

**ABBHEY COVERED BONDS LLP**

**Registered in England and Wales  
No: OC312644**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2025**

## MEMBERS' REPORT

The Members present the Members' Report and the audited financial statements for the year ended 31 December 2025.

### Principal activities

Abbey Covered Bonds LLP (the "Partnership") is part of the Santander UK Group Holdings plc group of companies (the "Group").

The principal activity of the Partnership as defined in the securitisation transaction documents (the "transaction documents") which can be found at <http://www.santander.co.uk/uk/about-santander-uk/debt-investors/santander-uk-covered-bonds> is to be a special purpose vehicle whose business is to acquire, inter alia, residential mortgage loans and their related security from Santander UK plc (the "Issuer") pursuant to the terms of the Mortgage Sale Agreement and to guarantee the Covered Bonds. The Partnership will hold the Portfolio and the other charged property in accordance with the terms of the transaction documents.

The Partnership has provided a guarantee covering all guaranteed amounts when the same shall become due for payment but only following service of a Notice to Pay or an LLP Acceleration Notice as defined in the transaction documents. The obligations of the Partnership under the Covered Bond Guarantee and the other transaction documents to which it is a party are secured by the assets of the Partnership, comprising a portfolio of mortgage loans and recourse against the Partnership is limited to such assets.

### Likely future developments

The Members do not expect any significant change in the nature of business in the foreseeable future.

### The programme

The Issuer issues covered bonds, which are a direct, unsecured and unconditional obligation of the Issuer. The Covered Bonds benefit from a guarantee from the Partnership. The Issuer make term advances to the Partnership equal to the sterling proceeds of each issue of covered bonds. The Partnership uses the proceeds of the term advances to purchase portfolios of residential mortgage loans and their security from Santander UK plc. Under the terms of the guarantee, The Partnership has agreed to pay an amount equal to the guaranteed amounts when the same shall become due for payment but with limited recourse to the assets of the Partnership from time to time. Recourse against the Partnership under its guarantee is limited to the portfolio of residential mortgage loans (the 'Portfolio') or (the 'Mortgage Loans').

Under the terms of the Trust Deed, the Partnership has provided a guarantee, in respect of payments of interest and principal under the Covered Bonds. The obligations of the Partnership under the Covered Bond Guarantee constitute direct and (following service of a Notice to Pay or an LLP Acceleration Notice) unconditional obligations of the Partnership, secured as provided in the Deed of Charge. The Bond Trustee will be required to serve a Notice to Pay on the Partnership following the occurrence of an Abbey Event of Default and service of an Abbey Acceleration Notice. An LLP Acceleration Notice may be served by the Bond Trustee on the Partnership following the occurrence of an LLP Event of Default. The Bond Trustee is Wilmington Trust SP Services (London) Ltd.

If an LLP Acceleration Notice is served, the Covered Bonds will (if an Abbey Acceleration Notice has not already been served) become immediately due and payable as against the Issuer and the Partnership's obligations under the Covered Bond Guarantee will be accelerated.

Payments made by the Partnership under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. The recourse of the Covered Bondholders to the Partnership under the Covered Bond Guarantee will be limited to the assets of the Partnership from time to time.

The mortgage loans in the Portfolio are monitored and assessed for impairment on a regular basis at a Group level as, under International Financial Reporting Standard ("IFRS") 9 'Financial Instruments', the beneficial interest in the mortgage Portfolio fails criteria for de-recognition in Santander UK Plc's financial statements and therefore is not recognised on the Balance Sheet of the Partnership, but instead remains on the Balance Sheet of Santander UK plc. Consequently, the Partnership has recognised a deemed loan which is included within Loans and other debts due from Members. The impairment policy applied by Santander UK plc is equivalent to the impairment of financial assets policy of the Partnership. The Partnership is over collateralised as the book value of residential mortgage loans that Santander UK plc had assigned legal title to and acquired an interest in with respect to the Covered Bond structure was greater than the sterling equivalent of notes issued by the Covered Bond programme. Therefore, no impairments are recognised in the financial statements.

The loans included within the underlying Portfolio include repayment loans and interest only loans with balances of less than or equal to £1million.

### Key performance

The Partnership earned interest and similar income of £1,027,231,000 (2024: £866,738,000) and incurred interest expense and similar charges of £1,000,664,000 (2024: £845,560,000) during the year.

The loss of the partnership for the year amounted to £514,450,000 (2024: Profit of £824,984,000) and is primarily driven by the fair value movement of derivative financial instruments.

The following Covered Bond issuances were made by Santander UK plc during the year:

On 23 January 2025, Series 91 for €1,250,000,000 Fixed Rate Covered Bonds, with a legal final maturity date of April 2029.

On 23 January 2025, Series 92 for €750,000,000 Fixed Rate Covered Bonds, with a legal final maturity date of January 2033.

On 20 May 2025, Series 93 for £1,000,000,000 Fixed Rate Covered Bonds, with a legal final maturity date of May 2028.

## MEMBERS' REPORT (CONTINUED)

The increase in the loans and debts due to related parties of £1,865,706,000 (2024: increase of £2,080,667,000) is due to the net increase in advances to Members represented by £2,686,600,000 new covered bonds issued in the year (2024: £5,874,800,000) less £1,148,250,000 of covered bonds redeemed in the year (2024: £3,400,449,000 bonds redeemed) plus the foreign exchange gain of £373,299,000 (2024: less foreign exchange gain £342,589,000) less hedging movement of £45,943,000 (2024: £47,073,000).

