# Santander UK Group Holdings plc

Quarterly Management Statement
for the twelve months ended 31 December 2025

## Mike Regnier, Chief Executive Officer, commented:

*"In 2025, we made excellent progress in our ambition to become the best bank for customers, driven by the launch of innovative new products including our Edge Explorer current account and the Navigator Global platform for businesses looking to expand overseas. We invested in upgrading our branch network and supporting our communities and local businesses, with new Work Cafés providing banking services alongside free shared workspaces. Our focus on creating a digital bank with a human touch delivered improved retail customer NPS scores.*

*Our 2025 results show strong business performance, with an increase in profit before tax to £1,510m benefitting from higher income and lower costs, as well as lower provision charges. In 2025, our gross mortgage lending increased by £9.2bn and customer deposits by £6.8bn and, looking ahead, we expect to see net lending growth continue. It is vital that the regulatory and fiscal environment is conducive to the banking sector helping people get onto the housing ladder or move home, and supporting businesses of all sizes. Healthy banks are critical for a healthy UK economy.*

*The most significant change in 2026 is expected to be the acquisition of TSB*[1]*, for which we hope to receive regulatory approval in the first half of the year. This landmark acquisition will create the UK's third-largest bank by personal current account balances, enhancing the profitability of Santander UK and creating stronger competition and choice for customers.*

*In Q1 2026, I will step down as CEO following an exciting four years that have seen Santander UK become a more efficient, customer-centric, tech-driven bank, offering better products and returning to growth in loans and deposits to deliver greater value for shareholders. Over this time, we have worked closely and effectively with Banco Santander to harness local and global capabilities. I am hugely proud of all my colleagues for their dedication and hard work. As the TSB acquisition exemplifies, our progress has led to significant investment by Banco Santander in the UK, demonstrating confidence in its long-term economic potential and a strategic commitment to UK customers."*

## 2025 financial and business highlights

**Focus on providing our customers with products and services that meet their needs; continued support for our communities**

- Enhanced functionality across our fast-growing digital channels as customers continue to choose digital over traditional channels.
- Launched a digital account opening process for business banking as part of our ambition for growth in this market.
- Renewed the Santander Cycles partnership with TfL for seven years. More than 9 million journeys were completed in 2025.
- Continued to focus on customer service. Retail NPS[2] scores continued to improve; ranking declined slightly to 6.

**2025 profit before tax increased by £180m to £1,510m (2024: £1,330m), mainly due to higher income, and lower costs and provision charges, partly offset by higher transformation costs**

- Banking NIM[3] of 2.23% was up 9bps (2024: 2.14%). H2-25 Banking NIM[3] of 2.19% was down 7bps (H1-25: 2.26%) as expected, driven by current market conditions.
- Net interest income increased 2%, driven by lower cost of deposits and supported by our structural hedge.
- Operating expenses were down 3% driven by simplification and automation, including headcount reduction.
- CIR[3] of 52% improved 3pp, with higher income and lower costs.
- Credit impairment charges were up £123m, trending to pre-pandemic levels, as previously guided. Cost of risk[3] of 10bps (Dec-24: 3bps).
- Provisions for other liabilities and charges were down 15%, mainly due to a lower provision charge in 2025 relating to historical motor finance commission payments, partly offset by higher transformation related charges.
- RoTE[3] of 10.0% (2024: 8.8%), increased mainly due to the higher profit after tax in the year.

**Customer loans and deposits increased, with broad based growth across all segments; LDR of 105% (Dec-24: 108%)**

- Mortgage loans increased to £169.0bn (Dec-24: £167.2bn); higher gross mortgage lending in 2025 of £25.3bn (2024: £16.1bn) with £14.7bn in H2-25 and £10.6bn in H1-25. Completed sale of £1.2bn of high RWA mortgage loans in Q3-25 with positive capital generation.
- Improved customer funding gap; customer deposits increased to £190.2bn (Dec-24: £183.4bn) driven by growth across all segments.
- Asset quality remains good. Stage 3 ratio[3] of 1.17% down 23bps from Dec-24; (13bps due to high RWA mortgage sale); arrears remain low.

**Strong liquidity and funding, with our capital position well above regulatory requirements; we remain focused on capital efficiency**

- CET1 capital ratio of 15.7% (Dec-24: 14.8%); increased due to ongoing organic capital generation and a no-dividend decision for 2025, in anticipation of the acquisition of TSB. UK leverage ratio of 5.1% (Dec-24: 4.9%). We remain focused on capital optimisation.
- Equivalent of £10.5bn in term issuance in 2025; we expect to issue £8.0 to 12.0bn in total for 2026.
- LCR of 166% (Dec-24: 156%) increased largely due to a reduction in the customer funding gap in 2025.

**Strategic update**

- Our strategic priorities for the next three years will follow Banco Santander's Investor Day in February 2026.
- We will continue to work closely with Banco Santander, harnessing group-wide expertise to deliver efficiencies and services for customers.

**Outlook**[4]

- We expect to see net lending growth continue in 2026.
- Banking NIM is expected to be stable in 2026. Our structural hedge position keeps us well positioned for further Bank Rate reductions.
- Cost of risk is expected to continue to trend up towards pre-pandemic levels, following a period of credit impairment write-backs in 2024.
- We expect further cost efficiencies in 2026, driven by simplification and automation of our business.
- We continue to monitor risks from geopolitical events and the potential impact on our customers.

