HOLMES FUNDING LIMITED

Registered in England and Wales
No. 03982428

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2024

STRATEGIC REPORT

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

Principal activities

Holmes Funding Limited (the 'Company') is part of the Santander UK plc Group (the "Group") and was established for the purposes of receiving proceeds from Holmes Master Issuer plc, which issues debt securities (the "Notes") in the international capital markets and make such funds available to Santander UK plc by purchasing a beneficial interest in a UK residential mortgage loan portfolio held by Holmes Trustees Limited (the 'Holmes Master Trust'). The Company receives a share of income from the Holmes Master Trust in proportion to its share of the total mortgage assets of the Holmes Master Trust.

The principal activities of the Company as defined in the Securitisation Transaction documents which can be found at www.santander.co.uk/uk/about-santander-uk/investor-relations/holmes-master-trust (the "Transaction documents") includes receiving loans under intercompany loan agreements from Holmes Master Issuer plc, acquiring a beneficial interest in a mortgage loan portfolio held by Holmes Trustees Limited, entering into financial instruments with other group companies and other activities reasonably incidental thereto. The Company, together with Holmes Master Issuer plc, Holmes Trustees Limited & Holmes Holdings Limited form the Holmes Securitisation Structure.

The programme

The mortgage-backed programme was established on 28 November 2006. Notes issued under the programme have been and will be issued in series. Each series will normally: (a) be issued on a single date; (b) be subject to the terms and conditions of the Notes; and (c) consist of one or more classes (or sub-classes) of Notes. Notes of the same class rank pari passu and pro rata among themselves. Each series of the same class will not, however, be subject to identical terms in all respects (for example, interest rates, interest calculations, expected maturity and final maturity dates may differ).

Holmes Funding Limited uses a portion of the amounts received from its share of income from the Holmes Master Trust to meet its obligations to pay interest and principal due to Holmes Master Issuer plc under the intercompany loan. A master intercompany loan with affiliated company Holmes Master Issuer plc is used to allow Holmes Master Issuer plc to make payments on the Master Issuer notes. The principal asset from which the Company will make payments on the master intercompany loan is its interest in a master trust over a pool of residential mortgage loans held by Holmes Trustees Limited (the mortgages trustee).

The loans included within the underlying portfolio include repayment loans and interest only loans with balances of less than £750,000 and having a maturity of no later than October 2070 at the point of securitisation.

The loans within the portfolio are monitored and assessed for impairment on a regular basis at Group level as, under International Financial Reporting Standard (IFRS) 9 – 'Financial Instruments', the beneficial interest in a mortgage portfolio fails the criteria for recognition within the Company's financial statements and remains on the Balance Sheet of Santander UK plc. Consequently, the Company recognises a deemed loan to Santander UK plc, the repayment of which is dependent upon the performance of the underlying residential mortgage portfolio.

The only asset held by the Company that is at risk of material impairment is the deemed loan to Santander UK plc, the repayment of which is dependent upon the performance of the residential mortgage portfolio. The risk of impairment is mitigated by the collateral within the Holmes Securitisation Structure.

The performance of the mortgage portfolio is continually assessed by Santander UK plc and external credit rating agencies. It follows that the impairment policies of Santander UK plc are applied by the Company.

The directors believe that the performance of the portfolio has been in line with management's expectations.

Fair review of the Company's Business and key performance indicators

During the year the Company earned interest and similar income of £199m (2023: £108m) from related parties. The Company used its cash resources to pay interest expense and similar charges of £196m (2023: £107m) on the intercompany loan due to Holmes Master Issuer plc. The Company repaid £1,199m (2023: £1,501m) on the intercompany loans during the year, and made net drawdowns of £1,252m (2023: £1,467m) on the intercompany loans during the year. All amounts were paid in full and on time. The Company reported a profit after taxation of £170.3m (2023: loss of £40.6m) which was driven by fair value gains on derivative financial instruments.

The key performance indicators used by management are predominantly consideration of whether there have been breaches of the Transaction documents. However, there are certain measures (triggers) set out in the Transaction documents which are relevant to the Company including assessing whether all counterparties involved in the transaction have a rating that remains adequate to support their on-going roles in the programme, and arrears related events. There were no triggers breached in the year.

STRATEGIC REPORT (CONTINUED)

Fair review of the Company's Business and key performance indicators (continued)

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

The purpose of this Report is to provide information to the members of the 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 statement during the year. Nothing in this Report should be construed as a profit forecast.

Section 172(1) statement

As a Special Purpose Vehicle (SPV) the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

(a) the Transaction documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;
(b) as a securitisation vehicle, the Company has no employees;
(c) the operational roles have been assigned to third parties with their roles strictly governed by the Transaction documents and fee arrangements agreed in advance
(d) as a securitisation vehicle the company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
(e) the operational roles have been assigned to third parties, fee arrangements agreed in advance and supplier invoices paid strictly in accordance with the Transaction documents including a priority of payments, if applicable; and
(f) the Company has a sole member with the issued shares all held on a discretionary trust basis for the benefit of undisclosed charities.

