference in scope of consolidation outlined above.

	Own Funds Type		
	CET1 £m	Additional Tier 1 £m	Tier 2 £m
Santander UK Balance Sheet elements			
Shareholder's equity and Non-controlling interests	14,589	2,273	-
		466	3,643
Subordinated Liabilities			
Less: 8.963% Subordinated notes 2030 (US\$1,000m)		(120)	
Add: US\$1,000m Non-Cumulative Trust Preferred Securities		120	
CRD IV Adjustments and Deductions			
Additional value adjustments	(85)		
Intangible Assets (net of related tax liability)	(2,297)		
Fair value reserves related to gains or losses on cash flow hedges and FVTPL own credit	(331)		
Negative amounts resulting from the calculation of regulatory expected loss amounts	(704)		
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(20)		
Deferred tax assets arising from temporary differences	(5)		
Defined benefit pension fund assets	(375)		
Foreseeable Dividends	(19)		
Other Deductions, including Minority Interests	(162)		
Amount excluded from Tier 2 due to transitional recognition cap or minority interest		(288)	(1,044)
Total	10,591	2,451	2,599

Additional Capital and Risk Management Disclosures continued

Own Funds disclosure – Transitional Own Funds disclosure template

The following table provides disclosure of Santander UK Group Holdings plc's own funds items. The CRD IV end point position can be derived as the sum of the 30 June 2017 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.

	30 June 2017 £m	CRD IV end point adjustments £m
Common Equity Tier 1 (CET1) Capital: instruments and reserves		
1	7,060	-
2	6,929	-
3	419	-
4	-	-
5	-	-
5a	-	-
6	<u>14,408</u>	<u>-</u>
Common Equity Tier 1 (CET1) Capital: regulatory adjustments		
7	(85)	-
8	(2,297)	-
10	-	-
11	(331)	-
12	(704)	-
13	-	-
14	(20)	-
15	(375)	-
16	-	-
17	-	-
18	-	-
19	-	-
20a	-	-
20b	-	-
20c	-	-
20d	-	-
21	(5)	-
22	-	-
23	-	-
25	-	-
25a	-	-
25b	-	-
26	-	-
26a	-	-
26b	-	-
27	-	-
28	(3,817)	-
29	<u>10,591</u>	<u>-</u>
30	2,041	-
31	2,041	-
32	-	-
33	-	-
34	410	(410)
35	410	(410)
36	<u>2,451</u>	<u>(410)</u>
Additional Tier 1 (AT1) capital: regulatory adjustments		
37	-	-
38	-	-
39	-	-
40	-	-
41	-	-
41a	-	-
41b	-	-

Additional Capital and Risk Management Disclosures continued

41c	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	2,451	-
45	Tier 1 capital (T1 = CET1 + AT1)	13,042	-
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	1,162	-
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	1,438	(394)
49	of which: instruments issued by subsidiaries subject to phase out	788	(454)
50	Credit risk adjustments	-	-
51	Tier 2 (T2) capital before regulatory adjustments	2,599	(394)
Tier 2 (T2) capital: regulatory adjustments			
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	2,599	-
59	Total Capital (TC = T1 + T2)	15,641	-
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	87,194	-
Capital ratio and buffers			
61	Common Equity Tier (as a percentage of total risk exposure amount)	12.1%	
62	Tier 1 (as a percentage of total risk exposure amount)	15.0%	
63	Total capital (as a percentage of total risk exposure amount)	17.9%	
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)	-	
65	of which: capital conservation buffer requirement	-	
66	of which: countercyclical buffer requirement	-	
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)	12.1%	
Amounts below the threshold for deduction (before risk weighting)			
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)	93	
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)	-	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion if credit risk adjustment in T2 under standardised approach	336	
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	284	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Own Funds disclosure – capital instruments main features

The following table outlines the main features of Santander UK's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments. Further details are included Santander UK Group Holdings plc annual report in Notes 31, 36 and 45 to the financial statements.

