



January 2026

## Glossary of financial services industry terms

Term	Definition
<b>Active customers</b>	Active customers are defined as those having an open account, with more than a set minimum balance along with certain specified transactions in the prior month.
<b>Alternative performance measures (APMs)</b>	A financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified under International Financial Reporting Standards.
<b>Any excess in month</b>	Accounts that were overdrawn for more than their overdraft every day in the previous month.
<b>Anti-Money Laundering (AML)</b>	A set of policies and practices to ensure that financial institutions and other regulated entities prevent, detect, and report financial crime and especially money laundering activities.
<b>Arrears</b>	Customers are said to be in arrears when they are behind in fulfilling their obligations with the result that an outstanding loan is unpaid or overdue. Such a customer is also said to be in a state of delinquency. When a customer is in arrears, his entire outstanding balance is said to be delinquent, meaning that delinquent balances are the total outstanding loans on which payments are overdue.
<b>Asset Backed Securities (ABS)</b>	Securities that represent an interest in an underlying pool of referenced assets. The referenced pool can comprise any assets which attract a set of associated cash flows but are commonly pools of residential or commercial mortgages but could also include leases, credit card receivables, motor vehicles or student loans.
<b>Balance weighted Loan to Value (LTV) ratio</b>	(Loan 1 balance x (Loan 1 Balance/Loan 1 latest property valuation) + (Loan 2 balance x (loan 2 balance/Loan 2 latest property valuation) + ...) / (Loan 1 balance + Loan 2 balance+...)
<b>UK Bank Levy</b>	The government levy that applies to certain UK banks, UK building societies and the UK operations of foreign banks from 1 January 2011. The levy is payable based on a percentage of the chargeable equity and liabilities of the bank at the balance sheet date.
<b>Banking NIM</b>	Banking net interest margin. Net interest income divided by average gross customer assets.
<b>Basel III</b>	In December 2010, the Basel Committee on Banking Supervision issued the Basel III rules text, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity. The standards were implemented in the EU in January 2014.
<b>Basis point (bps)</b>	One hundredth of a per cent (i.e. 0.01%), so 100 basis points is 1%. Used in quoting movements in interest rates or yields on securities.
<b>Brexit</b>	The withdrawal of the United Kingdom from the European Union.
<b>Business Banking</b>	Division, managed under Retail & Business Banking, serving enterprises with a turnover of up to £6.5m per annum.
<b>Capital Requirements Directive IV (CRD IV)</b>	An EU legislative package covering prudential rules for banks, building societies and investment firms.
<b>Cash collection</b>	Agents have been instructed to collect cash from the customer.
<b>Colleague engagement</b>	Colleague engagement is measured on annual basis in the Group Engagement Survey (GES), conducted by Mercer for Banco Santander. Results are benchmarked against other firms in the UK financial sector and other high performing firms.
<b>Commercial Paper</b>	An unsecured promissory note issued to finance short-term credit needs. It specifies the face amount paid to investors on the maturity date. Commercial paper can be issued as an unsecured obligation of Santander UK and is usually issued for periods ranging from one week up to nine months. However, the depth and reliability of some CP markets means that issuers can repeatedly roll over CP issuance and effectively achieve longer term funding. CP can be issued in a range of denominations and can be discounted or interest-bearing.
<b>Commercial Real Estate (CRE)</b>	Lending to UK customers, primarily on tenanted property assets, with a focus on the office, retail, industrial and residential sectors.
<b>Common Equity Tier 1 (CET1) capital</b>	The called-up share capital and eligible reserves less deductions calculated in accordance with the CRD IV implementation rules as per the PRA Policy Statement PS7/13.
<b>CET1 capital ratio</b>	CET1 capital as a percentage of risk-weighted assets.
<b>Consumer Finance</b>	Provides prime auto consumer financing for individuals, businesses, and automotive distribution networks.
<b>Contractual maturity</b>	The final payment date of a loan or other financial instrument, at which point all the remaining outstanding principal will be repaid and interest is due to be paid.
<b>Corporate Centre</b>	Provides treasury services for asset and liability management of our balance sheet, as well as management of non-core and legacy portfolios.