The Directors consider the ongoing suitability of the governance structure of the Company by reference to the borrowing requirements of Santander UK plc and the performance of its mortgage portfolio and make changes where necessary.

Increased uncertainty in Macroeconomic and Geopolitical Environment

In recent months there has been a number of macroeconomic and geopolitical events, including the US announcement of wide-ranging import tariffs on many countries around the world on 2 April 2025. The tariffs announcements have caused significant volatility on global stock markets and the outlook remains uncertain. At this stage the full impact of these events on the UK economy remains unclear. The Directors does not anticipate that these will have a direct impact on the financial position of the Company.

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 in Note 3.

On behalf of the Board

L T Grant
Director
23 June 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 the audited financial statements for the year ended 31 December 2024.

Results and dividends

The profit for the year ended 31 December 2024 amounted to £170.3m (2023: loss of £40.6m). The Directors do not recommend the payment of a dividend (2023: £nil).

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

L T Grant
D J Wynne
Wilmington Trust SP Services (London) Limited

Mr D J Wynne is also a director of Wilmington Trust SP Services (London) Limited.

None of the other Directors had a beneficial interest in the shares of the Company, or of the holding company, Holmes Holding Limited or its subsidiaries, at the year end or the previous year end.

Post balance sheet events

On 22 January 2025, fellow Group undertaking Holmes Master Issuer plc issued £750,000,000 of Series 2025-1 Class A1 Master Issuer debt securities. Proceeds from the issue were made available from the Company to Santander UK plc by purchasing a beneficial interest in a UK residential mortgage loan portfolio held by the Holmes Master Trust.

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.

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 parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Going Concern

The 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, Notes 3 and 18 to the financial statements include the Company's financial risk management objectives; its exposures to credit risk and liquidity risk objectives; and its policies and processes for managing its capital.

REPORT OF THE DIRECTORS (CONTINUED)

Statement of Going Concern (continued)

The Company had net assets at the year end of £187.9m (2023: net assets of £17.5m). The profit for the year of £170.3m (2023: loss for the year of £40.6m) is derived mainly from the fair value gains on Derivative financial instruments of £170.3m (2023: fair value losses of £40.6m). The Directors consider the gains and losses on Derivative financial instruments to level out over the long term duration of the liabilities. Under the terms of the bonds in issue, the mortgage balance in the Holmes Securitisation Structure has to be maintained at a value at least equivalent to the value of the note principal in issue.

The Company has adequate financial resources and the Directors note that £3,791m (2023: £2,441m) of the liabilities are long term loans due to group undertakings. The loans have scheduled repayment dates to match those of the Debt securities issued by Holmes Master Issuer plc, as per the Transaction documentation, and the principal receipts from the underlying mortgages are expected to be sufficient to meet the loan redemptions. 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 financial instruments, other than derivatives, comprise loans to group undertakings, borrowings, cash and liquid resources, and various items, such as other assets and liabilities that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

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

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

The main risk arising from the Company's financial instruments is interest rate risk. The Company holds a beneficial interest in a mortgage portfolio with fixed and variable interest rates. The Company's policy is to eliminate all exposures arising from movements in interest rates by the use of interest rate swap contracts to hedge receipts of interest from the mortgage pool.

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

Further disclosures regarding financial risk management objectives and policies and the Company's exposure to principal risks can be found in Note 3.

Qualifying third party indemnities

Enhanced indemnities are provided to certain Directors of the Company by Santander UK plc (where such person has been nominated in writing by Santander UK plc as its representative on the board) against liabilities and associated costs which they could incur in the course of their duties to the Company.

The Company has made qualifying third party indemnity provisions for the benefit of the Directors as set out in a corporate services agreement. Enhanced indemnities are provided to the Directors of the Company who are also employees of Wilmington Trust SP Services (London) Limited by M&T Bank Corporation, the ultimate holding company of Wilmington Trust SP Services (London) Limited, against liabilities and associated costs which they could incur in the course of their duties to the Company.

All of the indemnities remained in force throughout the accounting period and as at the date of the Annual Report and Financial Statements. A copy of each of the indemnities is kept at the registered office address of Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.

Likely Future Developments

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

Corporate governance

As more fully described in the Section 172(1) statement in the Strategic Report the directors have been charged with governance in accordance with the Transaction documents describing the structure and operation of the transaction.

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

Streamlined Energy and Carbon Reporting (SECR)

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

REPORT OF THE DIRECTORS (CONTINUED)

Statement of disclosure of information to independent auditors

Each of the Directors as at the date of approval of this report confirms 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 Section 418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as independent auditors under Section 487(2) of the Companies Act 2006.

On behalf of the Board

L T Grant
Director
23 June 2025

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

Independent auditors' report to the members of Holmes Funding Limited

Report on the audit of the financial statements

Opinion

In our opinion, Holmes Funding 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 and Financial Statements (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, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

We remained independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Independent auditors' report to the members of Holmes Funding Limited

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.

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.