The key performance indicators used by management are predominantly consideration of whether there have been breaches of the transaction documents. However, there are certain measures (triggers) set out in the transaction documents which are relevant to the Partnership including assessing whether all counterparties involved in the transaction have a rating that remains adequate to support their on-going roles in the programme, and arrears related events.

For the current year and prior year, breaches which arose and the measures taken to mitigate risk were as follows:

Loss of required rating by the Issuer and pre-maturity liquidity test failure – Santander UK plc's credit rating from Fitch fell below the required credit ratings where covered bond maturity arose within 12 months. To remedy this, the swap notional value was credited to the pre-maturity liquidity ledger in accordance with the Investor Report terms.

Supplemental Liquidity Event - Santander UK plc's rating from Fitch fell below the benchmark and as a remedial action the swap notional value was credited to the pre-maturity liquidity ledger in accordance with the Investor Report terms.

For the current the following further breach arose:

Reserve Fund trigger - Santander UK plc's rating from S&P fell below the benchmark and as a remedial action a Reserve Fund has been set up and credited monthly with available revenue receipts up to an amount equal to the reserve fund requirement.

### Fair review of the Partnership's business

The Group manages its operations on a divisional basis. For this reason, the Members believe that further key performance indicators for the Partnership are not necessary or appropriate for an understanding of the development, performance or position of the business. The performances of the divisions of Santander UK plc, which include the Partnership, are discussed in the Group's Annual Report which does not form part of this Report and is available from the Corporate Governance Office, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.

The purpose of this Report is to provide information to the Members of the Partnership and as such it is only addressed to those Members. The Report may contain certain forward-looking statements with respect to the operations, performance and financial condition of the Partnership. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and the Partnership undertakes no obligation to update any forward-looking statement during the year. Nothing in this Report should be construed as a profit forecast.

During the year, the Partnership has undergone transition from reporting under UK-adopted International Accounting Standards to FRS 101 as issued by the Financial Reporting Council and with the requirements of the Companies Act 2006 as applicable to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. The transition has not resulted in any changes to the Partnership's Balance Sheet and Comprehensive Income. The only changes in financial statements are availing disclosure exemptions permitted by FRS 101.

### Going concern

For the Partnership's statement on going concern, see Note 1.

### Events after the balance sheet date

For details of events after the balance sheet date, see Note 15.

### Principal risks and uncertainties facing the Partnership

For details of the principal risks and uncertainties, see Note 3.

### Designated Members

The designated Members who served during the year and to the date of signing the financial statements were as follows:

Santander UK plc  
Abbey Covered Bonds (LM) Limited

### Members' interests

The policy regarding the allocation of results to Members and the treatment of capital contributions and drawings is set out in the accounting policies in Note 1 to the financial statements.

### Streamlined Energy and Carbon Reporting (SECR)

The Partnership is out of scope of SECR, as it does not meet the numerical thresholds in relation to turnover and number of employees.

## MEMBERS' REPORT (CONTINUED)

### Financial instruments

The main purpose of the Partnership's financial instruments is to raise finance for the Group's operations.

### Statement of Members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, as applied to limited liability partnerships, members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The members are responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are also responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006.

The members are responsible for the maintenance and integrity of the Partnership's financial statements published on the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Corporate governance

The Members have been charged with governance in accordance with the transaction documents which govern the structure and operation of the transactions to which the Partnership is party.

The governance structure of the Partnership is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

### Geopolitical and macroeconomic risks

The Partnership continues to monitor risk from geopolitical and macroeconomic events and the potential impact on the business.

### Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the Partnership's forthcoming Annual General Meeting, in accordance with the Limited Liabilities Partnerships Act and Companies Act 2006.

On behalf of the Partnership



Thompson Fisher, Authorised Signatory  
Wilmington Trust SP Services (London) Limited  
Designated Member

6 May 2026

Registered Office Address: 2 Triton Square, Regent's Place, London, NW1 3AN

# Independent auditors’ report to the members of Abbey Covered Bonds LLP

## Report on the audit of the financial statements

### Opinion

In our opinion, Abbey Covered Bonds LLP’s financial statements:

- give a true and fair view of the state of the partnership’s affairs as at 31 December 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the “Annual Report”), which comprise:

- the Balance Sheet as at 31 December 2025;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Members’ Interests for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the partnership’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the members’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the partnership’s ability to continue as a going concern.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### Responsibilities of the members for the financial statements

As explained more fully in the Statement of Members' responsibilities in respect of the financial statements, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws

and regulations related to the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships

(Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Making inquiries with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluating the business rationale for any significant transactions that are unusual or outside the scope of the transaction documents;
- Performing audit procedures to address the risk of management override of controls, including through testing journal entries and assessing accounting estimates for evidence of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

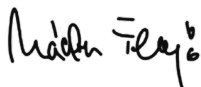
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Marton Fenyo (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
7 May 2026

## PRIMARY FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

Continuing operations	Note	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Interest and similar income	5	1,027,231	866,738
Interest expense and similar charges	6	(1,000,664)	(845,560)
<b>Net interest income</b>		<b>26,567</b>	<b>21,178</b>
Administrative expenses		(32,730)	(28,097)
Net other operating (expense)/ income	7	(508,287)	831,903
<b>(Loss)/ profit for the year</b>	<b>8</b>	<b>(514,450)</b>	<b>824,984</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive (expense)/ income for the year</b>		<b>(514,450)</b>	<b>824,984</b>

The accompanying notes form an integral part of the financial statements.