<b>Corporate &amp; Commercial Banking (CCB)</b>	Provides banking products and services to SMEs, mid-sized and larger corporates, typically with annual turnovers of between £2m and £500m, as well as to Local Authorities and Housing Associations.
<b>Cost to income ratio</b>	Total operating expenses before credit impairment losses and provisions for other liabilities and charges as a percentage of total operating income.
<b>Cost of risk</b>	Cost of risk is credit impairment charge for the 12-month period as a percentage of average gross customer loans. This is a useful measure of the relationship between the size of the credit impairment charge and the book size which investors use as a proxy to compare relative credit risk.
<b>Countercyclical capital buffer</b>	A capital buffer required under Basel III to ensure that capital requirements take account of the macro-financial environment in which banks operate.
<b>Counterparty credit risk</b>	The risk that the counterparty to a transaction may default before completing the satisfactory settlement of the transaction.
<b>Covered bonds</b>	Debt securities backed by a portfolio of mortgages that is segregated from the issuer's other assets solely for the benefit of the holders of the covered bonds. The Santander UK group issues covered bonds as part of its funding activities.
<b>Credit spread</b>	The yield spread between securities with the same coupon rate and maturity structure but with different associated credit risks, with the yield spread rising as the credit rating worsens. It is the premium over the benchmark or risk-free rate required by the market to accept a lower credit quality.

Term	Definition
<b>Credit Valuation Adjustment (CVA)</b>	Adjustments to the fair values of derivative assets to reflect the creditworthiness of the counterparty.
<b>Currency swap</b>	An arrangement in which two parties exchange specific principal amounts of different currencies at inception and subsequently interest payments on the principal amounts. Often, one party will pay a fixed interest rate, while the other will pay a floating exchange rate (though there are also fixed-fixed and floating-floating arrangements). At the maturity of the swap, the principal amounts are usually re-exchanged.
<b>Current Account Switch Service (CASS) guarantee</b>	On 16 September 2013, Bacs (previously Payments Council) launched CASS. The service is free-to-use for consumers, small charities, small businesses and small trusts, and is designed to make switching current accounts from one bank or building society to another, simpler, reliable and hassle-free, thus removing customers' perceived barriers to switching. The new service is backed by a customer guarantee and aims to increase competition in the high street, support the entry of new banks in the current account marketplace and give customers greater choice if they want to switch.
<b>Customer loans / customer deposits</b>	Money lent to or deposited by all individuals and companies that are not credit institutions. Such funds are predominantly recorded as assets and liabilities in the balance sheet under Loans and advances to customers and Deposits by customers, respectively.
<b>Customer funding gap</b>	Customer loans less customer deposits.
<b>Days past due</b>	One or more days that interest and/or principal payments are overdue based on the contractual terms.
<b>Debt securities</b>	Transferable instruments creating or acknowledging indebtedness. They include debentures, bonds, certificates of deposit, notes and commercial paper. The holder of a debt security is typically entitled to the payment of principal and interest, together with other contractual rights under the terms of the issue, such as the right to receive certain information. Debt securities are generally issued for a fixed term and redeemable by the issuer at the end of that term. Debt securities can be secured or unsecured.
<b>Debt securities in issue</b>	Transferable certificates of indebtedness of the Santander UK group to the bearer of the certificates. These are liabilities of the Santander UK group and include commercial paper, certificates of deposit, bonds, and medium-term notes.
<b>Default</b>	Financial assets in default represent those that are at least 90 days past due in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit impaired.
<b>Default at proxy origination</b>	IFRS 9 requires us to compare lifetime probability of default at origination with our view of lifetime probability of default now. If we do not have data at origination, then a proxy origination is defined.
<b>Defined benefit obligation</b>	The present value of expected future payments required to settle the obligations of a defined benefit plan resulting from employee service.
<b>Defined benefit plan</b>	A pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The employer's obligation can be more or less than its contributions to the fund.
<b>Defined contribution plan</b>	A pension plan under which the Santander UK group pays fixed contributions as they fall due into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions, i.e. the employer's obligation is limited to its contributions to the fund.
<b>Delinquency</b>	See 'Arrears'.
