CATER ALLEN LIMITED

Registered in England and Wales
Company Number 00383032

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2024

STRATEGIC REPORT

The Directors submit the Strategic Report together with their Directors' Report and the audited financial statements of Cater Allen Limited (the Company) for the year ended 31 December 2024.

Principal activities and fair review of the Company's business

The Company is part of the Santander UK group, which comprises Santander UK Group Holdings plc and its subsidiaries (the Santander UK Group or Santander UK). The Company together with Santander UK plc and other subsidiaries of Santander UK plc form the Ring-Fenced Bank group (the RFB Group). Santander Private Banking UK Limited is the immediate parent company and is incorporated in the United Kingdom. The ultimate parent company is Banco Santander SA, a company incorporated in Spain.

The principal activity of the Company is to be an authorised deposit taker under the Financial Services and Markets Act 2000. The Company operates as a retail and commercial bank offering services through specialist intermediaries across a number of different sectors, together with a portfolio of direct customers. The Company offers a range of current accounts and savings products to meet the differing requirements of personal, business and specialist clients. These deposits are subsequently used to fund the wider activities of the Santander UK Group and this funding generates interest income from Santander UK plc. The Company is a private limited company regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

The Company made a profit after tax for the year of £121,588,000 (2023: £122,485,000). At 31 December 2024, the Company had net assets of £397,249,000 (2023: £375,661,000).

The Company's total Net Interest Income (NII) for the year remained broadly aligned with 2023, reporting a year-on-year increase of £3,440,000 (2023: £105,272,000) largely resulting from stability in Bank of England base rates during 2024, relative to the sharper rate increases seen during 2023. The Company is aware that any future significant reductions in base rates could impact NII in future years. Operating costs including amortisation were £2,618,000 higher in 2024 (2023: higher by £1,649,000) versus the prior year as the Company continued to invest in strengthening its economic crime defences and improvements to the digital banking platform.

Customer liabilities (inclusive of accrued interest) increased year on year by £136,816,000 (2023: reduced by £346,224,000). The Company's fixed term deposit portfolio (inclusive of accrued interest) achieved growth of £40,982,000 year on year (2023: growth of £320,479,000). Nonetheless, the market remained highly competitive while operating in a higher rate environment. Established international and digital challengers continued to compete for deposits in the market in addition to the Company's traditional peers. Please also refer to the key performance indicators on the next page.

During the year, the Company paid an interim dividend to its parent totalling £100,000,000 (2023: £100,000,000).

The Company's financial results for the year are set out from page 25.

The Company adopts the policies, practices and Risk Frameworks of Santander UK Group Holdings plc to ensure consistency of application and further information on Santander UK's approach can be found under the Santander UK Group Holdings plc 2024 Annual Report.

The Company is subject to the PRA's Ring-Fenced Bodies rules, which requires the annual review of two key ring-fencing policies - the Exceptions Policy and the Arm's-Length Policy. In practice, the Company discharges its responsibilities for reviewing these policies by leveraging the assessment that is conducted by Santander UK plc in order to meet its own ring-fencing obligations (which include ensuring each entity within the ring-fenced bank performs their ring-fencing obligations).

Further information on the Company can be found via the Company's website, www.caterallen.co.uk.

The purpose of this Report is to provide information to the members of the Company 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 Company. 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 Company undertakes no obligation to update any forward-looking statements during the year. Nothing in this Report should be construed as a profit forecast.

STRATEGIC REPORT (continued)

Key performance indicators

The Company forms part of the Santander UK Group and the results of the Company are consolidated into the Santander UK Group at a divisional level. The Companies key objectives and priorities are:

Objective 1: Customer liabilities and delivering liability growth

Total customer liabilities increased year on year by £137m inclusive of accrued interest, which resulted from the Company's initiatives to focus upon delivering its strategic plan. Most of the growth in deposits stemmed from notice and trust products. The Company's retail current account products saw attrition in deposits totalling £206m. Looking ahead, the Company continues to focus on delivering customer liability growth through various strategies and incentives, particularly the specialist market involving Pension Administrators, IFA's & Wealth Managers & Cash Managers.

Objective 2: Best in class customer experience

The Company had taken measures in 2024 through review of previous customer complaints and subsequent initiatives taken have contributed towards a reduction in complaints year on year by 491. For comparison, in 2023 complaints had risen by 73. Looking ahead into 2025, the Company's key areas of focus is to continue adding value to the overall customer experience through enhancing, simplifying and streamlining customer journeys. Such methods include increased digitalisation of customer journeys and improvements to the digital banking platform, which are targeted to come into fruition in 2025.

Objective 3: Be a responsible and sustainable bank

Looking ahead to 2025, the Company continues to adapt to the ever-changing regulatory landscape.

Objective 4: People

The Company has no employees as all colleagues who are involved in running the Company's business are directly employed by Santander UK plc. Accordingly, the HR policies and practices applicable to these colleagues are those of the Santander UK Group.

Despite having no direct employees, the Company considers its people to be valuable resources, and the Company's primary objective is for an engaged and motivated team. The Company encourages the upskilling of its people through development and training.

KPI's

A summary of key KPI metrics is shown below:

KPI	2024	2023
CET1 capital ratio	98.74%	122.80%
Total volume of accounts	94,125	94,241
New Customer Bank Account Openings	9,030	9,498
Customer portfolio (£'000)*	£5,118,028	£4,981,212
Total Income (£'000)	£195,159	£193,188
Operating expenses including amortisation (£'000)	£26,277	£23,659
Cost-Income Ratio	13.46%	12.25%
Customer Complaints	1,026	1,517

*Total customer portfolio comprises deposits by banks and customer accounts as per the Balance Sheet.

The customer portfolio continues to perform well despite strong market competition, showing incremental growth in the total value of customer deposits, with year on year stability in total account volumes and new account openings, marked with an overall reduction in customer complaints year on year due to initiatives such as improvements to customer journeys.

The reduction in the capital ratio is driven by dividend payments to its parent company. However, the ratio remains firmly within the tolerance of the Company.

STRATEGIC REPORT (continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Santander UK Group is committed to ensuring that stakeholder interests continue to be embedded in all aspects of decision-making across the Santander UK Group, at both Board and management level. The Santander Corporate Governance Office has taken steps to promote awareness and understanding of what is expected of Directors under section 172 of the Companies Act 2006. This includes briefing Directors on their statutory duties, as well as educating the business on ensuring the information they present to boards and management committees draws out the crucial points that will enable Directors to make fully informed decisions which factor in all relevant stakeholder impacts.

As a subsidiary of Santander UK Group Holdings plc, the Company applies policies and standards which are consistent with those adopted by the Santander UK Group Holdings plc Board. This supports efficiency and ensures a consistent approach with regards to engagement with stakeholders on issues and decisions which have an impact across the wider Santander UK Group. You can find out more about the engagement undertaken with key stakeholder groups during the year, and how their interests were considered as part of the Santander UK Group Holdings plc and Santander UK plc Boards' deliberations and decision making, in the Santander UK Group Holdings plc 2024 Annual Report, which does not form part of this report.

The Directors of the Company are fully aware of their responsibilities under section 172 of the Companies Act 2006 and take all appropriate steps to ensure they consider the likely impact of their decisions in the long-term, as well as the interests of the Company's stakeholders. In discharging its responsibility for the overall oversight of Cater Allen Limited, the Board has continued to pay due regard to its duty to promote the long-term success of the Company for the benefit of its shareholder and wider stakeholders, by ensuring its decisions are in accordance with the agreed Santander UK Group strategy. The Board also regularly reviews management information on the progress made by the Company in delivering on this strategy, as well as reporting on business, financial and operational performance and key risks and compliance issues which supports the Directors in staying sighted on stakeholder outcomes and feedback.

The Santander UK Group Holdings plc Board, along with the Company's Board, has identified five key stakeholder groups whose interests and needs it regularly considers. These stakeholders are our customers, people, investors, regulators and communities. Set out below are some examples of how the Company's Directors have paid due regard to the interests of these stakeholders during the year under review.

Our customers are at the heart of our business, and we recognise the value they place on the quality of the service they receive. The Board regularly reviews key metrics that pertain to customer experience, including the quality of application processing, call management and complaint volumes, and any remedial actions being taken where service falls below the standard expected. Specifically, the Board focussed on management's work to improve operational efficiency through increasing digitisation of onboarding processes, resulting in reduced application processing times. Over the year under review, we were encouraged to see an increased standard of service, demonstrated by reduced complaints. The Board will continue to support and challenge management on further developing our systems and processes, including enhancing our digital banking and self-service functionality, in the interests of efficiency and positive customer experience.

The Board also monitors the performance of our main third-party service providers, which is integral to the efficiency and stability of our customer service and receives updates on how management have engaged with these service providers during the year. In particular the Board supported the introduction of additional resources and focus upon managing cyber crime risks across the business.

Embedding the key outcomes outlined under the FCA's Consumer Duty has been important areas of focus for the Board in 2024, recognising that this work was critical for continuing to safeguard the interests of our customers and meeting the expectations of our regulators.

As such, the Board has discussed the embedding of Consumer Duty at several of its scheduled meetings this year. Reporting to the Board included views from the second line of defence on the progress being made by the business to improve relevant identified areas. The Board has monitored management's continued efforts to meet the four Consumer Duty outcomes, as well as reviewing key metrics on culture. The Board provided oversight and guidance to management to ensure appropriate reporting arrangements were in place with a focus on maturing and refining the metrics and thresholds used to best support the robust monitoring of customer outcomes. Cater Allen applies the requirements of the Consumer Duty to all holders of its products, including those who are not captured by the Consumer Duty regulations, focusing on ensuring good outcomes for all customers and intermediary partners.

Our regulators are key stakeholders as they provide us with our licence to trade and we encourage management to engage with them proactively and share information transparently. The Board reviews quarterly compliance and risk reports providing a holistic view of the business' risk and regulatory profile which allows us to prioritise our discussions appropriately. A key area of focus this year has been monitoring improvements in our economic crime risk management capabilities and controls and ensuring the sufficiency of resourcing to deliver these improvements, to help protect our business, customers, and communities. Tackling fraud is another important area for protecting the interests of our customers and the Board has been updated during the year on control initiatives to support fraud prevention. This has included the introduction of 'Scam Chat' to help train our contact centre to support fraud prevention through customer education. We also receive from management regular updates on the progress of the Company's transformation programme which incorporates our regulatory agenda, and assurance on the Company's compliance with ring-fencing requirements and policies.

