

Santander UK Group Holdings plc and Santander UK plc

March 2024 Additional Capital and Risk Management Disclosures

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Introduction

As a wholly-owned large subsidiary of Banco Santander, S.A., under the retained EU law version of Capital Requirements Regulation (UK CRR) Santander UK Group Holdings plc (the Company) is required to produce and publish annually a specified number of Pillar 3 disclosures. In accordance with the European Banking Authority (EBA) guidelines on disclosure frequency^[1], the Company has assessed the need to publish capital-related disclosures more frequently than annually and the disclosures deemed appropriate for more frequent publication have been included in the additional capital disclosures set out in this document. All disclosures within Part 1 of this document on pages 4 to 13 cover the consolidated Santander UK Group Holdings plc group position.

The Company is the immediate parent company of Santander UK plc, a Ring Fenced Bank (RFB), and associated controlled entities and is the head of the Santander UK group for regulatory capital and leverage purposes. Part 2 of this document on pages 14-21 includes a specified number of Pillar 3 disclosures in accordance with the EBA guidelines on disclosure frequency for the Santander UK plc group, which are similar to those for the Company.

^[1] EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency are under Articles 432(1), 432(20) and 433 of Regulation (EU) No 575/2013.

Part 1

Additional Capital and Risk Management Disclosures for Santander UK Group Holdings plc

Executive summary

COMMON EQUITY TIER 1 (CET1) RATIO



The CET1 capital ratio remained unchanged at 15.2%.

TOTAL CAPITAL RATIO



Total capital ratio remained broadly flat at 21.3% (Dec-23: 21.4%).

UK LEVERAGE RATIO



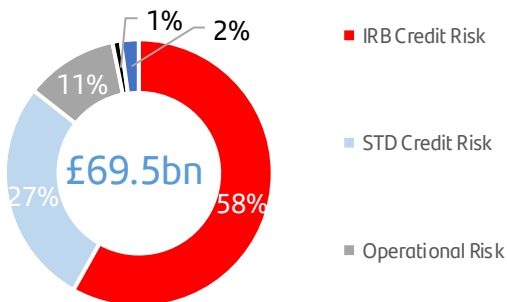
UK leverage ratio remained broadly stable at 5.1% (Dec-23: 5.1%).

RISK-WEIGHTED ASSETS (RWAs) £bn

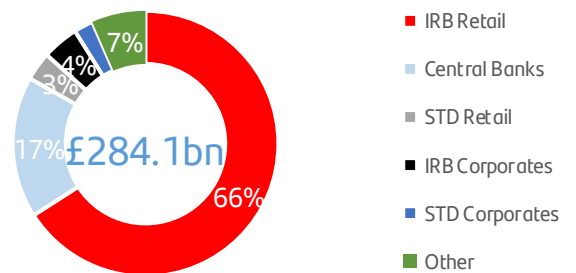


RWAs increased slightly, mainly due to undrawn commitments.

RWA BY TYPE



EAD BY EXPOSURE TYPE



Key metrics (KM1)

The following table summarises the Company's Own Funds and key risk-based capital ratios at 31 March 2024, together with the previously disclosed quarter end information at 31 December 2023, 30 September 2023, 30 June 2023 and 31 March 2023. Further details on Risk Weighted Assets are included in the subsequent sections of this document.

