

Santander UK Group Holdings plc and Santander UK plc

June 2021 Additional Capital and Risk Management Disclosures

Introduction

Santander UK Group Holdings plc’s Additional Capital and Risk Management Disclosures for the six months ended 30 June 2021 should be read in conjunction with our 2021 Half Yearly Financial Report.

As a wholly-owned large subsidiary of Banco Santander, S.A., under the retained EU law version of Capital Requirements Regulation (UK CRR) Santander UK Group Holdings plc (the Company) is required to produce and publish annually a specified number of Pillar 3 disclosures. In accordance with the European Banking Authority (EBA) guidelines on disclosure frequency^[1], the Company has assessed the need to publish capital-related disclosures more frequently than annually and the disclosures deemed appropriate for more frequent publication have been included in the additional capital disclosures set out in this document. All disclosures within Part 1 of this document on pages 2 to 33 cover the consolidated Santander UK Group Holdings plc group position.

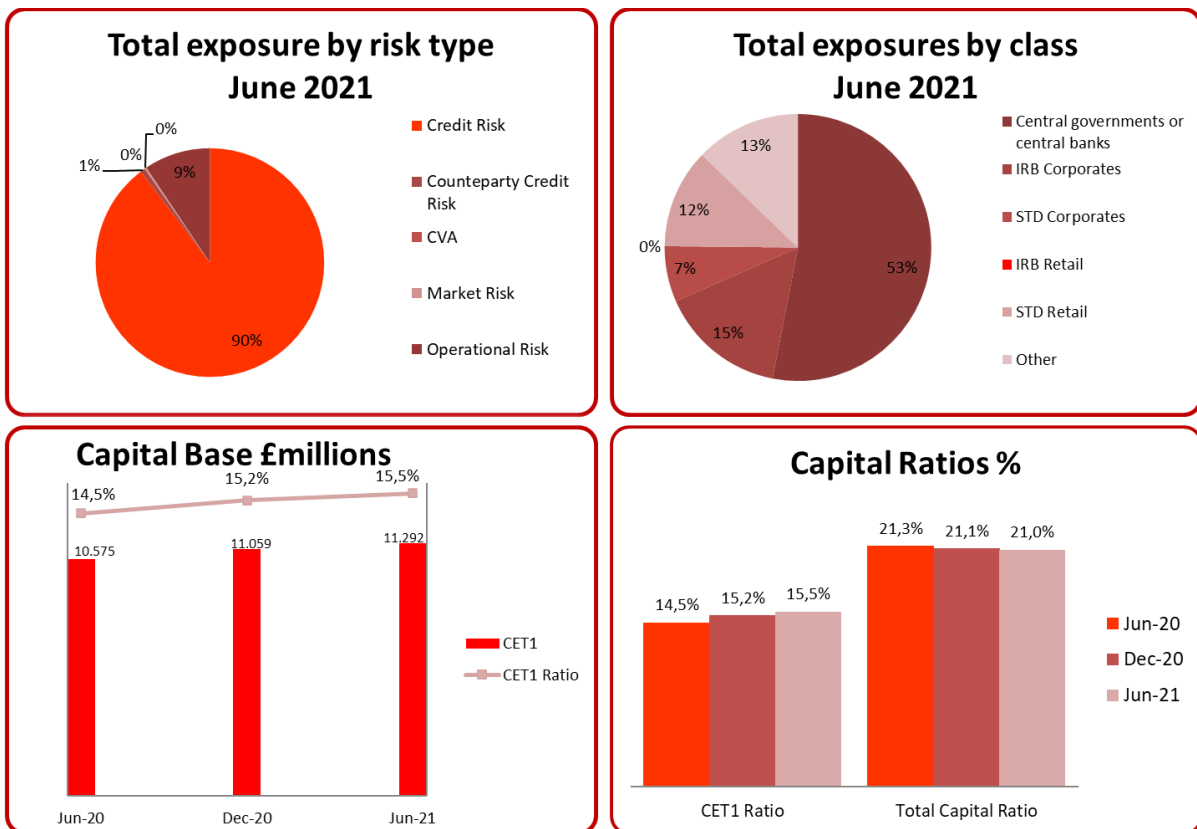
The Company is the immediate parent company of Santander UK plc, a Ring Fenced Bank (RFB), and associated controlled entities and is the head of the Santander UK group for regulatory capital and leverage purposes. Part 2 of this document on pages 34-53 includes a specified number of Pillar 3 disclosures in accordance with the EBA guidelines on disclosure frequency for the Santander UK plc group, which are similar to those for the Company.

The regulatory and supervisory measures to alleviate the financial stability impact of the Coronavirus pandemic (Covid-19) and maintain the safety and soundness of authorised firms have been reflected in the Santander UK Group Holdings plc group and Santander UK plc group capital results. These measures are aimed at ensuring the Santander UK Group Holdings plc group and the Santander UK plc group are able to continue to lend to households and businesses, support the real economy, and provide robust and consistent market disclosures. While activity is disrupted, substantial and substantive Government and Central Bank measures have been put in place in the UK and internationally to support businesses and households.

This document contains disclosures required under UK CRR for the Company as a large subsidiary of an EU parent undertaking, some of which are not disclosed in the 2021 Half Yearly Financial Report. All disclosures cover the 30 June 2021 position or movement during 2021 year to date until 30 June 2021.

Additional Capital and Risk Management Disclosures for Santander UK Group Holdings plc group

Summary



^[1] 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 (KM1)

The following table summarises the Company's Own Funds and key risk-based capital ratios at 30 June 2021 together with the previously disclosed quarter end information at 31 March 2021, 31 December 2020, 30 September 2020 and 30 June 2020. Further detail on Risk Weighted Assets is included in the subsequent sections of this document:

	30 June 2021 £m	31 March 2021 £m	31 December 2020 £m	30 September 2020 £m	30 June 2020 £m
Available Capital (amounts)					
Common Equity Tier 1 (CET1) capital	11,292	11,111	11,059	10,683	10,575
Fully loaded ¹ Expected Credit Loss (ECL) accounting model CET1 Tier 1 capital	11,287	11,111	10,986	10,670	10,512
Fully loaded ECL accounting model Tier 1	13,600	13,420	13,531	13,165	13,056
Total capital	13,595	13,420	13,458	13,152	12,993
Fully loaded ECL accounting model total capital	15,298	15,154	15,388	15,533	15,514
Fully loaded ECL accounting model total capital	15,293	15,154	15,315	15,520	15,451
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	72,763	72,561	72,922	74,154	72,718
Fully loaded ECL accounting model total RWA	72,633	72,453	72,794	74,072	72,616
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio	15.5%	15.3%	15.2%	14.4%	14.5%
Fully loaded ECL accounting model Common Equity Tier 1 (%)	15.5%	15.3%	15.1%	14.4%	14.5%
Tier 1 ratio	18.7%	18.5%	18.6%	17.8%	18.0%
Fully loaded ECL accounting model Tier 1 ratio (%)	18.7%	18.5%	18.5%	17.8%	17.9%
Total capital ratio	21.0%	20.9%	21.1%	20.9%	21.3%
Fully loaded ECL accounting model total capital ratio (%)	21.1%	20.9%	21.0%	21.0%	21.3%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Countercyclical buffer requirement (%)	-	-	-	-	-
Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-	-
Total of bank CET1 specific buffer requirements (%)	2.5%	2.5%	2.5%	2.5%	2.5%
CET1 available after meeting the banks minimum capital	8.52%	8.31%	8.16%	7.41%	7.54%
UK CRR leverage ratio					
Total UK CRR leverage ratio exposure measure (£bn)	299.7	301.7	306.6	303.3	308.1
UK CRR leverage ratio	4.5%	4.4%	4.3%	4.3%	4.2%
Fully loaded ECL accounting model leverage Ratio	4.5%	4.4%	4.3%	4.2%	4.1%
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA)	46,802	50,112	51,232	47,116	47,425
Total net cash outflow	32,508	36,462	34,104	30,995	32,274
Liquidity coverage ratio (LCR)	144.0%	137.4%	150.2%	152.0%	146.9%

Key Movements

The CET1 capital ratio increased 30bps to 15.5%, with capital accretion through retained profits, RWA management and market driven improvements in the defined benefit pensions scheme. The CET1 capital ratio includes a benefit of c30bps from the change in treatment of software assets outlined in the EBA technical standard on the prudential treatment of software assets. The PRA have outlined in Policy Statement PS17/21 on the Implementation of Basel Standards that this treatment will fall away at the start of 2022 and software assets will instead be fully deducted from CET1 capital from that date. Total capital ratio reduced by c10bps in the six months to 30 June 2021 to 21.0%, reflecting the reduction in AT1 securities in issue and the CRD IV Grandfathering Cap rules that reduces the recognition of grandfathered capital instruments issued by Santander UK plc that increased in January 2021.

¹ Fully loaded excludes the impact of transitional arrangements.

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

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

	30 June 2021 £m	31 March 2021 £m	31 December 2020 £m	30 September 2020 £m	30 June 2020 £m
Total Own Funds and Eligible Liabilities available	24,946	24,015	22,961	23,282	23,860
Fully loaded ECL accounting model Own Funds and Eligible Liabilities available	24,940	24,014	22,889	23,269	23,796
Total RWA at the level of the resolution group	72,763	72,561	72,922	74,154	72,718
Total Own Funds and Eligible Liabilities as a percentage of RWA	34.3%	33.1%	31.5%	31.4%	32.8%
Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model RWA	34.4%	33.1%	31.4%	31.4%	32.8%
UK CRR Leverage exposure measure at the level of the resolution group	299,665	301,652	306,581	303,267	308,063
Total Own Funds and Eligible Liabilities as a percentage of UK CRR Leverage exposure measure	8.3%	8.0%	7.5%	7.7%	7.7%
Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model UK CRR leverage ratio exposure measure	8.3%	8.0%	7.5%	7.7%	7.7%
Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as Own Funds and Eligible Liabilities, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as Own Funds and Eligible Liabilities if no cap was applied (%)	n/a	n/a	n/a	n/a	n/a

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

- 16% of consolidated RWAs or 6% of the CRR Leverage exposure.

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

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

	30 June 2021 £bn	31 December 2020 £bn	30 June 2020 £bn	
Regulatory capital elements of TLAC and adjustments				
1	Common Equity Tier 1 capital (CET1)	11.3	11.1	10.6
2	Additional Tier 1 capital (AT1) before TLAC adjustments	2.3	2.5	2.5
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	-	-	-
4	Other adjustments	-	-	-
5	AT1 instruments eligible under the TLAC framework	2.3	2.5	2.5
6	Tier 2 capital (T2) before TLAC adjustments	1.6	1.8	2.4
7	Amortised portion of T2 instruments where remaining maturity > 1 year	0.1	-	-
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	1.7	1.8	2.4
11	TLAC arising from regulatory capital	15.3	15.4	15.5
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	9.6	7.6	8.4
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	9.6	7.6	8.4
Non-regulatory capital elements of TLAC: adjustments				
18	TLAC before deductions	24.9	23.0	23.9
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	-	-	-
20	Deduction of investments in own other TLAC liabilities	-	-	-
21	Other adjustments to TLAC	-	-	-
22	TLAC after deductions	24.9	23.0	23.9
Risk-weighted assets and leverage exposure measure for TLAC purposes				
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	72.8	72.9	72.7
24	Leverage exposure measure	299.7	306.6	308.0
TLAC ratios and buffers				
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	34.3%	31.5%	32.8%
26	TLAC (as a percentage of leverage exposure)	8.3%	7.5%	7.7%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	9.6%	6.3%	7.4%
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)	2.50%	2.50%	2.50%
29	Of which: capital conservation buffer requirement	2.50%	2.50%	2.50%
30	Of which: bank specific countercyclical buffer requirement	-	-	-
31	Of which: D-SIB / G-SIB buffer	-	-	-

In March 2020, UK countercyclical capital buffer has been reduced to nil.