STRATEGIC REPORT (continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006 (continued)

The Company does not have any direct employees. However, the Board receives reporting on engagement scores for the Santander UK employees who are involved in the running of the Company's business and it is encouraging to see that colleague sentiment has been positive. The CEO and senior management participated in various colleague events during the year.

In terms of our shareholder, the Board ensures that the Company implements and acts in accordance with the Santander UK Group governance and risk frameworks. Good corporate governance is a vital element in ensuring our business operates in a way that is commensurate with good outcomes for stakeholders. In 2024, The Santander UK Subsidiary Governance Framework (SGF) which the Board have adopted clarifies the standards expected regarding important aspects of corporate governance – you can read more about this in the Corporate Governance Statement in the Directors' Report.

The Company's business is managed in accordance with Santander UK Group policies. These policies include those in place to protect our people and provide a safe working environment, to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with customers, suppliers and colleagues, and to ensure that the Santander UK Group continues to operate in a socially responsible manner and manages environmental sustainability.

Further information on Santander UK's Sustainability Strategy can be found in the Santander UK Group Holdings plc 2024 Annual Report, which does not form part of this report.

Principal risks and uncertainties facing the Company

The Company's principal risks and uncertainties together with the processes that are in place to monitor and mitigate those risks where possible can be found under the Risk Review section.

Strategic and Business Risk continue to remain challenging due to a competitive savings market, alongside elevated regulatory focus. The Board regularly reviews potential risks within its operations and plans to ensure the Company operates within its risk appetite.

Increased uncertainty in Macroeconomic and Geopolitical Environment

In recent months there have been a number of macroeconomic and geopolitical events that have created a degree of uncertainty in the global financial markets. At this stage the impact of these events on the UK economy and the Company and its customers remains unclear. The Company is monitoring these events closely and performs stress testing on a range of different scenarios.

On behalf of the Board

Stephen Affleck
Director

24 April 2025

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

REPORT OF THE DIRECTORS

The Directors submit their report together with the Strategic Report and audited financial statements for the year ended 31 December 2024.

Principal activities and review of the business

The Company's principal activities and a fair review of the Company's business is set out in the Strategic Report.

Likely future developments

The Directors do not expect any significant change in the level of business in the foreseeable future.

Results and dividends

The profit for the year on ordinary activities after taxation amounted to £121,588,000 (2023: £122,485,000).

During 2024, the Company paid an interim dividend of £100,000,000 to its parent (2023: £100,000,000), Santander Private Banking UK Limited. The Directors do not recommend payment of a final dividend (2023: £nil).

Events after the balance sheet date

No adjusting or significant non-adjusting events have occurred between the 31 December 2024 and the date of authorisation of the financial statements.

Directors

The Directors who served throughout the year and at the date of this report (except as noted), were as follows:

Christine Joan Palmer
Jose Maria Roldan Alegre (Chair)
Stephen David Affleck
Andrea Melville (resigned 11 April 2025)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards. In preparing the financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

Under company law, directors 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors 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 company will continue in business.

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

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

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

REPORT OF THE DIRECTORS (continued)

Statement of going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, the Risk Review section contains the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk, market risk, liquidity risk and other risks.

The Company has adequate financial resources. The Company's loans and advances to banks consist of amounts that are recoverable within a short period of time (see the credit risk section of the Risk Review). The Company is also party to the Capital support deed and the liquidity support arrangement which are further discussed under note 20.

As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the period of 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements.

Financial instruments

The Company's risks are managed centrally by Santander UK plc with responsibility and oversight by the Company's Board. The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, market risk, liquidity risk, capital risk, financial crime risk, operational risk and conduct and regulatory risk are set out in the Risk review.

Research and development

Santander UK has a comprehensive product approval process and policy which the Company adheres to. New products, campaigns and business initiatives are reviewed by Santander UK's Proposition Approval Forum.

Corporate governance statement

The Company is part of the Santander UK Group, which is committed to achieving high standards of governance. Santander UK Group Holdings plc, the Company's ultimate UK-incorporated parent company applies the UK Corporate Governance Code 2018 in a manner appropriate for its ownership structure, although, as a non-premium listed company, it is not obliged to do so. The Company has not applied a corporate governance code during the year and has instead adopted the Santander UK Corporate Governance Framework (CGF) and Subsidiary Governance Framework (SGF), which it believes is the most appropriate arrangement for the Company as a wholly owned subsidiary. The CGF sets out the key governance principles applicable to Santander UK subsidiaries, including guidelines on delegation of authority, escalations and managing conflicts of interest. The SGF builds upon these governance principles and describes the minimum standards required of Santander UK subsidiaries, ensuring a consistent but risk-based approach is applied. The SGF articulates the roles and responsibilities of subsidiary boards and executive management; the governance principles to facilitate parent oversight of the subsidiaries; and approval paths for key business decisions.

The Board is responsible for the overall leadership of the Company which it fulfils in accordance with the overarching strategic agenda, risk appetite, culture, values and policies set by the Santander UK Group Holdings plc Board, to ensure alignment across the Santander UK Group. The CGF provides for the Company to review its own strategy and risk appetite, within the parameters set by the Santander UK Group Holdings plc Board. During these discussions, the Board considers its respective stakeholder groups, which includes its customers and its shareholder. The Company does not have any employees. The Board has approved a schedule of matters reserved for its consideration and decision, which it reviews on an annual basis.

The structure and composition of the Board is appropriate for the scale, type and complexity of the Company's business and the Directors have the necessary skills, knowledge and experience to oversee the business effectively. The Board has appointed an independent non-executive director as Chair, who brings independent challenge to Board discussions. On appointment, Directors receive a tailored induction to ensure they are fully briefed on the Company's business strategy and operations, governance processes and risk profile, as well as their duties as Directors. Conflicts of interests for Directors are managed in accordance with the Santander UK Conflicts of Interest Policy.

As a member of the Santander UK Group, the Company's business is also subject to the oversight of the Santander UK Group Holdings plc and Santander UK plc Board and Board Committees. For more on the corporate governance arrangements of the Santander UK Group, which includes the Company, see the Santander UK Group Holdings plc 2024 Annual Report, which does not form part of this report.

Qualifying third party indemnities

Enhanced indemnities are provided to certain Directors of the Company by Santander UK Group Holdings plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities were qualifying third party indemnities. All of the indemnities were in force during the financial year and at the date of approval of the Annual Report and financial statements. A copy of each of the indemnities is kept at the registered office address of Santander UK Group Holdings plc.

Statement on business relationships

The Company recognises the importance of fostering relationships with its principal stakeholders and that this is the key to the long-term success of its business. The Company understands the importance of acting fairly and responsibly between members of the Company. For more, see the Section172 Statement in the Strategic Report.

REPORT OF THE DIRECTORS (continued)

Streamlined Energy and Carbon Reporting (SECR)

SECR is considered and managed at a Santander UK Group level. Information on the annual energy use and associated greenhouse gas emissions of the Santander UK Group (including the Company) is set out in the Sustainability Review section of the Strategic Report of the Santander UK Group Holdings plc 2024 Annual Report.

Independent auditors

Each of the Directors as at the date of approval of this Report has confirmed that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

In accordance with Sections 485 and 487 of the Companies Act 2006, PricewaterhouseCoopers LLP have been re-appointed as auditors of the Company.

On behalf of the Board

Stephen Affleck
Director

24 April 2025

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

RISK REVIEW

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK

Cater Allen Limited is wholly owned by Santander UK plc and Santander UK Group Holdings plc is the ultimate UK parent. Santander UK Group Holdings plc and Santander UK plc operate on the basis of a unified business strategy with some overlap in membership, albeit the principal business activities of the Santander UK Group are carried out by Santander UK plc and its subsidiaries, which includes the Company. The Company together with Santander UK plc and the subsidiaries of Santander UK plc, constitute the Ring-Fenced Bank group (the RFB Group). The Company itself is a Ring-fenced bank. The Risk Frameworks of Santander UK Group Holdings plc have been adopted by the Company to ensure consistent application.

Further details around the Santander UK Group's risk governance and risk frameworks can be found under the Risk Review section of the Santander UK Group Holdings plc 2024 Annual Report.

Risk organisational structure

The Company's risks are managed centrally by Santander UK plc with responsibility and oversight by the Company's Board.

The Company adopts the 'three lines of defence' model of the Santander UK Group to manage risk. This model is widely used in the banking industry and has a clear set of principles to put in place a cohesive operating model across an organisation. It does this by separating risk management, risk control and risk assurance. The three lines of defence are as follows:

Line 1 - Risk management

Business Units and Business Support Units identify, assess and manage the risks which originate and exist in their area, within Board Risk Appetite. It is under the executive responsibility of the Santander UK Group's Chief Executive Officer (CEO).

Line 2 - Risk control and oversight

Risk Control Units are independent monitoring, control and oversight functions. They make sure Business Units and Business Support Units manage risks effectively and within the Company's Risk Appetite. It is under the executive responsibility of the Santander UK Group's CEO but responsible to the Santander UK Group's Chief Risk Officer (CRO) for overseeing the first line of defence.

The Risk Control Units are:

- Risk - responsible for credit, liquidity, capital, market, pension, strategic and business, operational, model and enterprise risks.
- Economic crime.
- Compliance - responsible for reputational and conduct and regulatory risks.

Line 3 - Risk assurance

Internal Audit is an independent corporate function of the Santander UK Group. It gives assurance on the design and effectiveness of the Company's risk management and control processes. It is responsible to the Santander UK Group's Chief Internal Auditor (CIA).

Further information around the reporting structure of these three units up to Santander UK Group Board level can be found within the Risk Review section of the Santander UK Group Holdings plc 2024 Annual Report.

Risk appetite

The Company's own Risk Appetite will be the same as the RFB Group, with local tolerances and thresholds in proportion to the size of the Company. Key risk indicators are used to monitor performance to ensure the Company operates and stays within its Risk Appetite.

Principal risks facing the Company

The following sections cover the principal risks facing the Company.

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Credit risk

Credit risk is the risk of financial loss due to the default or credit quality deterioration of a customer or counterparty to which we have assumed a financial obligation. Credit risk is managed centrally by the RFB Group.

