MOODY'S
INVESTORS SERVICE

CREDIT OPINION
13 August 2018

Update

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RATINGS

Santander UK plc

Domicile	United Kingdom
Long Term CRR	Aa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Santander UK PLC

Semiannual Update

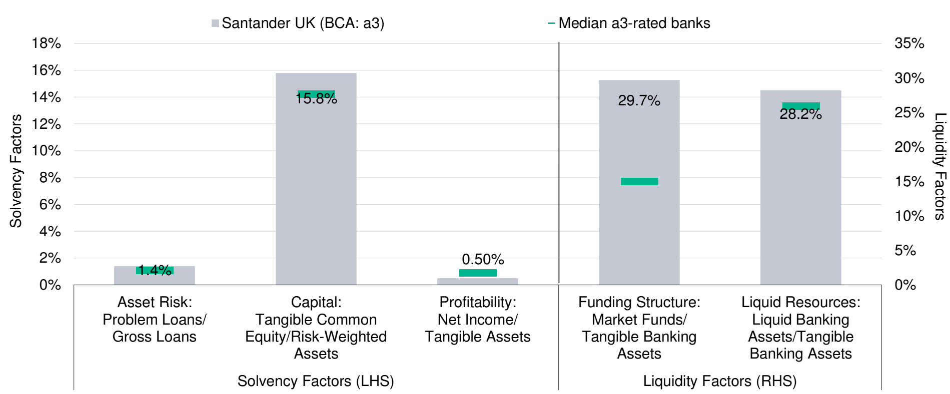
Summary Rating Rationale

Santander UK plc's (Santander UK's) Aa3 senior debt and deposit ratings reflect the bank's standalone creditworthiness, owing to its Baseline Credit Assessment (BCA) of a3, the instruments' low loss-given-failure and our assessment of a moderate probability of government support.

Santander UK's BCA of a3 is underpinned by: (1) its strong franchise in UK mortgage and saving products; (2) its solid earnings generation capacity and low earnings volatility; and (3) its robust capital levels. The BCA also incorporates the bank's: (1) increasing risk profile as it increases exposure to small and medium-sized corporates; and (2) ongoing reliance on wholesale funding, although somewhat mitigated by a sizeable liquid assets buffer.

The rating also incorporates our view that Santander UK is independently managed with limited financial and direct operational connections to its parent, Banco Santander S.A. (Banco Santander A2/(P)A2 stable, baa1). As a result, the creditworthiness of Santander UK is relatively insulated from a potential deterioration of its parent. Furthermore, since the bank is regulated by the UK Prudential Regulation Authority which deems it a domestic systemically important institution, we believe the authority is unlikely to allow Santander UK to establish exposures to its parent which could be a source of weakness.

Exhibit 1
Key Financial Ratios



2017 ratios for Santander UK Group Holdings
Source: Moody's Banking Financial Metrics

Credit Strengths

» Strong franchise in UK mortgages, savings and current accounts;

» Low earnings volatility underpinned by the bank's conservative risk profile;

» Strong capital levels relative to low risk profile;

» Stable deposit base and high liquidity buffer.

Credit Challenges

» More challenging operating environment in the UK as the country negotiates its exit from the EU;

» Increasing exposure to riskier SME and corporate sectors, albeit from a low base;

» Continued reliance on wholesale funding.

Rating Outlook

The stable outlooks on long-term deposit and senior debt ratings reflect our view that Santander UK's profitability and asset quality will remain resilient despite a more challenging operating environment in the UK. In addition, it incorporates our expectation that the implementation of ring-fencing will not result in any material changes to the bank's credit fundamentals, given the small volume of prohibited activities moving outside Santander UK.

Factors that Could Lead to an Upgrade

Santander UK's BCA could be upgraded if the bank: (1) shows a structural reduction in its reliance on market funding; (2) maintains its strong asset quality despite growth in its SME and corporate lending portfolio; and (3) continues to maintain its strong solvency profile through internal capital generation. A positive change in Santander UK's BCA would likely affect all ratings. Santander UK's deposit and senior debt ratings could also be upgraded if its holding company were to issue significant amounts of long-term debt.