		31 March	31 December	30 September	30 June	31 March
		2024	2023	2023	2023	2023
		£m	£m	£m	£m	£m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	10,580	10,524	11,243	11,070	10,955
2	Tier 1 capital	12,776	12,720	13,439	13,267	13,152
3	Total capital	14,840	14,775	15,545	14,634	14,618
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	69,529	69,065	70,137	71,975	71,290
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.22%	15.24%	16.03%	15.38%	15.37%
6	Tier 1 ratio (%)	18.38%	18.42%	19.16%	18.43%	18.45%
7	Total capital ratio (%)	21.34%	21.39%	22.16%	20.33%	20.50%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	2.32%	2.32%	3.22%	3.22%	3.22%
UK 7b	Additional AT1 SREP requirements (%)	0.77%	0.77%	1.07%	1.07%	1.07%
UK 7c	Additional T2 SREP requirements (%)	1.03%	1.03%	1.43%	1.43%	1.43%
UK 7d	Total SREP own funds requirements (%)	4.12%	4.13%	5.73%	5.72%	5.72%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.96%	1.96%	1.96%	0.98%	0.99%
UK 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
UK 10a	Other Systemically Important Institution buffer	-	-	-	-	-
11	Combined buffer requirement (%)	4.46%	4.46%	4.46%	3.48%	3.49%
UK 11a	Overall capital requirements (%)	16.58%	16.59%	18.19%	17.20%	17.21%
12	CET1 available after meeting the total SREP own funds requirements (%)	4.76%	4.81%	3.98%	3.13%	3.29%
	Leverage ratio					
13	Leverage ratio	247.4	247.2	249.2	245.7	249.1
14	Leverage ratio excluding claims on central banks (%)	5.1%	5.1%	5.3%	5.3%	5.2%
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.1%	5.1%	5.3%	5.3%	5.2%
14b	Leverage ratio including claims on central banks (%)	4.4%	4.4%	4.6%	4.6%	4.4%
14c	Average leverage ratio excluding claims on central banks (%)	5.1%	5.3%	5.3%	5.3%	5.3%
14d	Average leverage ratio including claims on central banks (%)	4.4%	4.6%	4.6%	4.5%	4.5%
14e	Countercyclical leverage ratio buffer (%)	0.7%	0.7%	0.7%	0.3%	0.3%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average) ¹	54,704	50,435	50,733	49,707	49,465
UK 16a	Cash outflows – Total weighted value ¹	34,710	32,887	34,402	33,059	32,009
UK 16b	Cash inflows – Total weighted value ¹	1,800	1,833	1,763	1,932	1,857
16	Total net cash outflows (adjusted value) ¹	32,910	31,054	32,639	31,127	30,152
17	Liquidity coverage ratio (%) ¹	166.23%	162.41%	155.44%	159.69%	164.05%
	Net Stable Funding Ratio					
18	Total available stable funding ¹	223,870	223,051	225,701	225,598	233,255
19	Total required stable funding ¹	162,981	161,470	168,006	166,955	172,371
20	NSFR ratio (%) ¹	137.36%	138.14%	134.34%	135.13%	135.32%

Key Movements

The CET1 capital ratio remained unchanged at 15.2%. We remain strongly capitalised with significant headroom to minimum requirements. UK Leverage ratio remained broadly stable at 5.1% (Dec-23: 5.1%). UK leverage exposure remained stable at £247.4bn (Dec-23: £247.2bn). Total capital ratio remained broadly flat at 21.3% (Dec-23: 21.4%).

¹ Liquidity metrics is now reported for Santander UK, our Holding Company, from 1 January 2022 following adoption of CRR2 regulation.

Key metrics – Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements (KM2)

The following table summarises key metrics about Own Funds and Eligible Liabilities available, and MREL requirements applied, for the Santander UK Group Holdings plc group:

	31 March 2024 £m	31 December 2023 £m	30 September 2023 £m	30 June 2023 £m	31 March 2023 £m
1 Total Own Funds and Eligible Liabilities available	24,492	26,134	27,140	26,174	26,336
1a Fully loaded ECL accounting model Own Funds and Eligible Liabilities available	24,476	26,091	27,094	26,165	26,329
2 Total RWA at the level of the resolution group	69,529	69,065	70,137	71,975	71,290
3 Total Own Funds and Eligible Liabilities as a percentage of RWA	35.2%	37.8%	38.7%	36.4%	36.9%
3a Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model RWA	35.2%	37.8%	38.7%	36.4%	37.0%
4 UK Leverage exposure measure at the level of the resolution group[1]	247,384	247,215	249,197	245,725	249,083
5 Total Own Funds and Eligible Liabilities as a percentage of UK leverage exposure measure [2]	9.9%	10.6%	10.9%	10.7%	10.6%
5a Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model UK leverage ratio exposure measure [2]	9.9%	10.6%	10.9%	10.6%	10.6%
6a Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
6b Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
6c If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as Own Funds and Eligible Liabilities, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as Own Funds and Eligible Liabilities if no cap was applied (%)	n/a	n/a	n/a	n/a	n/a

[1] The MREL requirement for Santander UK Group Holdings plc, excluding capital buffers, is 2.7.5% of RWAs (2*[P1+P2A]).

