

**ABBHEY COVERED BONDS LLP**

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2024**

## MEMBERS' REPORT

The Members submit the Members' Report and the audited financial statements for the year ended 31 December 2024.

### 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 £866,738,000 (2023: £732,713,000) and incurred interest expense and similar charges of £845,560,000 (2023: £711,531,000) during the year.

The Profit of the partnership for the year amounted to £824,984,000 (2023: £406,366,000) and is primarily driven by the fair value movement of derivative financial instruments.

## MEMBERS' REPORT (CONTINUED)

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

On 15 January 2024, Series 84 for £1,250,000,000 Floating Rate Covered Bonds, due July 2027.  
On 21 February 2024, Series 85 for CHF 310,000,000 Fixed Rate Covered Bonds, due November 2028.  
On 15 March 2024, Series 86 for €1,500,000,000 Fixed Rate Covered Bonds, due March 2029.  
On 20 May 2024, Series 87 for €500,000,000 Floating Rate Covered Bonds, due 12 May 2027.  
On 20 May 2024, Series 88 for €1,000,000,000 Fixed Rate Covered Bonds, due 12 May 2031.  
On 9 September 2024, Series 88 for £1,000,000,000 Fixed Rate Covered Bonds, due 12 September 2029.  
On 9 December 2024, Series 88 for US\$1,000,000,000 Fixed Rate Covered Bonds, due 12 December 2027.

The increase in the loans and debts due to related parties of £2,080,667,000 (2023: increase of £748,284,000) is due to the net increase in advances to Members represented by £5,874,800,000 new covered bonds issued in the year (2023: £2,943,535,000) less £3,400,449,000 of covered bonds redeemed in the year (2023: £1,960,822,000 bonds redeemed) less the foreign exchange gain of £342,589,000 (2023: less foreign exchange gain £182,735,000) less hedging movement of £47,073,000 (2023: £48,599,000).

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.

Breaches which have arisen during the year and the measures taken to mitigate risk are as follows:

Loss of required rating by the Issuer and pre-maturity liquidity test failure – Santander UK plc's credit rating 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 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.

### Principal risks and uncertainties facing the Partnership

The Partnership's principal risks and uncertainties together with the processes that are in place to monitor and mitigate those risks where possible can be found in Notes 3 and 16.

### Increased uncertainty in Macroeconomic and Geopolitical Environment

In recent months there has been a number of macroeconomic and geopolitical events, including the US announcement of wide-ranging import tariffs on many countries around the world on 2 April 2025. The tariffs announcements have caused significant volatility on global stock markets and the situation remains uncertain as higher tariff rates have since been paused whilst the US/ China tariff position remains unclear. This has created a degree of uncertainty in the global financial markets. At this stage the impact of these events on the UK economy remains unclear. The Partnership does not anticipate that these will have a direct impact on the financial position of the Partnership.

### Subsequent events

Other than those disclosed below, there were no adjusting or significant non-adjusting events that have occurred between the 31 December 2024 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 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)

### Designated Members

The designated Members who served throughout the year and to the date of this report 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.

### 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 UK-adopted international accounting standards.

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 LLP and of the profit or loss of the LLP 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 UK-adopted international accounting standards 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 LLP will continue in business.

The Members are responsible for safeguarding the assets of the LLP 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 LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP 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 LLP'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.

### Statement of 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. In addition, Notes 3 and 16 to the financial statements include the Partnership's financial risk management objectives; its exposures to credit risk and liquidity risk; and its policies and processes for managing its capital.

The Members acknowledge that the Partnership is in a net asset position of £1,577,194,000 (2023: £752,210,000). 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. As at 31 December 2024, 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 £25.7bn (2023: £21.9bn). The Covered Bond structure is over collateralised by £7.4bn (2023: £5.7bn), as the sterling equivalent of notes issued by the Covered Bond programme was £18.3bn (2023: £16.2bn) as at 31 December 2024.

In addition, the Partnership has cash balances of £4,685,984,000 (2023: £4,062,239,000). The maturity profile of loans owed to Members is set out in Note 13. 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. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual Report and Financial Statements.

## MEMBERS' REPORT (CONTINUED)

### Streamlined Energy and Carbon Reporting (SECR)

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

### Financial instruments

The Partnership's financial instruments, other than derivatives, comprise loans and other debts to group undertakings, borrowings, cash and liquid resources, and various items, such as other assets and liabilities that arise directly from its operations. The main purpose of the Partnership is to act as the guarantor under Santander UK Plc's EUR35 billion Global Covered Bond Programme.

The Partnership also enters into derivative transactions (principally cross currency swaps and interest rate swaps). The purpose of such transactions is to manage the currency and interest rate risks arising from the Partnership's operations and its sources of finance.