Factors that Could Lead to a Downgrade

Santander UK's BCA could be downgraded due to: (1) an unexpected significant deterioration in its asset quality metrics; (2) a material weakening in profitability, which would reduce the bank's going-concern loss-absorption capacity; or (3) a deterioration in the bank's funding and liquidity position, including a further reduction in the quantity or quality of its liquidity buffer. A downward movement in Santander UK's BCA would likely result in downgrades of all ratings. Santander UK's long-term senior unsecured debt and deposit ratings could also be downgraded in case of a reduction in the volume of debt that could be bailed in, which would increase loss-given-failure for these instruments.

Key indicators

Exhibit 2
Santander UK Group Holdings plc (Consolidated Financials) [1]

	12-17[2]	12-16[2]	12-15[2]	12-14[2]	12-13[3]	CAGR/Avg.[4]
Total Assets (GBP billion)	295	280	260	253	251	4.1[5]
Total Assets (EUR billion)	333	328	353	326	302	2.4[5]
Total Assets (USD billion)	399	346	383	394	416	-1.0[5]
Tangible Common Equity (GBP billion)	14	13	13	11	9.8	8.9[5]
Tangible Common Equity (EUR billion)	16	15	17	15	12	7.2[5]
Tangible Common Equity (USD billion)	19	16	19	18	16	3.5[5]
Problem Loans / Gross Loans (%)	1.3	1.3	1.5	1.0	1.1	1.2[6]
Tangible Common Equity / Risk Weighted Assets (%)	15.8	14.6	14.8	13.9	-	14.8[7]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.7	19.6	21.6	14.3	18.0	18.2[6]
Net Interest Margin (%)	1.3	1.4	1.4	1.4	1.2	1.3[6]
PPI / Average RWA (%)	2.8	2.6	2.5	2.5	-	2.6[7]
Net Income / Tangible Assets (%)	0.5	0.9	0.3	0.8	0.4	0.6[6]
Cost / Income Ratio (%)	50.7	50.9	52.1	53.8	54.6	52.4[6]
Market Funds / Tangible Banking Assets (%)	29.7	26.9	25.5	27.5	30.1	27.9[6]
Liquid Banking Assets / Tangible Banking Assets (%)	28.2	23.8	19.5	21.0	21.8	22.9[6]
Gross Loans / Due to Customers (%)	113.9	117.2	123.2	125.2	128.0	121.5[6]

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel III - fully-loaded or transitional phase-in; IFRS [3] Basel II; IFRS [4] May include rounding differences due to scale of reported amounts [5] Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime [6] Simple average of periods presented for the latest accounting regime. [7] Simple average of Basel III periods presented
Source: Moody's Financial Metrics

Profile

Santander UK plc (Santander UK, formerly Abbey National plc [Abbey]) is a personal financial services provider that offers banking and related financial products and services, including retail, corporate and private banking, mortgages and savings accounts, loans and credit cards, long-term investments, and insurance. The bank operates predominantly in the UK.

Abbey's origins date back to 1849, but it was established in its current form in 1989, when Abbey National Building Society became a bank. It was wholly acquired by Banco Santander, SA (Santander) in 2004. Santander is a financial services group with large operations in Europe and the Americas. Santander UK's preference shares are listed on the London Stock Exchange.

In September 2008, following the announcement by HM Treasury to take Bradford & Bingley plc (B&B) into public ownership, the retail deposits, branch network and related employees of B&B were transferred to Abbey, under the provisions of the Banking (Special Provisions) Act 2008. In addition, on 9 January 2009, Santander transferred to Abbey all its shares in Alliance & Leicester plc (A&L), which had been acquired by Santander in October 2008, in exchange for newly issued ordinary shares.

On 11 January 2010, the name of the bank was changed to Santander UK plc, and all branches were rebranded as Santander. In March 2010, Santander UK announced its intention to merge all of A&L's business into its own operations, a move that was approved by the High Court of Justice in May 2010. The transfer became effective on 28 May 2010, and A&L was rebranded as Santander in November 2010.

Detailed Rating Considerations

The data in the following sections is sourced from Santander UK Group Holdings plc's financial statements unless otherwise stated.