Independent auditors' report to the members of Holmes Funding Limited

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

- Making inquiries with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating the business rationale for any significant transactions that are unusual or outside the scope of the Transaction documents;
- Testing on a sample basis, that the priority of payments has been applied in accordance with the underlying Transaction documents;
- Performing audit procedures to address the risk of management override of controls, including through assessing journal entries and assessing accounting estimates for evidence of management bias.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the 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.

Independent auditors' report to the members of Holmes Funding Limited

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.

Marton Fenyo (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 June 2025

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

Continuing operations	Note	2024 £000	2023 £000
Interest and similar income	5	198,654	107,684
Interest expense and similar charges	6	(196,045)	(107,039)
Net interest income		2,609	645
Net other operating income/ (expense)	7	170,315	(40,640)
Administrative expenses	8	(2,608)	(645)
Profit/ (loss) before tax	9	170,316	(40,640)
Tax charge on profit/ (loss) for the year	10	-	-
Profit/ (loss) for the year after tax		170,316	(40,640)
Other comprehensive income for the year		-	-
Total comprehensive income/ (expense) for the year		170,316	(40,640)

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2023	-	58,189	58,189
Total comprehensive expense for the year	-	(40,640)	(40,640)
At 31 December 2023 and 1 January 2024	-	17,549	17,549
Total comprehensive income for the year	-	170,316	170,316
At 31 December 2024	-	187,865	187,865

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

BALANCE SHEET

As at 31 December 2024

	Notes	2024 £000	2023 £000
Assets			
Current assets			
Cash and cash equivalents	11	125,483	79,291
Loans and advances due from related parties	12	3,213	346
Total current assets		128,696	79,637
Non-current assets			
Loans and advances due from related parties	12	3,702,451	2,386,514
Derivative financial instruments	13 & 14	202,243	72,818
Total assets		4,033,390	2,538,969
Liabilities			
Current liabilities			
Loans due to group undertakings	15	(42,776)	(28,556)
Other liabilities		(40)	(23)
Total current liabilities		(42,816)	(28,579)
Non-current liabilities			
Loans due to group undertakings	15	(3,799,418)	(2,441,152)
Derivative financial instruments	13 & 14	(3,291)	(51,689)
Total liabilities		(3,845,525)	(2,521,420)
Net assets		187,865	17,549
Equity			
Share capital	16	-	-
Retained earnings		187,865	17,549
Total equity		187,865	17,549

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

The financial statements on pages 10 to 28 were approved by the Board of Directors and signed on its behalf by:

L T Grant
Director
23 June 2025

CASH FLOW STATEMENT

For the year ended 31 December

	Note	2024 £000	2023 £000
Profit/ (loss) before tax		170,316	(40,640)
Adjustment for non-cash items included in profit/ (loss):			
Fair value (gains)/ losses on derivatives	7	(170,315)	40,640
Add: Interest expense	6	196,045	107,039
Less: Interest income	5	(198,654)	(107,684)
Operating cash flows before movements in working capital		(2,608)	(645)
Cash flows from operating activities			
Adjustments for movements in working capital:			
Increase/ (decrease) in other liabilities		17	(38)
Cash flows used in operating activities		(2,591)	(683)
Cash flows from investing activities			
Loan advances to related parties		(1,198,701)	(1,501,320)
Movement in derivative financial instrument assets and liabilities		99,710	-
Interest received		77,215	79,240
Cash flows used in investing activities		(1,021,776)	(1,422,080)
Cash flows from financing activities			
Loan repayments to group undertakings		(17,295)	-
Loan advances from group undertakings		1,269,679	1,467,311
Interest paid		(181,825)	(85,508)
Net cash flows generated from financing activities		1,070,559	1,381,803
Net increase/ (decrease) in cash and cash equivalents		46,192	(40,960)
Cash and cash equivalents at the beginning of the year		79,291	120,251
Cash and cash equivalents at the end of the year	11	125,483	79,291

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

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

1. ACCOUNTING POLICIES

General information

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

Basis of preparation

These financial statements are prepared for Holmes Funding Limited (the "Company") under the Companies Act 2006.

The Company's financial statements have been prepared in accordance with UK-adopted international accounting standards (IAS).

The functional and presentation currency of the Company is Pound sterling.

The financial statements have been prepared under the historical cost convention as modified by financial assets and financial liabilities held at fair value through profit or loss.

The Company has adequate financial resources and the Directors note that £3,799m (2023: £2,441m) of the liabilities are long term loans due to group undertakings. The loans have scheduled repayment dates to match those of the Debt securities issued by Holmes Master Issuer plc, as per the Transaction documentation, and the principal receipts from the underlying mortgages are expected to be sufficient to meet the loan redemptions. 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Interest income and expense

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

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

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

Interest income and expense is shown gross in the Statement of Comprehensive Income.

Financial Instruments

Financial instruments of the Company comprise loans and advances due from related parties, Derivative financial instruments, loans due to group undertakings, cash and cash equivalents and other receivables and payables arising from the Company’s operations. These instruments are recognised, classified and subsequently measured in accordance with IFRS 9 as described below.

a) Initial recognition and measurement

Financial assets and liabilities are initially recognised when the 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

Classification and subsequent measurement

The Company classifies its financial assets in the measurement categories of amortised cost and Fair value through profit and loss (FVTPL).