IFRS 9 Transitional Arrangements (IFRS9-FL)

The following table summarises the impact of IFRS 9 transitional arrangements at 31 March 2024 over the full allowable period:

	2024
IFRS9 Transitional Factor for credit loss-based provision movements post 1/1/20	25%
Available Capital (amounts)	
1 Common Equity Tier 1 (CET1) capital	10,580
CET1 Capital as if IFRS 9 STATIC transitional arrangements had not been applied	10,580
CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements had not been applied	10,565
2 CET1 Capital as if ALL IFRS 9 transitional arrangements had not been applied	10,565
3 Tier 1 Capital	12,776
4 Tier 1 Capital as if ALL IFRS 9 transitional arrangements had not been applied	12,761
5 Total Capital	14,840
6 Total Capital as if ALL IFRS 9 transitional arrangements had not been applied	14,825
Risk-weighted assets (amounts)	
7 Total risk-weighted assets (RWA)	69,529
Total RWA as if IFRS 9 STATIC transitional arrangements had not been applied	69,529
Total RWA as if IFRS 9 DYNAMIC transitional arrangements had not been applied	69,507
8 Total RWA as if ALL IFRS 9 transitional arrangements had not been applied	69,507
Capital Ratios	
9 Common Equity Tier 1 (as a percentage of risk exposure amount)	15.22%
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.20%
11 Tier 1 (as a percentage of risk exposure amount)	18.38%
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.36%
13 Total capital (as a percentage of risk exposure amount)	21.34%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.33%
UK leverage ratio including claims on central banks	
15 Leverage ratio total exposure measure	290,202
16 Leverage ratio	4.4%
17 Leverage ratio as if ALL IFRS 9 transitional arrangements had not been applied	4.4%

The Company is applying the IFRS 9 capital transitional arrangements set out in the onshored versions of EU Regulation 2017/2395 and EU Regulation 2020/873 that amend the Capital Requirements Regulation. Under the transitional arrangements, the Company is entitled to mitigate the effect to capital of Expected Credit Loss-based provisioning following the implementation of IFRS 9. The transitional arrangements will end on 31st December 2024 with the amount of capital relief available having reduced each year by a transitional factor. The transitional factor for 2024 is 25 percent which applies to post 1 January 2020 provision movements.

The capital relief affects both the capital base and RWAs reported by the Company. The adjustment to CET1 capital is now comprised of a dynamic element only, having previously been comprised of a static element and a dynamic element. The dynamic element is based on the capital impact of the change in provision levels post 1 January 2020. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Ratings-Based approach.

Leverage Ratio

The following table summarises the Company's end point Tier 1 UK Leverage ratio as at 31 March 2024 together with the previously disclosed quarter end information at 31 December 2023, 30 September 2023, 30 June 2023 and 31 March 2023. The UK Leverage Ratio is consistent with the Leverage Ratio applied to large UK banks under the framework defined by the Financial Policy Committee's review of the Leverage Ratio.

	31 March 2024	31 December 2023	30 September 2023	30 June 2023	31 March 2023
Common Equity Tier 1 (CET1) capital (£m)	10,580	10,524	11,243	11,070	10,955
End point Additional Tier 1 (AT1) capital (£m)	2,010	2,009	2,024	1,997	2,024
End point Tier 1 capital (£m)	12,590	12,533	13,267	13,067	12,979
Leverage Exposure UK (£bn) (including claims on central banks)	290.2	289.6	293.1	290.4	297.2
Leverage Exposure UK1 (£bn) (excluding claims on central banks)	247.4	247.2	249.2	245.7	249.1
End point Tier 1 Leverage Ratio UK (incl. claims on central banks)	4.4%	4.4%	4.6%	4.6%	4.4%
End point Tier 1 Leverage Ratio UK ^[1] (excl. claims on central banks)	5.1%	5.1%	5.3%	5.3%	5.2%
Average Tier 1 Leverage Ratio UK1 (excl. claims on central banks)	5.1%	5.3%	5.3%	5.3%	5.3%

UK leverage ratio remained broadly stable at 5.1% (Dec-23: 5.1%). UK leverage exposure remained stable at £247.4bn (Dec-23: £247.2bn).