<b>Deposits by banks</b>	Money deposited by banks and other credit institutions. They include money-market deposits, securities sold under repurchase agreements, and other short-term deposits. Such funds are recorded as liabilities in the Santander UK group's balance sheet under Deposits by Banks, Trading Liabilities or Financial Liabilities designated at Fair Value.
<b>Derivative</b>	A contract or agreement whose value changes with changes in an underlying index such as interest rates, foreign exchange rates, share prices or indices and which requires no initial investment or an initial investment that is smaller than would be required for other types of contracts with a similar response to market factors. The principal types of derivatives are: swaps, forwards, futures and options.
<b>Digital customers</b>	Digital customers reflect the number of customers who have logged onto Retail or Business online banking or mobile app(s) (Retail Mobile includes SanWallet & OnePayFX) at least once in the month.
<b>Digital sales</b>	Percentage of new contracts executed through digital channels during the period. Digital sales as % of total sales.
<b>Distributable items</b>	Equivalent to distributable profits under the Companies Act 2006.
<b>Economic capital</b>	An internal measure of the minimum equity and preference capital required for the Santander UK group to maintain its credit rating based upon its risk profile.
<b>Effective tax rate</b>	The tax on profit/(losses) on ordinary activities as a percentage of profit/(loss) on ordinary activities before taxation.
<b>Energy performance certificate (EPC)</b>	A scheme to summarise the energy efficiency of buildings and apply a rating between A – G.
<b>Everyday Banking</b>	Provides banking services and unsecured lending to individuals and small businesses as well alongside wealth management for high-net-worth clients.
<b>Expected credit loss (ECL)</b>	Represents what the 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 since origination.
<b>Expected loss (EL)</b>	The product of the probability of default, exposure at default and loss given default. We calculate each factor in accordance with CRD IV and include direct and indirect costs. We base them on our risk models and our assessment of each customer's credit quality.
<b>Exposure at default (EAD)</b>	The maximum loss that a financial institution might suffer if a borrower, counterparty or group defaults on their obligations or assets and off-balance sheet positions have to be realised.

Term	Definition
<b>Fair value adjustment</b>	An adjustment to the fair value of a financial instrument which is determined using a valuation technique (level 2 and level 3) to include additional factors that would be considered by a market participant that are not incorporated within the valuation model.
<b>Financial Conduct Authority (FCA)</b>	The Financial Conduct Authority is a financial regulatory body in the United Kingdom.
<b>Financial Services Compensation Scheme (FSCS)</b>	The Financial Services Compensation Scheme is the UK's statutory deposit insurance and investors compensation scheme for customers of authorised financial services firms.
<b>Financially empowered people</b>	The number of people we are supporting who are unbanked, underbanked or in a situation of vulnerability to get access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education.
<b>First / Second Charge</b>	First charge (also known as first lien): debt that places its holder first in line to collect compensation from the sale of the underlying collateral in the event of a default on the loan. Second charge (also known as second lien): debt that is issued against the same collateral as a higher charge debt but that is subordinate to it. In the case of default, compensation for this debt will only be received after the first charge has been repaid and thus represents a riskier investment than the first charge.
<b>Follow-on Rate (FoR)</b>	A mortgage product that tracks and is directly linked to the Bank of England base rate.
<b>Forbearance</b>	Forbearance takes place when a concession is made on the contractual terms of a loan in response to an obligor's financial difficulties.
<b>Full time equivalent</b>	Full time equivalent employee units are the on-job hours paid for employee services divided by the number of ordinary-time hours normally paid for a full-time staff member when on the job (or contract employee where applicable).
<b>Funded / unfunded</b>	Exposures where the notional amount of the transaction is either funded or unfunded. Represents exposures where a commitment to provide future funding has been made and the funds have been released / not released.
<b>Funding for Lending Scheme (FLS)</b>	A scheme designed by the Bank of England and HM Treasury to incentivise banks and building societies to boost their lending to UK households and non-financial companies. It aims to do this by providing funding to banks and building societies for an extended period, with both the price and quantity of funding provided linked to their performance in lending to the UK non-financial sector.