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	0.8	1.1	10.1	17.7
4	Subset of row 3 that are excluded liabilities	-	-	-	-	-	-	-
5	Total capital and liabilities less excluded liabilities	3.1	2.0	0.6	0.8	1.1	10.1	17.7
6	Subset of row 5 that are eligible as TLAC	3.1	2.0	0.6	0.8	1.1	9.0	16.6
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	-	-	1.2	1.2
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	0.5	0.6	5.1	6.2
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	-	-	0.1	2.3	2.4
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	0.3	-	0.4	0.7
11	Subset of row 6 that is perpetual securities	3.1	2.0	0.6	-	0.4	-	6.1

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)		
1	Description of creditor ranking	Share Capital Book value	Additional Tier 1 Instruments Stated value	Subordinated Debt Par value	Bail-in Debt Par value	Total
2	Total capital and liabilities net of credit risk mitigation	7.1	2.8	1.9	10.6	22.4
3	Subset of row 2 that are excluded liabilities	-	-	-	-	-
4	Total capital and liabilities less excluded liabilities	7.1	2.8	1.9	10.6	22.4
5	Subset of row 4 that are potentially eligible as TLAC	7.1	2.8	1.9	9.5	21.3
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	-	-	-	1.2	1.2
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	-	-	1.1	5.6	6.7
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	-	-	0.1	2.3	2.4
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	2.2	0.3	0.4	2.9
10	Subset of row 5 that is perpetual securities	7.1	0.6	0.4	-	8.1

IFRS 9 Transitional Arrangements (IFRS9-FL)

The following table summarises the impact of IFRS 9 transitional arrangements at 30 June 2021 over the full allowable period:

	2021	2022	2023	2024
IFRS9 Transitional Factor	50%	25%		
IFRS9 Transitional Factor for credit loss-based provision movements post 1/1/20	100%	75%	50%	25%
Available Capital (amounts)				
1 Common Equity Tier 1 (CET1) capital	11,292	11,290	11,285	11,286
CET1 Capital as if IFRS 9 STATIC transitional arrangements were not applied	11,282	11,285	11,285	11,286
CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements were not applied	11,297	11,292	11,285	11,287
2 CET1 Capital as if ALL IFRS 9 transitional arrangements were not applied	11,287	11,287	11,287	11,287
3 Tier 1 Capital	13,600	13,598	13,593	13,594
4 Tier 1 Capital as if ALL IFRS 9 transitional arrangements were not applied	13,595	13,595	13,595	13,595
5 Total Capital	15,298	15,296	15,291	15,292
6 Total Capital as if ALL IFRS 9 transitional arrangements were not applied	15,293	15,293	15,293	15,293
Risk-weighted assets (amounts)				
7 Total risk-weighted assets (RWA)	72,763	72,731	72,700	72,666
Total RWA as if IFRS 9 STATIC transitional arrangements were not applied	72,818	72,759	72,700	72,666
Total RWA as if IFRS 9 DYNAMIC transitional arrangements were not applied	72,578	72,605	72,633	72,633
8 Total RWA as if ALL IFRS 9 transitional arrangements were not applied	72,633	72,633	72,633	72,633
Capital Ratios				
9 Common Equity Tier 1 ratio	15.5%	15.5%	15.5%	15.5%
10 Common Equity Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	15.5%	15.5%	15.5%	15.5%
11 Tier 1 ratio	18.7%	18.7%	18.7%	18.7%
12 Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	18.7%	18.7%	18.7%	18.7%
13 Total capital ratio	21.0%	21.0%	21.0%	21.0%
14 Total Capital as if ALL IFRS 9 transitional arrangements were not applied	21.1%	21.1%	21.1%	21.1%
UK CRR leverage ratio				
15 Leverage Ratio Total Exposure Measure	299,670	299,670	299,670	299,670
16 Leverage Ratio	4.5%	4.5%	4.5%	4.5%
17 Leverage ratio as if ALL IFRS 9 transitional arrangements were not applied	4.5%	4.5%	4.5%	4.5%

The Company is applying the IFRS 9 capital transitional arrangements set out in EU Regulation 2017/2395 and EU Regulation 2020/873 that amend the Capital Requirements Regulation. Under the transitional arrangements, the Company is entitled to mitigate the effect to capital of Expected Credit Loss-based provisioning following the implementation of IFRS 9. The transitional arrangements 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, with an extended transitional period used for capital relief against provision movements from 1 January 2020. The transitional factor is 50 percent in 2021, declining to 25 percent in 2022, and for post 1 January 2020 provision movements is 100 percent in 2021, 75 percent in 2022, 50 percent in 2023 and 25 percent in 2024.

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 transition period and is also subject to progressive reduction over the five-year transitional period and the extended period for provision movements post 1 January 2020 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 UK CRR and UK Leverage Ratio at 30 June 2021 together with the previously disclosed quarter end information at 31 March 2021, 31 December 2020, 30 September 2020 and June 2020. 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.:

	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020
Common Equity Tier 1 (CET1) capital (£m)	11,292	11,111	11,059	10,683	10,575
End point Additional Tier 1 (AT1) capital (£m)	2,070	2,069	2,105	2,140	2,186
End point Tier 1 capital (£m)	13,362	13,180	13,164	12,823	12,761
Leverage Exposure UK CRR (£bn)	299.7	301.7	306.6	303.3	308.1
Leverage Exposure UK ¹ (£bn)	254.7	254.7	259.0	263.3	269.0
End point Tier 1 Leverage Ratio UK CRR	4.5%	4.4%	4.3%	4.3%	4.2%
End point Tier 1 Leverage Ratio UK ¹	5.2%	5.2%	5.1%	4.9%	4.7%
Average Tier 1 Leverage Ratio UK¹	5.3%	5.1%	5.0%	4.8%	4.7%

The UK leverage ratio improved by 10bps from the 2020 year end through active management of leverage exposures, specifically through the management of the liquid asset buffer.

¹ 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 (LIQ1)

Additional liquidity disclosures are published in the Liquidity Risk section of the Company's 2021 Half Yearly Financial Report.

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	
	30 June 2021 £m	31 March 2021 £m	30 June 2021 £m	31 March 2021 £m
Total high-quality liquid assets (HQLA)	48,723	48,873	48,459	48,582
CASH-OUTFLOWS				
Retail deposits and deposits from small business customers, of which:	144,969	142,107	8,561	8,334
Stable deposits	125,219	123,562	6,261	6,178
Less stable deposits	19,750	18,545	2,300	2,156
Unsecured wholesale funding	28,952	28,250	15,982	15,489
Operational deposits (all counterparties) and deposits in networks of cooperative banks				
Non-operational deposits (all counterparties)	26,874	26,408	13,904	13,647
Unsecured debt	2,078	1,842	2,078	1,842
Secured wholesale funding	16,354	16,180	317	363
Additional requirements	20,327	20,875	8,584	9,168
Outflows related to derivative exposures and other collateral requirements	6,396	6,852	6,396	6,852
Outflows related to loss of funding on debt products	467	601	467	601
Credit and liquidity facilities	13,464	13,422	1,721	1,715
Other contractual funding obligations	77	73	-	-
Other contingent funding obligations	26,878	26,117	2,215	2,091
TOTAL CASH OUTFLOWS	237,557	233,602	35,659	35,445
CASH-INFLOWS				
Secured lending (e.g reverse repos)	8,922	8,419	30	30
Inflows from fully performing exposures	1,501	1,600	972	991
Other cash inflows	1,888	1,903	718	725
(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)				
TOTAL CASH INFLOWS	12,311	11,922	1,720	1,746
Fully exempt inflows				
Inflows Subject to 90% Cap				
Inflows Subject to 75% Cap	9,539	9,170	1,720	1,746
LIQUIDITY BUFFER			48,459	48,582
TOTAL NET CASH OUTFLOWS			34,016	33,702
LIQUIDITY COVERAGE RATIO (%)			142.46	144.2
Number of data points used in calculation of averages	12	12	12	12

Key Movements

The average weighted LCR of 142.46% remains significantly above regulatory requirements.

RWA and Capital Requirements

Overview of RWA (OV1)

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 2021	31 March 2021	30 June 2021
		£bn	£bn	£bn ¹
1	Credit risk (excluding counterparty credit risk) ¹	63.9	63.6	5.1
2	- Of which: standardised approach (SA)	18.4	18.2	1.5
3	- Of which: foundation internal rating-based approach (FIRB) approach	4.9	5.0	0.4
4	- Of which: advanced internal rating-based approach (AIRB) approach	40.0	39.9	3.2
5	- Of which: equity positions under the simple risk weight approach and the internal model method	0.6	0.5	-
6	Counterparty credit risk (CCR) ¹	0.8	0.8	0.1
9	- Of which: standardised approach for counterparty credit risk	0.4	0.4	-
10	- Of which: IMM	0.4	0.4	-
	- Of which: other CCR	-	-	-
12	Credit Valuation Adjustment (CVA)	0.3	0.3	-
13	Settlement risk	-	-	-
14	Securitisation exposures in banking book (after cap) ²	0.8	0.9	0.1
	- Of which: securitisation IRB approach (SEC-IRBA)	0.1	0.1	-
	- Of which: securitisation external ratings-based approach (SEC-ERBA), including external assessment approach (IAA)	0.5	0.5	-
	- Of which: securitisation standardised approach (SEC-SA)	0.2	0.3	-
19	Market risk ¹	0.2	0.2	-
20	- Of which: standardised approach	0.2	0.2	-
21	- Of which: internal model approach (IMA)	-	-	-
	Capital charge for switch between trading book and banking book	-	-	-
23	Operational risk ¹	6.8	6.8	0.5
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
	Aggregate capital floor applied	-	-	-
28	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	Total ¹	72.8	72.6	5.8

¹ Includes balances which are not visible due to rounding have been included in the total.

² Includes 2 Significant Risk Transfer transactions which are subject to re-characterisation risk.

RWA flow statements of credit risk exposures under IRB and RWA flow statements of credit risk exposures under standardised¹ (CR8)**RWA flow statements of credit risk exposures under IRB**

	RWA £bn	Capital requirements
1 RWAs at 31 March	45.9	3.7
2 Asset size	-	-
3 Asset quality	0.1	-
4 Model updates	-	-
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 RWAs at 30 June	46.0	3.7

RWA flow statements of credit risk exposures under standardised approach

	RWA £bn	Capital requirements
1 RWAs at 31 March	19.3	1.5
2 Asset size	(0.4)	-
3 Asset quality	0.6	0.1
4 Model updates	-	-
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 RWAs at 30 June	19.5	1.6

Mortgage lending has increased by £2.1bn in Q2, 2021 while corporate loans volume has decreased by £1.2bn which keeps asset-size driven RWA movement flat under IRB approach in Q2, 2021.