It is, and has been throughout the year under review, the Partnership's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Partnership's financial instruments are currency risk and interest rate risk. The Partnership has US Dollars and Euro term advances payable denominated in Sterling. The Santander Board reviews and agrees policies for managing these risks. The Partnership's policy is to eliminate all exposures arising from movements in exchange rates and interest rates by the use of cross currency swaps or interest rate swaps to economically hedge payments of interest and principal on the securities.

All other assets, liabilities and transactions are denominated in Sterling.

Further disclosures regarding the financial risk management objectives and policies and the Partnership's exposure to principal risks can be found in Note 3. Principal risks applicable to the Partnership include credit risk, liquidity risk, operational risk, market risk and interest rate risk.

### 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.

Each of the Members as at the date of approval of this report confirms that:

- so far as the Member is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- the Member has taken all steps that he/she ought to have taken as a Member to make himself/herself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### 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.

Approved by the Members:



For and on behalf of the Partnership  
Designated Member

23 June 2025

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 LLP's affairs as at 31 December 2024 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2024; the Statement of Comprehensive Income, the Statement of Cash Flows and 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 LLP 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 LLP'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 LLP'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 LLP'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 LLP 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 LLP 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, 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 regulation and fraud;
- Evaluating the business rationale for any significant transactions that are unusual or outside the scope of the Transaction documents;
- Testing on a sample basis, that the priority of payments has been applied in accordance with the underlying Transaction documents;
- Performing audit procedures to address the risk of management override of controls, including through assessing 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.

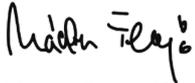
## Other required reporting

### 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 LLP, 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

23 June 2025

## PRIMARY FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

Continuing operations	Note	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Interest and similar income	5	866,738	732,713
Interest expense and similar charges	6	(845,560)	(711,531)
<b>Net interest income</b>		<b>21,178</b>	<b>21,182</b>
Administration expenses		(28,097)	(27,446)
Net other operating income	7	831,903	412,630
<b>Profit for the year</b>	8	<b>824,984</b>	<b>406,366</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>824,984</b>	<b>406,366</b>

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

### STATEMENT OF CHANGES IN MEMBERS' OTHER INTERESTS

For the year ended 31 December

	Members' retained gains £000	Members' other interests £000
Members' other interest as at 31 December 2022 and 1 January 2023	345,844	345,844
Allocated result:		
Profit for the year available for division among Members	406,366	406,366
<b>Balance at 31 December 2023 and 1 January 2024</b>	<b>752,210</b>	<b>752,210</b>
Allocated result:		
Profit for the year available for division among Members	824,984	824,984
<b>Members' other interests at 31 December 2024</b>	<b>1,577,194</b>	<b>1,577,194</b>

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

## PRIMARY FINANCIAL STATEMENTS

### BALANCE SHEET

As at 31 December 2024

	Notes	2024 £000	* Restated 2023 £000
<b>NON-CURRENT ASSETS</b>			
Loans and other debts due from Members	12	13,360,114	9,669,367
Derivative financial instruments – assets	11	887,026	1,037,840
<b>Total non-current assets</b>		<b>14,247,140</b>	<b>10,707,207</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	4,685,984	4,062,239
Derivative financial instruments – assets	11	722,730	38,382
Loans and other debts due from Members	12	831,355	2,645,118
<b>Total current assets</b>		<b>6,240,069</b>	<b>6,745,739</b>
<b>Total assets</b>		<b>20,487,209</b>	<b>17,452,946</b>
<b>CURRENT LIABILITIES</b>			
Derivative financial instruments – liabilities	11	(264,986)	(182,932)
Loans and debts due to Members	13	(1,074,448)	(3,482,370)
Other liabilities	14	(198,396)	(157,798)
<b>Total current liabilities</b>		<b>(1,537,830)</b>	<b>(3,823,100)</b>
<b>Net current assets</b>		<b>4,702,239</b>	<b>2,922,639</b>
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial instruments – liabilities	11	(11,031)	(5,071)
Loans and debts due to Members	13	(17,361,154)	(12,872,565)
<b>Total non-current liabilities</b>		<b>(17,372,185)</b>	<b>(12,877,636)</b>
<b>Total liabilities</b>		<b>(18,910,015)</b>	<b>(16,700,736)</b>
<b>Net assets attributable to Members</b>		<b>1,577,194</b>	<b>752,210</b>
<b>Members' other interests</b>			
Members' retained gains		1,577,194	752,210
<b>Total Members' other interests</b>		<b>1,577,194</b>	<b>752,210</b>
<b>Total Members' interests</b>			
Members' retained gains		1,577,194	752,210
Loans and other debts due from Members	12	(14,191,469)	(12,314,485)
Derivative financial instruments – liabilities	11	276,017	188,003
Loans and debts due to related parties	13	18,435,602	16,354,935
<b>Total Members' interests</b>		<b>6,097,344</b>	<b>4,980,663</b>

\* Restated – see note 12 in relation to the restatement of the maturity profile of Loans and other debts due from Members.