<b>Green Finance</b>	In line with our internal classification system to define what investments can be considered green finance. This includes financing raised and facilitated to renewable energy and other green energy financing; mortgages on properties with A- or B-rated EPC; and financing for electric vehicles, hybrid, and plug-in hybrid electric vehicles (PHEV) with emissions below 50g CO2 /km
<b>Homes</b>	Homes provides prime UK mortgage lending to owner occupiers and buy-to-let landlords with small portfolios.
<b>Impairment loss allowance (Loan loss allowance)</b>	An impairment loss allowance held on the balance sheet as a result of the raising of a charge against profit for an expected credit loss in the lending book. An impairment loss allowance may be either individual or collective.
<b>Individually assessed loan impairment provisions</b>	Impairment is measured individually for assets that are individually significant. For these assets, the Santander UK group measures the amount of the impairment loss as the difference between the carrying amount of the asset or group of assets and the present value of the estimated future cash flows from the asset or group of assets discounted at the original effective interest rate of the asset.
<b>Internal Capital Adequacy Assessment Process (ICAAP)</b>	The Santander UK group's own assessment of its regulatory capital requirements, as part of CRD IV. It takes into account the regulatory and commercial environment in which the Santander UK group operates, the Santander UK group's Risk Appetite, the management strategy for each of the Santander UK group's material risks and the impact of appropriate adverse scenarios and stresses on the Santander UK group's capital requirements.
<b>Internal Liquidity Adequacy Assessment Process (ILAAP)</b>	The Santander UK group's own assessment of the prudent level of liquidity that is consistent with the Santander UK group's LRA. It documents and demonstrates the Santander UK group's overall liquidity adequacy – an appropriate level of liquid resources, a prudent funding profile and comprehensive management and control of liquidity and funding risks.
<b>Internal ratings-based approach (IRB)</b>	The Santander UK group's method, under the CRD IV framework, for calculating credit risk capital requirements using the Santander UK group's internal models
<b>International Financial Reporting Standards (IFRS)</b>	A set of international accounting standards developed and issued by the International Accounting Standards Board, consisting of principles-based guidance.
<b>Investment grade</b>	A debt security, treasury bill or similar instrument with a credit rating measured by external agencies of AAA to BBB.
<b>ISDA Master agreement</b>	Standardised contract developed by ISDA (International Swaps and Derivatives Association) used as an umbrella under which bilateral derivatives contracts are entered into.
<b>Judgemental Adjustments</b>	Adjustments made to the ECL estimate outside of the ECL models to reflect management judgements.

Term	Definition
<b>Level 1</b>	The fair value of these financial instruments is based on unadjusted quoted prices for identical assets or liabilities in an active market that the Santander UK group has the ability to access at the measurement date.
<b>Level 2</b>	The fair value of these financial instruments is based on quoted prices in markets that are not active or 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.
<b>Level 3</b>	The fair value of these financial instruments is based on inputs to the pricing or valuation techniques that are significant to the overall fair value measurement of the asset or liability are unobservable.
<b>Liquidity Coverage Ratio (LCR)</b>	The LCR is intended to ensure that a bank maintains an adequate level of unencumbered, high quality liquid assets which can be used to offset the net cash outflows the bank could encounter under a short-term significant liquidity stress scenario.
<b>LCR eligible liquidity pool</b>	Assets eligible for inclusion in the LCR as high-quality liquid assets. The LCR eligible liquidity pool also covers both Pillar 1 and Pillar 2 risks.
<b>Loan to value ratio (LTV)</b>	The amount of a first mortgage charge as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore the price of the loan to the borrower. LTV ratios may be expressed in a number of ways, including origination LTV and indexed LTV.
<b>Loss Given Default (LGD)</b>	The fraction of Exposure at Default that will not be recovered following default. LGD comprises the actual loss (the part that is not recovered), together with the economic costs associated with the recovery process. It is calculated as the expected loss divided by EAD for each month of the forecast period. We base LGD on factors that impact the likelihood and value of any subsequent write-offs, which vary according to whether the product is secured or unsecured. If the product is secured, we take into account collateral values as well as the historical discounts to market/book values due to forced sales type.