*Notes:*

1 See Appendix 7 for more on Banco Santander's agreement to acquire TSB.
2 See Appendix 8 for more on NPS.
3 Non-IFRS measure. See Appendix 1 for details.
4 Does not reflect any impact of the proposed acquisition of TSB.

## Income statement summary

| Summarised consolidated income statement | 2025 £m | 2024 £m | Change % |
|---|---|---|---|
| Net interest income | 4,423 | 4,326 | 2 |
| Non-interest income[1] | 373 | 357 | 4 |
| Total operating income | 4,796 | 4,683 | 2 |
| Operating expenses before credit impairment charges, provisions and charges | (2,494) | (2,577) | (3) |
| Credit impairment charges | (193) | (70) | 176 |
| Provisions for other liabilities and charges | (599) | (706) | (15) |
| Profit before tax | 1,510 | 1,330 | 14 |
| Tax on profit | (395) | (380) | 4 |
| Profit after tax | 1,115 | 950 | 17 |
| | | | |
| Banking NIM[2] | 2.23 % | 2.14 % | 9bps |
| CIR[2] | 52 % | 55 % | (3)pp |

**2025 profit before tax up 14% vs 2024**

- Net interest income increased 2%, driven by lower cost of deposits and supported by our structural hedge.
- Non-interest income was up 4%, mainly due to higher retail and corporate fee income.
- Operating expenses were down 3%, driven by simplification and automation, including a 12-month headcount reduction of over 2,700 FTE.
- Credit impairment charges were up £123m, trending to pre-pandemic levels after a period of write-backs in 2024, as previously guided.
- Provisions for other liabilities and charges were down 15%, mainly due to a lower provision charge in 2025 relating to historical motor finance commission payments, partly offset by higher transformation related charges, including £42m in charges relating to changes to our branch network[3] in Q1-25 and other restructuring charges.

**Historical motor finance commission payments**

Further to the publication of the FCA's consultation paper on 7 October 2025 regarding a proposed industry-wide motor finance consumer redress scheme (Consultation), which followed the Supreme Court judgment of 1 August 2025 in Hopcraft, Wrench and Johnson (Hopcraft), the Santander UK group has reassessed the potential financial impact arising from motor finance related redress payments. On 3 December 2025, the FCA extended the pause on the handling of motor finance discretionary commission arrangement (DCA) and non-DCA commission complaints until 31 May 2026. A claim against SCUK, Santander UK and others in the Competition Appeals Tribunal which concerns SCUK's historical use of DCAs in respect of used car financing is currently paused until the end of March 2026.

The Santander UK group recognised a provision of £295m in its financial results for 2024. This provision was determined based upon the information then available. It included estimates for operational and legal costs and potential awards based on various scenarios and used a range of assumptions, including the possible outcome of an appeal to the Supreme Court in 2025 of the Court of Appeal's decision in Hopcraft.

The Santander UK group responded to the Consultation on 12 December 2025 and continues to engage constructively with the FCA in respect of its detailed consideration of the Consultation proposals. Based on its detailed consideration, the Santander UK group considers that there remains significant uncertainty regarding the ultimate outcome of the Consultation. The Santander UK group has updated its range of scenarios which has resulted in an additional estimated charge of £183m, increasing the total provision to £461m. This continues to include estimates for operational and legal costs and potential awards reflecting an increased likelihood of a higher number of cases than had previously been predicted as eligible for redress as well as an increased possibility that a remedy is sought to be imposed which extends beyond reversing any damaging financial consequences caused by any unfair relationships. The provision is based on various scenarios using a range of assumptions, including potential changes to the proposed scheme following responses to the Consultation or publication of the FCA's final scheme rules.

There continue to be significant uncertainties as to the nature, extent and timing of redress payments. The ultimate financial impact could be materially higher or lower than the amount provided.

*Notes:*

1 Comprises 'Net fee and commission income' and 'Other operating income'.
2 Non-IFRS measure. See Appendix 1 for details.
3 See Q1-25 Quarterly Management Statement for more on changes to our branch network.

## Balance sheet summary[1]

| Customer loans, customer deposits and wholesale funding | 2025 | 2024 |
|---|---|---|
| | **£bn** | £bn |
| Customer loans | 200.6 | 197.9 |
| Customer deposits | 190.2 | 183.4 |
| Total wholesale funding | 52.6 | 56.1 |

| Customer loans | 2025 | 2024 |
|---|---|---|
| | **£bn** | £bn |
| Retail & Business Banking | 175.2 | 173.8 |
| – Mortgages | 169.0 | 167.2 |
| – Credit Cards | 3.1 | 2.8 |
| – Unsecured Personal Loans | 2.0 | 2.1 |
| – Overdrafts | 0.4 | 0.5 |
| – Business Banking | 0.7 | 1.2 |
| Consumer Finance | 5.0 | 4.8 |
| Corporate & Commercial Banking | 18.9 | 18.0 |
| Corporate Centre | 1.5 | 1.3 |
| **Total** | **200.6** | **197.9** |