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

The financial statements on pages 8 to 25 were approved by the Members and signed on its behalf by:

A handwritten signature in black ink, appearing to read "Matthew Richardson". The signature is written in a cursive style with a large initial 'M'.

For and on behalf of the Partnership  
Designated Member

23 June 2025

## PRIMARY FINANCIAL STATEMENTS

### STATEMENT OF CASH FLOWS

For the year ended 31 December

	Note	2024 £000	2023 £000
<b>Cash flows used in operating activities</b>			
Profit for the year		824,984	406,366
Adjustments for non-cash items included in profit:			
Foreign exchange movement on loans and debts due to related parties	7	(287,941)	(229,698)
Foreign exchange movement on derivative financial instruments	7	287,941	182,735
Fair value gains on derivatives	7	(774,799)	(353,849)
Unrealised foreign exchange gains on trading activities	7	(4,844)	(10,182)
Amortisation of discontinued hedges	7	(47,073)	(48,599)
<b>Operating cash flows before movements in working capital</b>		<b>(1,732)</b>	<b>(53,227)</b>
Net movement in total derivative financial instruments		41,327	99,306
Increase in other liabilities		40,597	30,502
<b>Net cash generated from operating activities</b>		<b>80,192</b>	<b>76,581</b>
<b>Cash flows used in investing activities</b>			
Loans advanced to Members		(1,876,985)	(1,333,347)
<b>Net cash used in investing activities</b>		<b>(1,876,985)</b>	<b>(1,333,347)</b>
<b>Cash flows generated from financing activities</b>			
Redemption of loans from Members		(3,454,262)	(1,965,550)
Issue of loans to Members		5,874,800	2,943,535
<b>Net cash generated from financing activities</b>		<b>2,420,538</b>	<b>977,985</b>
Net increase/ (decrease) in cash and cash equivalents during the year		623,745	(278,781)
Cash and cash equivalents at beginning of year		4,062,239	4,341,020
<b>Cash and cash equivalents at end of year</b>	9	<b>4,685,984</b>	<b>4,062,239</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### General Information

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's financial statements have been prepared in accordance with UK-adopted international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

The financial statements have been prepared under the historical cost convention and on a going concern basis as disclosed in the statement of going concern set out in the Members' Report.

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).

#### Recent accounting developments

There were no significant new or revised pronouncements, which became effective from 1 January 2024, which impacted these financial statements.

#### Future accounting developments

The IASB issued the following new/amended accounting standards which are not yet effective and have not been endorsed for use in the UK:

– Effective 1 January 2026: 'Amendments to the Classification and Measurement of Financial Instruments' (Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures') - the amendments set out changes to settling financial liabilities using an electronic payment system, assessing contractual cash flow characteristics of financial assets including those with environmental, social and governance (ESG)-linked features and requiring additional disclosures for certain financial instruments.

– Effective 1 January 2027: IFRS 18 'Presentation and Disclosure in Financial Statements' – the new standard will replace IAS 1 'Presentation of Financial Statements' and introduces changes to the categories for classifying income and expenses and subtotals presented in the income statement and new or amended disclosures in respect of management-defined performance measures and specified expenses by nature.

The Partnership is assessing these new/amended accounting standards to determine the potential impacts on the financial statements when they become effective or if they are otherwise earlier adopted when available.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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.

##### *Business model*

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. ACCOUNTING POLICIES (CONTINUED)

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.

#### *Solely Payment of Principal and Interest (SPPI)*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Partnership assesses whether the assets' cash flows represent SPPI. In making this assessment, the Partnership considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Based on these factors, 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.

#### **Impairment of debt instrument financial assets**

Expected credit losses are recognised on all financial assets at amortised cost or at fair value through other comprehensive income. The expected credit loss considers forward looking information to recognise impairment allowances earlier in the lifecycle of a product. A three-stage approach to impairment measurement is adopted as follows:

- Stage 1 - the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
- Stage 2 - lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and
- Stage 3 - lifetime expected credit losses for financial instruments which are credit impaired.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets are written off when it is reasonably certain that receivables are irrecoverable.

#### **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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise assets with less than three months' maturity from the date of acquisition, including cash, restricted balances and non-restricted balances with central banks, loans and advances to banks and amounts due from other banks.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF SIGNIFICANT MANAGEMENT JUDGEMENT

The preparation of the Partnership's financial statements requires management to make judgements and accounting estimates that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its judgements and accounting estimates, which are based on historical experience and on other factors that are believed to be reasonable under the circumstances, on an on-going basis. Actual results may differ from these estimates under different assumptions or conditions.