Credit risk management and mitigation

The Company's main exposure to credit risk stems from loans and advances to Banks. It has an immaterial exposure to credit risk from loans and advances to customers. The maximum exposure to credit risk is £5,541,000,000 (2023: £5,384,000,000).

The Company's loans and advances to banks relate to bank accounts, deposits placed and intercompany balances with Santander UK plc. Because Santander UK plc is the sole counterparty and holds stable credit ratings, any significant exposure to credit risk against loans and advances to banks is not considered to be material. Therefore, the Company did not recognise any expected credit loss (ECL) provision against these balances, as the ECL is immaterial. Santander UK plc has sufficiently accessible highly liquid assets to repay the loans if demanded, including those not held on demand (Note 9). Furthermore, most of the balance under loans and advances to banks represents placements held on overnight deposits with Santander UK plc. As at the year-end 31 December 2024, no credit impairment losses (2023: nil) were recognised against loans and advances to banks.

Credit risk can also arise from unauthorised overdrafts, however these are considered immaterial to the Company and generally arise from short lived timing differences between payments debiting customer accounts and incoming credits. The company offers no arranged overdrafts or lending facilities. The total value of accounts with a debit balance at the year-end date amounted to £26,000 (2023: £5,000). Also refer to note 10.

Key metrics

The Company uses a number of key metrics to measure and control credit risk, as follows:

Metric	Description
Expected credit losses (ECL)	ECL tells us what credit risk is expected to cost, either over the next 12 months or over the lifetime of the exposure where there is evidence of a SICR since origination. An explanation of how ECL is calculated is discussed below.
Stages 1, 2 and 3	Each facility's credit risk profile is assessed to determine which stage to allocate them to, and monitoring occurs where there is a SICR and transfers between the Stages including monitoring of coverage ratios for each stage.
Expected Loss (EL)	EL is based on the CRD IV regulatory capital rules and provides another view of credit risk. It is the product of the probability of default, exposure at default and loss given default and includes direct and indirect costs. It is based upon Santander UK Group's risk models and an assessment of each customer's credit quality. There are differences between regulatory EL and IFRS 9 ECL. However, adjustments are made to ensure the final outcome reports in line with IFRS 9. More details can be found in the Santander UK Group Holdings plc 2024 Annual Report.

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Market risk

Market risk comprises non-traded market risk and traded market risk. The Company has no traded market risk exposures.

Market risk is the 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 Company's exposure to market risk consists of interest rate risk and foreign exchange risk.

Interest Rate Risk and risk mitigation

The Company's key exposure to interest rate risk stems from the interest income earnt on placements with Santander UK plc versus the interest expense against customer deposits.

Interest income from placements with the intermediate parent, Santander UK plc are not within the control of the Company since these interest rates are set by external parties such as the Bank of England. Changes in base rates may not directly result in a matched change in interest expense because of the need to review and reprice deposits accordingly and the timing in doing so. It is noted the customer deposit portfolio includes products which track the base rate and others which do not, as well as fixed term deposits (note 16). The internal pricing margin earned from Santander UK plc is also not wholly within the control of the Company since it is set by Santander UK plc, however the pricing margin is small in proportion to total interest income, most of which is generated from base rate.

Mitigation steps to reduce interest rate risk include regular reviews towards deposit pricing and the need to consider repricing of deposits when base rates change.

Interest rate sensitivity (audited)

Interest rate sensitivity mainly occurs due to the changes in the Bank of England base rates. However, it also occurs to some extent due to the timing differences between changes in the base rate and changes arising from deposit repricing. Managing sensitivity is not always within the Company's control, for example changes to the base rates or internal pricing rates. The Company only has the ability to manage sensitivity through deposit repricing and the timing of this activity.

A sensitivity analysis has been presented below to show the potential change to net interest income (NII), should base rates increase or decrease by 100bps. The sensitivity has been presented on the assumption that any internal pricing margins remain fixed as these are not within the complete control of the Company and represent only a small portion of total interest income:

	2024 +100bps £000	2024 -100bps £000	2023 +100bps £000	2023 -100bps £000
NII	11,997	(4,474)	5,083	(10,031)

Foreign exchange Risk (audited)

The Company's banking business consists mostly of customer deposits in pounds Sterling, therefore the Company is not significantly exposed to adverse effects that may arise from changes in foreign exchange rates. The Company does however hold a portion of cash balances in Euro and US dollars, since the Company offers customer deposits denominated in Euro or US Dollars. The exposure to foreign exchange risk is mitigated by ensuring ample funds are retained within currency cash accounts to service the needs of the currency customer deposit portfolio, with any surplus moved into the pounds Sterling account.

In the table below are the Company's assets and liabilities that are denominated in foreign currency at the balance sheet date.

	2024 Euro £000	2024 US Dollars £000	2023 Euro £000	2023 US Dollars £000
Loans and advances to banks	40,966	25,783	46,094	33,036
Total assets	40,966	25,783	46,094	33,036
Customer accounts	40,056	24,995	45,449	32,518
Other liabilities	7	12	57	5
Total liabilities	40,063	25,007	45,506	32,523

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Liquidity risk

Liquidity risk is the risk of the Company not having sufficient liquid financial resources available to meet its obligations when they fall due, or can only secure such resources at excessive cost. Day to day operational liquidity management is undertaken by the Company, together with Santander UK plc and certain subsidiaries of Banco Santander SA.

Assets meeting the definition of cash and cash equivalents are readily available to match potential liabilities.

Liquidity risk is also managed centrally by the Santander UK Group. The Company is a member of the RFB Domestic Liquidity Sub-Group, together with its intermediate parent Santander UK plc. The purpose of this Sub-Group is to allow liquid resources to flow into the Company to enable it to manage liquidity risk in accordance with regulatory requirements. Further information can be found under Note 20.

Santander UK plc guarantees the payment or performance of any unsubordinated obligations or liabilities incurred by Cater Allen on or before 31 December 2025 under or in respect of any dealing, transaction or engagement.

Maturities of financial liabilities

The following table analyses the Company's financial liabilities by relevant contractual maturity grouping on an undiscounted cash flow basis based on the remaining period to the contractual maturity date, at the balance sheet date.

At 31 December 2024	On demand £000	Up-to 3 months £000	3-12 months £000	1-5 years £000	Total £000
Customer accounts	4,666,094	148,612	269,433	27,987	5,112,126
Amounts due to group companies	1,305	8,863	-	-	10,168
Deposits by banks	5,902	-	-	-	5,902
Total financial liabilities	4,673,301	157,475	269,433	27,987	5,128,196

At 31 December 2023	On demand £000	Up-to 3 months £000	3-12 months £000	1-5 years £000	Total £000
Customer accounts	4,568,381	86,560	206,470	116,719	4,978,130
Amounts due to group companies	2,084	6,348	-	-	8,432
Deposits by banks	2,753	-	-	329	3,082
Total financial liabilities	4,573,218	92,908	206,470	117,048	4,989,644

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Capital risk

Overview

Capital risk is the risk that we do not have an adequate amount or quality of capital to meet our business objectives, regulatory requirements and market expectations.

Regulatory supervision

For capital purposes, the Company is subject to prudential supervision by the PRA, as a UK bank, and by the European Central Bank (ECB) as part of the Banco Santander group. The ECB supervises Banco Santander SA as part of the Single Supervisory Mechanism (SSM). Although part of the Banco Santander group, the Company does not have a guarantee from Banco Santander SA and the Company operates as a standalone subsidiary. Reinforcing the corporate governance framework of the Santander UK Group, the PRA exercises oversight through its rules and regulations on the Board and senior management appointments of the Santander UK Group.

Santander UK Group Holdings plc is the holding company of Santander UK plc and is the head of the Santander UK Group for regulatory capital and leverage purposes. Santander UK plc is the head of the RFB Group and is subject to regulatory capital and leverage rules in relation to that sub-group. The Company is part of the RFB Group.

Risk appetite

The Company's Board delegates capital management strategy and policy, together with the day to day monitoring of capital to ensure the Company operates within regulatory and internal limits, to Santander UK plc. The Company operates within the Santander UK Group's capital risk framework and the Company's risk appetite approved by the Company's Board.

Management of capital resources (audited)

A mix of regulatory and EC ratios and limits, internal buffers and restrictions are used to manage the Company's capital resources. The costs of differing capital instruments and capital management techniques are also taken into account. These are used to shape the best structure for the Company's capital needs. How to allocate the Company's capital resources are decided as part of the Company's strategic planning process. This is based in part on the relative returns on capital using both EC and regulatory capital measures. The Company plans for severe stresses and sets out what action to take if an extremely severe stress threatened the Company's viability and solvency. This could include not paying dividends, reducing The Company's business and issuing more capital.

Risk measurement

i) Key metrics to measure capital risk

The main metrics used to measure capital risk are CET1 capital ratio and total capital ratio. The Company continues to be in excess of overall capital requirements and minimum leverage requirements and minimum requirements for own funds and eligible liabilities (MREL).

ii) Stress testing

Each year a capital plan is created, as part of the Company's ICAAP. The ICAAP is shared with the PRA as part of the overall Santander UK Group's ICAAP. The PRA then informs how much capital (Pillar 2A), and of what quality, it thinks the Company should hold on top of its Pillar 1 requirements and buffer levels.

Stress testing is carried out using a series of economic scenarios to stress test the Company's capital needs and confirm there is enough regulatory capital to meet its projected and stressed capital needs and to meet its obligations as they fall due.

The Company's regulatory minimum capital is augmented with internal buffers. Buffers are used to ensure there is enough time to take action against unexpected changes.

Risk mitigation

The Santander UK Group's capital risk framework, policies and procedures ensures that the Company operates within Risk Appetite. The Company's own Risk Appetite is the same as the RFB Group, but with local thresholds and tolerances in proportion to the size of the Company. Capital transferability between the Company and other members of the RFB Group is managed in line with the Santander UK Group's business strategy, risk and capital management policies, UK laws and regulations. There are no legal restrictions on the Company moving capital resources promptly, or repaying liabilities, except for distributions between Santander UK entities in the RFB Group and Santander UK entities that are not members of the RFB Group, where the PRA is required to assess the impact of the proposed distribution prior to payment. Further details of the Recovery framework of the Santander UK Group in the event of a capital stress can be found within the Liquidity risk section under the Risk Review of the Santander UK Group Holdings plc 2024 Annual Report.