Strong franchise in the UK mortgage and saving products supported by brand recognition

Santander UK ranks among the largest providers of financial services to retail customers in the country, having a sizeable and established residential mortgage franchise. Additionally, the bank has been gradually expanding its corporate lending footprint to continue diversifying its source of revenues, which will also support improvements in its profitability metrics.

Santander UK also has a significant market share of UK deposits. The group continues to strengthen its retail banking franchise, growing a loyal and more stable customer base through the development of its "1-2-3" Current Account strategy.

Santander UK is a key subsidiary of Banco Santander, with its total assets accounting for 27% of the group's assets at June 2018 and also contributing around 17% of its reported attributable profit in the first six months of 2018.

The impact of the ring-fencing legislation on Santander UK will be minimal. The legislation requires the UK banks to place their economically vital UK retail operations into separately funded and governed ring-fenced banks (RFBs), while housing their riskier wholesale businesses in distinct non-ring-fenced banks (NRFBs) by 1 January 2019. Santander UK, the RFB, will retain the majority of its retail and corporate customers, and will transfer its global corporate customers and financial institutions business to its parent company, Banco Santander.

Low earnings volatility underpinned by conservative risk profile, but profitability is expected to come under pressure

Santander UK's profitability is characterized by several positive elements, including: (1) strong earnings generation capacity, owing to its solid franchise in the UK, being the fifth largest financial institution in the country; (2) low earnings volatility, thanks to its mainly retail business model; and (3) the small impact of legacy issues compared to peers. However, we also recognize the following weaknesses: (1) limited earnings diversity, with net interest income still accounting for a large part of total revenues; and (2) a moderately elevated cost-to-income ratio when compared to other largely retail peers.

Santander UK reported adjusted pre-tax profit of £0.9 billion in the first half of 2018, down 18% as compared to the corresponding period in 2017. The decrease was driven by the combination of declining revenues and increasing operating expenses. The adjusted net interest income was down 4% due to eroding margins on new mortgage loans and a lower proportion of higher-yielding Standard Variable Rate (SVR) loans, whereas the adjusted non-interest income fell by 8%. Over the same period, the adjusted operating expenses increased by 7%, largely driven by regulatory costs.

In the first half of 2018 the bank's net interest margin (NIM) fell by 9 basis points, compared to the entire 2017, to 1.81%. We expect the bank's NIM to decrease further, given:

(i) slower economic growth during a prolonged period of low interest rates;

(ii) continued competition among UK banks on new mortgage pricing, and

(iii) a lower proportion of higher-yielding Standard Variable Rate (SVR) loans.

The bank sustained a low cost of risk in the retail book of 3 basis points, up from 2 basis point in 2017. In the same time the loss rate in its commercial bank increased to 17 basis points from 7 basis points, however it remains at a low level. We expect the bank's loan impairment charges to moderately increase over the outlook period, as the economic slowdown in the UK starts to put pressure on asset quality.

Carillion's entry into liquidation on 15 January 2018, together with its reported low cash balances and the anticipated decline in the estimated value of its contracts, suggested creditors' recovery rates would be low. Santander UK has therefore written off most of its exposure in Q4 2017 and Q1 2018. The bank had begun provisioning in Q3 2017, and the cost of this incremental impairment only had a modest impact on earnings.

In 2016, Santander UK set aside £144 million for mis-sold payment protection insurance (PPI), significantly below the £450 million it provisioned in 2015, and a much lower level than PPI charges taken by peers. Following the announcement of the Financial Conduct Authority's (FCA) final policy decision, including the extension of the time bar for customers to claim compensation to August 2019, the bank recorded an additional £109 million PPI charge for the full year of 2017. In the first half of 2018 the bank has not recognised any PPI related provisions. Nevertheless we believe further PPI charges in 2018 are possible, but, taking into account the extensive provisioning in 2015 and 2016, we expect any residual provisions to be relatively small.

Over the next 12-18 months we expect the bank's profitability to come under pressure driven by continued competitive pressure on mortgage pricing and as the negative impact of the deteriorating operating environment on business volumes and asset quality starts to materialise. These considerations translate into an assigned score of baa2 for the Profitability factor.