¹ Table excludes CVA

Credit risk exposure and credit risk mitigation (CRM) effects (CR4)**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
	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021
1 Central government or central banks	49.1	0.2	49.1	0.2	-	-
2 Regional government or local authorities	-	-	-	-	-	-
3 Public sector entities	0.1	0.1	0.1	-	-	20%
4 Multilateral Development Banks	1.2	-	1.2	-	-	-
5 International Organisations	-	-	-	-	-	-
6 Institutions	1.0	-	1.0	-	0.2	17%
7 Corporates	9.9	3.8	6.4	0.3	6.3	96%
8 Retail	11.5	10.4	10.8	0.1	8.0	74%
9 Secured by mortgages on immovable property	0.4	0.1	0.4	-	0.2	44%
10 Exposures in default	0.2	-	0.2	-	0.2	110%
11 Higher-risk categories	-	-	-	-	-	150%
12 Covered bonds	1.3	-	1.3	-	0.1	10%
13 Institutions and corporations with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	-	-	-	-	-	-
16 Other items	6.1	-	6.1	-	3.8	61%
Securitisations	1.8	-	1.8	-	0.7	36%
Contributions to the default fund of a CCP	-	-	-	-	-	1250%
17 Total	82.6	14.6	78.4	0.6	19.5	25%

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
	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021
Corporates – Specialised Lending	4.7	0.8	4.7	0.3	3.7	75%
Corporates – SME	0.8	0.2	0.8	-	0.7	88%
Corporates – Other	8.7	10.5	8.7	5.1	5.5	41%
Institutions	1.2	-	1.2	-	0.3	21%
Retail Immovable Property	173.7	13.2	174.1	8.4	31.9	17%
Retail QRR	0.4	4.1	0.4	5.1	1.6	29%
Retail Other	2.0	-	2.0	-	1.6	79%
Equity	0.2	-	0.2	-	0.6	370%
Securitisations	0.7	-	0.7	-	0.1	15%
Total	192.4	28.8	192.8	18.9	46.0	22%

IRB (specialised lending and equities) (CR10)

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	177.9	23.4	50%	82.6	-
	Equal to or more than 2.5 years	279.2	146.5	70%	198.7	1.3
2	Less than 2.5 years	2,071.5	299.7	70%	1,426.0	8.7
	Equal to or more than 2.5 years	1,873.0	427.4	90%	1,613.0	16.1
3	Less than 2.5 years	166.0	1.4	115%	184.0	4.7
	Equal to or more than 2.5 years	140.6	-	115%	149.7	3.9
4	Less than 2.5 years	22.0	0.8	250%	53.3	1.8
	Equal to or more than 2.5 years	86.5	25.6	250%	218.6	7.5
5	Less than 2.5 years	73.2	1.0	-	-	36.8
	Equal to or more than 2.5 years	18.8	-	-	-	9.3
Total	Less than 2.5 years	2,510.6	326.3	-	1,745.9	52.0
	Equal to or more than 2.5 years	2,398.1	599.5	-	2,180.0	38.1

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	158.1	-	370%	584.9	46.8
Total	158.1	-	-	584.9	46.8

Countercyclical Capital Buffer

The following table outlines the geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer at 30 June 2021:

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	25.9	218.3	-	-	0.5	0.1	5.2	-	-	5.2	-	0%
Crown Dependencies	0.6	0.5	-	-	-	-	-	-	-	-	-	0%
United States	0.1	0.1	-	-	-	-	-	-	-	-	-	0%
Spain	-	-	-	-	-	-	-	-	-	-	-	0%
Australia	-	-	-	-	-	-	-	-	-	-	-	0%
Luxembourg	-	-	-	-	-	-	-	-	-	-	-	0.5%
Denmark	-	-	-	-	-	-	-	-	-	-	-	0%
Canada	-	-	-	-	-	-	-	-	-	-	-	0%
Netherlands	0.1	-	-	-	-	-	-	-	-	-	-	0%
Ireland	0.2	0.1	-	-	0.8	1.2	-	-	-	0.1	-	0%
Norway	0.1	-	-	-	-	-	-	-	-	-	-	1%
Sweden	-	-	-	-	-	-	-	-	-	-	-	0%
France	0.3	-	-	-	-	-	-	-	-	-	-	0%
Belgium	0.1	-	-	-	-	-	-	-	-	-	-	0%
Finland	-	-	-	-	-	-	-	-	-	-	-	0%
Austria	-	-	-	-	-	-	-	-	-	-	-	0%
British Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	0%
Czech Republic	-	-	-	-	-	-	-	-	-	-	-	0.5%
Germany	-	-	-	-	-	-	-	-	-	-	-	0%
Hong Kong	-	-	-	-	-	-	-	-	-	-	-	1%
Iceland	-	-	-	-	-	-	-	-	-	-	-	0%
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	0%
Slovakia	-	-	-	-	-	-	-	-	-	-	-	1%
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	72.8
Institution specific countercyclical capital buffer rate	0%
Institution specific countercyclical capital buffer requirement	-

The level of the Countercyclical Capital Buffer for the Company at 30 June 2021 was 0%.

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) at 30 June 2021 by class of exposure. Further information on impairment losses and provisions is outlined in Notes 5 to the financial statements in the Company's 2021 Half Yearly Financial 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 2021 Half Yearly Financial Report.

Credit quality of exposures by industry (CR1-B)

Breakdown of exposures by industry class and Credit Quality:

At 30 June 2021	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	-	40,201	-	-	-	40,201
Agriculture, forestry and fishing	16	287	(8)	-	-	295
Mining and quarrying	2	66	(1)	-	-	67
Manufacturing	59	1,303	(32)	(1)	-	1,330
Electricity, gas, steam and air conditioning supply	9	268	(1)	-	-	276
Water supply	-	229	(1)	-	-	228
Construction	96	2,332	(40)	(1)	-	2,388
Wholesale and retail trade	56	4,199	(61)	(2)	-	4,194
Transport and storage	10	426	(6)	-	-	430
Accommodation and food service activities	346	2,491	(214)	(1)	-	2,623
Information and communication	2	880	(4)	(1)	-	878
Real estate activities	130	16,471	(79)	(9)	-	16,522
Professional, scientific and technical activities	88	2,009	(47)	(1)	-	2,052
Administrative and support service activities	24	1,950	(29)	(1)	-	1,945
Public administration and defence, compulsory social security	-	17	-	-	-	17
Education	31	469	(5)	-	-	495
Human health services and social work activities	75	2,144	(55)	(1)	-	2,164
Arts, entertainment and recreation	12	380	(5)	-	-	387
Other services	4	322	(1)	(2)	-	325
Retail	2,019	210,592	(604)	(71)	-	212,007
Financial Institutions and Other Financial Corporates	-	24,159	-	-	-	24,159
Total	2,979	311,195	(1,193)	(91)	-	312,981

Credit risk exposure by country (CR1-C)

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

At 30 June 2021	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	2,269	300,922	(1,174)	(91)	-	302,017
US	5	284	-	-	-	289
Japan	-	1,030	-	-	-	1,030
Ireland	-	6,583	(3)	-	-	6,580
Luxembourg	-	708	(1)	-	-	707
Jersey	19	497	(11)	-	-	505
Germany	-	27	-	-	-	27
Canada	-	6	-	-	-	6
France	-	68	-	-	-	68
Isle of Man	4	482	(2)	-	-	484
Netherlands	-	44	(1)	-	-	43
Italy	-	16	-	-	-	16
Norway	-	4	-	-	-	4
Denmark	-	28	(1)	-	-	27
Australia	-	34	-	-	-	34
Other	682	462	-	-	-	1,144
Total	2,979	311,195	(1,193)	(91)	-	312,981

For geographical areas of past due and impaired exposures, nearly 76% are to the UK.

Credit Risk Mitigation Techniques (CR3)

For more detail on the Company's approach to Credit Risk Mitigation refer to the Other Segments – Credit Risk Review section of the Company's 2020 Annual Report.

The following table provides analysis of secured and collateralised exposures at 30 June 2021:

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn
1 Total loans	106,434	193,313	8,359	4,873	-
2 Total debt securities ¹	5,093	-	1,896	-	-
3 Total exposures	111,527	193,313	10,255	4,873	-
4 Of which stage 3	1,212	1,767	-	-	-

Changes in the stock of specific credit risk adjustments (CR2-A)

Movement over the period 1 January 2021 to 30 June 2021 of specific credit risk adjustments:²

	Accumulated specific credit risk adjustment £m
Opening balance (IFRS9)	1,377
Increases due to origination and acquisition during the period	52
Decreases due to derecognition during the period	(129)
Changes due to change in credit risk (net)	15
Changes due to modifications without derecognition (net)	3
Changes due to update in the institution's methodology for estimation (net)	-
Other adjustments	(34)
Decrease in allowance account due to write-offs	(91)
Closing balance	1,193
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	38
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 (CR2-B)

Movement over the period 1 January 2021 to 30 June 2021 of carrying value of stage 3 assets:

	Gross carrying value of defaulted exposures £m
1 Opening balance (IFRS9)	2,996
2 Loans and debt securities that have defaulted or impaired since the last reporting period	631
3 Returned to non-defaulted status	(216)
4 Amounts written off	(147)
5 Other changes ³	(285)
6 Closing balance	2,979

Credit risk exposure (CRB-B, CR1-A)

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):

At 30 June 2021	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 £m
	Defaulted Exposure	Non-Defaulted Exposure						
1 Central Banks and Central Governments	-	40,201	40,201	41,401	-	-	-	40,201
2 Financial Institutions and Other Financial Corporates	-	24,159	24,159	25,403	-	-	-	24,159
3 Corporate Exposures	960	36,243	37,203	39,594	(589)	(19)	-	36,614
4 Of which: Specialised Lending	83	5,468	5,551	5,908	(104)	(2)	-	5,447
6 Retail	2,019	210,592	212,611	211,149	(604)	(72)	-	212,007
7 Of which: IRB residential immovable property	1,760	185,000	186,760	185,477	(259)	(2)	-	186,501
Total	2,979	311,195	314,174	317,547	(1,193)	(91)	-	312,981

¹ Per note 20 Financial Investments in the Annual Report, excluding debt securities.

² 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 IFRS9.

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

Credit quality of forborne exposures

The following table provides an overview of the quality of forborne exposures at 30 June 2021:

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which defaulted	Of which impaired					
	£m	£m	£m	£m	£m	£m	£m	
1 Loans and advances	1,521	683	683	683	(42)	(146)	1,531	349
2 Central banks	-	-	-	-	-	-	-	-
3 General governments	-	-	-	-	-	-	-	-
4 Credit institutions	-	-	-	-	-	-	-	-
5 Other financial corporations	-	-	-	-	-	-	-	-
6 Non-financial corporations	303	276	276	276	(18)	(93)	60	30
7 Households	1,218	407	407	407	(24)	(53)	1,471	319
8 Debt Securities	-	-	-	-	-	-	-	-
9 Loan commitments given	-	-	-	-	-	-	-	-
10 Total	1,521	683	683	683	(42)	(146)	1,531	349

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

The following table provides an overview of credit quality of non-performing exposures at 30 June 2021:

		Gross carrying amount/nominal amount											Of which defaulted
		Performing exposures			Non-performing exposures								
		£m	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	£m	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	
1	Loans and advances	229,634	228,471	1,163	2,898	1,101	532	513	683	56	7	6	2,348
2	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
3	General governments	138	138	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	2,480	2,480	-	-	-	-	-	-	-	-	-	-
5	Other financial corporations	20,479	20,479	-	-	-	-	-	-	-	-	-	-
6	Non-financial corporations	22,363	21,811	552	922	692	21	27	114	55	7	6	372
7	<i>Of which SMEs</i>	11,501	11,405	96	638	498	20	27	28	52	7	6	217
8	Households	184,174	183,563	611	1,976	409	511	486	569	1	-	-	1,976
9	Debt securities	6,985	6,985	-	-	-	-	-	-	-	-	-	-
10	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
11	General governments	3,055	3,055	-	-	-	-	-	-	-	-	-	-
12	Credit institutions	2,926	2,926	-	-	-	-	-	-	-	-	-	-
13	Other financial corporations	997	997	-	-	-	-	-	-	-	-	-	-
14	Non-financial corporations	7	7	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	41,669			82								82
16	Central banks	-			-								-
17	General governments	-			-								-
18	Credit institutions	4			-								-
19	Other financial corporations	1,344			-								-
20	Non-financial corporations	13,902			40								40
21	Households	26,419			42								42
22	Total	278,288	235,456	1,163	2,980	1,101	532	513	683	56	7	7	2,430

Performing and non-performing exposures and related provisions

The following table provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class at 30 June 2021:

	Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Accumulated Partial write-off	Collateral and financial guarantees received		
	Performing exposures		Non-performing exposures					Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures	
		Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3						
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
1	Loans and advances	229,634	214,780	14,332	2,898	-	2,898	(618)	(152)	(466)	(552)	-	(552)	-	213,168	2,051
2	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	General governments	138	138	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	2,480	2,480	-	-	-	-	-	-	-	-	-	-	-	1,250	-
	Other financial															
5	corporations	20,479	19,980	1	-	-	-	(1)	(1)	-	-	-	-	-	17,862	-
6	Non-financial corporations	22,363	17,592	4,747	922	-	922	(257)	(73)	(184)	(326)	-	(326)	-	17,637	301
7	Of which SMEs	11,501	8,603	2,871	638	-	638	(192)	(60)	(131)	(242)	-	(242)	-	9,135	178
8	Households	184,174	174,590	9,584	1,976	-	1,976	(360)	(78)	(282)	(226)	-	(226)	-	176,419	1,750
9	Debt securities	6,985	6,879	-	-	-	-	-	-	-	-	-	-	-	370	-
10	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	General governments	3,055	3,055	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Credit institutions	2,926	2,926	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other financial															
13	corporations	997	891	-	-	-	-	-	-	-	-	-	-	-	370	-
14	Non-financial corporations	7	7	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	41,669	40,299	1,370	82	-	82	45	23	22	6	-	6	-	-	-
16	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Credit institutions	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other financial															
19	corporations	1,344	1,343	1	-	-	-	1	1	-	-	-	-	-	-	-
20	Non-financial corporations	13,902	12,679	1,223	40	-	40	22	11	11	5	-	5	-	-	-
21	Households	26,419	26,273	146	42	-	42	22	11	11	1	-	1	-	-	-
	Total	278,288	261,958	15,702	2,980	-	2,980	(573)	(129)	(444)	(546)	-	(546)	-	213,538	2,051

Collateral obtained by taking possession and execution processes

The following table provides an overview of foreclosed assets obtained from non-performing exposures at 30 June 2021:

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		£m	£m
1	Property, plant and equipment (PP&E)	-	-
2	Other than PP&E	3	-
3	Residential immovable property	3	-
4	Commercial Immovable property	-	-
5	Movable property (auto, shipping, etc.)	-	-
6	Equity and debt instruments	-	-
7	Other	-	-
8	Total	3	-

The following three tables relate to new disclosure requirements in response to Covid-19 in accordance with EBA guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis, EBA/GL/2020/07 published on 02 June 2020:

Information on loans and advances subject to legislative and non-legislative moratoria

	a	b	c	d	E	f	g	h	i	j	k	l	m	n	o	
	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount	
	As at 30 June 2021 £m	Performing			Non-performing			As at 30 June 2021 £m	Performing			Non-performing			Inflows to non-performing exposures	
		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days				
1	Loans and advances subject to moratorium	140	137	3	19	3	1	-	1	1	1	-	-	-	-	1
2	of which: Households	137	134	1	18	3	1	-	-	-	-	-	-	-	-	1
3	<i>of which: Collateralised by residential immovable property</i>	136	133	1	18	3	1	-	-	-	-	-	-	-	-	1
4	of which: Non-financial corporations	3	3	2	1	-	-	-	1	1	1	-	-	-	-	-
5	<i>of which: Small and Medium-sized Enterprises</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	<i>of which: Collateralised by commercial immovable property</i>	2	2	2	-	-	-	-	1	1	1	-	-	-	-	-

The table shows the carry amount of support through the range of legislative and non-legislative moratoria for individuals and businesses through these uncertain times.

Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

	Number of obligors	Gross carrying amount	Residual maturity of moratoria							
			Of which: legislative moratoria	Of which: expired						
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year	
As at 30 June 2021										
Loans and advances for which moratorium was offered	392,378	45,296								
Loans and advances subject to moratorium (granted)	375,581	37,681	35,370	37,541	139	1	-	-	-	
of which: Households		35,914	35,370	35,777	137	-	-	-	-	
of which: Collateralised by residential immovable property		35,116	35,116	34,980	136	-	-	-	-	
of which: Non-financial corporations		1,767	-	1,764	2	1	-	-	-	
of which: Small and Medium-sized Enterprises		-	-	-	-	-	-	-	-	
of which: Collateralised by commercial immovable property		489	-	487	2	-	-	-	-	

The table shows the total value of loans and advances subject to moratoria throughout the pandemic and the remaining balances that are still receiving some form of relief.

Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

As at 30 June 2021	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	4,841	-	4,670	-
of which: Households	-			-
of which: Collateralised by residential immovable property	-			-
of which: Non-financial corporations	4,841	-	4,670	-
of which: Small and Medium-sized Enterprises	3,755			-
of which: Collateralised by commercial immovable property	11			-

CRR Leverage ratio – disclosure template

The table below provides a reconciliation of accounting assets to the UK CRR Leverage ratio exposure, and information on the composition of the principal exposure elements at 30 June 2021. A UK CRR 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	291,810
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	1,088
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)	(2,470)
4	Adjustments for derivative financial instruments	(527)
5	Adjustments for securities financing transactions (SFTs)	442
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,241
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	1,086
8	Total Leverage Ratio exposure	299,670

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)	271,562
2	(Asset amounts deducted in determining Tier 1 capital)	(2,470)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	269,092
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1,249
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	860
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)	(585)
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)	1,524
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	22,450
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(4,253)
14	Counterparty credit risk exposure for SFT assets	442
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)	18,639
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	41,751
18	(Adjustments for conversion to credit equivalent amounts)	(33,510)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	8,241
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))	1,088
EU-19b	(Exposures exempted in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on and off balance sheet))	1,086
Capital and total exposures		
20	Tier 1 capital (UKCRR end point)	13,484
21	Total Leverage Ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	299,670
Leverage Ratio		
22	Leverage Ratio	4.5%
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 at 30 June 2021. 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	14,542	2,426	-
Subordinated Liabilities	-	(72)	2,586
	-	-	-
UK CRR Adjustments			
Additional value adjustments	(23)	-	-
Intangible Assets (net of related tax liability)	(1,298)	-	-
Fair value reserves related to gains or losses on cash flow hedges	(285)	-	-
Negative amounts resulting from the calculation of regulatory expected loss amounts	(441)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(1)	-	-
Deferred tax assets arising from temporary differences	(8)	-	-
Defined benefit pension fund assets	(727)	-	-
- Dividend accrual	(294)	-	-
- Deduction for minority interests	(178)	-	-
- IFRS 9 Transitional Adjustments	5	-	-
Amount excluded from Tier 2 due to transitional recognition cap	-	(46)	(888)
Total	11,292	2,308	1,698

Own Funds disclosure – Transitional Own Funds disclosure template

The following table provides disclosure of the Company's own funds items. The UK CRR end point position can be derived as the sum of the 30 June 2021 results and the associated end point adjustment. The Common Equity Tier 1 (CET1) Capital before regulatory adjustments below differs from other disclosures in this document as this template requires an alternative treatment of CET1 Minority Interests and foreseeable dividends:

	30 June 2021 £m	UK CRR end point adjustments £m
Common Equity Tier 1 (CET1) Capital: instruments and reserves		
1 Capital Instruments and the related share premium accounts	7,060	-
2 Retained Earnings	6,697	-
3 Accumulated other comprehensive income (and other reserves)	313	-
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	-	-
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	14,070	-
7 Additional value adjustments (negative amount)	(23)	-
8 Intangible assets (net of related tax liability) (negative amount)	(1,298)	-
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	(285)	-
12 Negative amounts resulting from the calculation of expected loss amounts	(441)	-
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	(1)	-
15 Defined-benefit pension fund assets (negative amount)	(727)	-
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	-
17 Direct, indirect and synthetic holdings of the CET1 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	5	-
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)	(2,778)	-
29 Common Equity Tier 1 (CET1) capital	11,292	-
30 Capital instruments and the related share premium accounts	2,191	-
31 of which: classified as equity under applicable accounting standards	2,191	-
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	117	(117)
35 of which: instruments issued by subsidiaries subject to phase out	117	(117)
36 Additional Tier 1 (AT1) capital before regulatory adjustments	2,308	(117)
Additional Tier 1 (AT1) capital: regulatory adjustments		
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)	-	-
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	-	-

	30 June 2021 £m	UK CRR end point adjustments £m
42	-	-
43	-	-
44	2,308	(117)
45	13,600	(117)
Tier 2 (T2) capital: instruments and provisions		
46	737	-
47	-	-
48	961	(114)
49	123	(123)
50	-	-
51	1,698	(114)
Tier 2 (T2) capital: regulatory adjustments		
52	-	-
53	-	-
54	-	-
54a	-	-
54b	-	-
55	-	-
56	-	-
56a	-	-
56b	-	-
56c	-	-
57	-	-
58	1,698	-
59	15,298	-
59a	-	-
60	72,763	-
Capital ratio and buffers-		
61	15.5%	-
62	18.7%	-
63	21.0%	-
64	2.50%	-
65	2.50%	-
66	-	-
67	-	-
67a	-	-
68	15.5%	-
Amounts below the threshold for deduction (before risk weighting)		
72	-	-
73	-	-
75	-	-
Applicable caps on the inclusion of provisions in Tier 2		
76	-	-
77	235	-
78	-	-
79	276	-
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:

1	Issuer	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK plc	Santander UK plc
2	ISIN	XS1244538523	XS2300344863	XS2040071016	XS1592884123	US80281LA435 XS1291333760	US80281LA18 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	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	Tier 2	
6	Eligible at solo/group/group&co	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Solo and Consolidated	Solo and Consolidated	
7	Instrument type(s) to be specified by each jurisdiction	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Subordinated	Subordinated	Preferred	Preferred	
8	Amount recognised in regulatory capital (£m)	745	450	500	500	447	291	212	132	
9	Par value of instrument (£m)	750	450	500	500	525	289	200	125	
9a	Issue Price of Instrument	100%	100%	100%	100%	99.724%	99.412%	100m @ 101.52% 100m @ 108.935%	101.55%	
9b	Redemption Price of instrument	100% (cat)	100% (cat)	100% (cat)	100% (cat)	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	
11	Original date of issuance	10/06/2015	01/03/2021	09/08/2019	10/04/2017	15/09/2015	15/09/2015	23/10/1995	09/06/1997	
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Dated	Perpetual	Perpetual	
13	Original maturity date	n/a	n/a	n/a	n/a	15/09/2025	15/09/2045	n/a	n/a	
14	Issuer call subject to prorsupervisory approval	Yes	Yes	Yes	Yes	No	No	No	No	
15	Optional call date, contingent call dates and redemption amount	Next issuer call option 24/06/2022, Tax event call option anytime, Regulatory Capital Event call option / par	Next issuer call option 24/03/2025 to 24/09/2026, Tax event call option anytime, Regulatory Capital Event call option / par	Next issuer call option 24/03/2025 to 24/09/2026, Tax event call option anytime, Regulatory Capital Event call option / par	Next issuer call option 24/06/2024, Tax event call option anytime, Regulatory Capital Event call option / par	Next issuer call option 24/06/2024, Tax event call option anytime, Regulatory Capital Event call option / par	Next issuer call option 24/06/2024, Tax event call option anytime, Regulatory Capital Event call option / par	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	
18	Coupon rate and any related index	7.375%	4.25%	6.3%	6.75%	4.75%	5.625%	10.375%	8.625%	
19	Existence of a dividend stopper	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	Partially discretionary	Partially discretionary	
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No	
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative	Cumulative	Noncumulative	Noncumulative	
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	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 Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs plc	Santander UK Group Hldngs 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)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)
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	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
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	Senior	Senior	Tier 2	Tier 2	
36	Non-compliant transitioned features	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
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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 Group Holdings plc
2	ISIN	XS0124569566	XS0103012893	XS0060837068	US002920AC09	XS0133956168	XS0989359756 US802831AA17	XS0117973429	n/a
3	Governing law(s) of the instrument	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	Common Equity Tier 1
5	Post-transitional Basel III rules	Ineligible	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Ineligible
6	Eligible at solo/group/group&co	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	Equity
8	Amount recognised in regulatory capital (£m)	235	30	205	228	10	253	341	7,060
9	Par value of instrument (£m)	235	22	200	160	11	535	252	7,060
9a	Issue Price of Instrument	100%	99.561%	100.432%	99.626%	98.878%	99.681%	175m @ 97.712% 100m @ 109.744%	100%
9b	Redemption Price of Instrument	100% (call)	100%	n/a	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	Shareholders' Equity
11	Original date of issuance	14/02/2001	21/10/1999	23/10/1995	26/10/1999	14/08/2001	07/11/2013	28/09/2000	10/01/2014
12	Perpetual or dated	Perpetual	Dated	Perpetual	Dated	Dated	Dated	Perpetual	Perpetual
13	Original maturity date	n/a	21/10/2030	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	No	n/a	No	Yes	No
15	Optional call date, contingent call dates and redemption amount	Next issuer call option 14/02/2026, Tax event at any time, Regulatory Capital Event call option / par	Tax event at any time / par	Tax event at any time / par	Tax event at any time / par	Tax event at any time / par	Tax event at any time, Regulatory Capital Event call option / par	Next issuer call option 28/09/2030, Tax event at any time / par	n/a
16	Subsequent call dates, if applicable	Annually	n/a	n/a	n/a	n/a	n/a	5 years	n/a
Coupons / dividends									
17	Fixed or floating dividend/coupon	Fixed to Floating	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed to Floating	Variable
18	Coupon rate and any related index	7.037%	6.5%	10.0625%	7.95%	5.875%	5%	7.125%	n/a
19	Existence of a dividend stopper	Yes	No	No	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Mandatory	Partially discretionary	Partially discretionary	Mandatory	Mandatory	Partially discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	Yes	No	No	No	No	No	Yes	No
22	Non-cumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Non-cumulative
23	Convertible or non-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	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	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	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	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	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	n/a
30	Write-down feature	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	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	n/a
33	If write-down, permanent or temporary	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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Senior	Tier 2	Senior	Senior	Senior	Tier 2	Additional Tier 1
36	Non-compliant transitioned features	Yes	No	No	No	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			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 26-29 outlines the main features of the Company's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments. Other TLAC eligible instruments are detailed in the following table.