**Prudent approach to risk evident across our customer loan portfolio. Broad based growth across all segments**

- Mortgages: higher gross mortgage lending in 2025 of £25.3bn (2024: £16.1bn) with £14.7bn in H2-25 and £10.6bn in H1-25.
- Credit Cards: 54% (Dec-24: 56%) of customers repay their full balance each month.
- Unsecured Personal Loans: average customer balance of £6k (Dec-24: £6k).
- Overdrafts: relatively small balance of £0.4bn (Dec-24: £0.5bn).
- Business Banking: includes £0.6bn (Dec-24: £1.1bn) of BBLS with 100% Government guarantee.
- Consumer Finance: 98% (Dec-24: 95%) of lending is collateralised on vehicles.
- CCB: customers remain largely resilient with overall improvement in asset quality.

| Customer deposits | 2025 | 2024 |
|---|---|---|
| | **£bn** | £bn |
| Retail & Business Banking | 155.7 | 151.8 |
| – Current accounts | 59.4 | 62.3 |
| – Savings | 82.5 | 74.8 |
| – Business Banking | 8.6 | 9.5 |
| – Other retail products | 5.2 | 5.2 |
| Corporate & Commercial Banking | 24.4 | 22.1 |
| Corporate Centre | 10.1 | 9.5 |
| **Total** | **190.2** | **183.4** |

**Customer deposits increased by £6.8bn in 2025, driven by growth across all segments**

- Savings increased following a successful ISA season, successful deposit campaigns, including cahoot, and customer migration from Current Accounts.
- Cost of deposits continued to fall from last year's peak.

*Notes:*
1 See Appendix 6 for detailed balance sheet.

## Credit quality

| Customer loan quality | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Stage 1[1] | Stage 2[1] | Stage 3[1] | Stage 1[1] | Stage 2[1] | Stage 3[1] |
| | % | % | % | % | % | % |
| Retail & Business Banking | 90.1 | 9.0 | 0.95 | 88.6 | 10.2 | 1.16 |
| – Mortgages | 90.3 | 8.8 | 0.88 | 88.8 | 10.1 | 1.07 |
| – Credit Cards | 84.6 | 13.5 | 2.88 | 81.9 | 16.4 | 2.75 |
| – Unsecured Personal Loans | 89.6 | 9.3 | 1.07 | 90.5 | 8.3 | 1.20 |
| – Overdrafts | 41.8 | 52.3 | 6.87 | 53.9 | 39.5 | 7.40 |
| – Business Banking | 84.2 | 10.2 | 5.65 | 86.0 | 7.0 | 7.10 |
| Consumer Finance | 92.3 | 6.7 | 0.96 | 92.2 | 7.0 | 0.77 |
| Corporate & Commercial Banking | 89.1 | 7.6 | 3.42 | 84.8 | 11.6 | 3.96 |
| Corporate Centre | 99.3 | 0.5 | 0.15 | 99.6 | 0.1 | 0.22 |
| **Total** | **90.1** | **8.8** | **1.17** | **88.4** | **10.2** | **1.40** |

| Arrears over 90 days past due | 31 December 2025 | 31 December 2024 |
|---|---|---|
| | % | % |
| Retail & Business Banking | | |
| – Mortgages | 0.65 | 0.80 |
| – Credit Cards | 0.55 | 0.56 |
| – Unsecured Personal Loans | 0.78 | 0.88 |
| – Overdrafts | 3.09 | 3.05 |
| – Business Banking | 3.83 | 3.89 |
| Consumer Finance | 0.44 | 0.53 |
| Corporate & Commercial Banking | 1.04 | 1.04 |

**Loans in Stage 2 and Stage 3 improved, highlighting underlying asset quality and sale of high RWA mortgage assets**

- Mortgage loans in Stage 2 and 3 decreased, supported by the Q3-25 sale of high RWA mortgage assets. Stage 2 ratios increased across the smaller retail unsecured portfolios, mainly overdrafts, due to an increase in the SICR criteria for non-arrears Stage 2 loans.
- CCB loans in Stage 2 and 3 decreased, driven by overall improvement in asset quality.

**ECL provision**

- ECL provision decreased by £57m to £813m (Dec-24: £870m), reflecting reductions across almost all portfolios. The decrease was mainly driven by mortgages due to refinance-related JA releases, economic updates and the sale of high RWA mortgages in Q3-25.
- 12-month gross write-off utilisation of £248m (2024: £230m).

| ECL - 100% weight to each scenario | Upside | Base case | Downside 1 | Downside 2 | Weighted |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| Retail & Business Banking | 358 | 382 | 484 | 690 | 427 |
| Consumer Finance | 62 | 62 | 64 | 64 | 63 |
| Corporate & Commercial Banking | 311 | 318 | 352 | 366 | 323 |
| Corporate Centre | — | — | — | — | — |
| **Total** | **731** | **762** | **900** | **1,120** | **813** |
| Scenario weights | 15 % | 50 % | 25 % | 10 % | 100 % |

*Notes:*

1 Non-IFRS measure. See Appendix 1 for details.

## Economic scenarios

**Economic scenarios were updated for Q4-25 to reflect the latest market data, including expectations for inflation and Bank Rate**

- Base case was updated to reflect back data changes to GDP pushing up growth. We anticipate a modest rise in unemployment as firms adjust to the higher cost of employment.
- Upside scenario incorporates a quicker economic performance, driven by an improvement in the supply side of the economy.
- The downside scenarios capture a range of risks, including further escalation of geopolitical events, continuing weaker investment (reflecting the unstable environment and higher cost of employment), a continuing and significant mismatch between job vacancies and skills (as well as a smaller labour force) and a return to upside inflation surprises causing interest rates to remain at higher levels for longer.