<b>Loyal customers</b>	Loyal customers are defined as primary banking current account customers who hold an additional product.
<b>Master netting agreement</b>	An industry standard agreement which facilitates netting of transactions (such as financial assets and liabilities including derivatives) in jurisdictions where netting agreements are recognised and have legal force. The netting arrangements do not generally result in an offset of balance sheet assets and liabilities for accounting purposes, as transactions are usually settled on a gross basis.
<b>Maximum Distributable Amount (MDA)</b>	The maximum distributions which a bank can make to investors when it has insufficient capital to meet its buffer requirements.
<b>Medium-Term Funding (MTF)</b>	Shown at a sterling equivalent value. Consists of senior debt issuance, asset-backed issuance (including securitisation and covered bond issuance) and structured issuance (including firm financing repurchase agreements).
<b>Medium-Term Notes (MTNs)</b>	Corporate notes (or debt securities) continuously offered by a company to investors through a dealer. Investors can choose from differing maturities, ranging from nine months to 30 years. They can be issued on a fixed or floating coupon basis or with an exotic coupon; with a fixed maturity date (non-callable) or with embedded call or put options or early repayment triggers. MTNs are most generally issued as senior, unsecured debt.
<b>Minimum requirement for own funds and eligible liabilities (MREL)</b>	A requirement under the Bank Recovery and Resolution Directive for EU resolution authorities to set a minimum requirement for own funds and eligible liabilities for banks, implementing the Financial Stability Board's Total Loss Absorbing Capacity (TLAC) standard. The purpose of MREL is to help ensure that when banks, building societies and investment firms fail, that failure can be managed in an orderly way while minimising risks to financial stability, disruption to critical economic functions, and risks to public funds.
<b>Mortgages</b>	Refers to residential and buy to let retail mortgages only and excludes social housing and commercial mortgage properties.
<b>Mortgage-Backed Securities (MBS)</b>	Securities that represent interests in groups of mortgages, which may be on residential or commercial properties. Investors in these securities have the right to cash received from future mortgage payments (interest and/or principal). When the MBS references mortgages with different risk profiles, the MBS is classified according to the highest risk class.
<b>n.m.</b>	Not meaningful when the change is above 100%.
<b>Net fee and commission income</b>	Fee and commission income minus other fees paid, that are not an integral part of the effective interest rate. For retail and corporate products, fee and commission income consists principally of collection services fees, commission on foreign currencies, commission and other fees received from retailers for processing credit card transactions, fees received from other credit card issuers for providing cash advances for their customers through the Santander UK group's branch and ATM networks, annual fees payable by credit card holders and fees for non-banking financial products.
<b>Net interest income</b>	The difference between interest received on assets and interest paid on liabilities.
<b>Net Interest Margin (NIM)</b>	Net interest income as a percentage of average interest-earning assets.
<b>Net Promoter Score – Retail</b>	The Financial Research Survey (FRS) is a monthly personal finance survey of around 5,000 consumers prepared by the independent market research agency, IPSOS MORI, based on mortgages, savings, main current accounts, home insurance, UPLs and credit cards.
<b>Net Stable Funding Ratio (NSFR)</b>	The ratio of available stable funding resources to stable funding requirements over a one-year time horizon, assuming a stressed scenario. The Basel III rules require this ratio to be over 100%.
<b>Other retail products</b>	Other Retail products include Cater Allen, cahoot and crown dependencies (Jersey branch and Isle of Man).
<b>Over the counter (OTC) derivatives</b>	Contracts that are traded (and privately negotiated) directly between two parties, without going through an exchange or other intermediary. They offer flexibility because, unlike standardised exchange-traded products, they can be tailored to fit specific needs.

Term	Definition
<b>Own credit</b>	The effect of the Santander UK group's own credit standing on the fair value of financial liabilities.
<b>Past due</b>	A financial asset such as a loan is past due when the counterparty has failed to make a payment when contractually due.
<b>Payment holiday</b>	A period in which a customer has relief from making repayments on a loan. Also known as a payment deferral.
<b>Pillar 1</b>	The first pillar of the Basel III approach which, provides the approach to the calculation of the minimum capital requirements.