### STATEMENT OF CHANGES IN MEMBERS' INTERESTS

For the year ended 31 December 2025

	Members' retained gains £000	Loans and other debts due from Members £000	Derivative financial instruments – liabilities £000	Loans and debts due to Members £000	Total changes in members other interests £000
Members' interests at 1 January 2024	752,210	(12,314,485)	188,003	16,354,935	4,980,663
Allocated result:					
Movements during the year	-	(1,876,984)	88,014	2,080,667	291,697
Profit for the year available to Members	824,984	-	-	-	824,984
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>1,577,194</b>	<b>(14,191,469)</b>	<b>276,017</b>	<b>18,435,602</b>	<b>6,097,344</b>
Allocated result:					
Movements during the year	-	(1,156,587)	(175,835)	1,865,706	533,284
Loss for the year attributable to Members	(514,450)	-	-	-	(514,450)
<b>Members' interests at 31 December 2025</b>	<b>1,062,744</b>	<b>(15,348,056)</b>	<b>100,182</b>	<b>20,301,308</b>	<b>6,116,178</b>

The accompanying notes form an integral part of the financial statements.

## PRIMARY FINANCIAL STATEMENTS

### BALANCE SHEET

At 31 December 2025

	Notes	2025 £000	2024 £000
<b>NON-CURRENT ASSETS</b>			
Loans and other debts due from Members	11	12,376,732	13,360,114
Derivative financial instruments – assets	10	877,898	887,026
<b>Total non-current assets</b>		<b>13,254,630</b>	<b>14,247,140</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	5,076,777	4,685,984
Derivative financial instruments – assets	10	392,929	722,730
Loans and other debts due from Members	11	2,971,324	831,355
<b>Total current assets</b>		<b>8,441,030</b>	<b>6,240,069</b>
<b>Total assets</b>		<b>21,695,660</b>	<b>20,487,209</b>
<b>CURRENT LIABILITIES</b>			
Derivative financial instruments – liabilities	10	(59,258)	(264,986)
Loans and debts due to Members	12	(3,930,254)	(1,074,448)
Other liabilities	13	(231,426)	(198,396)
<b>Total current liabilities</b>		<b>(4,220,938)</b>	<b>(1,537,830)</b>
<b>Net current assets</b>		<b>4,220,092</b>	<b>4,702,239</b>
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial instruments – liabilities	10	(40,924)	(11,031)
Loans and debts due to Members	12	(16,371,054)	(17,361,154)
<b>Total non-current liabilities</b>		<b>(16,411,978)</b>	<b>(17,372,185)</b>
<b>Total liabilities</b>		<b>(20,632,916)</b>	<b>(18,910,015)</b>
<b>Net assets attributable to Members</b>		<b>1,062,744</b>	<b>1,577,194</b>
<b>Members' other interests</b>			
Members' retained gains		1,062,744	1,577,194
<b>Total Members' other interests</b>		<b>1,062,744</b>	<b>1,577,194</b>
<b>Total Members' interests</b>			
Members' retained gains		1,062,744	1,577,194
Loans and other debts due from Members	11	(15,348,056)	(14,191,469)
Derivative financial instruments – liabilities	10	100,182	276,017
Loans and debts due to Members	12	20,301,308	18,435,602
<b>Total Members' interests</b>		<b>6,116,178</b>	<b>6,097,344</b>

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 7 to 18 were approved by the Members and authorised for issue on 6 May 2026. They were signed on its behalf by:



Thompson Fisher, Authorised Signatory  
Wilmington Trust SP Services (London) Limited

Designated Member

6 May 2026

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. ACCOUNTING POLICIES

#### General Information

Abbey Covered Bonds LLP (the Partnership) is a limited liability partnership, domiciled and incorporated in the United Kingdom, registered in England and Wales and is part of a European listed group whose ultimate parent is Banco Santander SA. The registered office address of the Partnership is 2 Triton Square, Regent's Place, London NW1 3AN.

#### Basis of preparation

The Partnership has prepared these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historic cost convention with the exception of the revaluation of derivative financial assets and liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006 as applied to limited liability partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

These financial statements are presented with the benefit of the disclosure exemptions permitted by FRS 101 with regards to:

- IAS 7, 'Statement of cash flows' and paragraphs 10(d) (statement of cash flows), and 111 (statement of cash flows information) standards not yet effective;
- 134-136 (capital management disclosures) of IAS 1, 'Presentation of financial statements'
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group and Paragraph 18A of IAS 24, 'Related party disclosures', related to key management services provided by a separate management entity.
- disclosure requirements of IFRS 7 "Financial Instruments: Disclosure" as applicable and IFRS 13 "Fair Value Measurement".

Where required, equivalent disclosures are given in the group financial statements of Santander UK Group Holdings plc. These financial statements are available to the public and can be obtained as set out in note 14.

Accordingly, during the year, the Partnership has undergone transition from reporting under UK-adopted International Accounting Standards to FRS 101 as issued by the Financial Reporting Council and with the requirements of the Companies Act 2006 as applicable to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

The transition has not resulted in any changes to the Partnership's Balance Sheet and Comprehensive Income. The only changes in financial statements are availing disclosure exemptions permitted by FRS 101.

The functional and presentation currency of the Partnership is Pound Sterling. Except where otherwise stated, all figures in the financial statements are presented in thousands of Pounds Sterling (£'000).

#### Going concern

The Partnership's business activities, together with the factors likely to affect its future development, performance and position are set out in the Members' Report. The financial position of the Partnership, its cash flows, liquidity position and borrowing facilities are set out in the financial statements.