| Economic scenarios[1] | | Upside<br>% | Base case<br>% | Downside 1<br>% | Downside 2<br>% | Weighted<br>% |
|---|---|---|---|---|---|---|
| GDP | 2024 (actual) | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| (Calendar year annual growth rate) | 2025 | 1.5 | 1.4 | 1.3 | 1.3 | 1.4 |
| | 2026 | 1.7 | 1.0 | (0.4) | (3.3) | 0.3 |
| | 2027 | 2.3 | 1.4 | — | (1.0) | 0.9 |
| | 2028 | 2.5 | 1.4 | 0.4 | 1.4 | 1.3 |
| | 2029 | 2.6 | 1.5 | 0.4 | 1.4 | 1.4 |
| | Start to trough[2] | n/a | n/a | (0.7) | (5.0) | n/a |
| Bank Rate | 2024 (actual) | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 |
| (at 31-Dec for each period) | 2025 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 |
| | 2026 | 3.00 | 3.25 | 4.50 | 2.00 | 3.40 |
| | 2027 | 3.00 | 3.25 | 3.25 | 1.50 | 3.04 |
| | 2028 | 3.00 | 3.25 | 3.25 | 2.50 | 3.14 |
| | 2029 | 3.00 | 3.25 | 3.25 | 2.75 | 3.16 |
| | 5-year peak | 3.75 | 3.75 | 4.50 | 3.75 | 3.79 |
| HPI | 2024 (actual) | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| (Q4 annual growth rate) | 2025 | 2.3 | 1.5 | 0.1 | 0.3 | 1.2 |
| | 2026 | 4.1 | 2.5 | (5.3) | (12.1) | (0.6) |
| | 2027 | 4.5 | 3.0 | (4.4) | (11.9) | 0.2 |
| | 2028 | 4.5 | 3.0 | 0.7 | (4.9) | 2.1 |
| | 2029 | 4.5 | 3.0 | 3.4 | 7.2 | 3.7 |
| | Start to trough[2] | n/a | n/a | (10.2) | (28.0) | (0.3) |
| Unemployment | 2024 (actual) | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 |
| (at 31-Dec for each period) | 2025 | 4.7 | 4.8 | 5.1 | 5.2 | 4.9 |
| | 2026 | 4.7 | 4.9 | 5.7 | 6.8 | 5.3 |
| | 2027 | 4.1 | 4.7 | 5.8 | 8.5 | 5.3 |
| | 2028 | 4.0 | 4.4 | 5.8 | 7.9 | 5.0 |
| | 2029 | 4.0 | 4.3 | 5.9 | 7.1 | 4.9 |
| | 5-year peak | 4.7 | 4.9 | 6.0 | 8.5 | 5.3 |
| CRE price growth | 2024 (actual) | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| (Q4 annual growth rate) | 2025 | 2.1 | 1.7 | (0.2) | (0.8) | 1.0 |
| | 2026 | 6.7 | 2.2 | (3.1) | (16.8) | (0.3) |
| | 2027 | 5.8 | 2.5 | (1.9) | (7.2) | 1.2 |
| | 2028 | 3.6 | 2.2 | (0.8) | 2.5 | 1.8 |
| | 2029 | 4.0 | 1.9 | 0.3 | 3.0 | 2.0 |
| | Start to trough[2] | n/a | n/a | (6.7) | (24.1) | (0.1) |
| Scenario weights | | 15 % | 50 % | 25 % | 10 % | 100 % |

*Notes:*
1 Our Q4-25 forecast used for ECL calculation.
2 GDP, HPI and CRE start is taken from the level at Q3-25.

## Capital, liquidity and funding

| Key metrics | 31 December 2025 | | 31 December 2024 | |
|---|---|---|---|---|
| | £bn | % | £bn | % |
| **Capital** | | | | |
| CET1 capital | 10.7 | 15.7 | 9.9 | 14.8 |
| Total qualifying regulatory capital | 14.6 | 21.3 | 13.9 | 20.9 |
| T1 Capital / UK Leverage | 12.8 | 5.1 | 11.8 | 4.9 |
| RWA | 68.3 | | 66.6 | |
| **Liquidity** | | | | |
| Liquid assets / LCR | 51.0 | 166 | 47.8 | 156 |
| **Funding** | | | | |
| Loan to deposit ratio | | 105 | | 108 |
| Wholesale funding[1] | 52.6 | | 56.1 | |
| of which with a residual maturity of less than one year | 13.4 | | 19.7 | |

**Capital ratios well above regulatory requirements**
- CET1 capital ratio increased to 15.7% due to ongoing organic capital generation and a no-dividend decision for 2025, partially offset by higher RWAs. In anticipation of the proposed acquisition of TSB by Santander UK (subject to regulatory approvals and other consents), in Aug-25 the Board passed a resolution to cancel the dividends that were accrued in the CET1 capital ratio calculations at Jun-25.
- UK leverage exposure increased to £251.7bn (Dec-24: £242.4bn) as a result of active balance sheet management.

**Strong liquidity position**
- LCR of 166% (Dec-24: 156%), increased largely due to a reduction in the customer funding gap in 2025.
- LCR eligible liquid assets surplus of £20.1bn to regulatory requirements.
- NSFR of 135% (Dec-24: 136%).
- LCR eligible liquidity pool of £51.0bn (Dec-24: £47.8bn), includes £31.7bn cash and central bank reserves (Dec-24: £32.2bn).