[1] Includes the impact of AT1 cap on end point AT1 capital and deductions permitted under the recommendation from the Financial Policy Committee on 25th July 2016.

Liquidity Coverage Ratio (LIQ1)

This table shows HoldCo Group's 12-month average LCR. The values presented below are the simple average of the preceding monthly periods ending on the reporting date as specified in the table:

UK 1a	Quarter ending on	Total unweighted value (average)				Total weighted value (average)			
		31 March	31 December	30 September	30 June	31 March	31 December	30 September	30 June
		2024	2023	2023	2023	2024	2023	2023	2023
		£m	£m	£m	£m	£m	£m	£m	£m
UK-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					51,202	49,915	50,224	50,633
	CASH-OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	148,924	149,238	149,966	150,488	9,202	9,233	9,305	9,363
3	Stable deposits	122,573	122,893	123,469	123,933	6,129	6,145	6,173	6,197
4	Less stable deposits	26,351	26,345	26,497	26,555	3,073	3,088	3,132	3,166
5	Unsecured wholesale funding	27,169	26,652	26,506	26,531	15,472	14,938	14,564	14,291
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,799	1,862	1,962	2,030	326	341	365	381
7	Non-operational deposits (all counterparties)	23,374	22,979	22,797	22,762	13,150	12,786	12,452	12,171
8	Unsecured debt	1,996	1,811	1,747	1,739	1,996	1,811	1,747	1,739
9	Secured wholesale funding					271	229	204	154
10	Additional requirements	14,002	13,843	13,862	13,694	7,606	7,318	7,199	6,788
11	Outflows related to derivative exposures and other collateral requirements	6,143	5,982	5,924	5,718	6,143	5,982	5,925	5,718
12	Outflows related to loss of funding on debt products	180	194	269	200	180	194	269	200
13	Credit and liquidity facilities	7,679	7,667	7,669	7,776	1,283	1,142	1,005	870
14	Other contractual funding obligations	104	103	178	186	82	82	155	152
15	Other contingent funding obligations	23,725	23,110	23,833	24,761	1,480	1,368	1,499	1,679
16	TOTAL CASH OUTFLOWS					34,113	33,168	32,926	32,427
	CASH-INFLOWS								
17	Secured lending (e.g reverse repos)	7,502	6,666	5,845	4,809	-	3	3	6
18	Inflows from fully performing exposures	2,288	2,290	2,394	2,409	1,520	1,494	1,573	1,568
19	Other cash inflows	2,225	2,185	2,114	2,165	640	579	513	552
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
UK-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	12,015	11,141	10,353	9,383	2,160	2,076	2,089	2,126
UK-20a	Fully exempt inflows								
UK-20b	Inflows Subject to 90% Cap								
UK-20c	Inflows Subject to 75% Cap	12,015	11,141	10,353	9,383	2,160	2,076	2,089	2,126
	TOTAL ADJUSTED VALUE								
UK-21	LIQUIDITY BUFFER					51,202	49,915	50,224	50,633
22	TOTAL NET CASH OUTFLOWS					31,953	31,092	30,837	30,301
23	LIQUIDITY COVERAGE RATIO					160.24	160.54	162.87	167.1

Qualitative information on LCR (LIQB)