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
2	ISIN	XS1487315860	US80281LAF22	XS1615065320	US80281LAG05	US80281LAH87	XS1799039976	XS1816338914	US80281LAJ44	XS1345415472
3	Governing law(s) of the instrument	English	New York	English	New York	New York	English	English	New York	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	Contractual	n/a	Contractual	Contractual	n/a	n/a	Contractual	n/a
4	Transitional CRR rules	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
6	Eligible at solo/group/group & solo	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
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
9	Par value of instrument (£m)	858	724	429	724	724	644	500	724	500
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	08/09/2016	10/01/2017	18/05/2017	03/11/2017	05/01/2018	27/03/2018	08/05/2018	15/11/2018	14/01/2016
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	08/09/2023	10/01/2023	18/05/2023	03/11/2028	05/01/2024	27/03/2024	08/05/2026	15/11/2024	14/01/2026
14	Issuer call subject to prior supervisory approval	n/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	n/a
15	Optional call date, contingent call dates and redemption amount	Tax event at any time/par	Next issuer call option 10/01/2022, Tax event at any time/par	Next issuer call option 18/05/2022, Tax event at any time, Loss absorption disqualification event call option/par	Next issuer call option 03/11/2027, Tax event at any time, Loss absorption disqualification event call option/par	Next issuer call option 05/01/2023, Tax event at any time, Loss absorption disqualification event call option/par	Next issuer call option 27/03/2023, Tax event at any time, Loss absorption disqualification event call option/par	Next issuer call option 08/05/2025, Tax event at any time, Loss absorption disqualification event call option/par	Next issuer call option 15/11/2023, Tax event at any time, Loss absorption disqualification event call option/par	Tax event at any time / par
16	Subsequent call dates, if applicable ¹	n/a	None	None	None	None	None	None	None	n/a
Coupons / dividends										
17	Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Fixed to Floating	Fixed to Floating	Floating	Fixed	Fixed to Floating	Fixed
18	Coupon rate and any related index	1.13%	3.57%	3m EURIBOR + 78bps	3.82%	3.37%	3m EURIBOR + 85bps	2.92%	4.80%	3.63%
19	Existence of a dividend stopper	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
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	Noncumulative	Noncumulative	Noncumulative	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 - 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	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	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

¹ Not considering contingent call events.

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
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	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	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
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 ¹	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism ²	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	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 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	No disapplication of the right of set-off Permanently Grandfathered	No disapplication of the right of set-off Permanently Grandfathered			No disapplication of the right of 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	

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

² 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	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc
2	ISIN	XS1435163859	XS1569879304	XS1573245864	XS2126058168	US80281LAM72	US80281LAN55	US80281LAP04	US80281LAQ86
3	Governing law(s) of the instrument	English	English	English	English	New York	New York	New York	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)	n/a	n/a	n/a	n/a	Contractual	Contractual	Contractual	Contractual
4	Transitional CRR rules	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
6	Eligible at solo/group/group & solo	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
8	Amount recognised in regulatory capital (£m)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
9	Par value of instrument (£m)	40	17	65	644	724	1013	434	724
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	22/06/2016	22/02/2017	10/03/2017	28/02/2020	21/08/2020	15/03/2021	15/03/2021	14/06/2021
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	22/06/2026	22/02/2027	10/03/2027	28/02/2025	21/08/2026	15/03/2025	15/03/2032	14/06/2027
14	Issuer call subject to prior supervisory approval	n/a	n/a	n/a	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, Loss absorption disqualification event call option / par	Next issuer call option 28/02/2024, Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 21/08/2025, Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 15/03/2024, Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 15/03/2031, Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 14/06/2026, Tax event at any time, Loss absorption disqualification event call option / par
16	Subsequent call dates, if applicable ¹	n/a	n/a	n/a	None	None	None	None	None
Coupons / dividends									
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	0.79%	3.45%	0.90%	0.39%	1.53%	1.09%	2.90%	1.67%
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No
20	Fully discretionary, partially discretionary or 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
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
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 - 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- 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- 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- 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
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

¹ 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	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
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 - 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 – 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 – 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 – 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
33	If write-down, permanent or temporary ¹	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism ²	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
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
36	Non-compliant transitioned features	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 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					

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

² Section 48Y Banking Act 2009.

Part 2

June 2021 Additional Capital and Risk Management Disclosures for Santander UK plc Group

Introduction

As a wholly-owned large subsidiary under UK CRR, Santander UK plc (the RFB) is required to produce and publish annually a specified number of Pillar 3 disclosures rather than a complete set of Pillar 3 disclosures. In accordance with the EBA guidelines on disclosure frequency¹, 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.

Key metrics (KM1)

The following table summarises the RFB Group's Own Funds and key risk-based capital ratios at 30 June 2021, together with the previously disclosed quarter end information at 31 March 2021, 31 December 2020, 30 September 2020 and 30 June 2020. Further detail on Risk Weighted Assets is included in the subsequent sections of this document:

	30 June 2021 £m	30 March 2021 £m	31 December 2020 £m	30 September 2020 £m	30 June 2020 £m
Available Capital (amounts)					
Common Equity Tier 1 (CET1) capital	11,289	11,108	11,057	10,703	10,591
Fully loaded ² Expected Credit Loss (ECL) accounting model CET1	11,284	11,108	10,984	10,690	10,528
Tier 1 capital	13,407	13,226	13,338	12,983	12,872
Fully loaded ECL accounting model Tier 1	13,402	13,226	13,265	12,970	12,809
Total capital	15,026	14,900	15,247	15,456	15,478
Fully loaded ECL accounting model total capital	15,021	14,900	15,174	15,443	15,415
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	71,673	71,502	71,860	73,586	72,176
Fully loaded ECL accounting model total RWA	71,543	71,394	71,732	73,504	72,074
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio	15.8%	15.5%	15.4%	14.5%	14.7%
Fully loaded ECL accounting model Common Equity Tier 1 (%)	15.8%	15.6%	15.3%	14.5%	14.6%
Tier 1 ratio	18.7%	18.5%	18.6%	17.6%	17.8%
Fully loaded ECL accounting model Tier 1 ratio (%)	18.7%	18.5%	18.5%	17.6%	17.8%
Total capital ratio	21.0%	20.8%	21.2%	21.0%	21.4%
Fully loaded ECL accounting model total capital ratio (%)	21.0%	20.9%	21.2%	21.0%	21.4%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Countercyclical buffer requirement (%)	-	-	-	-	-
Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-	-
Other Systemically Important Institution Buffer (%)	1.00%	1.00%	1.00%	-	-
Systemic Risk Buffer requirement (%)	-	-	-	1.00%	1.00%
Total of bank CET1 specific buffer requirements (%)	3.50%	3.50%	3.50%	3.50%	3.50%
CET1 available after meeting the banks minimum capital	7.75%	7.53%	7.39%	6.54%	6.67%
Basel III leverage ratio					
Total Basel III leverage ratio exposure measure (£bn)	293.5	295.4	299.9	296.4	300.9
Basel III leverage ratio	4.5%	4.4%	4.3%	4.3%	4.2%
Fully loaded ECL accounting model leverage Ratio	4.5%	4.4%	4.3%	4.3%	4.1%
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA)	46,802	50,112	51,232	47,116	47,425
Total net cash outflow	32,113	36,249	33,766	30,605	31,934
Liquidity coverage ratio (LCR)	145.7%	138.2%	151.7%	154.0%	148.5%

Key Movements

The CET1 capital ratio increased 40bps to 15.8%, with capital accretion through retained profits, RWA management and market driven improvements in the defined benefit pensions scheme. The CET1 capital ratio includes a benefit of c30bps from the change in treatment of software assets outlined in the EBA technical standard on the prudential treatment of software assets. The PRA have outlined in Policy Statement PS17/21 on the Implementation of Basel Standards that this treatment will fall away at the start of 2022 and software assets will instead be fully deducted from CET1 capital from that date. Total capital ratio reduced by c20bps in the six months to 30 June 2021 to 21.0%, reflecting the reduction in AT1 securities in issue and the CRD IV Grandfathering Cap rules that reduces the recognition of grandfathered capital instruments issued by Santander UK plc that increased in January 2021.

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

² Fully loaded excludes the impact of transitional arrangements.

IFRS 9 Transitional Arrangements (IFRS9 – FL)

The following table summarises the impact of IFRS 9 transitional arrangements at 30 June 2021 over the full allowable period:

	2021	2022	2023	2024
IFRS9 Transitional Factor	50%	25%		
IFRS9 Transitional Factor for credit loss-based provision movements post 1/1/20	100%	75%	50%	25%
Available Capital (amounts)				
1 Common Equity Tier 1 (CET1) capital	11,289	11,287	11,282	11,283
CET1 Capital as if IFRS 9 STATIC transitional arrangements were not applied	11,279	11,282	11,282	11,283
CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements were not applied	11,294	11,289	11,284	11,284
2 CET1 Capital as if ALL IFRS 9 transitional arrangements were not applied	11,284	11,284	11,284	11,284
3 Tier 1 Capital	13,407	13,405	13,400	13,401
4 Tier 1 Capital as if ALL IFRS 9 transitional arrangements were not applied	13,402	13,402	13,402	13,402
5 Total Capital	15,026	15,024	15,019	15,020
6 Total Capital as if ALL IFRS 9 transitional arrangements were not applied	15,021	15,021	15,021	15,021
Risk-weighted assets (amounts)				
7 Total risk-weighted assets (RWA)	71,673	71,641	71,610	71,576
Total RWA as if IFRS 9 STATIC transitional arrangements were not applied	71,728	71,669	71,610	71,576
Total RWA as if IFRS 9 DYNAMIC transitional arrangements were not applied	71,488	71,515	71,543	71,543
8 Total RWA as if ALL IFRS 9 transitional arrangements were not applied	71,543	71,543	71,543	71,543
Capital Ratios				
9 Common Equity Tier 1 ratio	15.8%	15.8%	15.8%	15.8%
10 Common Equity Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	15.8%	15.8%	15.8%	15.8%
11 Tier 1 ratio	18.7%	18.7%	18.7%	18.7%
12 Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	18.7%	18.7%	18.7%	18.7%
13 Total capital ratio	21.0%	21.0%	21.0%	21.0%
14 Total Capital as if ALL IFRS 9 transitional arrangements were not applied	21.0%	21.0%	21.0%	21.0%
UK CRR leverage ratio				
15 Leverage Ratio Total Exposure Measure	293,473	293,473	293,473	293,473
16 Leverage Ratio	4.5%	4.5%	4.5%	4.5%
17 Leverage ratio as if ALL IFRS 9 transitional arrangements were not applied	4.5%	4.5%	4.5%	4.5%

The RFB group is applying the IFRS 9 capital transitional arrangements set out in EU Regulation 2017/2395 and EU Regulation 2020/873 that amend the Capital Requirements Regulation. 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 1 January 2018 with the amount of capital relief available reduced each year by the transitional factor, with an extended transitional period used for capital relief against provision movements from 1 January 2020. The transitional factor is 50 percent in 2021, declining to 25 percent in 2021, and for post 1 January 2020 provision movements is 100 percent in 2021, 75 percent in 2022, 50 percent in 2023 and 25 percent in 2024.