The Members acknowledge that the Partnership is in a net asset position of £1,062,744,000 (2024: £1,577,194,000). Under the terms of the covered bonds in issue, the total balance of the Portfolio in the Partnership has to be maintained at a value at least equivalent to the value of the principal of the Covered Bonds in Issue. At 31 December 2025, the book value of residential mortgage loans that Santander UK plc had assigned legal title to and acquired an interest in the Covered Bond structure was £27.4bn (2024: £25.7bn). The Covered Bond structure is over collateralised by £7.1bn (2024: £7.4bn), as the sterling equivalent of notes issued by the Covered Bond programme was £20.3bn (2024: £18.3bn) at 31 December 2025.

In addition, the Partnership has cash balances of £5,076,777,000 (2024: £4,685,984,000). The maturity profile of loans owed to Members is set out in Note 12. Santander UK plc will not be relying on repayment of any term advances by the Partnership or the interest thereon in order to meet its repayment or interest obligations under the Covered Bond programme. The term advances will not be repaid by the Partnership until all amounts payable under the corresponding series of covered bonds have been repaid in full.

The Members, having considered the financial position of the Partnership and the Covered Bond structure as a whole, believe that the Partnership is well placed to manage its business risks successfully.

The Members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Having assessed the principal risks of the Partnership, the Members consider it appropriate to adopt the going concern basis of accounting in preparing the Annual Report and Financial Statements.

#### Recent accounting developments

The Partnership has applied the following amendment for its reporting period commencing 1 January 2025:

– The Partnership has adopted the IASBs amendment to IAS 21 which helps entities determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The amendments do not have a material impact on the Partnership's operations or financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Material accounting policy information

The following material accounting policies have been applied in preparing these financial statements. Those material accounting policies which involve the application of judgements or accounting estimates that are determined to be critical to the preparation of these financial statements are set out in the section headed "Critical accounting estimates and areas of significant management judgement".

#### Foreign currency translation

Items included in the financial statements of the Partnership are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Partnership (the "functional currency").

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency of the Partnership at the rates in effect at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognised in profit or loss and are included in the Statement of Comprehensive Income.

#### Financial Instruments

Under IFRS 9 'Financial Instruments', the beneficial interest in the mortgage Portfolio fails criteria for de-recognition in Santander UK Plc's financial statements and therefore is not recognised on the Balance Sheet of the Partnership, but instead remains on the Balance Sheet of Santander UK plc. Consequently, the Partnership recognises a deemed loan to Santander UK plc, the repayment of which is dependent upon the performance of the underlying residential mortgage Portfolio.

Financial instruments of the Partnership comprise loans and other debts due from Members, derivative financial instruments, cash and cash equivalents, other receivables and payables and Loans and debt due to Members arising from the Partnership's operations. These instruments are recognised, classified and subsequently measured in accordance with IFRS 9 as described below.

#### a) Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Partnership becomes a party to the contractual terms of the instrument. The Partnership determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost.

#### - Loans and other debts due from Members

Considering the various intercompany agreements between Santander UK Plc and the Partnership, including the Mortgage Sale Agreement and the Servicing Agreement the Members have concluded that Santander UK Plc retained substantially all the risks and rewards of the mortgage loans. This is primarily due to the sale, including an element of capital contribution from Santander UK Plc for over-collateralisation and the entitlement to receive deferred consideration. As a result, the transfer of the ownership of the beneficial interest in the mortgages loans does not qualify for the de-recognition according to IFRS 9 'Financial Instruments' and the transfer is instead accounted for as a financing transaction by Santander UK Plc and the Partnership. Notwithstanding the fact that the transaction is a sale from a legal perspective, the Partnership has not recognised the mortgage loans on its Balance Sheet but has instead recognised a receivable from Santander UK Plc (a 'deemed loan'). The deemed loan is included in 'Loans and other debts due from Members'.

The day 1 value of the deemed loan represent the initial consideration paid to Santander UK Plc, from funds received via Term Advances, to acquire the beneficial interest in the mortgage loans. It is subsequently adjusted to account for any mortgage loan sales, capital repayments on the mortgage loans and capital distribution payable by the Partnership to Santander UK Plc.

The business model reflects how the Partnership manages the assets in order to generate cash flows and, specifically, whether the Partnership's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable, such as where the financial assets are held for trading purposes, then the financial assets are classified as part of an 'other' business model and measured at FVTPL. Factors considered in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel and how risks are assessed and managed.

On the basis that the deemed loan (Loans and other debts due from Members) is to be held for collection of the underlying contractual cash flows of mortgage loan Portfolio and the cash flows are deemed to represent solely payments of principal and interest ('SPPI'), it is measured at amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. ACCOUNTING POLICIES (CONTINUED)

#### b) Financial assets and liabilities

##### *Classification and subsequent measurement*

The Partnership classifies its financial assets in the measurement categories of amortised cost and FVTPL.

Financial assets and financial liabilities are classified as FVTPL where there is a requirement to do so or where they are otherwise designated at FVTPL on initial recognition. Financial assets and financial liabilities which are required to be held at FVTPL include:

- Financial assets and financial liabilities held for trading
- Debt instruments that do not have solely payments of principal and interest (SPPI) characteristics. Otherwise, such instruments are measured at amortised cost.

Financial assets and financial liabilities are classified as held for trading if they are derivatives or if they are acquired or incurred principally for the purpose of selling or repurchasing in the near-term, or form part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking.

In certain circumstances other financial assets and financial liabilities are designated at FVTPL where this results in more relevant information. This may arise because it significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on a different basis, where the assets and liabilities are managed and their performance evaluated on a fair value basis or, in the case of financial liabilities, where it contains one or more embedded derivatives which are not closely related to the host contract.

#### c) Financial assets: debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans. Classification and subsequent measurement of debt instruments depend on the Partnership's business model for managing the asset, and the cash flow characteristics of the asset.