At 31 December 2024, Santander UK plc, Santander ISA Managers Limited and Cater Allen Limited, together with certain other non-regulated subsidiaries of Santander UK plc were party to a capital support deed entered into on 3 December 2024 and effective from 3 December 2024 (the RFB Sub-Group Capital Support Deed). These entities were permitted by the PRA to form a core UK group as defined in the PRA Rulebook, a permission which expires on 03 December 2027. Exposures of each of the regulated entities to other members of the core UK group are exempt from large exposure limits that would otherwise apply and these exposures are risk-weighted at 0%. Where applicable this permission also provides for intra-group exposures to be excluded from the leverage exposure measure. The purpose of the RFB Sub-Group Capital Support Deed is to facilitate the prompt transfer of available capital resources from, or repayment of liabilities by, the non-regulated entities to any of the regulated entities in the event that one of the regulated entities breached or was at risk of breaching its capital resources or risk concentration requirements.

Risk monitoring and reporting

Capital Risk is regularly monitored centrally by the Santander UK Group against the Company's capital plan.

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Capital risk (continued)

Capital adequacy

The Company's capital is managed on a Basel III basis. Throughout 2024 and 2023, the RFB Group managed internal capital allocations and targets in accordance with its capital and risk management policies.

Capital

	2024 £000	2023 £000
Total Tier 1 Capital*	**276,381**	253,905
Deductions from Tier 1	**(30,286)**	(33,057)
Total Capital Resources (Tier 1)	**246,095**	220,848
Total Capital Resources	**246,095**	220,848

* The Company's Tier 1 capital consists of shareholders' equity, share premium and audited profits for the years ended 31 December 2023 and 2022, adjusted for foreseeable charges and dividends based on verified profits where relevant. It does not include current year profits as these were unverified at the time figures were reported to the regulator.

Financial crime risk

Financial crime risk is the risk of the Company being used to further financial crime, including money laundering, sanctions evasion, terrorist financing, facilitation of tax evasion, bribery and corruption. The Company manages financial crime with support from the Santander UK Group.

Key financial crime risks

Financial crime is a high priority risk for the Company, and addressing it is a key priority for senior management. The Company works in collaboration with the wider Santander UK Group to maintain robust systems and controls, conducting business in line with regulatory and legal requirements.

Due to the complexity and number of financial crime threats, The Company works together with the Santander UK Group to continually assess, develop, and improve its capability and capacity to address the changing risk landscape. This includes policies, procedures, systems and controls used to prevent and detect financial crime. The Company has minimal tolerance for residual financial crime risk, and zero tolerance for non-compliance with sanctions laws and regulations. The Company requires its colleagues and third parties acting on its behalf to act with integrity, due diligence and care.

The key financial risks are money laundering, terrorist financing, sanctions, bribery and corruption and the facilitation of tax evasion.

Financial crime risk management

Financial crime is managed in accordance with the Santander UK Group's Non-Financial Risk framework (NFR framework) and through a collaborative approach with the Santander UK Group. Further details around the NFR framework and the Santander UK Group's approach towards Financial Crime risk management can be found under the Santander UK Group Holdings plc 2024 Annual Report.

Financial crime risk review

The Company remains committed to protecting our customers, employees and the bank against the risks and impacts from financial crime. In support of this, senior management have focused in the past 12 months on –

- Undertaking customer due diligence measures for new and existing customers, including understanding their activities and banking needs,
- Conducting risk assessments of customers, products, businesses, sectors and geographic risks to tailor the Company's mitigation efforts
- Ensuring all of the Company's colleagues complete mandatory financial crime training and, where required, role-based specialist training
- Improving our customer data records to help increase the effectiveness and sustainability of our efforts to manage financial crime risk.
- Increasing the use of technology (for example digital applications) in our core processes supporting financial crime prevention

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Operational risk

Operational risk is the risk of loss or adverse impact due to inadequate or failed internal processes, people and systems, or external events. Operational resilience is the ability to prevent disruption occurring to the extent practicable; adapt systems and processes to continue to provide services and functions in the event of an incident; return to normal running promptly when a disruption is over; and learn and evolve from both incidents and near misses.

Key Operational risks

Operational risk is inherent in the Company's business activities. As a result, the Company aims to manage it down to as low a level as possible, in line with the Company's Risk Appetite, rather than eliminate it entirely. Operational risk events can have a financial impact and can also affect business objectives, customer service and regulatory obligations. These events can include product mis-selling, fraud, process failures, system downtime and damage to assets or external events. The Company's key operational risks are:

Business disruption

Business disruption risk refers to risks of the Company's ability to maintain and/or recover the normal day-to-day operation of the organisation, to secure the tangible assets, and to support continued delivery of good customer outcomes.

Cybersecurity and information security

Information Security Risk is the potential for unauthorised access, use, disclosure, alteration, destruction, or disruption of information. This covers all types of data whether stored digitally or non-digitally including client data, employee data and organisational proprietary data. Cybersecurity risk is one aspect of Information Security risk and is the risk of a malicious cyber-attack that may result in unauthorised access to (or theft of) sensitive data, loss of data integrity and/or disruption of services. Information and Cybersecurity risks may result in material impacts to our customers, business disruption, financial loss, reputational damage, and regulatory censure.

Data Management

Data Management risk is defined as the process of collecting, storing, organising, maintaining, protecting and utilising data effectively and efficiently throughout its value chain. The data value chain refers to the stages that data goes through during its existence, including capture, processing, use, storage and/or disposal. Effective data management supports the organisation's goals by providing timely, accurate and relevant data for decision making and business operations.

Financial reporting and Tax

Financial Reporting and Tax risk relates to the risks associated with producing internal and external financial statements, Financial Regulatory Reporting (including liquidity & capital) as well as tax reporting. The Company's financial reporting and taxation is managed by subsidiaries of the Banco Santander SA Group and separate divisions within the Santander UK Group.

Fraud

Fraud can be committed by first parties (the Company's customers), second parties (people known to the Company's customers or the Company), third parties (people unknown to the Company's customers or the Company), and internally by the Company's staff. The Company is committed to protecting itself and its customers from fraud and to mitigating its fraud risk in an ever-evolving external fraud environment.

The bulk of 2024 losses were driven by social engineering on both cards and payments, with cards being the largest fraud type in 2024. The Company continued to manage and mitigate operational risk losses from fraud. This included implementing new detection controls and coordinated customer awareness campaigns for prevention, to support customers in terms of protecting them from fraud and scams, balanced with not interrupting genuine customers and providing good customer outcomes. The Company maintained a collaborative role in fraud management with third-party suppliers~~,~~ and industry partners, through CIFAS, UK Finance and Stop Scams UK via the Company's engagement with the wider Santander UK Group in regard to Fraud risk mitigation.

IT

IT risk is the risk of adverse impact to the availability, continuity and performance of technology systems including hardware, software, networks and data centres. These risks may give rise to poor customer outcomes or experience and business disruption, financial loss impact, legal claims, reputational damage, regulatory fines or censure.

Legal

Legal risk can arise from legal deficiencies in contracts and failures in protecting assets, managing legal disputes, interpretation and compliance with existing laws and regulations or implementation and compliance with new ones. Failure to manage legal risk may expose the Company to financial loss, litigation costs, fines, higher capital or liquidity requirements, criminal sanctions, regulatory action or censure, customer complaints, and/or reputational damage.

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Operational risk (continued)

Key Operational risks (continued)

Outsourcing and Third party

Third Party risk refers to risks to our operational arrangements due to the engagement of Third Party entities supplying goods or services. The risk can arise from both outsourcing and non-outsourcing arrangements.

People

The Company's colleagues are all employees of Santander UK plc. People risk is the potential for loss or adverse impact arising from undesired employee behaviours; gaps in employee knowledge and capability; insufficient resources or lack of capacity; inadequate management of occupational health and workplace safety risks; and failure to comply with employment legislation and regulations. These risks may result in poor customer outcomes, failure to deliver our strategy and key business objectives and regulatory, reputational, and financial impacts and personal injury.

Transaction and payments processing

Transaction and Payments Processing risk refers to the risks associated with the processing of payment instructions. This includes both inbound and outbound electronic payments, clearing of cheques and other instruments, deposits/withdrawals of cash and authorisation/settlement of credit/debit card payments.

Transformation and Change

Transformation and Change risk is defined as any activity that transforms business strategy, organisation, products, services, systems and processes. These projects and initiatives differ from our normal day-to-day activities as they aim to achieve specific outcomes and benefits, with an agreed and clear scope, schedule, and budget. The risk covers the strategic and business risks of not investing in the right things, delivering the change ineffectively and/or not implementing change safely. Risks covered by this policy are failure to manage an appropriate and complete change portfolio, failure to execute change effectively, and failure to manage risk of change to the business, causing us potential adverse consequences for the Santander UK ring-fenced Bank sub-group.

Non-Financial Risk Management

The Santander UK Group's Non-Financial Risk (NFR) framework (formerly known as the Operational Risk and Resilience framework) sets out the high-level arrangements and standards to manage operational risks,and is part of the Santander UK Group's overall Risk Framework. The Company's Risk Appetite sets the risk limits and key risk metrics for non-financial risks.

The operational risk toolset used to measure risks under the NFR framework are as follows:

- Operational risk and control assessments
- Risk scenario analysis
- Key indicators (metrics)
- Operational risk event and loss management

Risk mitigation

Mitigation Is a critical aspect of ensuring that the Company's risk profile remains within its Risk Appetite. Mitigation tools include:

Colleague training and competence
Training of staff to maintain a suitable level of competence to ensure customers can achieve appropriate outcomes.

Action management
Where risk exposures fall outside of the Company's Risk Appetite, business units identify, assess, manage and monitor material actions to reduce the exposure back to within appetite.

Event root cause analysis
Where new material and significant events are reported, steps are taken to identify the root cause of the event. This enables a read across and the sharing of lessons learned with appropriate mitigating actions taken to address the root cause and successfully resolve the event, and enhancements made to the control environment to prevent re-occurrence.

Emerging risk monitoring
Monitoring of key threats, developments, and risks, including consideration of which risk types or Business areas may be impacted or stressed by them.

Further details around the management of Operational Risk and the NFR framework at the Santander UK Group level can be found under the Risk Review section of the 2024 Santander UK Group Holdings plc Annual Report.