**Diversified funding across well-established issuance programmes**
- LDR of 105% (Dec-24: 108%), with higher customer loans and customer deposits, and an improved customer funding gap.
- Issued £10.5bn Sterling equivalent term issuance in 2025, including Covered Bond, RMBS, AT1 and Senior Unsecured issuances[2].
- Repaid £7.1bn in TFSME in 2025, with an outstanding balance of £3.9bn at Dec-25, of which £2.5bn is due for repayment in 2027 and £1.4bn is due in 2031.
- We expect to issue £8.0 to 12.0bn of term issuance in 2026, including the £1.25bn equivalent issued in Jan-26.

**Structural hedge evolution**
- Santander UK plc's structural hedge position decreased to £103bn at Dec-25 (Dec-24: £110bn), with an average duration of 2.3 years (Dec-24: 2.4 years).
- Our structural hedge position keeps us well positioned for further Bank Rate reductions.

**Significant Risk Transfers (SRTs)**
- As part of our strategy aimed at driving balance sheet optimisation, Santander UK completed four SRTs in the year (2024: five).
- 2025 transactions covered Retail & Business Banking, Corporate & Commercial Banking and Consumer Finance assets.

*Notes:*

1 Non-IFRS measure. See Appendix 1 for details.

2 See Appendix 5 for more on our 2026 funding plans.

## Summary segmental information

| Customer loans | 2025<br>£bn | 2024<br>£bn |
|---|---|---|
| Retail & Business Banking | 175.2 | 173.8 |
| Consumer Finance | 5.0 | 4.8 |
| Corporate & Commercial Banking | 18.9 | 18.0 |
| Corporate Centre | 1.5 | 1.3 |
| **Total** | **200.6** | **197.9** |

| Customer deposits | 2025<br>£bn | 2024<br>£bn |
|---|---|---|
| Retail & Business Banking | 155.7 | 151.8 |
| Consumer Finance | — | — |
| Corporate & Commercial Banking | 24.4 | 22.1 |
| Corporate Centre | 10.1 | 9.5 |
| **Total** | **190.2** | **183.4** |

| RWA | 2025<br>£bn | 2024<br>£bn |
|---|---|---|
| Retail & Business Banking | 43.4 | 42.0 |
| Consumer Finance | 7.8 | 7.2 |
| Corporate & Commercial Banking | 12.4 | 13.0 |
| Corporate Centre | 4.7 | 4.4 |
| **Total** | **68.3** | **66.6** |

| Profit / (loss) before tax | 2025<br>£m | 2024<br>£m |
|---|---|---|
| Retail & Business Banking | 1,284 | 1,226 |
| Consumer Finance | (76) | (175) |
| Corporate & Commercial Banking | 322 | 351 |
| Corporate Centre | (20) | (72) |
| **Total** | **1,510** | **1,330** |

**Retail & Business Banking**
- Customer loans and deposits increased as we returned to growth.
- Profit before tax was up, mainly due to higher income, and lower costs and provision charges, partly offset by higher credit impairment charges and transformation costs, including charges relating to changes in our branch network.

**Consumer Finance**
- Customer loans increased slightly, and we continue to focus on value and capital generation.
- Loss before tax decreased, mainly due to lower provision charges in respect of historical motor finance commission payments.

**Corporate & Commercial Banking**
- Continued focus on high-value and international business, with over 400 new clients onboarded in 2025.
- Profit before tax was down, mainly due to higher credit impairment charges, partly offset by cost discipline.

**Corporate Centre**
- Loss before tax improved, mainly due to higher income on liquid assets.

## Appendix 1 - Non-IFRS measures

### Non-IFRS measures and their calculations

- **Banking NIM:** Annualised net interest income divided by average customer loans for the period (2025: £198,779m; 2024: £201,968m).
- **Cost of risk:** Sum of credit impairment (charges) or write-backs for the last 12-month period as a percentage of average customer loans for the last 12 months (2025: £198,779m; 2024: £201,968m).
- **CIR:** Total operating expenses before credit impairment (charges) or write-backs, provisions and charges as a percentage of the total of net interest income and non-interest income.
- **Non-interest income:** Net fee and commission income plus other operating income.
- **Stage 1 ratio:** Sum of Stage 1 drawn assets divided by the sum of total drawn assets.
- **Stage 2 ratio:** Sum of Stage 2 drawn assets divided by the sum of total drawn assets.
- **Stage 3 ratio:** Sum of Stage 3 drawn and undrawn assets divided by the sum of total drawn assets and Stage 3 undrawn assets.
- **RoTE:** Profit after tax attributable to equity holders of the parent, divided by average shareholders' equity less average AT1 securities and average goodwill and other intangible assets.
- **Wholesale funding:** Deposits by customers reported in Corporate Centre, debt securities in issue, subordinated liabilities, AT1 issuance and Central Bank facilities, TFSME and indexed-long term repos used for funding.