The Partnership classifies its debt instruments into one of the following measurement categories:

- Amortised cost – Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL recognised. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. When the estimates of future cash flows are revised, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the income statement.
- FVTPL – Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL, including any debt instruments designated at fair value, is recognised in profit or loss and presented in the income statement in 'Other gains/losses' in the period in which it arises.

The Partnership reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

On the basis that the deemed loan (Loans and other debts due from Members) is to be held for collection of the underlying contractual cash flows of mortgage loan Portfolio and the cash flows are deemed to represent solely payments of principal and interest ('SPPI'), it is measured at amortised cost.

The Partnership assesses on a forward-looking basis the ECL associated with its financial assets carried at amortised cost.

Loans and other debts due from Members represent a loan to Santander UK plc, the repayment of which is dependent upon the performance of the underlying residential mortgage portfolio. At each balance sheet date an assessment is made as to whether, as a result of one or more events, there is a significant increase in credit risk since initial recognition. In assessing these balances for impairment, the Members first consider the impairment of the underlying mortgage loans and consider the ECL of the loans and other debts due from Members taking into account the relevant credit enhancements available to the Partnership. Credit enhancements are provided in the form of over-collateralisation. Based upon these credit enhancements, the loss given default is deemed to be nil and therefore no impairment provision is recognised.

Critical judgements used in the impairment assessment are discussed under Critical judgements and accounting estimates.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Derivative financial instruments

Derivative financial instruments ('derivatives') are contracts or agreements whose value is derived from one or more underlying indices or asset values inherent in the contract or agreement, which require no or little initial net investment and are settled at a future date.

The Partnership holds cross currency swaps in order to manage foreign currency risk arising on the foreign denominated loans due to related parties. The Partnership also holds interest rate swaps to hedge significant future transactions and cash flows dependent on movement in interest rates.

Derivatives are recognised initially (on the date on which a derivative contract is entered into), and are subsequently remeasured, at their fair value. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow and option pricing models. The Partnership holds no exchange traded derivatives.

Derivatives are contracted with Santander UK plc or counterparties laid out in transaction documents. If subsequently there is a ratings downgrade of the counterparty credit rating, remedial measures include provision of collateral for obligations under the relevant swap.

#### Interest income and expense

The Partnership recognises interest cash flows from the mortgage loans only to the extent that it is entitled to retain such cash flows under the transaction documents. After all payments required under the transaction documents have been made, all excess income is returned to Santander UK plc as deferred consideration under the terms of the Mortgage Sale Agreement. The interest income recognised in relation to the deemed loan is therefore limited to that proportion of interest income on the mortgage loans that the Partnership is entitled to retain, to make payments under the transaction documents. Income in excess of this is not recognised by the Partnership as it has no entitlement to it and must return it to Santander UK Plc as deferred consideration.

Interest income on financial assets that are classified as financial assets at amortised cost and interest expense on financial liabilities other than those at fair value through profit and loss are determined using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the instrument excluding future credit losses. The calculation includes all amounts paid or received by the Partnership that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of the financial instrument and all other premiums or discounts. Interest income and expense is shown gross in the Statement of Comprehensive Income.

#### Contributions and drawings

Under the terms of the Limited Liability Partnership Deed describing the sale of the beneficial interest in the mortgage Portfolio, Santander UK plc is legally treated as having made a capital contribution to the Partnership in an amount equal to the difference between the current balance of the loans assigned at transfer date and the cash payment made by the Partnership for the loans and relevant security on that transfer date.

The member companies of the Partnership are Santander UK plc, the controlling party and Abbey Covered Bonds (LM) Limited. Both companies are incorporated in England and Wales.

Each member may from time to time make cash contributions to the Partnership which will constitute cash capital contributions. It is not intended that Abbey Covered Bonds (LM) Limited will make any capital contributions to the Partnership either in cash or in kind. No interest is paid on the Members' capital balances. Capital distributions are made in accordance with the Limited Liability Partnership Deed only once payments of a higher priority have been made and if sufficient principal receipts are available.

As the sale of the beneficial interest in the mortgage Portfolio does not pass the de-recognition criteria as described in IFRS 9, capital contributions represent cash capital contributions only, as it has been deemed that the transfer of mortgages has never occurred. Therefore, no capital contributions in kind have been recorded in these financial statements.

Under the priority of payments, payment pro rata and pari passu to the Members of the sum of £3,000 (or such other sum as may be agreed by Members from time to time) in aggregate, is allocated and paid to each member in proportion to their respective legal capital contribution balances calculated as per the Limited Liability Partnership Deed as at the relevant calculation date subject to a minimum of £1 per annum each, as their profit for their respective interests as Members of the Partnership.

#### Taxation

The Partnership is not required to pay tax as per applicable laws.

#### Deferred purchase consideration

Under the terms of the mortgage sale agreement, Santander UK plc, as the originator of the mortgage loans, legally retains the right to receive excess income ("deferred consideration") arising on those loans, after certain higher priority payments have been met by the Partnership. Deferred consideration is treated as a reduction in the interest due from Santander UK plc on the loans and other debts due from Members arising on the failure to recognise the sale of the mortgages. Incremental elements of deferred consideration are recognised on an effective interest rate basis; all other elements are accounted for as incurred.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Financial Guarantee

Financial guarantees are defined as contracts whereby an entity undertakes to make specific payments on behalf of a third party if the latter fails to do so, irrespective of the various legal forms they may have, such as guarantees, insurance policies or credit derivatives. The financial guarantee is reviewed periodically to determine any credit risk exposure associated with the guarantee and, if appropriate, to consider whether a provision is required.