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Conduct and Regulatory risk

Conduct risk is the risk where the Company's decisions and behaviours could lead to detriment or poor outcomes for its customers. It also refers to the risk that the Company fails to maintain high standards of market behaviour and integrity.

Regulatory risk is the risk of financial or reputational loss, or imposition of the Company's conditions on regulatory permission, due to failing to comply with applicable codes, regulator's rules, guidance and regulatory expectations.

Our key Conduct and Regulatory risks

The Company is committed to ensuring Conduct and Regulatory risk strategy is embedded within its business, as good outcomes for our customers are at the heart of what it does. Conduct and Regulatory risk can stem from errors in product design, sales practices, post-sale servicing, operational processes, complaint handling, and the failure to supervise, monitor or control the activities of colleagues. All of these may result in the risk that the Company does not deliver better outcomes for its customers, align to the expectations of its regulators or observe required standards of market behaviour.

Conduct and Regulatory risk management

Conduct and Regulatory risks are managed in line with the Santander UK Group's NFR Framework. In addition to mitigate specific Conduct and Regulatory risks, the Company operates the following policies:

Fair Value policy for regulated products

The fair value policy details the Company's approach to assessing whether a regulated product provides fair value to its customers, considering all stages of value during the product design phase, and on a regular basis.

Fair treatment of vulnerable customers

The Company adheres to the Santander UK Group's Vulnerable Customer Policy which gives business units a clear and consistent view of what vulnerability can mean and situations when customers may need more support. The Company also considers vulnerability in every initiative and adapts its technology to the needs of customers with vulnerability characteristics in the design and testing stages.

Conduct & Regulatory risk policy for regulated products

The policy sets out the actions that the Company must take and the standards of behaviour it complies with to deliver good outcomes for customers, to comply with applicable regulatory requirements and expectations, and to deliver a strong conduct and compliance culture.

RISK REVIEW (continued)

RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK (continued)

Model risk

Model risk is the risk that the predictions from models may be inaccurate, causing sub-optimal decisions to be made; or that a model may be used inappropriately. The Company operates models in the pursuit of fraud mitigation, for which the potential adverse consequences can lead to financial losses and poor customer outcomes. The models used by the Company, are both third-party provided, so external models, and both are noted as materially Low Risk. Models are also used in activities that are managed centrally by the Santander UK Group such as regulatory capital and stress testing, that the Company benefits from.

Key Model risks

A model is a quantitative repeatable method or system that relies on assumptions to process input data into estimates of uncertain outcomes. The Company's key model risks arise from inadequate or flawed design leading to weaknesses and limitations in models used by the Company, implementation errors or poor deployment of the models, or the incorrect or inappropriate use of a model. Increasing interest in using Artificial Intelligence (AI) creates new model risks such as explainability - the ability to understand why an algorithm made a particular prediction.

Model Risk management

Model risks are managed in line with the Santander UK Group's NFR framework, for which further details can be found in the Operational risk section above and the Risk Review of the Santander UK Group Holdings plc 2024 Annual Report.

In addition, to mitigate specific model risks, the Company adheres to the Santander UK Group's tailored policies as follows:

- Model Risk Policy – sets out the action, outcome or standard of behaviour expected to manage and control model risk
- Tiering and Materiality Policy – ensures the consistent methodology in determining the significance of models used across the business
- Change Classification Policy – explains how model changes are managed and controlled
- Validation Policy – sets out the general criteria for internal validation activities, with the aim to provide an objective, unbiased and critical opinion on the adequacy of models in use.

Model Risk review

In 2024, Model risk remained in focus, focusing on models to reflect the most accurate and recent data. The PRA's Model Risk Supervisory Statement (SS1/23) policy has been in effect since May 2024 and the Santander UK Group has aligned its framework, policies and procedures to the new regulation. The Company adheres to the framework, policies and procedures of the Santander UK Group.

Independent auditors' report to the members of Cater Allen Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cater Allen Limited's financial statements:

- give a true and fair view of the state of the company'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.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2024; the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the company, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the company financial statements have been properly prepared in accordance with IFRSs as issued by the IASB.

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 company 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, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Independent auditors' report to the members of Cater Allen Limited (continued)

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of the audit procedures performed were determined by our risk assessment; and
- All material financial statement line items are included in our scoping. The business operates wholly in the United Kingdom.

Key audit matters

- Goodwill impairment assessment

Materiality

- Overall materiality: £8.8m (2023: £8.5m) based on 5% of Profit Before Tax.
- Performance materiality: £6.6m (2023: £6.4m).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent auditors' report to the members of Cater Allen Limited (continued)

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment	
Refer to Note 1 Accounting Policies and Note 11 Goodwill The company has a goodwill balance of £30 million at 31 December 2024 which relates to the 2002 acquisition and transfer of business activities of CA Premier Banking Limited (formerly Robert Fleming & Co Limited). The company and banking market is impacted by the increased interest rate environment, which has resulted in an improving net interest margin. The carrying value of this asset is contingent upon future cash flows, the value of which has been impacted by these developments. The impairment assessment is complex and involves subjective assumptions including the discount rate, the terminal growth rate, the method for determining the amount of regulatory capital and forecast cash flows. Due to the magnitude of the goodwill balance and the nature of these assumptions, the impairment assessments represent a key audit matter.	We performed a number of audit procedures over the assessment performed by management. We challenged and tested the reasonableness of management's methodology and key assumptions. Our work included the following: - We identified key assumptions used in the value in use model and assessed these for reasonableness using our understanding of the company gathered from our audit work, and inspected key supporting documentation; - Engaged our experts to assist in the assessment of the value in use methodology and key assumptions, specifically the discount rate, the terminal growth rate and the amount of capital to be retained in the business; - We performed comparisons of the performance of the business in recent years to the budgets for the equivalent periods to assess the accuracy of the budgeting process; - Evaluated the reasonableness of the forecasted cash flows, including agreeing the cash flow forecasts to the Board approved three-year plans and key supporting documents; - We assessed the sensitivity of the impairment assessment to reasonable changes in key assumptions using our understanding of historic and actual performance of the company; - We assessed the disclosures made in the financial statements. We are satisfied that these disclosures are appropriate and in compliance with the accounting requirements; and - We tested the mathematical accuracy of the value in use model.

Independent auditors' report to the members of Cater Allen Limited (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Company is operated and managed in the UK and the accounts represent a single legal entity; all audit work was performed within the UK with no component auditors. Certain procedures including those relating to the hosting and monitoring of the IT systems used by the company were performed at a Santander UK level. As part of the planning and execution of the audit, we ensured that these procedures performed were sufficient for the purposes of the Cater Allen Limited audit. This provided the evidence necessary to support the opinion on the financial statements as a whole. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£8.8m (2023: £8.5m).
How we determined it	5% of Profit Before Tax
Rationale for benchmark applied	Profit Before Tax (PBT) is a key measure used by the shareholders in assessing the performance of the company, and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £6.6m (2023: £6.4m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above £440k (2023: £424k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Cater Allen Limited (continued)

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- A risk assessment to identify factors that could impact the going concern basis of accounting, including current and forecast financial performance along with the current economic environment and market volatility;
- Consideration of the capital support deed and the Ring Fenced Bank Domestic Liquidity Sub-Group (RFB DolSub) arrangements with Santander UK plc; and
- Evaluation of the reasonableness of the company's latest management forecasts, including testing of mathematical accuracy of forecasts and testing key assumptions.

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 company'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 directors' 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 company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors 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 directors 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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Independent auditors' report to the members of Cater Allen Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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 company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority's ('FCA') regulations, the Prudential Regulatory Authority's ('PRA') regulations and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 journals. Audit procedures performed by the engagement team included:

- Inquiring with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries selected based on risk criteria, in particular journal entries containing unusual account combinations impacting the revenue and expense line items;
- Incorporating an element of unpredictability in our testing through altering the nature, timing and/or extent of work performed;
- Critically assessing estimates for bias; and
- Reviewing correspondence with, and reports to, the regulators, specifically the PRA and the FCA.

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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. This description forms part of our auditors' report.

Independent auditors' report to the members of Cater Allen Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board of Directors, we were appointed by the members on 31 March 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2016 to 31 December 2024.

P Barnett

Phillip Barnett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 April 2025

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

Continuing Operations	Note	2024 £000	2023 £000
Interest and similar income		291,425	259,964
Interest expense and similar charges		(94,933)	(66,912)
Net interest income	2	196,492	193,052
Fee and commission income		3,036	2,666
Fee and commission expense		(4,369)	(2,530)
Net fee and commission (expense)/ income	3	(1,333)	136
Total income		195,159	193,188
Operating expenses	4	(23,506)	(20,754)
Amortisation of intangible assets	4	(2,771)	(2,905)
Operating profit		168,882	169,529
Profit before tax		168,882	169,529
Taxation expense	7	(47,294)	(47,044)
Profit for the year after tax		121,588	122,485
Total comprehensive income for the year attributable to the equity holders of the Company		121,588	122,485

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share Capital £000	Share Premium £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2024	100,000	2,950	272,711	375,661
Dividend paid	-	-	(100,000)	(100,000)
Profit and total comprehensive income for the year	-	-	121,588	121,588
Balance at 31 December 2024	100,000	2,950	294,299	397,249
Balance at 1 January 2023	100,000	2,950	250,226	353,176
Dividend paid	-	-	(100,000)	(100,000)
Profit and total comprehensive income for the year	-	-	122,485	122,485
Balance at 31 December 2023	100,000	2,950	272,711	375,661

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

BALANCE SHEET

As at 31 December 2024

	Note	2024 £000	2023 £000
Assets			
Loans and advances to banks	9	**5,540,507**	5,383,852
Other assets	14	**9,737**	12,783
Goodwill	11	**30,000**	30,000
Intangible assets	13	**286**	3,057
Deferred tax	8	**10**	12
Property, plant and equipment	12	**6**	6
Loans and advances to customers	10	**-**	-
Total assets		**5,580,546**	5,429,710
Liabilities			
Deposits by banks	15	**5,902**	3,082
Customer accounts	16	**5,112,126**	4,978,130
Amounts due to group companies	17	**10,168**	8,432
Other liabilities	18	**7,816**	17,363
Current tax	18	**47,285**	47,042
Total liabilities		**5,183,297**	5,054,049
Equity			
Share capital	19	**100,000**	100,000
Share premium account		**2,950**	2,950
Retained earnings		**294,299**	272,711
Total equity		**397,249**	375,661
Total liabilities and equity		**5,580,546**	5,429,710