#### Judgements

The Partnership makes the following critical accounting judgements in applying its accounting policies that have a significant impact on the amounts recognised in the financial statements.

#### 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. Note 11 includes a table showing the sensitivity of these fair values to reasonably possible alternative assumptions. Favourable and unfavourable changes are determined on the basis of changes in the value of the instrument as a result of varying the levels of the unobservable market data as described in the table.

### 3. FINANCIAL RISK MANAGEMENT

Risk management is carried out in accordance with the Covered Bond Transaction Document by the central risk management function of the Santander UK Group Holdings plc group.

Authority flows from the Santander UK plc Board to the Chief Executive Officer and from him to his direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management of oversight. Risks associated with the Covered Bond programme are outlined in the transaction documents.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Partnership losing amounts advanced together with interest on those advances. The main source of credit risk is in the Loans and other debts due from Members and derivative financial instruments assets.

Key metrics under IFRS 9 are as follows:

Metric	Description
<b>Expected credit losses (ECL)</b>	ECL tells the Partnership what credit risk is likely to cost either over the next 12 months on qualifying exposures, or defaults over the lifetime of the exposure where there is evidence of a significant increase in credit risk (SICR) since origination. ECL calculation is explained below.
<b>Stages 1, 2 and 3</b>	The Partnership assesses each facility's credit risk profile to determine which stage to allocate them to, and it monitors where there is a SICR and transfers between the stages. Allocation of a facility to Stage 1, 2 or 3 is explained below.
<b>Significant increase in credit risk (SICR)</b>	Loans which have suffered a SICR since origination are subject to a lifetime ECL assessment which extends to a maximum of the contractual maturity of the loan. Loans which have not experienced a SICR are subject to 12 month ECL. The Partnership assesses each facility's credit risk profile to determine which of three stages to allocate them to, see the Partnership's accounting policies on Note 1.

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 £14.2bn (2023: £12.3bn) and the fair value of derivative financial assets of £1.6bn (2023: £1.1bn). At the balance sheet date no ECL allowance was recognised on all financial assets subject to credit risk.

As at 31 December 2024, 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 £25.7bn (2023: £21.9bn). The Covered Bond structure is over collateralised by £7.4bn (2023: £5.7bn), as the sterling equivalent of notes issued by the Covered Bond programme was £18.3bn (2023: £16.2bn) as at 31 December 2024.

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.

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.

Loans and other debt due from Members represent the deemed 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 the deemed loan to Santander UK plc 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 loan taking into account the relevant credit enhancements available for the Partnership in the structure. Accordingly, expected losses for the loans to Santander UK plc would arise if the ECL on the underlying assets is greater than the available credit enhancements.

#### Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Partnership does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost.

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 2024

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Maturities of financial liabilities*

The table below analyses the maturities of the undiscounted cash flows relating to the financial liabilities of the Partnership based on the remaining period to the contractual maturity date at the Balance Sheet date.

At 31 December 2024	On demand £000	1-3 months £000	3-12 months £000	1-5 years £000	Over 5 years £000	2024 Total £000
Loans and debts due to Members	-	(826,498)	(247,950)	(16,172,671)	(1,188,483)	(18,435,602)
Derivative financial liabilities	-	(63,633)	(201,353)	(69,168)	58,137	(276,017)
Interest payable to related parties	-	(240,052)	(725,195)	(1,727,197)	(81,697)	(2,774,141)
<b>Total</b>	-	<b>(1,130,183)</b>	<b>(1,174,498)</b>	<b>(17,969,036)</b>	<b>(1,212,043)</b>	<b>(21,485,760)</b>

At 31 December 2023	On demand £000	1-3 months £000	3-12 months £000	1-5 years £000	Over 5 years £000	2023 Total £000
Loans and debts due to Members	-	(1,104,073)	(2,378,297)	(11,765,287)	(1,107,278)	(16,354,935)
Derivative financial liabilities	-	(53,497)	(129,435)	(5,071)	-	(188,003)
Interest payable to related parties	-	(231,614)	(629,780)	(1,625,513)	(51,622)	(2,538,529)
<b>Total</b>	-	<b>(1,389,184)</b>	<b>(3,137,512)</b>	<b>(13,395,871)</b>	<b>(1,158,900)</b>	<b>(19,081,467)</b>

The maturity analyses above for derivative financial liabilities include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows. The undiscounted cash flows for the derivative financial instruments comprise only the amounts payable under the contract. Under the terms of the contract these cash outflows are accompanied by related cash inflows.

#### **Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes regulatory, legal and compliance risk. Operational risk is monitored and managed within the Group. An independent central operational risk function has responsibility for establishing the framework within which these risks are managed and is aligned to operational risk professionals within business areas to ensure consistent approaches are applied across the Group. The primary purpose of the framework is to define and articulate the Group-wide policy, processes, roles and responsibilities.