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Financial assets: debt instruments

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. If neither of these is applicable, such as where the financial assets are held for trading purposes, then the financial assets are classified as part of an 'other' business model and measured at FVTPL. Factors considered in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel and how risks are assessed and managed.

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

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

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

Based on these factors, the Company classifies its debt instruments into one of the following measurement categories:

– Amortised cost – Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL recognised. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. When the estimates of future cash flows are revised, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the income statement.

– FVTPL – Financial assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL, including any debt instruments designated at fair value, is recognised in profit or loss and presented in the income statement in 'Other gains/losses' in the period in which it arises.

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

Impairment of debt instrument financial assets

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

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

The measurement of ECL reflects:

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

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

Loans and advances due from related parties represent a deemed loan to Santander UK plc, the repayment of which is dependent upon the performance of the underlying residential mortgage portfolio. At each balance sheet date an assessment is made as to whether, as a result of one or more events, there is a significant increase in credit risk since initial recognition. In assessing the loans and advances due from related parties for impairment, the Directors first consider the impairment of the underlying mortgage loans using the above 3 stage approach and consider the ECL of the loans and advances due from related parties taking into account the relevant credit enhancements available for the Company in the structure. Expected losses for loans and advances due from related parties are immaterial and are only likely to be material if the ECL on the underlying assets exceeded the available credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Loans and advances due from related parties

Loans and advances due from related parties are debt instrument financial assets measured at amortised cost. The Directors consider the relevant business model for the loans and advances due from related parties to be 'hold to collect' in order to service the Company's liabilities. The Directors assessed that the contractual cash flows under the deemed loan represent SPPI.

The Company's beneficial interest in the mortgage portfolio held by Holmes Trustees Limited has been legally acquired from Santander UK plc. The sale by Santander UK plc of the beneficial interest fails de-recognition in Santander UK Plc's financial statements and therefore the beneficial interest in the mortgage portfolio is not recognised on the Balance Sheets of the Securitisation structure, but instead remains on the Balance Sheet of Santander UK plc.

Recognition

Under IFRS 9, the legal transfer of the beneficial interest in the Fosse Master Trust mortgage portfolio from Santander UK plc to the Company fails the criteria for de-recognition in the financial statement of Santander UK plc. As no transfer has occurred for accounting purposes the beneficial interest has not been recognised in the Company's financial statements and remains in the Balance Sheet of Santander UK plc.

The beneficial interest in the mortgage portfolio is replaced by a related party deemed loan included in Loans and advances due from related parties on the Company's Balance Sheet. The related party loan is recorded at the book value of the issuance at the time of transfer less any subsequent repayments of capital less deferred consideration due.

Derivative financial instruments

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

The Company holds interest rate swap contracts to hedge significant future transactions and cash flows dependent on movement in interest rates.

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

Derivatives are contracted with Santander UK plc or counterparties that meet standards set out in the relevant Prospectus. If subsequently there is a ratings downgrade of the counterparty credit rating, remedial measures include provision of collateral for obligations under the relevant swap contract.

The Company does not apply hedge accounting for these Derivatives.

Valuation of financial instruments

Financial instruments that are classified or designated at fair value through profit and loss and all Derivatives are stated at fair value. The fair value of such financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Changes in the valuation of such financial instruments, including Derivatives, are included in the line item 'Net other operating income' in the Statement of Comprehensive Income.

Further information around valuation of financial instruments can be found under note 14.

Internal models based on observable market data - Derivative assets and liabilities

These instruments consist of interest rate contracts. The models used in estimating the fair value of these Derivatives do not contain a high level of subjectivity as the methodologies used in the models do not require significant judgement, and the inputs used in the models are observable market data such as plain vanilla interest rate swap contracts and option contracts. As the inputs used in the valuation are not observable, these Derivatives are classified within level 3 of the valuation hierarchy.

Deferred purchase consideration and start-up costs

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

Deferred start-up costs are capitalised and then amortised over the scheduled life based upon the redemption payments, as per the Transaction documents, of the loan note.

1. ACCOUNTING POLICIES (CONTINUED)

Income taxes

The directors are satisfied that the Company meets the definition of a 'securitisation company' as defined by both the Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts are recognised.

Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement which is currently £1,250 (2023: £1,250).

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.

Cash and cash equivalents

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

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF SIGNIFICANT MANAGEMENT JUDGEMENT

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

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

Impairment of Loans and advances due from related parties (judgement)

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

Derivative financial instruments (estimate)

Estimates

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

As described under "Derivative financial instruments" above, the Company holds interest rate swap contracts to hedge significant future transactions and cash flows dependent on movement in interest rates. Fair values of derivative financial instruments are sensitive to changes in the mortgage rates payable. Note 14 provides a sensitivity analysis to show how a change in the weighted average mortgage rate payable could impact the fair value of derivative financial instruments.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT

The Company's risk management focuses on the major areas of credit risk, market risk, operational risk and liquidity risk. The Transaction documents are also a source of financial risk to the Company. Risk management is carried out by the central risk management function of the Santander UK Group. Authority flows from the Santander UK plc Board to the Chief Executive Officer and from him to his direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management of oversight.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. The main source of credit risk is in the loans and advances due from related parties, derivative financial instrument assets and other assets.