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 transition period and is also subject to progressive reduction over the five-year transitional period and the extended period for provision movements post 1 January 2020 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 UK CRR and UK PRA Tier 1 Leverage ratio at 30 June 2021 together with the previously disclosed quarter end information 31 March 2021, 31 December 2020, 30 September 2020 and 30 June 2020. 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 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020
Common Equity Tier 1 (CET1) capital (£m)	11,289	11,108	11,057	10,703	10,591
End point Additional Tier 1 (AT1) capital (£m)	1,956	1,956	1,957	1,956	1,957
End point Tier 1 capital (£m)	13,245	13,064	13,014	12,659	12,548
Leverage Exposure UK CRR (£bn)	293.5	295.4	299.9	296.4	300.9
Leverage Exposure UK ¹ (£bn)	250.5	250.5	254.6	261.9	267.5
End point Tier 1 Leverage Ratio UK CRR	4.5%	4.4%	4.3%	4.3%	4.2%
End point Tier 1 Leverage Ratio UK ¹	5.3%	5.2%	5.1%	4.8%	4.7%
Average Tier 1 Leverage Ratio UK ¹	5.3%	5.1%	5.0%	4.8%	4.6%

The UK leverage ratio improved by 20bps from the 2020 year end through active management of leverage exposures, specifically through the management of the liquid asset buffer.

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	
	30 June 2021 £m	31 March 2021 £m	30 June 2021 £m	31 March 2021 £m
Total high-quality liquid assets (HQLA)	48,723	48,873	48,459	48,582
CASH OUTFLOWS				
Retail deposits and deposits from small business customers, of which:	144,969	142,107	8,561	8,334
Stable deposits	125,219	123,562	6,261	6,178
Less stable deposits	19,750	18,545	2,300	2,156
Unsecured wholesale funding	28,743	28,103	15,785	15,353
Operational deposits (all counterparties) and deposits in networks of cooperative banks				
Non-operational deposits (all counterparties)	26,665	26,261	13,707	13,511
Unsecured debt	2,078	1,842	2,078	1,842
Secured wholesale funding	16,354	16,180	317	363
Additional requirements	20,168	20,747	8,487	9,088
Outflows related to derivative exposures and other collateral requirements	6,395	6,851	6,395	6,851
Outflows related to loss of funding on debt products	475	615	475	615
Credit and liquidity facilities	13,298	13,281	1,617	1,622
Other contractual funding obligations	77	73	-	-
Other contingent funding obligations	26,880	26,117	2,215	2,091
TOTAL CASH OUTFLOWS	237,191	233,327	35,365	35,229
CASH INFLOWS				
Secured lending (e.g. reverse repos)	8,922	8,419	30	30
Inflows from fully performing exposures	1,768	1,846	1,106	1,115
Other cash inflows	1,973	1,985	735	741
(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)				
TOTAL CASH INFLOWS	12,663	12,250	1,871	1,886
Fully exempt inflows				
Inflows Subject to 90% Cap				
Inflows Subject to 75% Cap	9,891	9,498	1,871	1,886
LIQUIDITY BUFFER	-	-	48,459	48,582
TOTAL NET CASH OUTFLOWS	-	-	33,572	33,346
LIQUIDITY COVERAGE RATIO (%)	-	-	144.34	145.7
Number of data points used in calculation of averages	12	12	12	12

Key Movements

The average weighted LCR of 144.34% remains significantly above regulatory requirements.

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

RWA and Capital Requirements

Overview of RWA (OV1)

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 2021 £bn	31 March 2021 £bn	30 June 2021 £bn ¹
1 Credit risk (excluding counterparty credit risk) ¹	62.8	62.5	5.0
2 - Of which: standardised approach (SA)	18.3	18.1	1.5
3 - Of which: foundation internal rating-based approach (FIRB) approach	4.9	5.0	0.4
4 - Of which: advanced internal rating-based approach (AIRB) approach	39.5	39.3	3.2
5 - Of which: equity positions under the simple risk weight approach and the internal model method	0.1	0.1	-
6 Counterparty credit risk (CCR) ¹	0.8	0.8	0.1
9 - Of which: standardised approach for counterparty credit risk	0.4	0.4	-
10 - Of which: IMM	0.4	0.4	-
- Of which: other CCR	-	-	-
12 Credit Valuation Adjustment (CVA)	0.3	0.3	-
13 Settlement risk	-	-	-
14 Securitisation exposures in banking book (after cap) ²	0.8	0.9	0.1
- Of which: securitisation IRB approach (SEC-IRBA)	0.1	0.1	-
- Of which: securitisation external ratings-based approach (SEC-ERBA), including external assessment approach (IAA)	0.5	0.5	-
- Of which: securitisation standardised approach (SEC-SA)	0.2	0.3	-
19 Market risk ¹	0.2	0.2	-
20 - Of which: standardised approach	0.2	0.2	-
21 - Of which: internal model approach (IMA)	-	-	-
Capital charge for switch between trading book and banking book	-	-	-
23 Operational risk ¹	6.8	6.8	0.5
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Aggregate capital floor applied	-	-	-
28 Floor adjustment (before application of transitional cap)	-	-	-
28 Floor adjustment (after application of transitional cap)	-	-	-
29 Total ¹	71.7	71.5	5.7

RWA flow statements of credit risk exposures under IRB and RWA flow statements of credit risk exposures under standardised³ (CR8)

RWA flow statements of credit risk exposures under IRB

	RWA £bn	Capital requirements
1 RWAs at 31 March	44.9	3.6
2 Asset size	-	-
3 Asset quality	0.1	-
4 Model updates	-	-
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 RWAs at 30 June	45.0	3.6

RWA flow statements of credit risk exposures under standardised approach

	RWA £bn	Capital requirements
1 RWAs at 31 March	19.3	1.5
2 Asset size	(0.4)	-
3 Asset quality	0.5	0.1
4 Model updates	-	-
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 RWAs at 30 June	19.4	1.6

Mortgage lending has increased by £2.1bn in Q2, 2021 while corporate loans volume has decreased by £1.2bn which keeps asset-size driven RWA movement flat under IRB approach in Q2, 2021.

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

² Includes 2 Significant Risk Transfer transactions which are subject to re-characterisation risk.

³ Table excludes CVA

Credit risk exposure and credit risk mitigation (CRM) effects (CR4)**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
	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021
1 Central government or central banks	51.6	0.2	51.6	0.2	-	-
2 Regional government or local authorities	-	-	-	-	-	-
3 Public sector entities	-	0.1	-	-	-	20%
4 Multilateral Development Banks	1.4	-	1.4	-	-	-
5 International Organisations	-	-	-	-	-	-
6 Institutions	1.1	-	1.1	-	0.1	12%
7 Corporates	9.5	2.7	6.5	0.2	6.5	96%
8 Retail	11.3	10.1	10.6	-	7.8	73%
9 Secured by mortgages on immovable property	0.1	-	0.1	-	0.1	63%
10 Exposures in default	0.2	-	0.2	-	0.3	110%
11 Higher-risk categories	0.1	0.1	0.1	-	0.1	150%
12 Covered bonds	1.4	-	1.4	-	0.1	10%
13 Institutions and corporations with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	-	-	-	-	-	-
16 Other items	6.4	-	6.4	-	3.8	59%
Securitisations	2.5	-	2.5	-	0.8	33%
Contributions to the default fund of a CCP	-	-	-	-	-	1250%
17 Total	85.6	13.2	81.9	0.4	19.6	24%

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
	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021
Corporates – Specialised Lending	4.7	0.8	4.7	0.3	3.7	75%
Corporates – SME	0.8	0.2	0.8	-	0.7	88%
Corporates – Other	8.7	10.6	8.7	5.1	5.6	41%
Institutions	1.2	-	1.2	-	0.3	20%
Retail Immovable Property	170.8	13.1	171.2	8.4	31.3	17%
Retail QRR	0.4	4.1	0.4	5.1	1.6	29%
Retail Other	2.0	-	2.0	-	1.6	79%
Equity	-	-	-	-	-	-
Securitisations	0.7	-	0.7	-	0.1	15%
Total	189.3	28.8	189.7	18.9	44.9	22%

IRB (specialised lending and equities) (CR10)

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	177.9	23.4	50%	82.6	-
	Equal to or more than 2.5 years	279.2	146.5	70%	198.7	1.3
2	Less than 2.5 years	2,071.5	299.7	70%	1,426.0	8.7
	Equal to or more than 2.5 years	1,873.0	427.4	90%	1,613.0	16.1
3	Less than 2.5 years	166.0	1.4	115%	184.0	4.7
	Equal to or more than 2.5 years	140.6	-	115%	149.7	3.9
4	Less than 2.5 years	22.0	0.8	250%	53.3	1.8
	Equal to or more than 2.5 years	86.5	25.6	250%	218.6	7.5
5	Less than 2.5 years	73.2	1.0	-	-	36.8
	Equal to or more than 2.5 years	18.8	-	-	-	9.3
Total	Less than 2.5 years	2,510.6	326.3	-	1,745.9	52.0
	Equal to or more than 2.5 years	2,398.1	599.5	-	2,180.0	38.1

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	15.9	-	370%	58.7	4.7
Total	15.9	-	-	58.7	4.7

Countercyclical Capital Buffer

The following table outlines the geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer at 30 June 2021:

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	25.8	215	-	-	0.5	0.1	5.1	-	-	5.2	0.01	0%
Crown Dependencies	-	0.4	-	-	-	-	-	-	-	-	-	0%
United States	-	0.1	-	-	-	-	-	-	-	-	-	0%
Spain	-	-	-	-	-	-	-	-	-	-	-	0%
Australia	-	-	-	-	-	-	-	-	-	-	-	0%
Luxembourg	-	-	-	-	-	-	-	-	-	-	-	0.5%
Denmark	-	-	-	-	-	-	-	-	-	-	-	0%
Canada	-	-	-	-	-	-	-	-	-	-	-	0%
Netherlands	0.1	-	-	-	-	-	-	-	-	-	-	0%
Ireland	0.2	0.1	-	-	0.8	1.2	-	-	-	0.1	-	0%
Norway	0.1	-	-	-	-	-	-	-	-	-	-	1%
Sweden	-	-	-	-	-	-	-	-	-	-	-	0%
France	0.3	-	-	-	-	-	-	-	-	-	-	0%
Belgium	0.1	-	-	-	-	-	-	-	-	-	-	0%
Finland	-	-	-	-	-	-	-	-	-	-	-	0%
Austria	-	-	-	-	-	-	-	-	-	-	-	0%
British Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	0%
Czech Republic	-	-	-	-	-	-	-	-	-	-	-	0.5%
Germany	-	-	-	-	-	-	-	-	-	-	-	0%
Hong Kong	-	-	-	-	-	-	-	-	-	-	-	1%
Iceland	-	-	-	-	-	-	-	-	-	-	-	0%
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	0%
Slovakia	-	-	-	-	-	-	-	-	-	-	-	1%
Other	-	-	-	-	-	-	-	-	-	-	-	0%

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	71.7
Institution specific countercyclical capital buffer rate	0%
Institution specific countercyclical capital buffer requirement	-

The level of the Countercyclical Capital Buffer for the RFB Group at 30 June 2021 was 0%.