The day-to-day management of operational risk is the responsibility of business managers who identify, assess and monitor the risks, in line with the processes described in the framework. The operational risk function ensures that all key risks are regularly reported to the Group's risk committee and Board of Members.

#### **Market risk**

Market risk is potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. The Partnership is subject to market risk in the form of interest rate risk from fluctuations in interest rates and currency risks from the fluctuations in the United States Dollar and Euro.

In order to hedge against currency risks, the Partnership enters into cross currency swaps and as a result of this, the Partnership's total interest income and expense on financial assets and liabilities is based on the same sterling interest rates; it therefore has no material cash flow sensitivity to changes in currency rates in either 2024 or 2023. As a result, no sensitivity analysis is presented for currency risk as the changes to the two instruments will be equal and offsetting.

The Partnership also enters into interest rate swap contracts with Santander UK plc, a related party, to manage basis risk between interest flows on the cross currency swaps and on interest payments received from Santander UK plc. Hedge accounting was adopted for that funding until it was discontinued so that the Partnership was hedged against the exposure to interest rate volatility from the movement in fair value of those interest rate swap contracts. Derivative interest gains are disclosed in note 7.

#### **Interest rate risk**

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate interest bearing assets at the end of the reporting year. The analysis is prepared assuming that amount outstanding, for which amounts receivable are based upon, was outstanding for the whole year.

A 50bp positive or adverse movement in interest rates, with all other variables held constant, would result in a decrease in operating profit and increase in net liabilities of £27,088,000 (2023: £34,129,000). A 50bp positive movement in interest rates, with all other variables held constant, would result in an increase in operating profit and decrease in net liabilities of £27,088,000 (2023: £34,129,000).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 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 2024 £000	Year ended 31 December 2023 £000
Swap interest receivable from Santander UK plc	643,829	525,937
Bank interest income from Santander UK plc	222,909	206,776
	<b>866,738</b>	<b>732,713</b>

### 6. INTEREST EXPENSE AND SIMILAR CHARGES

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Interest expense on loans and debts due to Members	134,604	148,326
Interest expense on loans due to Santander UK plc	705,066	556,381
Amortisation of start-up costs	5,890	6,824
	<b>845,560</b>	<b>711,531</b>

### 7. NET OTHER OPERATING INCOME

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Fair value hedging:		
- Amortisation of discontinued hedges (note 11)	47,073	48,599
Fair value gains on derivatives	774,798	353,849
Foreign exchange gains on loans and debts due to Members	342,589	182,735
Foreign exchange losses on derivative financial instruments	(342,590)	(182,735)
Cross currency swap gains	-	10,182
Unrealised foreign exchange gains on trading activities	10,033	-
	<b>831,903</b>	<b>412,630</b>

### 8. TOTAL OPERATING 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 £37,490 (2023: £21,700). For both the current and prior year, fees relating to non-audit services provided to the Partnership have been borne by Santander UK plc.

### 9. CASH AND CASH EQUIVALENTS

	2024 £000	2023 £000
Cash and cash equivalents	4,685,984	4,062,239
	<b>4,685,984</b>	<b>4,062,239</b>

Cash and cash equivalent balances due from Santander UK plc, a related party, was £4,685,984,000 (2023: £4,062,239,000).

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 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).

### 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair value measurement and hierarchy

##### (i) Fair value measurement

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Partnership has access at that date. The fair value of a liability reflects its non-performance risk.

##### Financial instruments valued using observable market prices

If a quoted market price in an active market is available for an instrument, the fair value is calculated as the current exit price multiplied by the number of units of the instrument held.

##### Financial instruments valued using a valuation technique

In the absence of a quoted market price in an active market, management uses internal models to make its best estimate of the price that the market would set for that financial instrument. In order to make these estimations, various techniques are employed, including extrapolation from observable market data and observation of similar financial instruments with similar characteristics. Wherever possible, valuation parameters for each product are based on prices directly observable in active markets or that can be derived from directly observable market prices.

Chosen valuation techniques incorporate all the factors that market participants would take into account in pricing transactions. The Partnership manages certain groups of financial assets and liabilities on the basis of its net exposure to either market risks or credit risk. As a result, it has elected to use the exception under IFRS 13 which permits the fair value measurement of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position for a particular risk exposure or paid to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions.

##### (ii) Fair value hierarchy

The Partnership categorises assets and liabilities measured at fair value within the fair value hierarchy based on the inputs to the valuation techniques as follows:

##### **Level 1 - Unadjusted quoted prices for identical assets or liabilities in an active market that the Partnership can access at the measurement date.**

Active markets are assessed by reference to average daily trading volumes in absolute terms and, where applicable, by reference to market capitalisation for the instrument.