Strong capital levels relative to low risk profile

With a fully-loaded Basel III common equity tier 1 (CET1) ratio of 12.7% at end-June 2018, the bank's robust capitalization relative to a low risk profile is its key rating strength, as indicated by the assigned Capital score of a1. We expect that Santander UK will continue to maintain its strong capital levels thanks to the demonstrated internal earnings generation capacity.

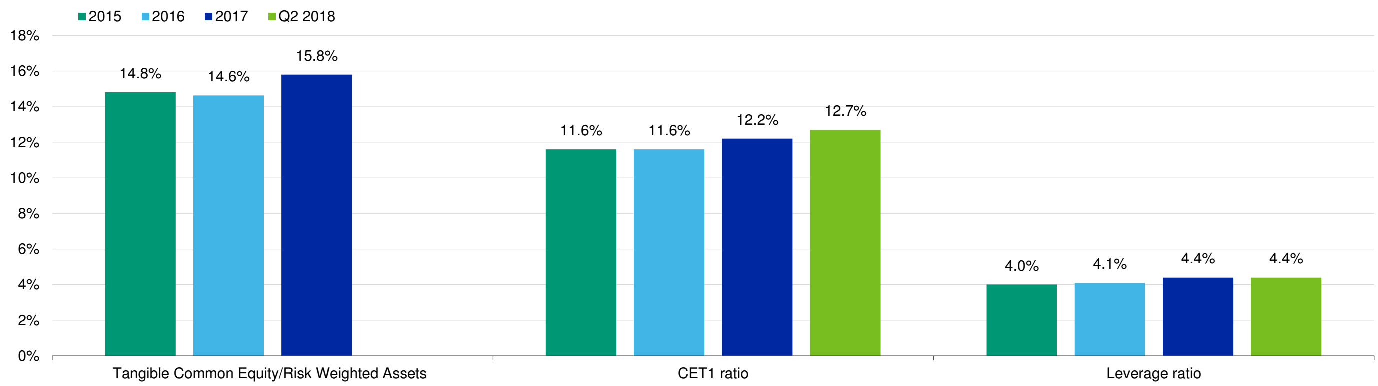
The CET1 ratio improved from 12.2% at year-end 2017 and 11.6% at year-end 2016, driven by steady profit and declining RWAs, and despite the 8bps negative impact related to the transition to IFRS 9 on 1 January 2018. In the first six months of 2018 the RWAs decreased by £1.9 billion to £85.1 billion, reflecting reduced counterparty credit and market risk and a reduction in commercial real estate exposures.

Santander UK's leverage ratio remained unchanged at 4.4% as of end-June 2018 compared to year-end 2017 (4.1% at year-end 2016). The improvement in the leverage ratio between 2017 and 2016 was driven by the issuance of £500 million Additional Tier 1 notes. While the ratio was in excess of the minimum regulatory requirement of 3%, it is somewhat below the level of peers.

Santander UK expects its minimum requirement for own funds and eligible liabilities (MREL) to be around 27.2% of RWAs (including capital buffers) on 1 January 2022 (end-state). The bank will issue £6.2 billion of senior unsecured debt through its holding company to meet this target.

Exhibit 3

Santander UK's strong capitalisation relative to low risk profile is a strength for the rating



Regulatory ratios on a fully-loaded basis

Source: Moody's Banking Financial Metrics and Company Reports

Strong asset quality, but exposure to higher risk corporate sectors is increasing from a low base

Santander UK presents a sound overall asset quality since most of its lending portfolio is composed of prime residential mortgages which makes around 78% of the total loan book. The bank also maintains conservative underwriting standards on mortgage lending with a relatively low average loan-to-value (LTV) ratio of 48%[1] at end-June 2018.

The bank's reported non-performing loan (NPL, more than three months in arrears) ratio was 1.25% as of end-June 2018 compared to 1.42% as at year-end 2017, (1.50% at year-end 2016). The quality of retail loan book remained stable in the first half of 2018 with an NPL ratio of 1.24%, while the corporate book NPL ratio improved significantly to 1.90% from 3.07% at year-end 2017 (2.90% year-end 2016). Corporate asset quality improved due to active management of the loan book as well as £321 million of write-offs.

The bank is currently targeting expansion in corporate lending, which, in our view, will somewhat increase its risk profile. We recognize however that the bank is gaining market share from a low starting point with the objective of achieving growth while maintaining conservative underwriting standards.