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

The financial statements on pages 25 to 41 were approved by the Board of Directors and authorised for issue on 24 April 2025. They were signed on its behalf by:

Stephen Affleck
Director
24 April 2025

CASH FLOW STATEMENT

For the year ended 31 December 2024

	2024 £000	2023 £000
Profit before tax	168,882	169,529
Adjustments for non-cash items:		
Effect of foreign exchange rates on loans and advances to banks	(81)	3,545
Amortisation of intangible assets	2,771	2,905
Net cash flow from trading activities	171,572	175,979
Changes in operating assets and liabilities		
Decrease in loans and advances to customers	-	-
Decrease/ (increase) in other assets	3,044	(2,207)
Increase/ (decrease) in customer accounts	135,483	(348,801)
Increase in deposits by banks	2,820	2,577
Increase in amounts due to other group companies	1,736	2,073
(Decrease)/ increase in other liabilities	(9,420)	4,491
Settlement to Santander UK plc in respect of Corporation Tax	(47,048)	(18,170)
Net cash generated from/ (used in) operating activities	258,187	(184,058)
Investing activities		
Intangible asset work in progress	-	(393)
Cash used in investing activities	-	(393)
Financing activities		
Dividend paid	(100,000)	(100,000)
Cash used in financing activities	(100,000)	(100,000)
Net increase/ (decrease) in cash and cash equivalents	158,187	(284,451)
Effect of foreign exchange rates	(1,532)	(3,545)
Cash and cash equivalents at the beginning of the year	5,383,852	5,671,848
Loans and advances to banks (Note 9)	5,540,507	5,383,852

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

1. ACCOUNTING POLICIES

These financial statements are prepared for Cater Allen Limited (the Company) under the UK Companies Act 2006.

The Company is a private company, limited by shares, and is domiciled and incorporated in England and Wales. The Company is part of the Santander UK Group and the ultimate parent company is Banco Santander SA. The registered office address of the Company is 2 Triton Square, Regent's Place, London NW1 3AN.

Basis of preparation

The financial statements have been prepared on the going concern basis using the historical cost convention. The Company has adequate financial resources. The Company's loans and advances to banks consist of amounts that are recoverable within a short period of time (see the credit risk section of the Risk Review). The Company is also party to the Capital support deed and the liquidity support arrangement which are further discussed under note 20. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the period of 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements.

The financial statements of the Company comply with UK-adopted International Accounting Standards (IAS). The financial statements are also prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRS as issued by the IASB for the periods presented.

Disclosures required by IFRS 7 'Financial Instruments: Disclosure' relating to the nature and extent of risks arising from financial instruments, and IAS 1'Presentation of Financial Statements' relating to objectives, policies and processes for managing capital, have been included in the Risk review section of this Annual Report. This information forms an integral part of these financial statements by this cross reference, is marked as audited, and is covered by the Independent auditors' report.

The functional and presentation currency of the Company is Sterling.

Recent accounting developments

No significant new or revised pronouncements, which became effective from 1 January 2024, 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 Company 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. These policies have been consistently applied to all years presented, unless otherwise stated.

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 judgements and accounting estimates".

1. ACCOUNTING POLICIES (continued)

Revenue recognition

a) Interest income and expense

Interest income and expense are recognised in the income statement using the effective interest rate method for: all financial instruments measured at amortised cost.

The Company's interest income originates from deposits placed with Santander UK plc. Interest is earned on these placements at either the Bank of England base rate, Euro Short-Term Rate (ESTR) or Secured Overnight Financing Rate (SOFR). In addition, an appropriate margin is earned on placements with Santander UK plc.

Interest expense comprises interest due to customer accounts. An interest expense is recognised when the Company incurs a liability to settle interest to the customer at any given date in time.

b) Fee and commissions income and expense

Fee income is earned from account and payment services provided to its customer base. Fee income is recognised when the Company provides the associated service to the customer.

Commission expense is recognised when the counterparty earns the right to receive commission from the Company.

Financial Instruments

a) Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument. The Company 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 fair value through profit and loss (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 profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost.

b) Financial assets and liabilities

i) Classification and subsequent measurement

The Company applies IFRS 9 Financial Instruments and classifies its financial assets under the measurement category of amortised cost. The Company holds no financial assets or liabilities measured at fair value, under either the current or preceding year end date.

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 Company's business model for managing the asset, and the cash flow characteristics of the asset.

Business model
The business model reflects how the Company manages the assets in order to generate cash flows and, specifically, whether the Company'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. 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.

Solely Payments of Principal and Interest (SPPI)
The Company's financial assets consist mostly of intercompany balances with Santander UK plc and a small portion of customer deposits in an overdrawn position. The balances with Santander UK plc comprise bank accounts, funds placed and general intercompany recharges. Interest is earned on funds placed with Santander UK plc, but not on bank accounts held with Santander UK plc or general intercompany recharges. The Company's financial assets thus represent Solely Payments of Principal and Interest (SPPI) in accordance with IFRS 9 and are recognised at amortised cost subsequent to initial recognition.

The Company only reclassifies financial assets 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.

Financial liabilities

Financial liabilities are classified and measured at amortised cost. For the Company, financial liabilities comprise customer deposits and intercompany recharges to Santander UK plc and its subsidiaries and subsidiaries of the wider Banco Santander SA Group.

1. ACCOUNTING POLICIES (continued)

ii) Impairment of financial assets

Expected credit losses are assessed on all financial assets at amortised cost. 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: when there has been no SICR since initial recognition. A loss allowance equal to a 12-month ECL is applied i.e. the proportion of lifetime expected losses that relate to that default event expected in the next 12 months
– Stage 2: when there has been a SICR since initial recognition, but the exposure is not considered credit impaired. A loss allowance equal to the lifetime ECL is applied i.e. the expected loss resulting from all possible defaults throughout the residual life of a facility
– Stage 3: when the exposure is considered credit impaired.

A loss allowance equal to the lifetime ECL is applied. Objective evidence of credit impairment is required.

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.

iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or the Company has transferred its contractual right to receive the cash flows from the assets and either: (1) substantially all the risks and rewards of ownership have been transferred; or (2) the Company has neither retained nor transferred substantially all of the risks and rewards but has transferred control.

Financial liabilities are derecognised when extinguished, cancelled or expired.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of three months or less. The Company's loans and advances to banks comprise the total cash and cash equivalents.

Goodwill and other intangible assets

i) Goodwill

The Company acquired CA Premier Banking Limited (later renamed to CAPB Limited). In 2002 permission was granted to transfer the business activities of CA Premier Banking Limited to the Company. Goodwill was recognised on the acquisition of the business of CA Premier Banking Limited (formerly Robert Fleming & Co Limited) and represents the excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses.

An annual assessment is undertaken by Santander UK Group on behalf of the Company to evaluate whether the carrying amount of goodwill is impaired, carrying out this assessment more frequently if reviews identify indicators of impairment or when events or changes in circumstances dictate.

The recoverable amounts of goodwill have been based on its value in use calculations. Further information can be found further below and under Note 11.

Any impairment loss resulting from the assessment is recognised in the Statement of Comprehensive Income in the period in which it occurs. Impairment losses on goodwill are not reversed.

1. ACCOUNTING POLICIES (continued)

Goodwill and other intangible assets (continued)

ii) Other intangible assets

Other intangible assets comprise software assets related to the Company's customer platform. Other intangible assets are recognised if they arise from contractual or other legal rights or if they are capable of being separated or divided from the Company and sold, transferred, licensed, rented or exchanged. Software development costs are capitalised when they are direct costs associated with identifiable and unique software products that are expected to provide future economic benefits and the cost of those products can be measured reliably. These costs include payroll, materials, services and directly attributable overheads. Internally developed software meeting these criteria and externally purchased software are classified in intangible assets on the balance sheet and amortised on a straight-line basis over their useful life of five years. Capitalisation of costs ceases when the software is capable of operating as intended. Costs of maintaining software are expensed as incurred.

The carrying values of software assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to the assets may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the assets' recoverable amount. The carrying amount of the assets will only be increased up to the amount that it would have been had the original impairment not been recognised.

Impairment of non-financial assets (see also Goodwill and other intangible asset note above and note 11)

At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indicators of impairment. If indications are present, these assets are subject to an impairment review.

The impairment review comprises a comparison of the carrying value of the asset or cash generating unit with its recoverable amount: the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use. The cash-generating unit represents the lowest level at which non-financial assets, including goodwill, are monitored for internal management purposes and is not larger than an operating segment. The Company comprises the one cash generating unit for the purposes of the assessment.

The recoverable amount of the cash-generating unit was determined based on the value in use. Value in use is calculated by discounting management's cash flow projections based upon the asset's continued use in its current state.

For conducting goodwill impairment reviews, cash generating units are the lowest level at which management monitors the return on investment on assets.

Pensions and other post-retirement benefits

The Company participates in the Santander UK Group Pension Schemes in operation. There is no contractual agreement or stated policy for charging the net cost in relation to the Pension Schemes. The contribution recharged to and paid by the Company is calculated as the contributions made by Santander UK plc to the schemes, in respect of the Company's support colleagues whose employment costs are also recharged to the Company.

Income taxes including deferred taxes

The tax expense represents the sum of the income tax currently payable and deferred income tax. Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is the tax expected to be payable or recoverable on income tax losses available to carry forward and on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the assets may be utilised as they reverse. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill. Deferred tax assets and liabilities are not recognised from the initial recognition of other assets (other than in a business combination) and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

1. ACCOUNTING POLICIES (continued)

Critical judgements and accounting estimates

The preparation of the financial statements requires management to make estimates and judgements 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 estimates and judgements on an ongoing basis. Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

In the course of preparing the financial statements, no significant judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations about goodwill.

Goodwill:

The carrying amount of goodwill is based on the application of judgements including the basis of goodwill impairment calculation assumptions. The Company delegates the annual assessment to the Santander UK Group to evaluate whether the carrying value of goodwill is impaired, carrying out the review more frequently if reviews identify indicators of impairment or when events or changes in circumstances dictate.

Key estimates include:

- Forecast cash flows for the cash generating unit, including estimated allocations of regulatory capital.
- Growth rate beyond initial cash flow projections.
- Discount rates which factor in risk-free rates and applicable risk premiums.