##### **Level 2 - Internal models based on observable market data**

Quoted prices in inactive markets, quoted prices for similar assets or liabilities, recent market transactions, inputs other than quoted market prices for the asset or liability that are observable either directly or indirectly for substantially the full term, and inputs to valuation techniques that are derived principally from or corroborated by observable market data through correlation or other statistical means for substantially the full term of the asset or liability.

##### **Level 3 - Significant unobservable assumptions to reasonably possible alternatives**

Significant inputs to the pricing or valuation techniques are unobservable.

These unobservable inputs reflect the assumptions that market participants would use when pricing assets or liabilities and are considered significant to the overall valuation.

Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Partnership recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 11. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Valuation techniques

The main valuation techniques employed in internal models to measure the fair value of the financial instruments at 31 December 2024 and 2023 are set out below. The principal inputs into these models are mainly derived from Level 3 unobservable inputs. The Partnership did not make any material changes to the valuation techniques and internal models it used in 2024 and 2023.

In the valuation of financial instruments requiring static hedging (for example interest rate and currency derivatives) and in the valuation of loans and advances and deposits, the 'present value' method is used. Expected future cash flows are discounted using the interest rate curves of the applicable currencies or forward house price index levels, as well as credit spreads. The interest rate curves are generally observable market data and reference yield curves derived from quoted interest rates in appropriate time bandings, which match the timings of the cash flows and maturities of the instruments.

The fair values of the financial instruments arising from Santander UK's internal models take into account, among other things, contract terms and observable market data, which include such factors as bid-offer spread, interest rates, credit risk, exchange rates, the quoted market price of equity securities, and volatility. In all cases, when it is not possible to derive a valuation for a particular feature of an instrument, management uses judgement to determine the fair value of the particular feature. In exercising this judgement, a variety of tools are used including proxy observable data, historical data and extrapolation techniques. Extrapolation techniques take into account behavioural characteristics of equity markets that have been observed over time, and for which there is a strong case to support an expectation of a continuing trend in the future. Estimates are calibrated to observable market prices when they become available.

Santander UK believes its valuation methods are appropriate and consistent with other market participants. Nevertheless, the use of different valuation methods or assumptions, including imprecision in estimating unobservable market inputs, to determine the fair value of certain financial instruments could result in different estimates of fair value at the reporting date and the amount of gain or loss recorded for a particular instrument. Most of the valuation models are not significantly subjective, because they can be tested and, if necessary, recalibrated by the internal calculation of and subsequent comparison to market prices of actively traded securities, where available.

For covered pool swap and securitisation funding swap models, the valuation is created using internal prepayment speeds and rate projections to estimate future mortgage flows which are subsequently discounted using net present value techniques based upon current market levels.

#### Control framework

Fair values are subject to a control framework designed to ensure that they are either determined or validated by a function independent of the risk-taker. To this end, ultimate responsibility for the determination of fair values lies with the Santander UK's Risk Department. For all financial instruments where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or verification is utilised. In inactive markets, direct observation of a traded price may not be possible. In these circumstances, the Partnership will source alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable. The factors that are considered in this regard include:

- The extent to which prices may be expected to represent genuine traded or tradeable prices
- The degree of similarity between financial instruments
- The degree of consistency between different sources
- The process followed by the pricing provider to derive the data
- The elapsed time between the date to which the market data relates and the balance sheet date
- The manner in which the data was sourced. The source of pricing data is considered as part of the process that determines the classification of the level of a financial instrument.

Consideration is given to the quality of the information available that provides the current mark-to-model valuation and estimates of how different these valuations could be on an actual trade, taking into consideration how active the market is. For spot assets that cannot be sold due to illiquidity, forward estimates are discounted to estimate a realisable value over time. Adjustments for illiquid positions are regularly reviewed to reflect changing market conditions. For fair values determined using a valuation model, the control framework may include as applicable, independent development and / or validation of:

- (i) the logic within the models;
- (ii) the inputs to those models; and
- (iii) any adjustments required outside the models.

Internal valuation models are validated independently within the Risk Department. A validation report is produced for each model-derived valuation that assesses the mathematical assumptions behind the model, the implementation of the model and its integration within the trading system.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 11. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair values of financial instruments measured at fair value

The following tables summarise the fair values of the financial assets and liabilities accounted for at fair value at 31 December 2024 and 31 December 2023, analysed by their levels in the fair value hierarchy - Level 1, Level 2 and Level 3.