### Movement in Banking NIM

| Movement in Banking NIM (Annual) | % |
|---|---|
| **2024 Banking NIM** | **2.14** |
| Loan margins | **(0.11)** |
| Structural deposit margins | **0.27** |
| Fixed and variable deposit margins | **(0.06)** |
| Funding, liquidity & other | **(0.01)** |
| **2025 Banking NIM** | **2.23** |

| Movement in Banking NIM (Half-Yearly) | % |
|---|---|
| **H1-25 Banking NIM** | **2.26** |
| Loan margins | **(0.07)** |
| Structural deposit margins | **0.13** |
| Fixed and variable deposit margins | **(0.13)** |
| Funding, liquidity & other | **—** |
| **H2-25 Banking NIM** | **2.19** |

- **Loan margins:** Customer rate less relevant risk-free rate.
- **Structural deposit margins:** Customer rate less gross structural hedge yield.
- **Fixed and variable deposit margins:** Customer rate less applicable swap rate or Bank Rate for fixed rate and variable rate deposits respectively.
- **Funding, liquidity & other:** Mainly wholesale funding coupon less Bank Rate or SONIA, and income from the eligible liquidity pool.

## **Appendix 1** - Non-IFRS measures *continued*

**RoTE Overview**

| **RoTE calculation** | **2025 £m** | 2024 £m |
|---|---|---|
| Profit after tax | 1,115 | 950 |
| **Profit due to equity holders of the parent (A)** | **1,115** | **950** |
| | | |
| Average shareholders' equity | 14,809 | 14,530 |
| Less average AT1 securities | (2,100) | (2,148) |
| **Average ordinary shareholders' equity** | **12,709** | **12,382** |
| Average goodwill and other intangible assets | (1,525) | (1,544) |
| **Average tangible equity (B)** | **11,184** | **10,838** |
| | | |
| **RoTE (A/B)** | **10.0 %** | **8.8%** |

## **Appendix 2** - Interest rate risk

The table below shows how our net interest income would be affected by a parallel shift (both up and down) applied instantaneously to the yield curve. Sensitivity to parallel shifts represents the amount of risk in a way that we think is both simple and scalable.

| **12-month net interest income sensitivity**[1] | **2025 £m** | 2024 £m |
|---|---|---|
| +100bps | 284 | 166 |
| -100bps | (198) | (200) |

*Notes:*

1 Based on modelling assumptions of repricing behaviour.

## Appendix 3 - Mortgages

| Interest rate profile | 2025 | 2024 |
|---|---|---|
| Fixed rate | 92 % | 90 % |
| Variable rate | 6 % | 7 % |
| Standard Variable Rate (SVR) | 1 % | 2 % |
| Follow on Rate (FoR) | 1 % | 1 % |

| Average balance weighted LTV | 2025 | 2024 |
|---|---|---|
| Stock | 52 % | 51 % |
| New Business | 65 % | 64 % |
| London lending (new business) | 64 % | 64 % |

| Borrower profile | 2025 | 2024 |
|---|---|---|
| Home movers | 42 % | 42 % |
| Remortgagers | 28 % | 27 % |
| First-time buyers | 21 % | 22 % |
| Buy-to-let | 9 % | 9 % |

| Additional mortgage information | 2025 | 2024 |
|---|---|---|
| Proportion of mortgage internal transfers retained online | 79 % | 77 % |
| Average loan size (stock)[3] | £201k | £193k |
| Average loan size (new business) | £254k | £246k |

| Movement in mortgage lending | £bn |
|---|---|
| **1 January 2025** | **167.2** |
| New business | 25.3 |
| Redemptions and repayments | (23.5) |
| **31 December 2025** | **169.0** |

Internal transfers of £36.5bn in 2025. Internal transfers relate to current customers switching from one product to another.

*Notes:*

1 Home movers include both existing customers moving house and taking out a new mortgage with us, and customers who switch their mortgage to us when they move house.
2 Remortgagers are new customers who are taking a new mortgage with us.
3 Average initial advance of existing stock.

# **Appendix 4** - Capital

### Regulatory capital requirements

| Regulatory headroom | CET1 capital | UK leverage | Total capital | MREL |
|---|---|---|---|---|
| | £bn | £bn | £bn | £bn |
| Dec-25 position | 10.7 | 12.8 | 14.6 | 24.7 |
| Minimum requirement | 7.8 | 10.8 | 11.5 | 20.0 |
| **Distance to MDA / excess** | **2.9** | **2.0** | **3.1** | **4.7** |

| Regulatory headroom | CET1 capital | UK leverage | Total capital | MREL |
|---|---|---|---|---|
| | % | % | % | % |
| Dec-25 position | 15.7 | 5.1 | 21.3 | 36.1 |
| Minimum requirement | 11.4 | 4.0 | 16.8 | 29.4 |
| **Distance to MDA / excess** | 4.3 | 1.1 | 4.5 | 6.7 |

| Minimum requirement breakdown (%) | CET1 capital | UK leverage | Total capital | MREL |
|---|---|---|---|---|
| | % | % | % | % |
| Pillar 1 | 4.5 | — | 8.0 | — |
| Pillar 2A | 2.4 | — | 4.3 | — |
| Capital conservation buffer | 2.5 | — | 2.5 | 2.5 |
| Countercyclical capital buffer | 2.0 | 0.7 | 2.0 | 2.0 |
| Base leverage | — | 3.3 | — | — |
| Leverage (6.75% leverage) | — | — | — | 24.9 |
| **Minimum Requirement** | 11.4 | 4.0 | 16.8 | 29.4 |

Distance to MDA/excess for CET1 capital, total capital and MREL ratios are measured on HoldCo requirements and exclude a 1.0% RFB systemic buffer and a 0.35% additional leverage ratio buffer.