<b>Pillar 2</b>	The part of the CRD IV Accord which sets out the process by which a bank should review its overall capital adequacy and the processes under which the supervisors evaluate how well financial institutions are assessing their risks and take appropriate actions in response to the assessments.
<b>Pillar 3</b>	The part of the CRD IV Accord which sets out the disclosure requirements for firms to publish details of their risks, capital and risk management. The aims are greater transparency and strengthening market discipline.
<b>Prime / prime mortgage loans</b>	A description for mortgages granted to the most creditworthy category of borrowers.
<b>Private equity investments</b>	Equity holdings in operating companies not quoted on a public exchange.
<b>Probability of default (PD)</b>	The likelihood of a borrower defaulting in the following year, assuming it has not closed or defaulted since the reporting date. For each month in the forecast period, we estimate the monthly PD from a range of factors. These include the current risk grade for the exposure, which becomes less relevant further into the forecast period, as well as the expected evolution of the account risk with maturity and factors for changing economics. We support this with historical data analysis.
<b>Prudential Regulation Authority (PRA)</b>	The UK financial services regulator formed as one of the successors to the FSA. The PRA is part of the Bank of England and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm.
<b>Regulatory capital</b>	The amount of capital that the Santander UK group holds, determined in accordance with rules established by the UK PRA for the consolidated Santander UK group and by local regulators for individual Santander UK group companies.
<b>Remuneration Code</b>	FCA Remuneration Code for dual regulated firms SYSC19D.3.44 and PRA Rulebook-Remuneration Part 15.7.
<b>Repurchase agreement (Repo)</b>	In a sale and repurchase agreement one party, the seller, sells a financial asset to another party, the buyer, under commitments to reacquire the asset at a later date. The buyer at the same time agrees to resell the asset at the same later date. From the seller's perspective such agreements are securities sold under repurchase agreements (repos) and from the buyer's securities purchased under commitments to resell (reverse repos).
<b>Residential Mortgage-Backed Securities (RMBS)</b>	Securities that represent interests in a group of residential mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and / or principal).
<b>Retail &amp; Business Banking (RBB)</b>	Provides UK mortgage lending and banking services and unsecured lending to individuals and small businesses.
<b>Retail loans</b>	Loans to individuals rather than institutions, including residential mortgage lending and banking and consumer credit.
<b>Risk Appetite</b>	The level of risk (types and quantum) that the Santander UK group is willing to accept (or not accept) to safeguard the interests of shareholders whilst achieving business objectives.
<b>Risk-weighted assets (RWA)</b>	A measure of a bank's assets adjusted for their associated risks. Risk weightings are established in accordance with the Basel Capital Accord as implemented by the PRA.
<b>RoTE</b>	Profit after tax attributable to equity holders of the parent divided by average shareholders' equity less non-controlling interests, other equity instruments and average goodwill and intangible assets.
<b>Santander UK</b>	Refers to Santander UK Group Holdings plc and its subsidiaries.
<b>Securitisation</b>	A process by which a group of assets, usually loans, are aggregated into a pool, which is used to back the issuance of new securities. A company sells assets to a structured entity which then issues securities backed by the assets, based on their value. This allows the credit quality of the assets to be separated from the credit rating of the original company and transfers risk to external investors. Assets used in securitisations include mortgages to create mortgage-backed securities. Santander UK has established securitisation structures as part of its funding and capital management activities.
<b>Select customers</b>	Customers who have a Select Current Account and pay their main income of at least £5,000 per month into their Select Current Account or keep £75,000 in any Santander investment(s), savings or current account.

Term	Definition
<b>Significant increase in credit risk (SICR)</b>	Assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after considering the passage of time).
<b>Sovereign exposures</b>	Exposures to local and central governments, and government guaranteed counterparties.
<b>Stage 1</b>	Assets have not experienced a significant increase in credit risk since origination. A loss allowance equal to a 12-month ECL is applied.
<b>Stage 2</b>	Assets have experienced a significant increase in credit risk since origination, but no credit impairment has materialised. A loss allowance equal to the lifetime ECL is applied.
<b>Stage 3</b>	Assets that are in default and considered credit impaired. A loss allowance equal to the lifetime ECL is applied. Objective evidence of credit impairment is required.