31 December 2024 Balance Sheet category	Internal models based on						Total £000	%	Valuation Technique
	Level 1		Level 2		Level 3				
	£000	%	£000	%	£000	%			
<b>Assets</b>									
<b>Derivative assets:</b>									
Foreign exchange contracts	-	-	27,386	42	-	-	27,386	2	
Interest rate swaps	-	-	37,585	58	1,544,785	100	1,582,370	98	
<b>Total assets at fair value</b>	-	-	<b>64,971</b>	<b>100</b>	<b>1,544,785</b>	<b>100</b>	<b>1,609,756</b>	<b>100</b>	<b>A</b>
<b>Liabilities</b>									
<b>Derivative liabilities:</b>									
Foreign exchange contracts	-	-	265,075	96	-	-	265,075	96	A
Interest rate swaps	-	-	10,942	4	-	-	10,942	4	B
<b>Total liabilities at fair value</b>	-	-	<b>276,017</b>	<b>100</b>	-	-	<b>276,017</b>	<b>100</b>	

31 December 2023 Balance Sheet category	Internal models based on						Total £000	%	Valuation Technique
	Level 1		Level 2		Level 3				
	£000	%	£000	%	£000	%			
<b>Assets</b>									
<b>Derivative assets:</b>									
Foreign exchange contracts	-	-	98,891	69	-	-	98,891	9	
Interest rate swaps	-	-	44,693	31	932,638	100	977,331	91	
<b>Total assets at fair value</b>	-	-	<b>143,584</b>	<b>100</b>	<b>932,638</b>	<b>100</b>	<b>1,076,222</b>	<b>100</b>	<b>A</b>
<b>Liabilities</b>									
<b>Derivative liabilities:</b>									
Foreign exchange contracts	-	-	187,733	100	-	-	187,733	100	A
Interest rate swaps	-	-	270	-	-	-	270	-	B
<b>Total liabilities at fair value</b>	-	-	<b>188,003</b>	<b>100</b>	-	-	<b>188,003</b>	<b>100</b>	

The majority of derivatives are categorised as level 3 as significant inputs to the pricing or valuation techniques are unobservable. Where derivatives are categorised as level 2, valuations are generated by swap models which use present value calculations and incorporate assumptions for interest rate curves and foreign exchange spot and forward rates.

#### Sensitivity of the fair values

The following table shows the sensitivity of these fair values to weighted average mortgage rate payable. Favourable and unfavourable changes are determined on the basis of changes in the value of the instrument as a result of varying the levels of the weighted average mortgage rate payable as described in the table below. Changes in the internal prepayment speeds are not sensitive and do not materially affect the fair value. The potential effects do not take into effect any hedged positions.

2024:	Fair value £000	Assumption description	Sensitivity				
			Range (1)	Weighted average	Shift	Favourable changes £000	Unfavourable changes £000
Derivative assets: Interest rate swaps	1,544,785	Weighted Average Mortgage Rate Payable	3% - 7%	4%	0.50%	93,830	(88,965)

(1) - The range of actual assumption values used to calculate the weighted average disclosure

2023:	Fair value £000	Assumption description	Sensitivity		
			Shift	Favourable changes £000	Unfavourable changes £000
Derivative assets: Interest rate swaps	932,639	Weighted Average Mortgage Rate Payable	0.5%	258,535	(258,535)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 11. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Reconciliation of fair value measurements in the fair value hierarchy

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 2023</b>	<b>1,041,654</b>	<b>(284,021)</b>	<b>757,633</b>
Movement in principal	(99,509)	(135,370)	(234,879)
Interest movements	38,038	(34,257)	3,781
Fair value movements	96,039	265,645	361,684
<b>At 31 December 2023 and 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</b>	<b>1,609,756</b>	<b>(276,017)</b>	<b>1,333,739</b>

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

	2024 Book Value £000	2024 Fair Value £000	2023 Book Value £000	2023 Fair Value £000
<b>Loans and other debts due from Santander UK plc</b>				
Value at 31 December	<b>14,191,469</b>	<b>14,283,847</b>	12,314,485	12,226,406

	2024 Book Value £000	* Restated 2023 Book Value £000
<b>The loan is receivable as follows:</b>		
Current	<b>831,355</b>	2,645,118
Non-current	<b>13,360,114</b>	9,669,367
<b>Total</b>	<b>14,191,469</b>	12,314,485

\* See Restatement below

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 International Financial Reporting Standard ("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 2024

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

#### Restatement

During the year, the Partnership carried out a review of the presentation of loans and other debts due from members and determined that there was an error in the prior year classification as it did not appropriately apply the requirements of IAS 1 *Presentation of Financial Statements* where amounts were classified as current assets when there was no expectation of realising them in the next 12 months. The Partnership concluded that the loan should be reclassified into its non-current portion to meet the requirement of the accounting standard.

This has resulted in a proportion of the loans and other debts due from members being presented as a non-current asset. Previously, the entire amount of loans and debts due to members was presented as a current asset.