We expect to see a moderate weakening in Santander UK's asset risk metrics in the next 12-18 months due to the expected economic slowdown in the UK, as the country commences its negotiations to exit the EU. The bank's targeted expansion in relatively risky corporate lending sectors will increase its vulnerability to a macroeconomic downturn. Taking into account these considerations, we assign an Asset Risk score of a1 to Santander UK.

Improving funding profile and sufficient liquidity buffer, although wholesale funding reliance persists

Being primarily a retail bank, customer deposits are Santander UK's main source of funding, accounting for about 60% of total funding at end-June 2018. The bank's net loan-to-deposit ratio was 117% at the same date, up from 113% at year-end 2017 (116% at year-end 2016). The composition and stability of the deposit base continues to evolve positively as Santander UK replaces more price-sensitive deposit customers with current account clients, who tend to be more loyal, usually having more than one product with the bank.

Santander UK nevertheless continues to rely on wholesale funding: we calculate a market funds-to-tangible banking assets ratio of 29.7% at year-end 2017, resulting in a baa2 assigned score for Funding Structure. We expect a sector-wide increase in funding costs following the end of the Bank of England's Term Funding Scheme (TFS) in February 2018. Santander UK has drawn TFS funding equivalent to 15% of their liabilities, which will be refinanced over the next three to four years. The wholesale funding is, however, well diversified and primarily composed of secured, long-term funding.

Our baa1 assigned score for Liquid Resources is a reflection of the sizeable stock and high quality of Santander UK's liquid assets, which to some extent mitigates the bank's reliance on wholesale funding. We calculate a liquid banking assets over tangible banking assets ratio of 28.2% at December 2017. Liquidity Coverage Ratio (LCR)- eligible liquid assets stood at £50.5 billion at end-June 2018, up from £48.5 billion at year-end 2017 (£50.7 billion at year-end 2016), covering 299% of wholesale funds with a residual maturity of less than one year and resulting in a LCR of 138% (120% at year-end 2017).

Santander UK's resulting financial profile score is a3. The assigned BCA of a3 is positioned at the mid-point of the scorecard-calculated BCA range of a2-baa1.

Notching Considerations

Loss Given Failure and additional notching

Santander UK is subject to the UK implementation of the EU Bank Recovery and Resolution Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume residual tangible common equity (TCE) at failure of 3% and losses post-failure of 8% of tangible banking assets, a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions. Particular to Santander UK, we assume the proportion of deposits considered junior at 10%, relative to our standard assumption of 26%, due to its largely retail-oriented depositor base.

Our Advanced LGF analysis indicates that Santander UK's deposits are likely to face very low loss-given-failure, due to the loss absorption provided by subordinated debt and, potentially, by senior unsecured debt should deposits be treated preferentially in a resolution, as well as the substantial volume of deposits themselves. This results in a PRA of a1, two notches above the BCA.

Santander UK's senior unsecured debt, issued by the bank, is likely to face a very low loss-given-failure as well, due to the loss absorption provided by its own volume and the amount of debt subordinated to it. This results again in a PRA of a1, two notches above the BCA.

The senior unsecured debt issued by Santander UK Group Holdings plc is likely to face a high loss-given-failure due to the small amount of debt subordinated to it. We assume that EU holding company senior obligations benefit from the subordination of both holding and bank subordinated instruments. However, we believe that EU holding company senior unsecured debt is economically junior to bank senior unsecured debt, based on our forward-looking view that EU holding company senior unsecured debt, although legally pari passu to bank debt, will eventually fund bank senior unsecured debt which is contractually, structurally or statutorily subordinated to operating company external senior debt. This results in a PRA of baa1 for the senior unsecured debt issued by Santander UK Group Holdings plc, one notch below the BCA.

Subordinated debt is also likely to face high loss-given-failure due to its own very modest volume and the small amount of debt subordinated to it, resulting in the same PRA of baa1.

Junior subordinated debt and preference shares are likely to face a high loss-given-failure, and include additional downward notching from the BCA, reflecting the coupon suspension risk ahead of a potential failure and leading to a rating of (P)Baa2 for the junior subordinated MTN programme, Baa2 (hyb) for cumulative Preference shares and Baa3 (hyb) for non-cumulative Preference Shares.