#### Cash and cash equivalents

Cash and cash equivalents comprise assets with less than three months' maturity from the date of acquisition.

### 2. CRITICAL JUDGEMENT AND ACCOUNTING ESTIMATES

The preparation of the Partnership's financial statements in accordance with FRS 101 requires management to make judgements and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management has considered the impact of developments in principal risks and uncertainties, as set out in note 3, on critical judgements and accounting estimates.

The significant judgements, apart from those involving estimation, made by management in these financial statements (key judgements) and the key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year (key estimates), which together are considered critical to the Partnership's results and financial position, are as follows:

#### Initial recognition of Loans and other debts due from Members

Considering the various intercompany agreements between Santander UK plc and the Partnership, the Members have concluded that Santander UK plc retained substantially all risks and rewards of the mortgage loans. This is primarily due to the sale, including an element of capital contribution from Santander UK Plc for over-collateralisation and the entitlement to receive deferred consideration. As a result, the transfer of the ownership of the beneficial interest in the mortgage loans do not qualify for de-recognition under IFRS9 and instead is accounted for as a financing transaction. Accordingly, the Partnership has not recognised the mortgage loans on its Balance Sheet but instead has recognised a receivable from Santander UK Plc (a 'deemed loan'). The deemed loan is included in 'Loans and other debt due from Members'.

Under the terms of the Limited Liability Partnership Deed describing the sale of the beneficial interest in the mortgage Portfolio, Santander UK plc is legally treated as having made a capital contribution to the Partnership in an amount equal to the difference between the current balance of the loans assigned at transfer date and the cash payment made by the Partnership for the loans and relevant security on that transfer date. As the sale of the beneficial interest in the mortgage Portfolio does not pass the recognition criteria as described in IFRS 9, capital contributions represent cash capital contributions only, as it has been deemed that the transfer of mortgages has never occurred. Therefore, no capital contributions in kind have been recorded in these financial statements.

#### Expected credit losses on Loans and other debts due from Members

As described under the 'Impairment of debt instrument financial assets' above, the repayment of the Loans and other debt due from Members is dependent on the performance of the underlying residential mortgage Portfolio. At each balance sheet date an assessment is made as to whether, as a result of one or more events, there is a significant increase in credit risk since initial recognition. In assessing the deemed loans and advances to group companies for impairment, the Members first consider the impairment of the underlying mortgage loans using the above 3 stage approach and consider the ECL of the loans and advances to group companies taking into account the relevant credit enhancements available for the Company in the structure. Accordingly expected losses for Loans and other debt due from Members are immaterial and are only likely to be material if the ECL on the underlying assets exceeded the available credit enhancements.

#### Estimates

The following accounting estimates are considered significant to the portrayal of the Partnership's financial results and financial condition because: (i) they are highly susceptible to change from period to period as assumptions are made to calculate the estimates, and (ii) any significant difference between the estimated amounts and actual amounts could have a material impact on the Partnership's future financial results and financial condition.

#### Fair value of derivatives

The fair value of derivatives is dependent on the market conditions prevailing at the date of valuation. At each balance sheet date an assessment is made on the fair value of derivative assets and liabilities and any resulting gains or losses arising since the previous reporting period are taken to net other operating income in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 3. FINANCIAL RISK MANAGEMENT

#### Principal risks and uncertainties facing the Partnership

The Santander UK Group Holdings plc Risk Frameworks have been adopted by the Partnership to ensure consistency of application.

The Partnership's assets mainly comprise cash, loans and other debts due from members and derivatives. These assets expose it to credit risk, market risk and liquidity risk.

The Partnership's liabilities comprise loans and debts due to members, derivatives and other liabilities, which largely consist of accrued interest payable. These liabilities expose it to liquidity risk, currency risk, interest rate risk and market risk.

The principal risks are as follows:

#### **Market risk**

Market risk is the risk of loss of income, economic or market value due to changes to interest rates or to changes in other market risk factors. The principal market risks that the Partnership is exposed to are interest rate risk and currency risk.

#### **Interest rate risk:**

Interest rate risk arises from timing mismatches in repricing fixed and variable rate assets and liabilities.

Interest rate swaps are used to economically hedge the risk associated with variable cash flows arising from the mortgage assets.

#### **Currency risk:**

Cross currency swaps are used to hedge against currency risks so that total interest income and expense on financial assets and liabilities is based on the same sterling interest rates.

Derivatives are contracted with Santander UK plc or counterparties laid out in transaction documents. If subsequently there is a ratings downgrade of the counterparty credit rating, remedial measures include provision of collateral for obligations under the relevant swap.

#### **Credit risk**

Credit risk is the risk of financial loss due to the default or credit quality deterioration of a counterparty, for whom the Partnership has assumed a financial obligation.

The beneficial interest in the mortgage Portfolio fails criteria for de-recognition in Santander UK Plc's financial statements and therefore is not recognised on the Balance Sheet of the Partnership, but instead remains on the Balance Sheet of Santander UK plc. Consequently, the Partnership has recognised a "deemed loan" as detailed in note 11.

The mortgage loans in the Portfolio are monitored and assessed for impairment on a regular basis at a Group level as, under IFRS 9 'Financial Instruments'. The impairment policy applied by Santander UK plc is equivalent to the impairment of financial assets policy of the Partnership. The Partnership is over collateralised as the book value of residential mortgage loans that Santander UK plc had assigned legal title to and acquired an interest in with respect to the Covered Bond structure was greater than the sterling equivalent of notes issued by the Covered Bond programme. Therefore, no impairments are recognised in the financial statements.