Key metrics under IFRS 9 are as follows:

Metric	Description
Expected credit losses (ECL)	ECL tells us what credit risk is likely to cost us either over the next 12 months on qualifying exposures, or defaults over the lifetime of the exposure where there is evidence of a significant increase in credit risk (SICR) since origination. We explain how we calculate ECL below.
Stages 1, 2 and 3	We assess each facility's credit risk profile to determine which stage to allocate them to, and we monitor where there is a SICR and transfers between the stages. We explain how we allocate a facility to Stage 1, 2 or 3 below.
Significant increase in credit risk (SICR)	Loans which have suffered a SICR since origination are subject to a lifetime ECL assessment which extends to a maximum of the contractual maturity of the loan. Loans which have not experienced a SICR are subject to 12 month ECL. We assess each facility's credit risk profile to determine which of three stages to allocate them to, see the company's accounting policies on Note 1.

The maximum exposure to credit risk without taking into account collateral or credit enhancements is the carrying amount of the loans and advances due from related parties of £3,706m (2023: £2,387m) and the fair value of Derivative financial assets of £202m (2023: £73m).

Loans and advances due from related parties represent the deemed loan to Santander UK plc, the repayment of which is dependent upon the performance of the underlying residential mortgage portfolio. At each balance sheet date, an assessment is made as to whether, as a result of one or more events, there is a significant increase in credit risk since initial recognition. In assessing the deemed loan to Santander UK plc for impairment, the Directors first consider the impairment of the underlying mortgage loans using the above 3-stage approach and consider the ECL of the loan taking into account the relevant credit enhancements available for the Company in the structure. Expected losses for the deemed loan to Santander UK plc arises if the ECL on the underlying assets is greater than the available credit enhancements.

At the balance sheet date the impact of ECL has been assessed as immaterial on all financial assets subject to credit risk, due to the credit enhancement features applied by the Company. As such no ECL allowance was recognised (2023: £nil). All financial assets subject to credit risk were neither past due nor impaired (2023: neither past due nor impaired).

Loans and advances from Holmes Master Issuer plc can only be paid by the Company if the Company receives cash from mortgages advanced by Santander UK plc. This risk is mitigated as the securitisation structure is over collateralised and impairment risk is low. There is limited recourse under the loans as Holmes Master Issuer plc only pays loan Notes to the extent that it has available cash.

As at 31 December 2024, the book value of residential mortgage loans that Santander UK plc had assigned legal title to the Holmes Securitisation Structure was £5,109m (2023: £3,241m). The Holmes Securitisation Structure acquired interest in a portfolio of mortgage loans (Funder share) was £3,735m (2023: £2,396m) and the Santander UK plc seller share was £1,374m (2023: £845m). The seller share does not provide credit enhancement.

The Holmes Securitisation Structure has cash balances and reserves of £288m (2023: £195m) which also acts as a credit enhancement feature. Cash balances are held with Santander UK plc. All cash balances held with Santander UK plc are held under a Guaranteed Investment Contract and are classified as restricted funds, as withdrawals are restricted by a priority of payments in accordance with the terms of the securitisation structure.

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

The maximum LTV ratio of the securitised mortgages within the structure at origination is 95% with arrears rates significantly below the rate that can be absorbed by the level of over collateralisation currently within the structure. There are no repurchase obligations on the underlying loans.

The loans within the portfolio are monitored and assessed for impairment on a regular basis at a group level as, under International Accounting Standard ("IFRS") 9 'Financial Instruments,' the beneficial interest in a mortgage portfolio fails the criteria for de-recognition within the financial statements of Santander UK plc and remains in the Balance Sheet of Santander UK plc. The impairment policy applied by Santander UK plc is equivalent to the impairment of financial assets policy of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Santander UK plc is rated periodically by credit rating agencies Standard & Poor's, Moody's Investors Service and Fitch Ratings Ltd.

Liquidity risk

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

The Company's primary objective is to provide funding to Holmes Master Issuer plc. Receipts from customer repayment of mortgage principal are used by the Company to fund Holmes Master Issuer plc as and when the principal repayments and interest against the debt securities in issue fall due. The Company delegates the servicing of this activity to specialist teams within Santander UK plc in order to mitigate liquidity risk.

Liquidity is managed by the Company by matching the terms of the financial instruments so that cash inflows meet cash outflows. The receipts from the related party loan asset and the payments in respect of the Derivative financial instruments described in the Annual Report and Financial Statements are matched. The receipts from the Derivative financial instruments and the payments required in respect of the debt securities in issue described above are also matched.

Maturities of financial liabilities

The following tables analyse the maturities of the undiscounted cash flows of the Company's financial liabilities at the balance sheet date, based on the remaining period to the scheduled maturity date as per the Transaction documents.