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 30 June 2021 by class of exposure. Further information on impairment losses and provisions is outlined in Notes 5 to the financial statements in the in the RFB 2021 Half Yearly Financial Report.

Credit quality of exposures by industry (CR1-B)

Breakdown of exposures by industry class and Credit Quality:

At 30 June 2021	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	-	38,199	-	-	-	-	38,199
Agriculture, forestry and fishing	16	287	(8)	-	-	-	295
Mining and quarrying	2	66	(1)	-	-	-	67
Manufacturing	59	1,303	(32)	(1)	-	-	1,330
Electricity, gas, steam and air conditioning supply	9	268	(1)	-	-	-	276
Water supply	-	229	(1)	-	-	-	228
Construction	96	2,333	(40)	(1)	-	-	2,389
Wholesale and retail trade	56	4,201	(61)	(2)	-	-	4,196
Transport and storage	10	426	(6)	-	-	-	430
Accommodation and food service activities	346	2,491	(214)	(1)	-	-	2,623
Information and communication	2	854	(4)	-	-	-	852
Real estate activities	130	16,473	(79)	(9)	-	-	16,524
Professional, scientific and technical activities	88	2,009	(47)	(1)	-	-	2,050
Administrative and support service activities	24	1,951	(29)	(1)	-	-	1,946
Public administration and defence, compulsory social security	-	17	-	-	-	-	17
Education	31	469	(5)	-	-	-	495
Human health services and social work activities	75	2,144	(55)	(1)	-	-	2,164
Arts, entertainment and recreation	12	381	(5)	-	-	-	388
Other services	4	319	(1)	(2)	-	-	322
Retail	2,018	207,275	(604)	(72)	-	-	208,689
Financial Institutions and Other Financial Corporates	-	23,908	-	-	-	-	23,908
Total	2,978	305,603	(1,193)	(91)	-	-	307,388

Credit risk exposure by country (CR1-C)

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

At 30 June 2021	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	2,397	295,934	(1,174)	(91)	-	-	297,156
US	5	273	-	-	-	-	278
Japan	-	1,029	-	-	-	-	1,029
Ireland	-	6,581	(3)	-	-	-	6,578
Luxembourg	-	708	(1)	-	-	-	707
Jersey	19	309	(11)	-	-	-	317
Germany	-	23	-	-	-	-	23
Canada	-	6	-	-	-	-	6
France	-	67	-	-	-	-	67
Isle of Man	2	182	(2)	-	-	-	182
Netherlands	-	43	(1)	-	-	-	42
Italy	-	16	-	-	-	-	16
Norway	-	4	-	-	-	-	4
Denmark	-	28	(1)	-	-	-	27
Australia	-	33	-	-	-	-	33
Other	555	367	-	-	-	-	923
Total	2,978	305,603	(1,193)	(91)	-	-	307,388

For geographical areas of past due and impaired exposures, nearly 80% are to the UK.

Credit Risk Mitigation Techniques (CR3)

For more detail on the RFB Group's approach to Credit Risk Mitigation refer to the Other Segments – Credit Risk Review section of the Company's 2020 Annual Report.

The following table provides analysis of secured and collateralised exposures at 30 June 2021.

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn	30 June 2021 £bn
1 Total loans	103,684	190,472	8,359	4,873	-
2 Total debt securities ¹	5,002	-	1,896	-	-
3 Total exposures	108,686	190,472	10,255	4,873	-
4 Of which stage 3	1,211	1,767	-	-	-

Changes in the stock of specific credit risk adjustments (CR2-A)

Movement over the period 1 January 2021 to 30 June 2021 of specific credit risk adjustments:²

	Accumulated specific credit risk adjustment £m
Opening balance (IFRS9)	1,377
Increases due to origination and acquisition during the period	52
Decreases due to derecognition during the period	(129)
Changes due to change in credit risk (net)	15
Changes due to modifications without derecognition (net)	3
Changes due to update in the institution's methodology for estimation (net)	-
Other adjustments	(34)
Decrease in allowance account due to write-offs	(91)
Closing balance	1,193
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	38
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 (CR2-B)

Movement over the period 1 January 2021 to 30 June 2021 of carrying value of stage 3 assets:

	Gross carrying value of defaulted exposures £m
1 Opening balance (IFRS9)	2,996
2 Loans and debt securities that have defaulted or impaired since the last reporting period	631
3 Returned to non-defaulted status	(217)
4 Amounts written off	(147)
5 Other changes ³	(285)
6 Closing balance	2,978

Credit risk exposure (CRB-B, CR1-A)

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):

At 30 June 2021	Gross carrying values of			Average net exposures over the period	Specific Credit Risk Adjustments	Accumulated write-offs	Credit risk adjustment charges during the period	Net Value £m
	Defaulted Exposure	Non-Defaulted Exposure	Net value of exposures at the end of the period					
1 Central Banks and Central Governments	-	38,199	38,199	39,256	-	-	-	38,199
2 Financial Institutions and Other Financial Corporates	-	23,908	23,908	25,100	-	-	-	23,908
3 Corporate Exposures	960	36,221	37,181	39,574	(589)	(19)	-	36,592
4 Of which: Specialised lending	83	5,468	5,551	5,908	(104)	(2)	-	5,447
6 Retail	2,018	207,275	209,294	207,797	(604)	(72)	-	208,689
7 Of which: IRB residential immovable property	1,758	182,160	183,918	182,605	(259)	(2)	-	183,659
Total	2,978	305,603	308,582	311,727	(1,193)	(91)	-	307,388

¹ Per note 20 Financial Investments in the Half Yearly Financial Report, excluding debt securities.

² 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.

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

Credit quality of forborne exposures

The following table provides an overview of the quality of forborne exposures at 30 June 2021:

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		£m	£m	Of which defaulted £m				
1 Loans and advances	1,520	683	683	683	(42)	(146)	1,530	349
2 Central banks	-	-	-	-	-	-	-	-
3 General governments	-	-	-	-	-	-	-	-
4 Credit institutions	-	-	-	-	-	-	-	-
5 Other financial corporations	-	-	-	-	-	-	-	-
6 Non-financial corporations	303	276	276	276	(18)	(93)	60	30
7 Households	1,217	407	407	407	(24)	(53)	1,470	319
8 Debt Securities	-	-	-	-	-	-	-	-
9 Loan commitments given	-	-	-	-	-	-	-	-
10 Total	1,520	683	683	683	(42)	(146)	1,530	349

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

The following table provides an overview of credit quality of non-performing exposures at 30 June 2021.

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								Of which defaulted
		£m	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	£m	
£m	£m												
1	Loans and advances	225,724	224,564	1,160	2,895	1,100	532	512	682	56	7	6	2,345
2	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
3	General governments	138	138	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	2,276	2,276	-	-	-	-	-	-	-	-	-	-
5	Other financial corporations	20,053	20,053	-	-	-	-	-	-	-	-	-	-
6	Non-financial corporations	22,345	21,793	552	922	692	21	27	114	55	7	6	372
7	<i>Of which SMEs</i>	11,499	11,403	96	638	498	20	27	28	52	7	6	217
8	Households	180,912	180,304	608	1,973	408	511	485	568	1	-	-	1,973
9	Debt securities	6,983	6,983	-	-	-	-	-	-	-	-	-	-
10	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
11	General governments	3,055	3,055	-	-	-	-	-	-	-	-	-	-
12	Credit institutions	2,926	2,926	-	-	-	-	-	-	-	-	-	-
13	Other financial corporations	995	995	-	-	-	-	-	-	-	-	-	-
14	Non-financial corporations	7	7	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	41,615			82								82
16	Central banks	-			-								-
17	General governments	-			-								-
18	Credit institutions	4			-								-
19	Other financial corporations	1,344			-								-
20	Non-financial corporations	13,902			40								40
21	Households	26,365			42								42
22	Total	274,322	231,547	1,160	2,977	1,100	532	512	682	56	7	6	2,427

Performing and non-performing exposures and related provisions

The following table provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class at 30 June 2021:

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated Partial write-off	Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
	£m	Of which stage 1	Of which stage 2	£m	Of which stage 2	Of which stage 3	£m	Of which stage 1	Of which stage 2	£m	Of which stage 2	Of which stage 3				£m
1	Loans and advances	225,724	211,363	14,287	2,895	-	2,895	(618)	(152)	(466)	(552)	-	(552)	-	209,276	2,048
2	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	General governments	138	138	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	2,276	2,276	-	-	-	-	-	-	-	-	-	-	-	1,250	-
	Other financial															
5	corporations	20,053	20,003	1	-	-	-	(1)	(1)	-	-	-	-	-	17,247	-
6	Non-financial corporations	22,345	17,573	4,747	922	-	922	(257)	(73)	(184)	(326)	-	(326)	-	17,619	301
7	Of which SMEs	11,499	8,601	2,871	638	-	638	(192)	(61)	(131)	(242)	-	(242)	-	9,133	178
8	Households	180,912	171,373	9,539	1,973	-	1,973	(360)	(78)	(282)	(226)	-	(226)	-	173,160	1,747
9	Debt securities	6,983	6,879	-	-	-	-	-	-	-	-	-	-	-	370	-
10	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	General governments	3,055	3,055	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Credit institutions	2,926	2,926	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other financial															
13	corporations	995	891	-	-	-	-	-	-	-	-	-	-	-	370	-
14	Non-financial corporations	7	7	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	41,615	40,244	1,371	82	-	82	45	23	22	6	-	6	-	-	-
16	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Credit institutions	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other financial															
19	corporations	1,344	1,343	1	-	-	-	1	1	-	-	-	-	-	-	-
20	Non-financial corporations	13,902	12,679	1,223	40	-	40	22	11	11	5	-	5	-	-	-
21	Households	26,365	26,218	147	42	-	42	22	11	11	1	-	1	-	-	-
	Total	274,322	258,486	15,658	2,977	-	2,977	(573)	(129)	(444)	(546)	-	(546)	-	209,646	2,048

Collateral obtained by taking possession and execution processes

The following table provides an overview of foreclosed assets obtained from non-performing exposures at 30 June 2021:

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		£m	£m
1	Property, plant and equipment (PP&E)	-	-
2	Other than PP&E	3	-
3	Residential immovable property	3	-
4	Commercial Immovable property	-	-
5	Movable property (auto, shipping, etc.)	-	-
6	Equity and debt instruments	-	-
7	Other	-	-
8	Total	3	-

CRR Leverage ratio – disclosure template

The table below provides a reconciliation of accounting assets to the UK CRR Leverage ratio exposure, and information on the composition of the principal exposure elements at 30 June 2021. A UK CRR 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	285,614
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	1,088
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)	(2,454)
4	Adjustments for derivative financial instruments	(533)
5	Adjustments for securities financing transactions (SFTs)	442
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,230
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	1,086
8	Total Leverage Ratio exposure	293,473