Government Support

We believe there is a moderate probability of government support for Santander UK's deposits and senior debt, resulting in a one-notch uplift to the PRAs, and a long-term deposit and issuer ratings of Aa3. We consider the probability of government support for holding company liabilities to be low, leading to the long-term issuer rating of Baa1 for Santander UK Group Holdings plc.

For junior securities, we also believe that the potential for government support is low and these ratings do not, therefore, include any related uplift.

Counterparty Risk (CR) Assessment

Counterparty Risk Assessments (CR Assessments) are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

Santander UK's CR Assessment is positioned at Aa2(cr)/Prime-1(cr).

The CR Assessment, prior to government support, is positioned three notches above Santander UK's BCA of baa1, based on the cushion against default provided to the senior obligations represented by the CR Assessment by subordinated instruments.

The CR Assessment also benefits from one notch of government support, in line with our support assumptions on Counterparty Risk Ratings (see below), deposits and senior unsecured debt.

Counterparty Risk Ratings (CRR)

Counterparty Risk Ratings (CRRs) are opinions on the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event that such liabilities are not honoured. CRR liabilities typically relate to transactions with unrelated parties. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivative transactions and the uncollateralised portion of liabilities under sale and repurchase agreements. CRRs are not applicable to funding commitments or other obligations associated with covered bonds, letters of credit, guarantees, servicer and trustee obligations, and other similar obligations that arise from a bank performing its essential operating functions.

Santander UK plc's CRR is positioned at Aa2/Prime-1.

The CRR prior to government support, is positioned three notches above Santander UK's BCA of baa1, based on the cushion against default provided to the senior obligations represented by the CR Assessment by subordinated instruments.

The CRR also benefits from one notch of government support, in line with our support assumptions on CR Assessment, deposits and senior unsecured debt.

About Moody's Scorecard

Our Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 4

Santander UK Group Holdings plc

Macro Factors		
Weighted Macro Profile	**Strong +**	**100%**

Factor	**Historic Ratio**	**Macro Adjusted Score**	**Credit Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.4%	aa3	←→	a1	Expected trend	
Capital						
TCE / RWA	15.8%	aa3	↓	a1	Expected trend	Nominal leverage
Profitability						
Net Income / Tangible Assets	0.5%	baa2	←→	baa2	Earnings quality	Expected trend
Combined Solvency Score		a1		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	29.7%	baa2	←→	baa2	Extent of market funding reliance	Expected trend
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	28.2%	a3	←→	baa1	Quality of liquid assets	Expected trend
Combined Liquidity Score		baa1		baa2		
Financial Profile				a3		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint:				Aa2		
Scorecard Calculated BCA range				a2-baa1		
Assigned BCA				a3		
Affiliate Support notching				0		
Adjusted BCA				a3		

Balance Sheet	**in-scope (GBP million)**	**% in-scope**	**at-failure (GBP million)**	**% at-failure**
Other liabilities	82,964	28.3%	95,383	32.5%
Deposits	177,421	60.4%	165,002	56.2%
Preferred deposits	159,679	54.4%	151,695	51.7%
Junior Deposits	17,742	6.0%	13,307	4.5%
Senior unsecured bank debt	14,861	5.1%	14,861	5.1%
Dated subordinated bank debt	1,321	0.5%	1,321	0.5%
Junior subordinated bank debt	584	0.2%	584	0.2%
Preference shares (bank)	595	0.2%	595	0.2%
Senior unsecured holding company debt	6,000	2.0%	6,000	2.0%
Dated subordinated holding company debt	959	0.3%	959	0.3%
Equity	8,805	3.0%	8,805	3.0%
Total Tangible Banking Assets	293,510	100%	293,510	100%