<p>Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time</p> <p>The LCR requirement (weighted) is broadly consistent over time, driven mainly by deposits. Corporate deposits contribute a greater requirement despite Retail deposits being significantly larger in number, as a result of the standardised LCR weightings. The 12 month average HQLA increased slightly in Q1 as a result of an increase in customer deposits combined with lower mortgage lending. The LCR maintains a significant surplus to both internal and regulatory requirements.</p>
<p>Explanations on the changes in the LCR over time</p> <p>The 12 month average LCR of 160% reflects our continued strong liquidity position</p>
<p>Explanations on the actual concentration of funding sources</p> <p>Santander UK is largely funded through customer deposits (£193bn), with the significant proportion being Retail, we leverage our large and diverse customer base to offer products that give us a long-term sustainable source of funding and c86% of our core retail liabilities are covered by the FSCS guarantee. We also have c£55bn of wholesale funding which includes secured, unsecured term funding as well as c£15bn of TFSME Funding.</p>
<p>High-level description of the composition of the institution's liquidity buffer.</p> <p>The liquidity buffer is largely comprised (c96%) of Level 1 assets, primarily cash held in our Bank of England Reserve Account.</p>
<p>Derivative exposures and potential collateral calls</p> <p>The main drivers of derivative exposures / potential collateral calls are the Historic Look Back Approach (HLBA) to calculating collateral requirements in the LCR and collateral outflows due to counterparties in the event of a three-notch downgrade.</p>
<p>Currency mismatch in the LCR</p> <p>We have no material mismatch in our currency LCRs, with most of the funding raised in currency swapped back to GBP and the remainder being used to fund structural currency assets.</p>
<p>Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile</p> <p>n/a</p>

Overview of risk weighted exposure amounts (OV1)

The following table details RWA and equivalent Own Funds Requirements. Own Funds Requirements are calculated as RWA multiplied by 8%:

		Risk Weighted Exposure Amounts (RWEAs)		Total Own Funds Requirements
		31 March	31 December	31 March
		2024	2023	2024
		£bn	£bn	£bn ¹
1	Credit risk (excluding CCR) ¹	59.5	59.0	4.8
2	Of which the standardised approach	19.1	18.9	1.5
3	Of which the foundation IRB (FIRB) approach	2.7	2.7	0.2
4	Of which slotting approach	2.8	2.7	0.2
UK 4a	Of which equities under the simple risk weighted approach	0.1	0.1	
5	Of which the advanced IRB (AIRB) approach	34.8	34.6	2.9
6	Counterparty credit risk - CCR ¹	0.7	0.7	0.1
7	Of which the standardised approach	0.3	0.3	0.1
8	Of which internal model method (IMM)	0.2	0.2	
UK 8a	Of which exposures to a CCP			
UK 8b	Of which credit valuation adjustment - CVA	0.2	0.2	
9	Of which other CCR			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap) ²	1.2	1.2	0.1
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)	0.6	0.6	
19	Of which SEC-SA approach	0.6	0.6	0.1
UK 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk) ¹	0.3	0.4	
21	Of which the standardised approach	0.3	0.4	
22	Of which IMA			
UK 22a	Large exposures			
23	Operational risk ¹	7.8	7.8	0.6
UK 23a	Of which basic indicator approach			
UK 23b	Of which standardised approach	7.8	7.8	0.6
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
29	Total ¹	69.5	69.1	5.6

[1] Balances which are not visible due to rounding have been included in the total.

[2] Includes 4 Significant Risk Transfer transactions which are subject to re-characterisation risk.

RWEA flow statements of credit risk exposures under the IRB approach (CR8) and RWEA flow statements of credit risk exposures under the standardised approach¹**RWEA flow statements of credit risk exposures under IRB approach (CR8)**

	RWEA £bn	Capital requirements
1 Risk weighted exposure amount as at 31 December 2023	40.3	3.1
2 Asset size	-	-
3 Asset quality	0.3	-
4 Model updates	-	-
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 Risk weighted exposure amount as at 31 March 2024	40.6	3.1

RWEA flow statements of credit risk exposures under standardised approach

	RWEA £bn	Capital requirements
1 Risk weighted exposure amount as at 31 December 2023	20.4	1.6
2 Asset size	0.9	0.1
3 Asset quality	(0.7)	(0.1)
4 Model updates	-	-
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 Risk weighted exposure amount as at 31 March 2024	20.6	1.6

Asset size and quality movements under standardised approach are driven by the increase in Cash balances with 0% RW in other financial assets.

¹ Table excludes CVA

Credit Risk and Counterparty Risk by Risk Class

The following table details Risk Weighted Exposure Amount per risk class. Counterparty Risk and Credit Valuation Adjustment Risk are included in the table.