2024	**Repayable on demand £000**	**1-3 months £000**	**3-12 months £000**	**1-5 years £000**	**Total £000**
Loans due to group undertakings	**42,806**	**-**	**-**	**3,799,388**	**3,842,194**
Interest payable on loans to group undertakings	**-**	**39,897**	**146,864**	**448,952**	**635,713**
Other liabilities	**-**	**40**	**-**	**-**	**40**
Derivative financial instruments	**-**	**232**	**1,276**	**1,908**	**3,416**
Total financial liabilities	**42,806**	**40,169**	**148,140**	**4,250,248**	**4,481,363**

2023	Repayable on demand £000	1-3 months £000	3-12 months £000	1-5 years £000	Total £000
Loans due to group undertakings	28,556	-	-	2,447,816	2,476,372
Interest payable on loans to group undertakings	-	34,819	104,430	374,560	513,809
Other liabilities	-	23	-	-	23
Derivative financial instruments	-	(1,014)	744	56,891	56,621
Total financial liabilities	28,556	33,828	105,174	2,879,267	3,046,825

Operational risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. The Company is subject to market risk in the form of interest rate risk.

In order to hedge against interest risks, the Company enters into interest rate swap contracts with Santander UK plc, a related party, to manage basis risk between interest flows on the intercompany loan with Holmes Master Issuer plc and on interest payments from the underlying mortgage portfolio received from Santander UK plc. Hedge accounting is not adopted by the Company for these Derivatives and therefore the results of the Company are subject to volatility due to the movement in fair value of those interest rate swap contracts.

Interest rate risk
The Company is not subject to interest rate risk as the terms of the Company's liabilities are matched to those of its assets.

During the year, the Company incurred fair value gains on derivative financial instruments of £170.3m (2023: fair value losses of £40.6m). This volatility is expected to even out over the long term.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

All of the Company's income is derived from activities in the same business and geographical segment, within the UK.

5. INTEREST AND SIMILAR INCOME

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Interest income from loans and advances due from related parties (the deemed loan)	86,108	64,297
Interest income on swap contracts with Santander UK plc	107,219	38,692
Bank interest income from Santander UK plc	5,327	4,695
	198,654	107,684

6. INTEREST EXPENSE AND SIMILAR CHARGES

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Interest expense on loans from group undertakings	196,045	107,039
	196,045	107,039

7. NET OTHER OPERATING INCOME/ (EXPENSE)

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Fair value gain/ (loss) on Derivative financial instruments	170,315	(40,640)

8. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Professional fees	965	527
Deferred acquisition costs	1,525	-
Administrative expenses and bank charges	118	118
	2,608	645

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

9. PROFIT/ (LOSS) BEFORE TAX

Directors' emoluments

The Directors' services to the Company are an incidental part of their duties. No Directors were remunerated for their services to the Company. Directors' emoluments are borne by Santander UK plc and corporate service fees of £18,074 (2023: £15,130), which include the provision of Directors, were incurred by the Company. No emoluments were paid by the Company to the Directors during the year (2023: £nil).

Staff costs

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

Auditors' remuneration

The audit fee for the current and prior years have been paid by the Company. The audit fee for the current year is £34,565 (2023: £19,700), exclusive of VAT.

No fees for non-audit services were paid by the Company to the auditors during the year (2023: nil).

10. TAX CHARGE ON PROFIT/ (LOSS) FOR THE YEAR

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Current tax:		
UK corporation tax on profit/ (loss) for the year	-	-
Tax charge on profit/ (loss) for the year	-	-

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the Transaction, which is currently £1,250 (2023: £1,250). Any other amounts that form part of its retained profit and all other amounts that it receives are disregarded for tax purposes.

UK corporation tax is calculated at the statutory rate of 19% (2023: 19%) for companies with profits under £50,000.

The tax on the Company's profit / (loss) before tax differs from (2023: differs from) the theoretical amount that would arise using the basic tax rate of the Company as follows:

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Profit/ (loss) before tax	**170,316**	(40,640)
Tax calculated a tax rate of 19% (2023: 19%)	32,360	(7,721)
Non-taxable income	(32,360)	7,721
Tax charge for the year	-	-

The Company meets the requirements of a securitisation company for tax purposes and is taxed on the margin that it receives in return for participating in the securitisation structure under the waterfall arrangement. Any other amounts that form part of its retained profit and all other amounts that it receives are disregarded for tax purposes.

11. CASH AND CASH EQUIVALENTS

	2024 £000	2023 £000
Deposits with Santander UK plc	125,483	79,291
	125,483	79,291

Cash and cash equivalent balances due from Santander UK plc, a related party were £125m (2023: £79m).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

12. LOANS AND ADVANCES DUE FROM RELATED PARTIES

	2024 £000	2023 £000
Loans and advances due from related parties	3,705,664	2,386,860

	2024 £000	2023 £000
Repayable:		
On demand or at short notice	3,213	346
After one year and within five years	3,702,451	2,386,514
	3,705,664	2,386,860

Loans and advances due from related parties represents financial assets at amortised cost in the form of an intercompany loan, generated as a result of the beneficial interest in the mortgage portfolio failing the recognition criteria described in IFRS 9. The intercompany loan replaces the beneficial interest in the mortgage portfolio legally held by the Company and represents the substance of the transaction for accounting purposes.