1	Issuer	Santander UK	Santander UK	Santander UK	Santander UK	Santander UK	Santander UK	Santander UK	Santander UK	Santander UK
2	ISIN	XS0060837068	XS0117973262	XS0117973429	XS0103012893	US002920AC09	XS0041864512	XS0989359756	XS0133956168	XS0361244311
3	Governing law(s) of the instrument	English	English	English	English	New York	English	English	English	English
Regulatory treatment										
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Tier 2	Ineligible	Ineligible	Tier 2	Tier 2	Ineligible	Tier 2	Tier 2	Ineligible
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	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated
8	Amount recognised in regulatory capital (£m)	205	200	372	41	292	78	1,148	10	137
9	Par value of instrument (£m)	200	165	270	29	196	71	1,131	11	122
9a	Issue Price of Instrument	100.432%	99.277%	175m @ 97.712% 100m @ 109.744%	99.561%	99.626%	101.365%	99.681%	98.878%	99.313%
9b	Redemption Price of Instrument	n/a	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	Liability-amortised cost
11	Original date of issuance	23/10/1995	28/09/2000	28/09/2000	21/10/1999	26/10/1999	4/02/1993	31/10/2013	14/08/2001	30/04/2008
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	n/a	n/a	n/a	21/10/2030	26/10/2029	4/01/2023	11/07/2023	14/08/2031	30/10/2023
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	No	No	Yes	No	n/a	Yes
15	Optional call date, contingent call dates and redemption amount	n/a	28/09/2020	28/09/2030	n/a	n/a	4/01/2018	n/a	n/a	30/10/2018
16	Subsequent call dates, if applicable	n/a	5 years	5 years	n/a	n/a	n/a	n/a	n/a	Quarterly
Coupons / dividends										
17	Fixed or floating dividend/coupon	Fixed	Fixed to Floating	Fixed to Floating	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed to Floating
18	Coupon rate and any related index	10.0625%	7.375% 5 yr Gilt + 3.42%	7.125% 5 yr Gilt + 3.50%	6.5%	7.95%	10.125% Max of 5 yr Gilt + 1.90% or 10.125%	5%	5.875%	9.625% 3 mth LIBOR + 6.56%
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Partially discretionary	Partially discretionary	Mandatory	Partially discretionary	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	Yes	Yes	No	No	Yes	No	No	Yes
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger (s)	No	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	Fully or Partially	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	at the option of the issuer	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	Additional Tier 1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	Santander UK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
30	Write-down feature	No	No	No	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	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	Tier 2	Tier 2	Senior	Senior	Senior	Senior	Senior	Senior
36	Non-compliant transitioned features	No	Yes	Yes	No	No	Yes	No	No	Yes
37	If yes, specify non-compliant features		Incentive to Redeem: Step Up	Incentive to Redeem: Step Up			Incentive to Redeem: Step Up			Incentive to Redeem: Step Up