Standardised Approach credit risk	31 March 2024 £bn	31 Decemeber 2023 £bn	30 September 2023 £bn	30 June 2023 £bn	31 March 2023 £bn
Institutions	0.2	0.2	0.2	0.2	0.2
Corporates	6.0	5.9	6.6	6.0	5.9
Standardised Retail	7.3	7.2	7.8	7.6	7.3
Secured by Mortgages on Immovable Property	0.5	0.5	0.5	0.5	0.5
Exposures in Default	0.6	0.5	0.3	0.2	0.2
Higher-risk Categories	-	-	-	-	-
Covered Bonds	0.4	0.4	0.3	0.3	0.2
Equity	-	-	-	-	-
Securitisation Positions	1.2	1.2	0.7	0.2	0.3
Other	4.4	4.5	5.1	4.4	4.5
Total	20.6	20.4	21.5	19.4	19.1

IRB Approach credit risk	31 March 2024 £bn	31 Decemeber 2023 £bn	30 September 2023 £bn	30 June 2023 £bn	31 March 2023 £bn
Institutions	0.2	0.2	0.2	-	0.2
Corporates	5.5	5.3	5.4	8.3	8.0
IRB Retail Mortgages	31.1	31.0	31.7	32.7	32.8
IRB Qualifying Revolving Retail Exposures	1.8	1.8	1.8	1.8	1.8
Other Retail	1.9	1.9	1.8	1.7	1.7
Securitisation Positions	-	-	-	0.1	-
IRB Equity Exposures – 370% Risk Weight	0.1	0.1	0.1	0	0.1
Total	40.6	40.3	41.0	44.9	44.6
CVA	0.2	0.2	0.1	0.1	0.1

Part 2

March 2024 Additional Capital and Risk Management Disclosures for Santander UK plc

Introduction

As a wholly-owned large subsidiary under UK CRR, Santander UK plc (the RFB) is required to produce and publish annually a specified number of Pillar 3 disclosures rather than a complete set of Pillar 3 disclosures. In accordance with the EBA guidelines on disclosure frequency¹, the RFB has assessed the need to publish capital-related disclosures more frequently than annually, and the disclosures deemed appropriate for more frequent publication have been included in the additional capital disclosures set out in this document. All disclosures cover the consolidated RFB Group position.

¹ EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency are under Articles 432(1), 432(20) and 433 of Regulation (EU) No 575/2013.

Key metrics (KM1)

The following table summarises the RFB Group's Own Funds and key risk-based capital ratios at 31 March 2024, together with the previously disclosed quarter end information at 31 December 2023, 30 September 2023, 30 June 2023 and 31 March 2023. Further details on Risk Weighted Assets are included in the subsequent sections of this document.