The Mortgage Loans advanced by Santander UK plc to its customers are being amortised, however the repayments are not contractually certain. The maturity profile of loans and advances from related parties is matched to the scheduled repayment of the loans due to group undertakings, which is itself matched to the scheduled repayment of the debt securities issued by Holmes Master Issuer plc, as per the Transaction documents.

The loans and advances due from related parties are all designated in Sterling and are either non-interest bearing, at fixed rates or at variable rates of interest, based on the standard variable rate of the administrator, Santander UK plc.

The fair value of loans and advances due from related parties at 31 December 2024 was £3,699,723 (2023: £2,408,468).

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Company holds Derivatives to manage the interest rate risks associated with the beneficial interest on the mortgage portfolio. These Derivatives are held with Santander UK plc, a related party, and require the Company to pay a weighted average of the mortgage interest earned on the beneficial interest in the mortgage portfolio and receive payments based on rates linked to compounded daily SONIA. These Derivatives are recorded at fair value through profit or loss.

The use of Derivatives is determined in the Transaction documents at the time of issue of each series of debt securities in issue.

The Company held Derivative assets of £202.2m (2023: 72.8m) and Derivative liabilities of £3.3m (2023: £51.7m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement and hierarchy

(i) Fair value measurement

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

Financial instruments valued using observable market prices

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

Financial instruments valued using a valuation technique

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

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

(ii) Fair value hierarchy

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

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

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

Level 2 - Internal models based on observable market data

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

Level 3 - Significant unobservable assumptions to reasonably possible alternatives

Significant inputs to the pricing or valuation techniques are unobservable.

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

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

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation techniques

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

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

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

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

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

Control framework

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarise the fair values of the financial asset and liability classes accounted for at fair value through profit and loss (FVTPL) at 31 December 2024 and 2023, analysed by the valuation methodology used by the Company to determine their fair value, including their levels in the fair value hierarchy – level 1, level 2 and level 3.

31 December 2024	Internal models based on								
Balance sheet category	Level 1 £000	%	Level 2 £000	%	Level 3 £000	%	Total £000	%	Valuation technique (Note 1)
Financial assets designated at fair value through profit and loss									
Derivative asset: Interest rate swap contracts	-	-	-	-	202,243	100	202,243	100	
Total assets at fair value	-	-	-	-	202,243	100	202,243	100	B

31 December 2023	Internal models based on								
Balance sheet category	Level 1 £000	%	Level 2 £000	%	Level 3 £000	%	Total £000	%	Valuation technique (Note 1)
Financial assets designated at fair value through profit and loss									
Derivative assets: Interest rate swap contracts	-	-	-	-	72,818	100	72,818	100	
Total assets at fair value	-	-	-	-	72,818	100	72,818	100	B

31 December 2024	Internal models based on								
Balance sheet category	Level 1 £000	%	Level 2 £000	%	Level 3 £000	%	Total £000	%	Valuation technique (Note 1)
Financial liabilities designated at fair value through profit and loss									
Derivative liabilities: Interest rate swap contracts	-	-	-	-	3,291	100	3,291	100	
Total liabilities at fair value	-	-	-	-	3,291	100	3,291	100	B

31 December 2023	Internal models based on								
Balance sheet category	Level 1 £000	%	Level 2 £000	%	Level 3 £000	%	Total £000	%	Valuation technique (Note 1)
Financial liabilities designated at fair value through profit and loss									
Derivative liabilities: Interest rate swap contracts	-	-	-	-	51,689	100	51,689	100	
Total liabilities at fair value	-	-	-	-	51,689	100	51,689	100	

For both the current and prior year, all other financial assets and liabilities including loans and advances due from related parties, loans due to group undertakings and other liabilities are classified as Level 3 as they are considered to be the most illiquid and hardest to value. They are not traded frequently, so it is difficult to give them a reliable and accurate market price. A fair value for these assets cannot be determined by using readily observable inputs or measures, such as market prices or models. Instead, they are calculated using estimates or risk-adjusted value ranges; methods open to interpretation. They are not traded frequently, so it is difficult to give them a reliable and accurate market price.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Effect of changes in significant unobservable assumptions to reasonably possible alternatives (Level 3)

The fair value of financial instruments are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions in the same instrument and are not based on observable market data and, as such require the application of a degree of judgement. Changing one or more of the inputs to the valuation models to reasonably possible alternative assumptions would change the fair values significantly. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions. Favourable and unfavourable changes are determined on the basis of changes in the value of the instrument as a result of varying the levels of the unobservable input as described in the table below. The potential effects do not take into effect any hedged positions.

Details are shown below:

31 December 2024

	Fair value	Assumption	Range (1)	Weighted		Sensitivity	
						Favourable changes	Unfavourable changes
	£000	description		average	Shift	£000	£000
Derivative assets: Interest rate swap contracts	202,243	Weighted Average Mortgage Rate Payable	2%-7%	3%	0.5%	38,478	(38,478)
Derivative liabilities: Interest rate swap contracts	(3,291)	Weighted Average Mortgage Rate Payable	5%-6%	5%	0.5%	19,679	(19,679)

2024 presentation includes the weighted average and range of actual assumption values (1), used to calculate the weighted average disclosure.