Santander UK plc is rated by credit rating agencies whose ratings can be found under the investor relations page at [www.santander.co.uk](http://www.santander.co.uk). The Company reviews and publishes arrears data of securitised loans within the monthly investor reports that can be found under Investor Relations at [www.santander.co.uk](http://www.santander.co.uk).

#### **Liquidity risk**

Liquidity risk is the risk that the Partnership does not have sufficient liquid financial resources available to meet its obligations when they fall due, or that it can only secure such resources at excessive cost.

The framework of the overall securitisation structure is designed to ensure liquidity risk is minimised in accordance with the transaction documents. Cashflows from the underlying mortgages are used to pay amounts of principal and interest against the covered bonds as and when they fall due.

The Members ensure there are sufficient funds to meet payments as they fall due through related party funding in circumstances when the Partnership is in a net liabilities situation.

The Partnership does not issue debt securities. These are issued by Santander UK plc on behalf of the Covered Bonds securitisation structure. The Term advances included in Loans and debts due to Members are repayable when the associated bonds in issue are redeemed.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Partnership operates in one business sector and all of the Partnership's activities are in the UK.

### 5. INTEREST AND SIMILAR INCOME

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Swap interest receivable from Santander UK plc	788,414	643,829
Interest income on loans and debts due to Members	52,829	-
Bank interest income from Santander UK plc	185,988	222,909
	<b>1,027,231</b>	<b>866,738</b>

In the previous year, income on interest rate swaps of £981,266, 000 and expenses on cross-currency swaps of £337,437,000 have been presented net within interest receivable. Prior-year comparatives have not been restated, as management considers the impact of the change in presentation to be immaterial.

### 6. INTEREST EXPENSE AND SIMILAR CHARGES

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Swap interest payable to Santander UK plc	257,696	-
Interest expense on loans and debts due to Members	-	134,604
Interest expense on loans due to Santander UK plc	735,068	705,066
Amortisation of start-up costs	7,900	5,890
	<b>1,000,664</b>	<b>845,560</b>

In the previous year, income on interest rate swaps of £981,266, 000 and expenses on cross-currency swaps of £337,437,000 have been presented net within interest receivable. Prior-year comparatives have not been restated, as management considers the impact of the change in presentation to be immaterial.

### 7. NET OTHER OPERATING (EXPENSE)/ INCOME

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Fair value hedging:		
- Amortisation of discontinued hedges (note 12)	46,673	47,073
Fair value (losses)/ gains on derivatives	(562,327)	774,798
Foreign exchange (losses)/ gains on loans and debts due to Members	(371,718)	342,589
Foreign exchange gains/ (losses) on derivative financial instruments	371,718	(342,590)
Unrealised foreign exchange gains on trading activities	7,367	10,033
	<b>(508,287)</b>	<b>831,903</b>

### 8. (LOSS)/ PROFIT FOR THE YEAR

#### Staff costs

The Partnership had no employees in the current or previous financial year.

#### Auditors' remuneration

The audit fee for the current year, net of VAT, is £38,990 (2024: £37,490). For both the current and prior year, fees relating to non-audit services provided to the Partnership have been borne by Santander UK plc.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 9. CASH AND CASH EQUIVALENTS

	2025 £000	2024 £000
Deposits with Santander UK plc	5,076,777	4,685,984
	<b>5,076,777</b>	<b>4,685,984</b>

All cash balances held with Santander UK plc are held under a Guaranteed Investment Contract and are classified as restricted funds, as withdrawals are restricted by a priority of payments in accordance with the terms of the securitisation structure.

### 10. DERIVATIVE FINANCIAL INSTRUMENTS

#### Hedge accounting

In the case of discontinued fair value hedges, the cumulative adjustment that had been made to the carrying amount of the hedged item is amortised to the Statement of Comprehensive Income using the effective interest method over the period to maturity (see note 7).

#### Movements in derivative financial instruments

The following table provides a reconciliation of the movement between opening and closing balances of asset and liability financial instruments:

	Assets £000	Liabilities £000	Net £000
<b>At 1 January 2024</b>	<b>1,076,222</b>	<b>(188,003)</b>	<b>888,219</b>
Movement in principal	(84,218)	(272,834)	(357,052)
Interest movements	(40,193)	67,967	27,774
Fair value movements	657,945	116,853	774,798
<b>At 31 December 2024 and 1 January 2025</b>	<b>1,609,756</b>	<b>(276,017)</b>	<b>1,333,739</b>
Movement in principal	244,289	128,912	373,201
Interest movements	105,161	(76,157)	29,004
Fair value movements	(688,379)	123,080	(565,299)
<b>At 31 December 2025</b>	<b>1,270,827</b>	<b>(100,182)</b>	<b>1,170,645</b>

### 11. LOANS AND OTHER DEBTS DUE FROM MEMBERS

	2025 Book Value £000	2024 Book Value £000
<b>Loans and other debts due from Santander UK plc</b>		
Value at 31 December	<b>15,348,056</b>	14,191,469
<b>The loan is receivable as follows:</b>		
Current	<b>2,971,324</b>	831,355
Non-current	<b>12,376,732</b>	13,360,114
<b>Total</b>	<b>15,348,056</b>	14,191,469

The beneficial interest in the mortgage Portfolio fails criteria for de-recognition in Santander UK Plc's financial statements and therefore is not recognised on the Balance Sheet of the Partnership, but instead remains on the Balance Sheet of Santander UK plc. Consequently, the Partnership has recognised a deemed loan as detailed above.