Additional Capital and Risk Management Disclosures continued

Own Funds disclosure – capital instruments main features

1	Issuer	Santander UK	Santander UK Group Holdings	Santander UK Group Holdings	Santander UK	Santander UK	Abbey National Capital Trust I	Santander UK	Santander UK	Santander UK
2	ISIN	XS0164078791	US80281LAA35 XS1291333760	US80281LAB18 XS1291352711	GB0000064393	GB0000044221	US002927AA95	XS0152838586	XS0124569566	XS0502105454
3	Governing law(s) of the instrument	English	English	English	English	English	Delaware	English	English	English
Regulatory treatment										
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional Basel III rules	Ineligible	Tier 2	Tier 2	Tier 2	Tier 2	Ineligible	Tier 2	Ineligible	Tier 2
6	Eligible at solo/group/group&solo	Solo and Consolidated	Consolidated	Consolidated	Solo and Consolidated	Solo and Consolidated	Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated	Subordinated	Subordinated	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
8	Amount recognised in regulatory capital (€m)	0	774	388	209	131	120	2	235	14
9	Par value of instrument (€m)	0	754	377	200	125	78	2	235	14
9a	Issue Price of Instrument	99.873%	99.724%	99.412%	100m @ 101.52% 100m @ 108.935%	101.55%	100%	100%	100%	100%
9b	Redemption Price of Instrument	100%	100%	100%	n/a	n/a	100% (call)	100% (call)	100% (call)	100% (call)
10	Accounting classification	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Shareholders Equity	Shareholders Equity
11	Original date of issuance	06/03/2003	15/09/2015	15/09/2015	23/10/1995	09/06/1997	07/02/2000	09/08/2002	14/02/2001	24/05/2006
12	Perpetual or dated	Dated	Dated	Dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	06/03/2023	15/09/2025	15/09/2045	n/a	n/a	n/a	n/a	n/a	n/a
14	Issuer call subject to prior supervisory approval	Yes	No	No	No	No	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	06/03/2018	n/a	n/a	n/a	n/a	30/06/2030	09/02/2018	14/02/2026	24/05/2019
16	Subsequent call dates, if applicable	Annually	n/a	n/a	n/a	n/a	Quarterly	Semi-annually	Annually	Annually
Coupons / dividends										
17	Fixed or floating dividend/coupon	Fixed to Floating	Fixed	Fixed	Fixed	Fixed	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed to Floating
18	Coupon rate and any related index	5.25% 5 yr Gilt + 1.95%	4.75%	5.625%	10.375%	8.625%	8.963% 3 mth LIBOR + 2.825%	6.984% 6 mth LIBOR + 1.86%	7.037% 5 yr Gilt + 3.75%	6.222% 3 mth LIBOR + 1.13%
19	Existence of a dividend stopper	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
20a & b	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	Yes	No	No	No	No	Yes	No	Yes	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible	Convertible	Non Convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger (s)	n/a	n/a	n/a	n/a	n/a	San UK Total Capital Ratio < minimum requirement	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a	n/a	Fully	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a	n/a	100%	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	n/a	mandatory	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	n/a	Additional Tier 1	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	n/a	Santander UK	n/a	n/a	n/a
30	Write-down feature	No	No	No	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	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)	Senior	Senior	Senior	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
36	Non-compliant transitioned features	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes
37	If yes, specify non-compliant features	Incentive to Redeem: Step Up			No CET1 conversion or write down trigger Dividend Stopper	No CET1 conversion or write down trigger Dividend Stopper	No CET1 conversion or write down trigger Dividend Stopper Incentive to Redeem: Step Up	No CET1 conversion or write down trigger Dividend Stopper	No CET1 conversion or write down trigger Dividend Stopper Incentive to Redeem: Step Up	No CET1 conversion or write down trigger Dividend Stopper Incentive to Redeem: Step Up

Additional Capital and Risk Management Disclosures continued

Own Funds disclosure – capital instruments main features

1	Issuer	Santander UK Group Holdings	Santander UK Group Holdings	Santander UK Group Holdings	Santander UK Group Holdings	Santander UK Group Holdings
2	ISIN	n/a	n/a	XS1244538523	XS1592884123	n/a
3	Governing law(s) of the instrument	English	English	English	English	English
	Regulatory treatment					
4	Transitional Basel III rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Common Equity Tier 1
5	Post-transitional Basel III rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Common Equity Tier 1
6	Eligible at solo/group/group&solo	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Equity
8	Amount recognised in regulatory capital (£m)	500	300	745	500	7,060
9	Par value of instrument (£m)	500	300	750	500	7,060
9a	Issue Price of Instrument	100%	100%	100%	100%	100%
9b	Redemption Price of Instrument	100% (call)	100% (call)	100% (call)	100% (call)	n/a
10	Accounting classification	Shareholders Equity	Shareholders Equity	Shareholders Equity	Shareholders Equity	Shareholders Equity
11	Original date of issuance	24/06/2014	02/12/2014	10/06/2015	10/04/2017	10/01/2014
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	n/a	n/a	n/a	n/a	n/a
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	No
15	Optional call date, contingent call dates and redemption amount	24/06/2019	24/12/2019	24/06/2022	24/06/2024	n/a
16	Subsequent call dates, if applicable	Quarterly	Quarterly	5 years	5 years	n/a
	Coupons / dividends					
17	Fixed or floating dividend/coupon	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed to Floating	Variable
18	Coupon rate and any related index	6.625% MS+4.441%	7.6% MS+6.066%	7.375% MS+5.543%	6.75% MS+5.792%	n/a
19	Existence of a dividend stopper	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Fully Discretionary	Fully Discretionary	Fully Discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger (s)	n/a	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	n/a
30	Write-down feature	No	No	No	No	No
31	If write-down, write-down trigger(s)	CET1 Capital Ratio of the Group < 7%	CET1 Capital Ratio of the Group < 7%	CET1 Capital Ratio of the Group < 7%	CET1 Capital Ratio of the Group < 7%	n/a
32	If write-down, full or partial	Full	Full	Full	Full	n/a
33	If write-down, permanent or temporary	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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Tier 2	Additional Tier 1
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features					