Debt class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	15.8%	15.8%	15.8%	15.8%	3	3	3	3	0	aa3
Counterparty Risk Assessment	15.8%	15.8%	15.8%	15.8%	3	3	3	3	0	aa3 (cr)
Deposits	15.8%	6.2%	15.8%	11.3%	2	3	2	2	0	a1
Senior unsecured bank debt	15.8%	6.2%	11.3%	6.2%	2	1	2	2	0	a1
Senior unsecured holding company debt	6.2%	4.2%	6.2%	4.2%	-1	-1	-1	-1	0	baa1
Dated subordinated bank debt	4.2%	3.4%	4.2%	3.4%	-1	-1	-1	-1	0	baa1
Dated subordinated holding company debt	4.2%	3.4%	4.2%	3.4%	-1	-1	-1	-1	0	baa1
Junior subordinated bank debt	3.4%	3.2%	3.4%	3.2%	-1	-1	-1	-1	-1	baa2 (hyb)
Cumulative bank preference shares	3.2%	3.0%	3.2%	3.0%	-1	-1	-1	-1	-1	baa2 (hyb)
Non-cumulative bank preference shares	3.2%	3.0%	3.2%	3.0%	-1	-1	-1	-1	-2	baa3 (hyb)
Holding company non-cumulative preference shares	3.2%	3.0%	3.2%	3.0%	-1	-1	-1	-1	-4	ba2 (hyb)

Instrument class	Loss Given Failure notching	Additional Notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	aa3	1	Aa2	Aa2
Counterparty Risk Assessment	3	0	aa3 (cr)	1	Aa2 (cr)	--
Deposits	2	0	a1	1	Aa3	Aa3
Senior unsecured bank debt	2	0	a1	1	Aa3	Aa3
Senior unsecured holding company debt	-1	0	baa1	0	Baa1	Baa1
Dated subordinated bank debt	-1	0	baa1	0	Baa1	Baa1
Dated subordinated holding company debt	-1	0	baa1	0	--	Baa1
Junior subordinated bank debt	-1	-1	baa2 (hyb)	0	Baa2 (hyb)	Baa2 (hyb)
Cumulative bank preference shares	-1	-1	baa2 (hyb)	0	Baa2 (hyb)	--
Non-cumulative bank preference shares	-1	-2	baa3 (hyb)	0	Baa3 (hyb)	--
Holding company non-cumulative preference shares	-1	-4	ba2 (hyb)	0	Ba2 (hyb)	--

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Financial Metrics

Ratings

Exhibit 5

Category	Moody's Rating
SANTANDER UK PLC	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa3
Senior Unsecured	Aa3
Subordinate	Baa1
Jr Subordinate	Baa2 (hyb)
Pref. Stock -Dom Curr	Baa2 (hyb)
Pref. Stock Non-cumulative -Dom Curr	Baa3 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1
PARENT: SANTANDER UK GROUP HOLDINGS PLC	
Outlook	Stable

Issuer Rating -Dom Curr	Baa1
Senior Unsecured	Baa1
Subordinate	Baa1
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)
Other Short Term	(P)P-2
ABBEY NATIONAL NORTH AMERICA LLC	
Bkd Commercial Paper	P-1
ABBEY NATIONAL TREASURY SERVICES PLC (US BR.)	
Counterparty Risk Rating	Aa2/P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Commercial Paper	P-1
ABBEY NATIONAL TREASURY SERVICES PLC (PARIS)	
Counterparty Risk Rating	Aa2/P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
ABBEY NATIONAL TREASURY SERVICES PLC	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa3/P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Senior Unsecured Shelf	(P)Aa3
Bkd Subordinate MTN	(P)Baa1
Bkd Preference Shelf	(P)Baa3
Bkd Commercial Paper	P-1
Bkd Other Short Term	(P)P-1
ABBEY NATIONAL TREASURY INTERNATIONAL LTD.	
Outlook	Stable
Bkd Sr Unsec MTN	(P)Aa3
Bkd Other Short Term	(P)P-1
ABBEY NATIONAL CAPITAL LP I	
BACKED Pref. Stock Non-cumulative	Baa3 (hyb)
ABBEY NATIONAL CAPITAL TRUST I	
BACKED Pref. Stock Non-cumulative	Baa3 (hyb)
ALLIANCE & LEICESTER PLC	
Outlook	Stable
Bank Deposits	Aa3/--
Issuer Rating	Aa3
Subordinate -Dom Curr	Baa1

Source: Moody's Investors Service

Endnotes

1 Weighted average LTV.

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CLIENT SERVICES

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Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S INVESTORS SERVICE