### Capital generation

| Movement in CET1 Capital Ratio | % |
|---|---|
| **1 January 2025** | **14.8** |
| Profit | 1.7 |
| Expected loss less provisions and pension | (0.2) |
| RWAs | (0.4) |
| AT1 coupons | (0.2) |
| Ordinary dividends | — |
| **31 December 2025** | 15.7 |

In anticipation of the proposed acquisition of TSB by Santander UK (subject to regulatory approvals and other consents), in Aug-25 the Board passed a resolution to cancel the dividends that were accrued in the CET1 capital ratio calculations at Jun-25.

## **Appendix 5** - Funding

| **Wholesale funding** | **31 December 2025** | 31 December 2024 |
|---|---|---|
| | **£bn** | £bn |
| Short term funding | 5.8 | 7.2 |
| Medium term funding | 42.8 | 44.6 |
| Capital instruments | 4.0 | 4.3 |
| **Total** | **52.6** | **56.1** |

Wholesale funding excludes Foreign exchange and hedge accounting, and Other (including accrued interest). Total wholesale funding consists of items classified in the balance sheet as Financial liabilities at amortised cost, Financial liabilities designated at fair value, and Other equity instruments.

Of which:

| **Medium term funding** | **31 December 2025** | 31 December 2024 |
|---|---|---|
| | **£bn** | £bn |
| Senior unsecured issuance from Santander UK Group Holdings plc | 11.2 | 10.6 |
| Senior unsecured issuance from Santander UK plc | 3.2 | 1.7 |
| Covered bonds | 18.9 | 17.4 |
| RMBS and ABS | 5.6 | 3.9 |
| TFSME | 3.9 | 11.0 |
| **Total** | **42.8** | **44.6** |

| **Capital instruments** | **31 December 2025** | 31 December 2024 |
|---|---|---|
| | **£bn** | £bn |
| Subordinated liabilities | 1.9 | 2.2 |
| AT1 | 2.1 | 2.1 |
| **Total** | **4.0** | **4.3** |

### Term issuance

| | **2025** | **2026 expected issuances** |
|---|---|---|
| | **£bn** | **£bn** |
| Senior unsecured issuance from Santander UK Group Holdings plc | 3.0 | 2.0 to 3.0 |
| Senior unsecured issuance from Santander UK plc | 2.0 | 1.0 to 1.5 |
| Subordinated liabilities and equity (inc. AT1) | 0.5 | 0.5 to 1.5 |
| Covered bonds | 2.7 | 3.0 to 3.5 |
| RMBS and ABS | 2.3 | 1.5 to 2.5 |
| **Total** | **10.5** | **8.0 to 12.0** |

£500m AT1 issued in Feb-25 was fully subscribed by Banco Santander.

# **Appendix 6** - Balance sheet

### Balance sheet information

| **Assets** | **2025<br>£bn** | 2024<br>£bn |
|---|---|---|
| Customer loans | 200.6 | 197.9 |
| Loans to JVs, accrued interest, ECL and other | 5.4 | 5.0 |
| **Loans and advances to customers** | **206.0** | **202.9** |
| Cash at central banks | 32.6 | 33.1 |
| Reverse repurchase agreements | 17.7 | 10.3 |
| Other financial assets | 11.7 | 15.2 |
| Other assets - non-interest earning | 6.0 | 5.6 |
| **Total assets** | **273.9** | **267.1** |

| **Liabilities and Equity** | **2025<br>£bn** | 2024<br>£bn |
|---|---|---|
| Customer deposits | 190.2 | 183.4 |
| Deposits from JVs, accrued interest and other | 2.1 | 2.4 |
| **Deposits by customers** | **192.3** | **185.8** |
| Financial liabilities at amortised cost | 51.6 | 54.0 |
| Repurchase agreements | 9.0 | 8.6 |
| Other liabilities - non-interest bearing | 5.5 | 4.6 |
| **Total liabilities** | **258.4** | **253.0** |
| Shareholders' equity | 15.5 | 14.1 |
| **Total liabilities and equity** | **273.9** | **267.1** |

## **Appendix 7** - Banco Santander's acquisition of TSB from Sabadell

On 1 July 2025, Banco Santander announced that it reached an agreement to acquire 100% of TSB from Sabadell, with a valuation of £2.65bn in an all-cash transaction. Completion of the transaction is expected to occur in the first half of 2026. The transaction remains subject to regulatory approvals.

TSB is a well-established UK retail bank with a nationwide network of 175 branches and outlets, and a growing digital presence. It serves approximately 5 million customers, primarily in the personal and small business segments, with £34bn in mortgages (2% market share in the UK) and £35bn in deposits.

The acquisition further strengthens Banco Santander's position in one of its core markets, expanding its customer base and lending capacity across the UK. Banco Santander intends to integrate TSB in the Santander UK group. Santander UK would become the third largest bank in the country by personal current account balances and number four in mortgages. The integration would be subject to regulatory and other approvals.

When combined, the two banks would serve nearly 28 million retail and business customers nationwide, giving TSB customers access to Banco Santander's international network and allowing them to benefit from Banco Santander's leading technology platforms.