	31 March 2024	31 December 2023	30 September 2023	30 June 2023	31 March 2023	
	£m	£m	£m	£m	£m	
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	10,500	10,443	11,164	10,992	10,906
2	Tier 1 capital	12,456	12,399	13,120	12,948	12,863
3	Total capital	14,638	14,571	15,312	14,395	14,402
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	68,363	67,839	69,041	70,682	70,173
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15.36%	15.39%	16.17%	15.55%	15.54%
6	Tier 1 ratio (%)	18.22%	18.28%	19.00%	18.32%	18.33%
7	Total capital ratio (%)	21.41%	21.48%	22.18%	20.37%	20.52%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	2.31%	2.31%	3.20%	3.19%	3.19%
UK 7b	Additional AT1 SREP requirements (%)	0.77%	0.77%	1.07%	1.06%	1.06%
UK 7c	Additional T2 SREP requirements (%)	1.03%	1.03%	1.42%	1.42%	1.42%
UK 7d	Total SREP own funds requirements (%)	4.11%	4.11%	5.68%	5.67%	5.68%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.97%	1.97%	1.97%	0.99%	0.99%
UK 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
UK 10a	Other Systemically Important Institution buffer	1.00%	1.37%	1.37%	1.00%	1.00%
11	Combined buffer requirement (%)	5.47%	5.84%	5.84%	4.49%	4.49%
UK 11a	Overall capital requirements (%)	17.58%	17.95%	19.53%	18.16%	18.17%
12	CET1 available after meeting the total SREP own funds requirements (%)	3.83%	3.53%	2.65%	2.20%	2.35%
Leverage ratio						
13	Total exposure measure excluding claims on central banks	243.2	242.9	244.9	241.2	244.5
14	Leverage ratio excluding claims on central banks (%)	5.1%	5.1%	5.4%	5.4%	5.3%
Additional leverage ratio disclosure requirements						
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.1%	5.1%	5.4%	5.4%	5.3%
14b	Leverage ratio including claims on central banks (%)	4.4%	4.4%	4.6%	4.6%	4.4%
14c	Average leverage ratio excluding claims on central banks (%)	5.2%	5.4%	5.4%	5.3%	5.4%
14d	Average leverage ratio including claims on central banks (%)	4.4%	4.6%	4.7%	4.5%	4.5%
14e	Countercyclical leverage ratio buffer (%)	0.7%	0.7%	0.7%	0.3%	0.3%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	51,766	47,824	48,605	46,525	46,453
UK 16a	Cash outflows – Total weighted value	33,621	31,831	33,638	32,208	31,613
UK 16b	Cash inflows – Total weighted value	1,790	1,846	1,786	1,916	1,841
16	Total net cash outflows (adjusted value)	31,831	29,985	31,852	30,292	29,772
17	Liquidity coverage ratio (%)	162.63%	159.49%	152.60%	153.59%	156.03%
Net Stable Funding Ratio						
18	Total available stable funding	219,517	218,975	221,866	221,377	228,202
19	Total required stable funding	160,193	158,693	165,205	163,799	168,786
20	NSFR ratio (%)	137.03%	137.99%	134.30%	135.15%	135.20%

Key Movements

The CET1 capital ratio remained unchanged at 15.4%. We remain strongly capitalised with significant headroom to minimum requirements. UK leverage ratio remained broadly stable at 5.1% (Dec-23: 5.1%). UK leverage exposure remained stable at £243.2bn (Dec-23: £242.9bn). Total capital ratio remained broadly flat at 21.4% (Dec-23: 21.5%).

IFRS 9 Transitional Arrangements (IFRS9 – FL)

The following table summarises the impact of IFRS 9 transitional arrangements at 31 March 2024 over the full allowable period:

	2024
IFRS9 Transitional Factor for credit loss-based provision movements post 1/1/20	25%
Available Capital (amounts)	
1 Common Equity Tier 1 (CET1) capital	10,500
CET1 Capital as if IFRS 9 STATIC transitional arrangements had not been applied	10,500
CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements had not been applied	10,485
2 CET1 Capital as if ALL IFRS 9 transitional arrangements had not been applied	10,485
3 Tier 1 Capital	12,456
4 Tier 1 Capital as if ALL IFRS 9 transitional arrangements had not been applied	12,441
5 Total Capital	14,638
6 Total Capital as if ALL IFRS 9 transitional arrangements had not been applied	14,623
Risk-weighted assets (amounts)	
7 Total risk-weighted assets (RWA)	68,363
Total RWA as if IFRS 9 STATIC transitional arrangements had not been applied	68,363
Total RWA as if IFRS 9 DYNAMIC transitional arrangements had not been applied	68,341
8 Total RWA as if ALL IFRS 9 transitional arrangements had not been applied	68,341
Capital Ratios	
9 Common Equity Tier 1 (as a percentage of risk exposure amount)	15.36%
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.34%
11 Tier 1 (as a percentage of risk exposure amount)	18.22%
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.20%
13 Total capital (as a percentage of risk exposure amount)	21.41%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.40%
UK leverage ratio including claims on central banks	
15 Leverage ratio total exposure measure	283,362
16 Leverage ratio	4.4%
17 Leverage ratio as if ALL IFRS 9 transitional arrangements had not been applied	4.4%

The RFB group is applying the IFRS 9 capital transitional arrangements set out in the onshored versions of EU 2017/2395 and EU Regulation 2020/873 that amend the Capital Requirements Regulation. Under the transitional arrangements, the Company is entitled to mitigate the effect to capital of Expected Credit Loss-based provisioning following the implementation of IFRS 9. The transitional arrangements will end on 31st December 2024 with the amount of capital relief available having reduced each year by a transitional factor. The transitional factor for 2024 is 25 percent which applies to post 1 January 2020 provision movements.