These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires significant management judgement and is subject to potential change over time. As discussed under note 11, there is significant headroom in 2024 (2023: significant headroom) that mitigates the risk of material changes that could arise due to the sensitivities of the judgements and estimates used within the goodwill impairment calculation assessment. Further information on the assumptions used can be found under Note 11.

2. NET INTEREST INCOME

	2024 £000	2023 £000
Interest and similar income:		
Loans and advances to banks	291,425	259,964
Total interest and similar income	291,425	259,964
Interest and similar charges		
Deposits by customers	(94,933)	(66,912)
Total interest and similar charges	(94,933)	(66,912)
Net interest income	196,492	193,052

3. NET FEE AND COMMISSION (EXPENSE)/ INCOME

	2024 £000	2023 £000
Fee and commission income:		
Foreign currency and current account fees	3,036	2,666
Total fee and commission income	3,036	2,666
Fee and commission expense:		
Intermediary expenses	(3,565)	(1,436)
Processing expenses	(804)	(1,094)
Total fee and commission expense	(4,369)	(2,530)
Net fee and commission (expense)/ income	(1,333)	136

4. OPERATING EXPENSES

	2024 £000	2023 £000
Colleague costs (including employment recharges from Santander UK plc:		
Wages and salaries	11,514	10,495
Social security costs	690	567
Other pension costs:		
- defined contribution plans	476	407
- defined benefit plans	80	78
Other personnel costs	317	277
	13,077	11,824
Property and equipment expenses	-	-
Other administrative expenses	10,429	8,930
Total operating expenses	23,506	20,754
Amortisation of intangible assets	2,771	2,905

Other administrative expenses totalling £10,429,000 (2023: £8,930,000) comprise amortisation of intangible assets, intercompany recharges, professional and legal expenses, auditor fees, fraud costs, advertising and regulatory fees. Non capitalised platform enhancements and economic crime costs contributed to an increase in other administrative expenses during the year.

During the year the Company incurred £5,700,000 (2023: £5,600,000) of recharged people costs from Santander UK plc, for work on various projects carried out by Santander UK plc). These recharged project costs form part of wages and salaries above. The remainder of colleague costs originate from colleagues that work entirely for the Company.

Santander UK plc is the employer of all colleagues working for the Company and recharges those costs to the Company.

	2024 Number	2023 Number
Average number of colleagues in year	113	99

5. DIRECTORS' EMOLUMENTS & KEY MANAGEMENT PERSONNEL

The Chair of the Company earned a fee of £15,000 in 2024 (2023: £15,000 per annum and pro-rated for their time spent in office)

No other (2023: none) Directors were remunerated for their services to the Company. Directors' emoluments are borne by the intermediate UK company Santander UK plc. The Directors' services to the Company are an incidental part of their duties. No emoluments were paid by the Company to the Directors during the year (2023: £nil).

Costs borne by the Company in respect of key management personnel services for the year totalled £453,430 (2023: £434,489). Key management personnel, together with all other colleagues of the Company are employees of Santander UK plc, whose costs are recharged to the Company.

6. AUDIT AND OTHER SERVICES

The aggregate fees for audit and other services payable to the Company's auditors is analysed as follows:

	2024 £000	2023 £000
Audit services:		
Statutory audit fees for the audit of Company's financial statements	106	102
Total audit fees	106	102

There were no fees incurred for non-statutory audit services in the current year or prior year.

7. TAXATION EXPENSE

	2024 £000	2023 £000
Current tax:		
UK corporation tax on profit of the year	47,286	47,041
Adjustments in respect of prior years	6	-
Total current tax	47,292	47,041
Deferred tax (Note 8):		
Origination and reversal of temporary differences	2	3
Total deferred tax	2	3
Tax charge on profit for the year	47,294	47,044

UK corporation tax is calculated at the statutory rate of 25.00% (2023: 23.50%). The bank surcharge is calculated at 3.00% (2023: 4.25%).

The combined rate of 28.00% has been applied in determining both the opening and closing balance sheet positions for deferred tax.

The introduction of the Pillar Two legislation effective for the accounting periods from 1 January 2024 does not have an impact on the effective tax rate in the period as the Company will not be subject to additional top up tax.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2024 £000	2023 £000
Profit before tax	168,882	169,529
Tax calculated at a tax rate of 25.00% (2023: 23.50%)	42,221	39,868
Bank surcharge profits	5,066	7,176
Adjustment to prior year provisions	6	-
Non deductible expenses	1	-
Tax charge for the year	47,294	47,044

8. DEFERRED TAX

Deferred taxes are calculated on temporary differences under the liability method using the tax rates expected to apply when the liability is settled or the asset is realised. The movement on the deferred tax account was as follows:

	2024 £000	2023 £000
At 1 January	12	15
Income statement charge	(2)	(3)
At 31 December	10	12

Deferred tax assets are attributable to the following items:

	Balance Sheet		Income Statement	
	2024 £000	2023 £000	2024 £000	2023 £000
Deferred tax assets				
Accelerated book depreciation	10	12	(2)	(3)
	10	12	(2)	(3)

The deferred tax assets scheduled above have been recognised in the Company on the basis that sufficient future taxable profits are forecast within the foreseeable future, in excess of the profits arising from the reversal of existing taxable temporary differences, to allow for the utilisation of the assets as they reverse.

9. LOANS AND ADVANCES TO BANKS

	2024 £000	2023 £000
Amounts due from group companies	5,540,507	5,383,852
	5,540,507	5,383,852

The loans and advances to banks in the above table have the following repayment behavioural profile:

	2024 £000	2023 £000
Repayable:		
On demand	5,499,541	5,359,220
In not more than three months	40,966	24,632
	5,540,507	5,383,852

Balances on demand represent GBP and USD placements with Santander UK plc held on overnight deposit. Balances due within three months relate to Euro placements with Santander UK plc that are held on monthly deposit.

Loans and advances to banks represent liquid assets that are repayable on demand or within three months and hence are classed as cash and cash equivalents for the purpose of the Cash flow statement.

The book value of loans and advances to banks approximately equals the fair value.

The loans and advances to banks in the above table are all at variable rate (2023: all at variable rate).

No ECL is recognised on loans and advances to banks as the counterparty is Santander UK plc. Please also refer to the credit risk section of the Risk Review.

10. LOANS AND ADVANCES TO CUSTOMERS

	2024 £000	2023 £000
Other unsecured advances	5	5
Reclassification to customer accounts	(5)	-
Loans and advances to customers	-	5
Less: Credit impairment loss allowance	(5)	(5)
Reversal of credit impairment loss allowance	5	-
Loans and advances to customers, net of loss allowance	-	-

Following a review of the Company's loans and advances to customers in 2024, these balances relate to customer deposits that have gone into an overdraft position, largely a result from timing differences between customer payments and incoming receipts and in most cases are short lived. Given these circumstances, the Company had derecognised all impairment against these balances and customer debit balances are now reported net of customer accounts (note 16). The total value of debit balances as at 31 December 2024 was £26,000 (2023: £5,000).

The net book value of loans and advances to customers had approximately equalled their fair value.

Movement in loan loss allowances:

	2024 Other Unsecured advances £000	2023 Other Unsecured advances £000
As at 1 January	(5)	(6)
Net reversal of impairment during the year	5	1
At 31 December	-	(5)

11. GOODWILL

	2024 £000	2023 £000
Cost:		
At 1 January and 31 December	95,518	95,518
Accumulated impairment		
At 1 January and 31 December	(65,518)	(65,518)
Net book value:	30,000	30,000

In 2001 the Company acquired CA Premier Banking Limited and subsequently in 2002, the business activities of CA Premier Banking Limited were transferred to the Company, which resulted in the crystallisation of the goodwill. The acquired trade and assets are fully integrated within the Company. During 2011, impairment of goodwill was recognised as a result of the reassessment of the value of certain parts of the business in light of the prevailing market conditions and regulatory developments. The remaining book value of goodwill is £30m.

In 2024 and 2023, no impairment of goodwill was recognised. Goodwill is tested for impairment annually, or more frequently, if reviews identify an impairment indicator or when events or changes in circumstances dictate. Goodwill is tested for impairment annually at 31 December, with a review for impairment indicators at 30 June. The Company represents one standalone CGU, for the purposes of the assessment.

Basis of the recoverable amount

The recoverable amount of the CGU was determined based on its value in use (VIU) at each testing date. The VIU is calculated by discounting management's cash flow projections for the CGU. The cash flow projections also take account of increased internal capital allocations needed to achieve internal and regulatory capital targets including the leverage ratio. The key assumptions used in the VIU calculation are set out below:

	2024 %	2023 %
Post-tax discount rate	10.0	9.8
Pre-tax discount rate	15.1	14.6
Growth rate beyond initial cashflow projections	1.5	1.6

The CGU does not carry on their balance sheet any other intangible assets with indefinite useful lives.

11. GOODWILL (continued)

Management judgement in estimating the cash flows of the CGU

The cash flow projections for the purpose of impairment testing are derived from the latest 3-year plan presented to the Santander UK plc Board. The Company, together with the Santander UK plc Board, challenges and endorses management's planning assumptions in light of internal capital allocations needed to support the Company's and Santander UK plc's strategy, current market conditions and the macroeconomic outlook. The assumptions included in the cash flow projections reflect an allocation to the cost of capital to support future growth, as well as the expected impact of recent events in the UK economic environment on the financial outlook within which the CGU operates under. The cash flow projections are based upon the strategic direction of the Company and supported by the Santander UK's base case economic scenario, which is considered appropriate for use by the Company. The cash flow projections take into account the likely impact of recent changes to the BoE Bank Rate and inflation.

Cash flow projections for the purpose of impairment testing do not take account of any adverse outcomes arising from contingent liabilities (see Note 20), whose existence will be confirmed by uncertain future events or where any obligation is not probable or otherwise cannot be measured reliably, nor do they take into account benefits arising from transformation plans that had not yet been implemented or committed at 31 December 2024.

Discount rate

The rate used to discount the cash flows is based on the cost of equity assigned to the CGU, which is derived using a capital asset pricing model (CAPM) and calculated on a post-tax basis. The CAPM depends on a number of inputs reflecting financial and economic variables, including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement. The inputs to the CAPM are observable on a post-tax basis. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resemble the CGU and adjusted them for tax to arrive at the pre-tax equivalent rate.