**Proven integration capability**
Banco Santander is one of the largest international investors in the UK financial services industry, having successfully acquired and integrated Abbey National plc in 2004 and both Alliance & Leicester plc and the Bradford & Bingley savings business in 2008. It has a proven track record in successful banking platform migrations.

By integrating technology across Santander UK and TSB, Banco Santander expects to unlock substantial operational efficiencies and support long-term profitability through a simplified, scalable digital banking model. We are fully committed to ensuring a seamless integration, by leveraging our market leading technology and significant experience. Maintaining the highest levels of service for customers across both banks will be a key priority and we will support all colleagues through the transition, as we invest in building a stronger bank for the future.

## **Appendix 8** - Other

**Retail NPS**
Our customer experience research was subject to independent third party review. We measured the main banking NPS of 17,730 consumers on a six month basis using a 11-point scale (% Top 2 – % Bottom 7). The reported data is based on the six months ended 31 December 2025, and the competitor set included in the ranking analysis is Barclays, Halifax, HSBC, Lloyds Bank, Nationwide, NatWest Group (NatWest & RBS) and TSB.

Dec-25: NPS ranked 6th for Retail, we note a margin of error which impacts those from 4th to 6th and makes their rank statistically equivalent.
Dec-24: NPS ranked 5th for Retail, we note a margin of error which impacts those from 2nd to 6th and makes their rank statistically equivalent.

**List of abbreviations**

| | |
|---|---|
| ABS | Asset-Backed Securities |
| AT1 | Additional Tier 1 |
| Banco Santander | Banco Santander, S.A. |
| Banking NIM | Banking Net Interest Margin |
| BBLS | Bounce Back Loan Scheme |
| BTL | Buy-To-Let |
| CCB | Corporate & Commercial Banking |
| CET1 | Common Equity Tier 1 |
| CIB | Corporate & Investment Banking |
| CIR | Cost-to-Income Ratio |
| CRE | Commercial Real Estate |
| ECL | Expected Credit Losses |
| FoR | Follow on Rate |
| FCA | Financial Conduct Authority |
| FSCS | Financial Services Compensation Scheme |
| GDP | Gross Domestic Product |
| HoldCo | Holding Company (Santander UK Group Holdings plc) |
| HPI | House Price Index |
| IFRS | International Financial Reporting Standards |
| LCR | Liquidity Coverage Ratio |
| LDR | Loan-to-Deposit Ratio |
| LTV | Loan-To-Value |
| MDA | Maximum Distributable Amount |
| n.a. | Not applicable |
| NPS | Net Promoter Score |
| NSFR | Net Stable Funding Ratio |
| O-SII | Other Systemically Important Institutions |
| PRA | Prudential Regulation Authority |
| RFB | Ring-fenced Bank |
| RoTE | Return on Tangible Equity |
| RMBS | Residential Mortgage-Backed Securities |
| RWA | Risk-Weighted Assets |
| Sabadell | Banco de Sabadell, S.A. |
| Santander UK | Santander UK Group Holdings plc |
| SVR | Standard Variable Rate |
| TfL | Transport for London |
| TFSME | Term Funding Scheme with additional incentives for SMEs |
| TSB | TSB Banking Group plc |
| UK | United Kingdom |

## Additional information about Santander UK and Banco Santander

Santander UK is a financial services provider in the UK that offers a wide range of personal and commercial financial products and services. The bank serves its customers via a nationwide branch network, telephone, mobile and online banking. Santander UK is subject to the full supervision of the FCA and the PRA in the UK. Santander UK plc customers' eligible deposits are protected by the FSCS in the UK.

Banco Santander (SAN SM, STD US, BNC.LN) is a leading commercial bank, founded in 1857 and headquartered in Spain and one of the largest banks in the world by market capitalisation. The group's activities are consolidated into five global businesses: Retail & Commercial Banking, Digital Consumer Bank, Corporate & Investment Banking (CIB), Wealth Management & Insurance and Payments (PagoNxt and Cards). This operating model allows the bank to better leverage its unique combination of global scale and local leadership. Banco Santander aims to be the best open financial services platform providing services to individuals, SMEs, corporates, financial institutions and governments. The bank's purpose is to help people and businesses prosper in a simple, personal and fair way.

Banco Santander has a listing of its ordinary shares on the London Stock Exchange and Santander UK plc has preference shares listed on the London Stock Exchange.

## Contacts


| | | |
|---|---|---|
| Thuy Dinh | Investor Relations | ir@santander.co.uk |
| Stewart Todd | Head of Communications and Responsible Banking | mediarelations@santander.co.uk |


## Basis of presentation

The information in this statement is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 (the Act). The statutory accounts for the year ended 31 December 2024 have been filed with the Registrar of Companies. The report of the auditor on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

This statement provides a summary of the unaudited business and financial trends for the twelve months ended 31 December 2025 for Santander UK Group Holdings plc and its subsidiaries (Santander UK), including its principal subsidiary Santander UK plc. The unaudited business and financial trends in this statement only pertain to Santander UK on a statutory basis. Unless otherwise stated, references to results in previous periods and other general statements regarding past performance refer to the business results for the same period in 2024.

This statement contains non-IFRS financial measures that are reviewed by management in order to measure our overall performance. These are set out in this Appendix. A list of abbreviations is included above and a glossary of terms is available at: **https://www.santander.co.uk/about-santander/investor-relations/glossary**

## Disclaimer