<b>Standardised approach</b>	In relation to credit risk, a method for calculating credit risk capital requirements under CRD IV, using External Credit Assessment Institutions ratings and supervisory risk weights. The Standardised approach is less risk-sensitive than IRB (see 'IRB' above). In relation to operational risk, a method of calculating the operational capital requirement under CRD IV, by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.
<b>Stress testing</b>	Stress testing is a management tool that facilitates a forward-looking perspective on risk management, strategic planning, capital, and liquidity and funding planning.
<b>Structured entity</b>	An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.
<b>Structured finance/notes</b>	A structured note is an instrument which pays a return linked to the value or level of a specified asset or index and sometimes offers capital protection if the value declines. Structured notes can be linked to a range of underlying assets, including equities, interest rates, funds, commodities and foreign currency.
<b>Subordinated liabilities</b>	Liabilities which, in the event of insolvency or liquidation of the issuer, are subordinated to the claims of depositors and other creditors of the issuer.
<b>Sub-prime</b>	Loans to borrowers typically having weakened credit histories that include payment delinquencies and potentially more severe problems such as court judgements and bankruptcies. They may also display reduced repayment capacity as measured by credit scores, high debt-to-income ratios, or other criteria indicating heightened risk of default.
<b>Supranational</b>	An international organisation where member states transcend national boundaries or interests to share in decision-making and vote on issues relating to the organisation's geographical focus.
<b>Standard Variable Rate (SVR)</b>	A mortgage product managed by Santander and not directly linked to the Bank of England base rate.
<b>Term Funding Scheme with additional incentives for SMEs (TFSME)</b>	The TFSME allows eligible banks and building societies to access four-year funding at rates very close to Bank Rate.
<b>TfL</b>	Transport for London
<b>Tier 1 capital</b>	A measure of a bank's financial strength defined by the PRA. It captures Common Equity Tier 1 capital plus other Tier 1 securities in issue but is subject to a deduction in respect of material holdings in financial companies.
<b>Tier 2 capital</b>	Defined by the PRA. Broadly, it includes qualifying subordinated debt and other Tier 2 securities in issue, eligible collective impairment allowances, the excess of regulatory impairment allowance over expected loss and deduction of material holdings in financial companies.
<b>Top 10 company to work for</b>	In line with Banco Santander's aspiration, we will aim to achieve the accreditation of a Top 10 company to work for, as measured by an industry-wide benchmarking survey, over the medium-term.
<b>Total loss absorbing capacity (TLAC)</b>	An international standard for TLAC issued by the Financial Stability Board, which requires global systemically important banks (G-SIBs) to have sufficient loss-absorbing and recapitalisation capacity available in resolution, to minimise impacts on financial stability, maintain the continuity of critical functions and avoid requiring taxpayer support.
<b>Total customers</b>	Defined as those having an open account.
<b>Total wholesale funding</b>	Comprises the sum of all outstanding debt securities, structured issuance (including firm financing repurchase agreements), subordinated debt and capital issuance, TFS and non-customer deposits. Total wholesale funding excludes any collateral received as part of the FLS.
<b>Trading book</b>	Positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book, which must be free of restrictive covenants on their tradability or ability to be hedged.
<b>Unencumbered assets</b>	Assets on our balance sheet not used to secure liabilities or otherwise pledged.
<b>UK leverage ratio</b>	CRD IV end-point Tier 1 capital divided by exposures as defined by the PRA rulebook. This is a key prudential regulatory measure which provides useful information to investors.
<b>Value at Risk (VaR)</b>	An estimate of the potential loss which might arise from market movements under normal market conditions if the current positions were to be held unchanged for one business day, measured to a confidence level.
<b>Wholesale funding with a residual maturity of less than one year</b>	Wholesale funding which has a residual maturity of less than one year at the balance sheet date.
<b>Write-down</b>	After an advance has been identified as impaired and is subject to an impairment allowance, the stage may be reached whereby it is concluded that there is no realistic prospect of further recovery. Write-downs will occur when, and to the extent that, the whole or part of a debt is considered irrecoverable.