31 December 2023

	Fair value			Sensitivity	
				Favourable changes	Unfavourable changes
	£000	Assumption description	Shift	£000	£000
Derivative assets: Interest rate swap contracts	72,818	Weighted Average Mortgage Rate Payable	0.5%	11,326	(11,326)
Derivative liabilities: Interest rate swap contracts	(51,689)	Weighted Average Mortgage Rate Payable	0.5%	25,633	(25,633)

Reconciliation of fair value measurements in the fair value hierarchy

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

	Assets £000	Liabilities £000	Net £000
At 1 January 2023	**54,856**	**-**	**54,856**
Interest movements	37,821	871	38,692
Settlements/ additions	(28,607)	(3,171)	(31,778)
Fair value movements	8,748	(49,389)	(40,641)
At 31 December 2023 and 1 January 2024	**72,818**	**(51,689)**	**21,129**
Interest movements	102,946	4,273	107,219
Settlements/ additions	(95,454)	(4,256)	(99,710)
Fair value movements	121,933	48,381	170,314
At 31 December 2024	**202,243**	**(3,291)**	**198,952**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

15. LOANS DUE TO GROUP UNDERTAKINGS

	2024 £000	2023 £000
Loans due to group undertakings	3,842,194	2,469,708
These borrowings are repayable as follows:		
Within one year	42,776	28,556
After one year and within five years	3,799,418	2,441,152
	3,842,194	2,469,708

From the years ended 31 December 2024 and 31 December 2023 the maturity of Loans and advances due to group undertakings with Holmes Master Issuer plc (Note 17) is matched to the scheduled repayment of the loans due to group undertakings, which is itself matched to the scheduled repayment of the debt securities issued by Holmes Master Issuer plc to which the loans relate.

The table below shows the fair values of loans and advances to group companies. These fair values have been determined based on the estimated fair value of the Notes in issue, less cash and are classified as level 2. The choice of classification as level 2 is due to a mixture of observable and non-observable inputs used to derive the fair values.

	Book value 2024 £000	Fair value 2024 £000	Book value 2023 £000	Fair value 2023 £000
Loans and advances to group companies:				
At level 2	3,842,194	3,724,164	2,469,708	2,421,225
	3,842,194	3,724,164	2,469,708	2,421,225

16. SHARE CAPITAL

	2024 £	2023 £
Issued and fully paid:		
2 (2023: 2) Ordinary shares of £1 (2023: £1) each	2	2

17. RELATED PARTY TRANSACTIONS

During the current and prior year, the Company entered into the following transactions with related parties:

2024:	Interest income £000	Interest expense £000	Fees payable £000	Loans and advances due from related parties £000	Loans and advances due to group undertakings £000	Accrued interest payable £000
Santander UK plc	198,654	3,982	118	3,696,862	64,330	777
Santander UK plc – cash and cash equivalents	-	-	-	125,483	-	-
Holmes Master Issuer plc	-	192,063	922	-	3,735,088	41,999

	Derivative assets £000	Derivative liabilities £000
Santander UK plc	202,243	3,291

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

17. RELATED PARTY TRANSACTIONS (CONTINUED)

2023:

	Interest income £000	Interest expense £000	Fees payable £000	Loans and advances due from related parties £000	Loans and advances due to group undertakings £000	Accrued interest payable £000
Santander UK plc	107,684	2,272	118	2,386,860	51,345	636
Santander UK plc – cash and cash equivalents	-	-	-	79,291	-	-
Holmes Master Issuer plc	-	104,767	503	-	2,389,807	27,920

	Derivative assets £000	Derivative liabilities £000
Santander UK plc	72,818	51,689

Administration fees and bank charges to Santander UK plc of £0.1m (2023: £0.1m) are included in Administration expenses. There were no related party transactions during the year, or existing at the Balance Sheet date, with the Company's or parent company's key management personnel.

18. CAPITAL MANAGEMENT AND RESOURCES

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

Capital held by the Company and managed centrally as part of Santander UK plc, comprises share capital and reserves which can be found in the Balance Sheet on page 11. The Company's capital is not externally regulated.

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

19. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent company is Holmes Holdings Limited. Wilmington Trust SP Services (London) Limited, a company incorporated in Great Britain and registered in England and Wales, holds the entire share capital of Holmes Holdings Limited as trustee under a discretionary charitable trust, dated 17 February 1999, for the benefit of certain charities.

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

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

The Company is a Special Purpose Vehicle controlled by Santander UK plc and is therefore consolidated within the Santander UK Group Holdings plc's financial statements.

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

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

20. POST BALANCE SHEET EVENTS

On 22 January 2025, fellow Group undertaking Holmes Master Issuer plc issued £750,000,000 of Series 2025-1 Class A1 Master Issuer debt securities. Proceeds from the issue were made available from the Company to Santander UK plc by purchasing a beneficial interest in a UK residential mortgage loan portfolio held by the Holmes Master Trust.