The impact of this adjustment is summarised below:

	As previously stated	Adjustments	As restated	As previously stated	Adjustments	As restated
	At 1 January 2023	At 1 January 2023	At 1 January 2023	At 31 December 2023	At 31 December 2023	At 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
<b>NON-CURRENT ASSETS</b>						
Loans and other debts due from Members	-	9,571,001	9,571,001	-	9,669,367	9,669,367
<b>Total non-current assets</b>	<b>959,380</b>	<b>9,571,001</b>	<b>10,530,381</b>	<b>1,037,840</b>	<b>9,669,367</b>	<b>10,707,207</b>
<b>CURRENT ASSETS</b>						
Loans and other debts due from Members	10,981,138	(9,571,001)	1,410,137	12,314,485	(9,669,367)	2,645,118
<b>Total current assets</b>	<b>15,404,432</b>	<b>(9,571,001)</b>	<b>1,410,137</b>	<b>16,415,106</b>	<b>(9,669,367)</b>	<b>6,745,739</b>

This restatement has no impact on either the result for the prior year nor the cash flow statement.

### 13. LOANS AND DEBTS DUE TO MEMBERS

	2024 £000	2023 £000
Loans and debts due to Santander UK plc	<b>18,435,602</b>	16,354,935
<b>These borrowings are repayable as follows:</b>		
Less than 3 months	<b>826,498</b>	1,104,073
Between 3 and 12 months	<b>247,950</b>	2,378,297
Between 1 and 5 years	<b>16,172,671</b>	11,765,287
Greater than five years	<b>1,188,483</b>	1,107,278
	<b>18,435,602</b>	16,354,935

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 13. LOANS AND DEBTS DUE TO MEMBERS (CONTINUED)

The amounts due to Santander UK plc mature at various dates between 10 January 2025 and 26 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. The carrying amount of loans and debt due to related parties approximates to fair value except where shown below:

	2024 Book Value £000	2024 Fair Value £000	2023 Book Value £000	2023 Fair Value £000
<b>Loans and debts due to Members</b>				
Value at 31 December	<b>18,435,602</b>	<b>18,697,508</b>	16,354,935	16,449,993

Following a review by management during the year, loans and debts due to Members are disclosed at book value and fair value. This has had no impact on the Statement of Comprehensive Income. The fair value is calculated by discounting the expected future cash flows.

Included in the carrying amount of loans from related parties are the following fair value hedge accounting valuation adjustments arising from these loans.

	2024 £000	2023 £000
Fair value hedge accounting valuation adjustments	<b>94,472</b>	142,579

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

	£000
At 1 January 2023	191,992
Foreign exchange adjustments	(814)
Amortisation of the discontinued hedges	(48,599)
At 31 December 2023 and 1 January 2024	<b>142,579</b>
Foreign exchange adjustments	(1,034)
Amortisation of the discontinued hedges	(47,073)
At 31 December 2024	<b>94,472</b>

### 14. OTHER LIABILITIES

	2024 £000	2023 £000
Accrued expenses	<b>118</b>	72
Accrued interest payable	<b>198,278</b>	157,726
	<b>198,396</b>	157,798

Other liabilities include £198,278,000 (2023: £157,726,000) of accrued interest payable to Santander UK plc. Other liabilities are deemed repayable within one year.

### 15. RELATED PARTY TRANSACTIONS

During the year, the Partnership entered into the following transactions and held the following balances with related parties:

2024:	Interest income £000	Interest expense £000	Amounts due from related parties £000	Amounts due to related parties £000	Accrued interest payable £000	Derivative financial instruments receivable £000	Derivative financial instruments payable £000
Santander UK plc	866,738	845,560	18,877,453	18,435,602	198,278	1,609,756	276,017
2023:	Interest income £000	Interest expense £000	Amounts due from related parties £000	Amounts due to related parties £000	Accrued interest payable £000	Derivative financial instruments receivable £000	Derivative financial instruments payable £000
Santander UK plc	732,713	711,531	16,376,724	16,354,935	157,726	1,048,137	188,003

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 16. CAPITAL MANAGEMENT AND RESOURCES

Santander UK plc adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK Group Holdings plc group.

Capital held by the Partnership and managed centrally as part of Santander UK plc, comprises Members' interests which can be found in the Balance Sheet on page 10. The Partnership's capital is not externally regulated.

Capital is managed by way of processes set up at inception of the Partnership and documented in the transaction documents, and subsequently there is no active process for managing its own capital. The Partnership is designed to hold minimum reserves once all amounts due on the related party loans have been received and amounts owing, including deferred consideration, have been paid.

### 17. 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.

### 18. SUBSEQUENT EVENTS

Other than those disclosed below, there were no adjusting or significant non-adjusting events that have occurred between the 31 December 2024 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 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.