There is significant judgement used in deriving the discount rate (Note 1). Furthermore, the sensitivity analysis demonstrates sufficient headroom to absorb any variation in the discount rate resulting from judgement.

Growth rate beyond initial cash flow projections

The growth rate for periods beyond the initial cash flow projections is used to extrapolate the cash flows in perpetuity because of the long-term perspective of the CGU. In line with the accounting requirements, the Company uses the UK Government's official estimate of UK long-term average GDP growth rate, as this is lower than management's estimate of the long-term average growth rate of the business. The estimated UK long-term average GDP growth rate has regard to the long-term impact of inherent uncertainties, such as elevated wage growth, weak productivity, large government debt burden and fragile business and consumer confidence.

A sensitivity analysis in the growth rate beyond initial cashflow projections for both the current and prior years has not been provided, as it is not considered sensitive as it would require an unrealistic reduction in growth rates to reduce headroom to nil.

Sensitivity analysis of key assumptions in calculating value in use

Although there was no impairment of goodwill at 31 December 2024 or 31 December 2023, the amount by which the recoverable amount exceeds the carrying value (the headroom) can be sensitive to some of the assumptions used.

Key assumptions used in the cash flow projections include the BoE Bank Rate, the Company's position in the market and regulatory capital levels. Associated risks in regard to these assumptions include uncertain market outlook and uncertain regulatory capital requirements.

The table below shows the percentage reduction in cashflows required to reduce headroom to nil. A reduction to the Company's overall profit after tax is used to determine the reduction in cashflows to eliminate headroom.

The increase required in pre-tax discount rate for 2024 and 2023 is not considered sensitive since it would require an unrealistic increase to reduce headroom to nil and therefore has not been presented within the table below.

The sensitivity analysis presented below has been prepared on the basis that a change in each key assumption would not have a consequential impact on the other assumptions used in the impairment review. However, due to the interrelationships between some of the assumptions, a change in one of the assumptions might impact one or more of the other assumptions and could result in a larger or smaller overall impact.

2024:	**Carrying value £000**	**Value in use £000**	**Headroom £000**	**Decrease in cash flows %**
CA Premier Banking Limited	**397,249**	**1,102,673**	**705,424**	**64**

2023:	Carrying value £000	Value in use £000	Headroom £000	Decrease in cash flows %
CA Premier Banking Limited	376,400	1,446,000	1,069,000	74

12. PROPERTY, PLANT AND EQUIPMENT

	2024 Office fixtures and equipment £000	2023 Office fixtures and equipment £000
Cost:		
At 1 January and 31 December	**6**	6
Accumulated depreciation:		
At 1 January and 31 December	**-**	-
Net book value:		
At 1 January and 31 December	**6**	6

The net book value of property, plant and equipment relates to art and memorabilia.

13. INTANGIBLE ASSETS

Software:	2024 £000	2023 £000
Cost:		
At 1 January	**14,526**	14,526
Capitalisation of work in progress	**393**	-
At 31 December	**14,919**	14,526
Work in progress	**-**	393
Accumulated amortisation:		
At 1 January	**(11,862)**	(8,957)
Charge in the year	**(2,771)**	(2,905)
At 31 December	**(14,633)**	(11,862)
Net book value	**286**	3,057

The intangible asset relates to the Core Banking Platform that services the Company's customer base. Amortisation is over a five-year period commencing from December 2019. Additional capitalisation in the year relate to enhancements to the Digital Banking Platform.

14. OTHER ASSETS

	2024 £000	2023 £000
Items in course of collection from other banks	**8,464**	11,070
Other accruals	**1,273**	1,713
	9,737	12,783

The book value of other assets equals their fair value.

15. DEPOSITS BY BANKS

	2024 £000	2023 £000
Deposits by third parties	**5,902**	3,082
Total deposits by banks	**5,902**	3,082
Repayable:		
On demand	**5,902**	2,753
More than one year but not more than five years	**-**	329
	5,902	3,082

The book value of deposits by banks approximately equals their fair value.

16. CUSTOMER ACCOUNTS

	2024 £000	2023 £000
Deposits due to fellow subsidiaries	63	63
Customer deposits	5,112,063	4,978,067
Total deposits by customers	5,112,126	4,978,130

	2024 £000	2023 £000
Repayable:		
On demand	4,666,094	4,568,381
Not more than three months	148,612	86,560
More than three months but not more than one year	269,433	206,470
More than one year but not more than five years	27,987	116,719
	5,112,126	4,978,130

Customer accounts with maturities other than on demand wholly relate to fixed term deposits.
The book value of customer accounts approximately equals their fair value.

17. AMOUNTS DUE TO GROUP COMPANIES

	2024 £000	2023 £000
Santander UK plc – recharges	10,168	8,432
	10,168	8,432

The book value of amounts due to group companies approximately equals their fair value.

18. OTHER LIABILITIES

	2024 £000	2023 £000
Accrued expenses	1,267	618
Items in the course of transmission	4,481	14,950
Other liabilities	2,068	1,795
Total other liabilities	7,816	17,363
Current tax – corporation tax	47,285	47,042

Items in course of transmission relate to customer account transactions that are in the course of clearing.

The Directors consider that the carrying amount of other liabilities approximates to their fair value. All of the amounts above represent balances due within one year.

19. SHARE CAPITAL

	2024 £	2023 £
Issued and fully paid:		
100,000,000 (2023: 100,000,000) ordinary shares of £1 each	100,000,000	100,000,000
100 (2023: 100) preferred shares of £1 each	100	100

Santander Private Banking UK Limited is the sole shareholder. There have been no changes from the previous year.

Holders of ordinary shares are entitled to:

a) receive such dividends as the Directors approve out of profits remaining after payment of the preferred dividend;
b) one vote for every share held in respect of resolutions proposed at general meetings; and
c) receive, upon winding up, an amount in respect of each ordinary share equal to the paid up capital value thereof after paying the holders of the preferred shares as described below, the balance being distributed between the shareholders in proportion to their paid up ordinary shareholdings.

Holders of preferred shares are entitled to:

a) receive a specific dividend in priority to all other shareholders but have no right to a fixed coupon or a guaranteed dividend; and
b) receive notice and to attend any meetings at which any matter affecting the rights attaching to the preferred shares is to be considered.

20. CONTINGENT LIABILITIES AND COMMITMENTS

Capital support arrangements

At 31 December 2024, Santander UK plc, Santander ISA Managers Limited and Cater Allen Limited, together with certain other non-regulated subsidiaries of Santander UK plc were party to a capital support deed entered into on 3 December 2024 and effective from 3 December 2024 (the RFB Sub-Group Capital Support Deed). These entities were permitted by the PRA to form a core UK group as defined in the PRA Rulebook, a permission which expires on 03 December 2027. Exposures of each of the regulated entities to other members of the core UK group are exempt from large exposure limits that would otherwise apply and these exposures are risk-weighted at 0%. Where applicable this permission also provides for intra-group exposures to be excluded from the leverage exposure measure. The purpose of the RFB Sub-Group Capital Support Deed is to facilitate the prompt transfer of available capital resources from, or repayment of liabilities by, the non-regulated entities to any of the regulated entities in the event that one of the regulated entities breached or was at risk of breaching its capital resources or risk concentration requirements.

Liquidity support arrangement

The Company's exposure to liquidity risk is managed with Santander UK plc. Under the PRA's liquidity rules, the Company, together with Santander UK plc form the RFB Domestic Liquidity Sub-Group (the RFB DoLSub), which allows them collectively meet regulatory requirements to manage liquidity risk. Each member of the RFB DoLSub will support the other by transferring surplus liquidity in times of stress.

21. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with its intermediate parent and fellow group companies as per the table below, in addition to the arrangements described above. There were no related party transactions with its ultimate controlling party as at the year-end date (2023: £nil).

The Company paid an interim dividend of £100,000,000 (2023: £100,000,000) to its immediate parent undertaking, Santander Private Banking UK Limited.

No dividends were proposed or declared after the reporting date and before the financial statements were authorised for issue.

There were no other related party transactions or balances due to or from its immediate parent undertaking.

All of the amounts below are unsecured.

21. RELATED PARTY TRANSACTIONS (continued)

During the year, the Company entered into no transactions with Directors of the Company (2023: £nil) other than Director emoluments fees per note 5.

One member of key management personnel holds bank accounts with the Company on normal market terms and conditions, or on the same terms and conditions as applicable to other employees in Santander UK group. The balances at 31 December 2024 and 31 December 2023 were not considered significant for disclosure since they were less than £50 in aggregate for both years.

There were no other transactions with key management personnel in the current or preceding year.

	Income		Expenditure		Amounts due from related parties		Amounts due to related parties	
	2024 £000	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000
Santander UK plc – Deposits*	**277,772**	247,637	**-**	-	**5,495,504**	5,325,475	**-**	-
Santander UK plc – Bank account	**-**	-	**-**	-	**43,619**	57,119	**-**	-
Santander UK plc – cost recharges	**-**	-	**8,389**	8,161	**-**	-	**10,168**	8,432
Santander UK plc – interest income	**13,646**	12,327	**-**	-	**1,384**	1,258	**-**	-
Gesban UK Limited – provision of accounting services	**-**	-	**93**	93	**-**	-	**-**	-
Cater Allen Lloyds Holdings Limited – customer account	**-**	-	**-**	-	**-**	-	**1**	1
Cater Allen Syndicate Management Limited – customer account	**-**	-	**-**	-	**-**	-	**62**	62
	291,418	259,964	**8,482**	8,254	**5,540,507**	5,383,852	**10,231**	8,495

* Deposits comprises EUR, USD & GBP placements with Santander UK plc.

22. RETIREMENT BENEFIT SCHEMES

The Company participates in the Santander UK Group Pension schemes. There is no contractual agreement or stated policy for charging the net cost in relation to the Pension Schemes. The contribution recharged to and paid by the Company is calculated as the contributions made by Santander UK plc to the schemes in respect of the Company's support colleagues whose employment costs are also recharged to the Company.

Pension costs including those for members of key management personnel whose employment costs are recharged to the Company, are included in colleague costs under Note 4.

23. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent company is Santander Private Banking UK Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking and 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 Company is a member. Santander UK plc is the UK parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member. The registered office address of Santander UK plc is 2 Triton Square, Regent's Place, London NW1 3AN.

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