The mortgage loans in the Portfolio are monitored and assessed for impairment on a regular basis at a Group level as, under IFRS 9 'Financial Instruments'. The impairment policy applied by Santander UK plc is equivalent to the impairment of financial assets policy of the Partnership. The Partnership is over collateralised as the book value of residential mortgage loans that Santander UK plc had assigned legal title to and acquired an interest in with respect to the Covered Bond structure was greater than the sterling equivalent of notes issued by the Covered Bond programme. Therefore, no impairments are recognised in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 11. LOANS AND OTHER DEBTS DUE FROM MEMBERS (CONTINUED)

The maximum exposure to credit risk without taking into account collateral or credit enhancements is the carrying amount of the loans and other debts due from Members of £15.3bn (2024: £14.2bn) and the fair value of derivative financial assets of £1.3bn (2024: £1.6bn). At the balance sheet date no ECL allowance was recognised on all financial assets subject to credit risk.

At 31 December 2025, the book value of residential mortgage loans that Santander UK plc had assigned legal title to and acquired an interest in the Covered Bond structure was £27.4bn (2024: £25.7bn). The Covered Bond structure is over collateralised by £7.1bn (2024: £7.4bn), as the sterling equivalent of notes issued by the Covered Bond programme was £20.3bn (2024: £18.3bn) at 31 December 2025.

The loans included within the underlying Portfolio include repayment loans and interest only loans with balances of less than £1million. These are all secured on residential properties in the UK.

### 12. LOANS AND DEBTS DUE TO MEMBERS

	2025 £000	2024 £000
Loans and debts due to Santander UK plc	20,301,308	18,435,602
<b>These borrowings are repayable as follows:</b>		
Less than 3 months	2,802,269	826,498
Between 3 and 12 months	1,127,985	247,950
Between 1 and 5 years	14,766,230	16,172,671
Greater than five years	1,604,824	1,188,483
	<b>20,301,308</b>	<b>18,435,602</b>

The amount owing to related parties comprises term advances equivalent to the amounts raised by Santander UK plc under its Covered Bond programme. The rate of interest payable in respect of each term advance matches the interest rate payable in respect of the corresponding tranche or series of covered bonds.

Santander UK plc will not be relying on repayment of any term advances by the Partnership or the interest thereon in order to meet its repayment or interest obligations under the Covered Bond programme. The term advances will not be repaid by the Partnership until all amounts payable under the corresponding series of covered bonds have been repaid in full. Amounts owed by the Partnership to Santander UK plc will be subordinated to amounts owed by the Partnership under the Covered Bond Guarantee described below.

Under the terms of the trust deed, the Partnership guarantees that payments of interest and principal under the covered bonds, where amounts would otherwise be unpaid by Santander UK plc, will be borne by the Partnership. The obligations of the Partnership under its guarantee constitute direct obligations of the Partnership secured against the assets of the Partnership and recourse against the Partnership is limited to such assets. The principal asset is the interest in the mortgage Portfolio acquired from Santander UK plc.

The amounts due to Santander UK plc mature at various dates between 2 March 2026 and 6 February 2032. For amounts settled during the year, there were no significant differences between the settlement values and the fair values at the prior year balance sheet date. Included in the carrying amount of loans from related parties are the following fair value hedge accounting valuation adjustments arising from these loans.

	2025 £000	2024 £000
Fair value hedge accounting valuation adjustments	48,530	94,472

The movements of the fair value hedge accounting valuation adjustments were: £000

At 1 January 2024	142,579
Foreign exchange adjustments	(1,034)
Amortisation of the discontinued hedges	(47,073)
At 31 December 2024 and 1 January 2025	94,472
Foreign exchange adjustments	731
Amortisation of the discontinued hedges	(46,673)
At 31 December 2025	48,530

### 13. OTHER LIABILITIES

	2025 £000	2024 £000
Accrued interest payable to Santander UK plc	231,262	198,278
Accrued expenses	164	118
	<b>231,426</b>	<b>198,396</b>

Other liabilities are deemed repayable within one year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 14. PARENT UNDERTAKING AND CONTROLLING PARTY

The member companies of the Partnership are Santander UK plc, the controlling party, and Abbey Covered Bonds (LM) Limited. Both companies are registered in England and Wales.

The administration, operations, accounting and financial reporting functions of the Partnership are performed by Santander UK plc, which is incorporated in Great Britain and registered in England and Wales.

Santander UK plc has been delegated administration and servicing functions in respect of the loans on behalf of the mortgages' trustee and the beneficiary as the service providers.

The Partnership is a Special Purpose Entity controlled by and is therefore consolidated within the Santander UK Group Holdings plc group financial statements.

The Partnership's ultimate controlling party is Banco Santander SA a company incorporated in Spain. Banco Santander SA is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Partnership is a member. Santander UK plc is the parent undertaking of the smallest group of undertakings for which the group financial statements are drawn up and of which the Partnership is a member.

Copies of all sets of group financial statements, which include the results of the Partnership, are available from the Corporate Governance Office, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.

### 15. EVENTS AFTER THE BALANCE SHEET DATE

Other than those disclosed below, there were no adjusting or significant non-adjusting events that have occurred between the 31 December 2025 and the date of authorisation of these financial statements.

The following Covered Bond issuances were made by Santander UK plc since the year end:

On 17 February 2026, Series 94 €1,250,000,000 Fixed Rate Covered Bonds, with a legal final maturity date of May 2029.

On 17 February 2026, Series 95 for €1,000,000,000 Fixed Rate Covered Bonds, with a legal final maturity date of February 2033.

On 26 March 2026, Series 96 for £1,500,000,000 Floating Rate Covered Bonds, with a legal final maturity date of March 2031.