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)	265,414
2	(Asset amounts deducted in determining Tier 1 capital)	(2,454)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	262,960
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1,233
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	822
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)	(585)
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)	1,470
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	22,450
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(4,253)
14	Counterparty credit risk exposure for SFT assets	442
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)	18,639
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	41,751
18	(Adjustments for conversion to credit equivalent amounts)	(33,521)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	8,230
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))	1,088
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	1,086
Capital and total exposures		
20	Tier 1 capital (UK CRR end point)	13,245
21	Total Leverage Ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	293,473
Leverage Ratio		
22	Leverage Ratio	4.5%
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 at 30 June 2021. 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	14,518	2,191	-
Subordinated Liabilities	-	(73)	2,586
UK CRR Adjustments			
Additional value adjustments	(20)	-	-
Intangible Assets (net of related tax liability)	(1,294)	-	-
Fair value reserves related to gains or losses on cash flow hedges	(282)	-	-
Negative amounts resulting from the calculation of regulatory expected loss amounts	(431)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own creditstanding	(1)	-	-
Deferred tax assets arising from temporary differences	(8)	-	-
Defined benefit pension fund assets	(726)	-	-
- Dividend accrual	(294)	-	-
- Deduction for minority interests	(178)	-	-
- IFRS 9 Transitional Adjustments	5	-	-
Amount excluded from Tier 2 due to transitional recognition cap	-	-	(967)
Total	11,289	2,118	1,619

Own Funds disclosure – Transitional Own Funds disclosure template

The following table provides disclosure of the RFB Group's own funds items. The UK CRR end point position can be derived as the sum of the 30 June 2021 results and the associated end point adjustment. The Common Equity Tier 1 (CET1) Capital before regulatory adjustments below differs from other disclosures in this document as this template requires an alternative treatment of CET1 Minority Interests and foreseeable dividends:

	30 June 2021 £m	UK CRR end point adjustments £m
Common Equity Tier 1 (CET1) Capital: instruments and reserves		
1	8,725	-
2	5,012	-
3	309	-
4	-	-
5	-	-
5a	-	-
6	14,046	-
Common Equity Tier 1 (CET1) Capital: regulatory adjustments		
7	(20)	-
8	(1,294)	-
10	-	-
11	(282)	-
12	(431)	-
13	-	-
14	(1)	-
15	(726)	-
16	-	-
17	-	-
18	-	-
19	-	-
20a	-	-
20b	-	-
20c	-	-
20d	-	-
21	(8)	-
22	-	-
23	-	-
25	-	-
25a	-	-
25b	-	-
26	5	-
26a	-	-
26b	-	-
27	-	-
28	(2,757)	-
29	11,289	-
30	1,956	-
31	1,956	-
32	-	-
33	-	-
34	162	(162)
35	162	(162)
36	2,118	(162)
Additional Tier 1 (AT1) capital: regulatory adjustments		
37	-	-
38	-	-
39	-	-
40	-	-
41	-	-
41a	-	-
41b	-	-
41c	-	-

	30 June 2021 £m	UK CRR end point adjustments £m
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	2,118 (162)
45	Tier 1 capital (T1 = CET1 + AT1)	13,407 (162)
Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	737 -
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	882 (157)
49	of which: instruments issued by subsidiaries subject to phase out	157 (157)
50	Credit risk adjustments	- -
51	Tier 2 (T2) capital before regulatory adjustments	1,619 (157)
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	1,619 (157)
59	Total Capital (TC = T1 + T2)	15,026
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	71,673
Capital ratio and buffers		
61	Common Equity Tier (as a percentage of total risk exposure amount)	15.8%
62	Tier 1 (as a percentage of total risk exposure amount)	18.7%
63	Total capital (as a percentage of total risk exposure amount)	21.0%
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)	3.50%
65	of which: capital conservation buffer requirement	2.50%
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	1.00%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	15.8%
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)	-
73	Direct and indirect holdings by the institutions of the CET1 instruments of financial sector entities where the institution has a significant investment 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	234
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	269
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 Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments:

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander 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	01/03/2021	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, Tax event at any time, Regulatory Capital Event call option / par	24/03/2026 to 24/09/2026, Tax event call option at any time, Regulatory Capital Event call option / par	24/06/2022, Tax event call option at any time, Regulatory Capital Event call option / par	24/03/2025 Tax event call option at any time, Regulatory Capital Event call option / par	24/06/2024, Tax event call option at any time, Regulatory Capital Event call option / par	Tax event at any time / par
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%	4.25%	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 the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	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 in immediate 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	No CET1 conversion or write down trigger Dividend Stopper	No CET1 conversion or write down trigger Dividend Stopper Incentive to Redeem: Step Up					

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	XS0117973429	XS0103012893	US002920AC09	XS0989359756	US80281LAA35	XS0133956168	US80281LAA35	XS1291333760
3	Governing law(s) of the instrument	English	English	New York	English	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	Tier 2	Tier 2	Tier 2	Tier 2	Ineligible	Tier 2	Tier 2
6	Eligible at solo/group/group & s do	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)	367	32	228	252	139	11	181	181
9	Par value of instrument (£m)	252	22	160	535	163	11	154	154
9a	Issue Price of Instruments	175m @ 97.712% 100m @ 109.744%	99.561%	99.626%	99.681%	99.724%	98.878%	99.724%	99.724%
9b	Redemption Price of instrument	100% (call)	100%	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	21/10/1999	26/10/1999	07/11/2013	15/09/2015	14/08/2001	15/09/2015	15/09/2015
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	n/a	21/10/2030	26/10/2029	07/11/2023	15/09/2025	14/08/2031	15/09/2025	15/09/2025
14	Issuer call subject to prior supervisory approval	Yes	No	No	No	No	n/a	No	No
15	Optional call date, contingent call dates and redemption amount	Next issuer call option 28/09/2030, Tax event at any time/par	Tax event at any time/par	Tax event at any time/par	Tax event at any time, Regulatory Capital Event call option /par	Tax event at any time, Regulatory Capital Event call option /par	Tax event at any time/par	Tax event at any time, Regulatory Capital Event call option /par	Tax event at any time, Regulatory Capital Event call option /par
16	Subsequent call dates, if applicable	5 years	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Coupons / dividends									
17	Fixed or floating dividend/coupon	Fixed to Floating	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	7.125%	6.5%	7.95%	5%	4.75%	5.875%	4.75%	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	Mandatory	Partially discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Yes	No	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)	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
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	Senior	Senior	Senior	Senior	Senior	Senior	Senior
36	Non-compliant transitioned features	Yes	No	No	No	No	Yes	No	No
37	If yes, specify non-compliant features	Incentive to Redeem: Step Up		Governing law: New York Grandfather 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	US80281LAA35 XS1291333760	US80281LAB18 XS1291352711	US80281LAB18 XS1291352711	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)	154	109	182	7,060
9	Par value of instrument (£m)	181	109	181	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	Tax event at any time, Regulatory Capital Event call option / par	Tax event at any time, Regulatory Capital Event call option / par	Tax event at any time, Regulatory Capital Event call option / par	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	Non-cumulative or cumulative	Cumulative	Cumulative	Cumulative	Non-cumulative
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 B dE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK B dE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK B dE/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)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK B dE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK B dE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK B dE/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	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 transitional 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 UK CRR implementation rules as per the PRA Policy Statement PS7/13. CET1 capital ratio is CET1 capital as a percentage of risk-weighted assets.
Common Equity Tier 1 ratio	CET1 capital as a percentage of risk weighted assets.
Countercyclical capital buffer (CCyB)	A capital buffer required under Basel III to ensure that capital requirements take account of the macro-financial environment in which banks operate.
Counterparty credit risk	A subset of credit risk and is the risk that a counterparty defaults.
UK CRR	An EU legislative package covering prudential rules for banks, building societies and investment firms.
Credit Conversion Factor (CCF)	An estimate of the amount Santander expects a customer to have drawn further on a facility limit at the point of default.
Credit Risk	The risk that a counterparty will default and will be unable to fulfil the obligations of their contract.
Credit Valuation Adjustment (CVA)	Adjustments to the fair values of derivative assets to reflect the creditworthiness of the counterparty.
EU Banking Group	Banco Santander group, a leading and commercial bank headquartered in Spain.
Expected Loss (EL)	The Santander UK Group Holdings plc group measure of anticipated loss for exposures captured under an internal ratings-based credit risk approach for capital adequacy calculations. It is measured as the Santander UK Group Holdings plc group-modelled view of anticipated loss based on Probability of Default, Loss Given Default and Exposure at Default, with a one-year time horizon.
Exposure	The maximum loss that a financial institution might suffer if a borrower, counterparty or group fails to meet their obligations or assets and off-balance sheet positions have to be realised.
Exposure at Default (EAD)	The estimation of the extent to which the Santander UK Group Holdings plc group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit.
Fair Value	The value of an asset or liability when the transaction is on an arm's length basis.
Financial Policy Committee	An independent committee at the Bank of England with the objective of overseeing and taking action to remove or reduce systemic risks to protect and enhance the resilience of the UK financial system.
Foundation Internal Ratings Based Approach (FIRB)	A method of calculation for credit risk capital requirements using internal estimate of PD with supervisory estimates for LGD and supervisory calculations for EAD.
Global 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 UK CRR framework, for calculating credit risk capital requirements using the Santander UK Group Holdings plc group's internal Probability of Default models but with supervisory estimates of Loss Given Default and conversion factors for the calculation of Exposure at Default.
Leverage Ratio	UK CRR end-point Tier 1 capital divided by exposures as defined by the European Commission Delegated Regulation 2015/62 of October 2014. In July 2016, the definition was amended to exclude from the calculation for total exposure those assets held against central banks that are matched by deposits in the same currency and of equal or longer maturity.
Loss Given Default (LGD)	The fraction of Exposure at Default that will not be recovered following default. LGD comprises the actual loss (the part that is not recovered), together with the economic costs associated with the recovery process.
Mark-to-Market Approach	An approach available to banks to calculate the exposure value associated with derivative transactions.
Market Risk	The risk of loss of earnings or economic value due to adverse changes in the financial market.
Maturity or Residual Maturity (for RWAs)	Remaining time until a transaction expires.
Minimum Capital Requirement	Minimum capital required for credit, market and operational risk.
Multilateral Development Banks	An institution created by a group of countries to provide financing for the purpose of development.
Operational Risk	The risk of loss due to the failure of people, process or technology.
Pillar 1	The first pillar of the Basel III approach which provides the approach to the calculation of the minimum capital requirements. This is 8% of the banks risk-weighted assets.
Pillar 3	The part of the UK CRR Accord which sets out the disclosure requirements for firms to publish details of their risks, capital and risk management. The aims are greater transparency and strengthening market discipline.
Probability of Default (PD)	The degree of likelihood that the counterparty fails to meet their financial obligation, within a period of one year.
Prudential Regulation Authority (PRA)	The UK financial services regulator formed as one of the successors to the Bank of England and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm.
Prudential Valuation Adjustment (PVA)	These are adjustments to the tier 1 capital where the prudent value of the position in the trading book is seen by the bank as being below the fair value recognised in the financial statements.
Regulatory Capital	The amount of capital that the Santander UK Group Holdings plc group holds, determined in accordance with rules established by the UK PRA for the consolidated Santander UK Group Holdings plc group and by local regulators for individual Santander UK Group Holdings plc group companies.
Repurchase Agreement (repo)/Reverse Repurchase Agreement (reverse repo)	In a sale and repurchase agreement one party, the seller, sells a financial asset to another party, the buyer, under commitments to reacquire the asset at a later date. The buyer at the same time agrees to resell the asset at the same later date. From the seller's perspective such agreements are securities sold under repurchase agreements (repos) and from the buyer's securities purchased under commitments to resell (reverse repos).
Retail Internal Ratings Based Approach (Retail IRB)	The Santander UK Group Holdings plc group's internal method of calculating credit risk capital requirements for its key retail portfolios. The FSA approved the Santander UK Group Holdings plc group's application of the Retail IRB approach to the Santander UK Group Holdings plc group's credit portfolios with effect from 1 January 2008.
Risk-Weighted Assets (RWAs)	A measure of a bank's assets adjusted for their associated risks. Risk weightings are established in accordance with the Basel Capital Accord as implemented by the PRA.
RWA Density	The risk-weighted asset divided by exposure at default.
Securities Financing Transactions (SFT)	Transactions involving repurchase agreements and reverse repurchase agreements, stock borrow lending and other securities.
Securitisation Positions	The position assumed by the bank following the purchase of certain structured securities.

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