The capital relief affects both the capital base and RWAs reported by RFB group. The adjustment to CET1 capital is now comprised of a dynamic element only, having previously been comprised of a static element and a dynamic element. The dynamic element is based on the capital impact of the change in provision levels post 1 January 2020. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Ratings-Based approach.

Leverage Ratio

The following table summarises the RFB group's end point Tier 1 UK Leverage ratio at 31 March 2024 together with the previously disclosed quarter end information at 31 December 2023, 30 September 2023, 30 June 2023 and 31 March 2023. This is consistent with the Leverage ratio applied to large UK banks under the framework defined by the Financial Policy Committee's review of the Leverage ratio:

	31 March 2024	31 December 2023	30 September 2023	30 June 2023	31 March 2023
Common Equity Tier 1 (CET1) capital (£m)	10,500	10,443	11,164	10,992	10,906
End point Additional Tier 1 (AT1) capital (£m)	1,956	1,957	1,957	1,956	1,957
End point Tier 1 capital (£m)	12,456	12,400	13,121	12,948	12,863
Leverage Exposure UK (£bn) (including claims on central banks)	283.4	282.9	286.9	283.0	289.9
Leverage Exposure UK ¹ (£bn) (excluding claims on central banks)	243.2	242.9	244.9	241.2	244.5
End point Tier 1 Leverage Ratio UK (incl. claims on central banks)	4.4%	4.4%	4.6%	4.6%	4.4%
End point Tier 1 Leverage Ratio UK ^[1] (excl. claims on central banks)	5.1%	5.1%	5.4%	5.4%	5.3%
Average Tier 1 Leverage Ratio UK ¹ (excl. claims on central banks)	5.2%	5.4%	5.4%	5.3%	5.4%

UK leverage ratio remained broadly stable at 5.1% (Dec-23: 5.1%). UK leverage exposure remained stable at £243.2bn (Dec-23: £242.9bn).

^[1] Includes deductions permitted under the recommendation from the Financial Policy Committee on 25th July 2016.

Liquidity Coverage Ratio (LIQ1)

The values presented below are the simple average of the preceding monthly periods ending on the reporting date as specified in the table:

UK 1a	Quarter ending on	Total unweighted value (average)				Total weighted value (average)			
		31 March	31 December	30 September	30 June	31 March	31 December	30 September	30 June
		2024	2023	2023	2023	2024	2023	2023	2023
		£m	£m	£m	£m	£m	£m	£m	£m
UK-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					48,500	47,189	47,252	47,648
	CASH-OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	147,630	147,881	149,020	149,409	9,016	9,037	9,131	9,168
3	Stable deposits	122,573	122,893	123,741	124,205	6,129	6,145	6,187	6,210
4	Less stable deposits	25,057	24,988	25,279	25,204	2,887	2,892	2,944	2,958
5	Unsecured wholesale funding	26,405	26,011	25,974	25,915	15,080	14,574	14,262	13,903
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,799	1,862	1,968	2,035	326	341	366	382
7	Non-operational deposits (all counterparties)	22,765	22,545	22,322	22,157	12,912	12,628	12,212	11,798
8	Unsecured debt	1,841	1,604	1,684	1,723	1,842	1,605	1,684	1,723
9	Secured wholesale funding					271	229	200	150
10	Additional requirements	13,736	13,710	13,762	13,575	7,352	7,197	7,085	6,655
11	Outflows related to derivative exposures and other collateral requirements	5,796	5,618	5,465	5,240	5,796	5,618	5,465	5,240
12	Outflows related to loss of funding on debt products	180	194	269	200	180	194	269	200
13	Credit and liquidity facilities	7,760	7,898	8,028	8,135	1,376	1,385	1,351	1,215
14	Other contractual funding obligations	104	103	183	190	82	82	156	153
15	Other contingent funding obligations	23,725	23,110	23,321	24,449	1,480	1,368	1,405	1,585
16	TOTAL CASH OUTFLOWS					33,281	32,487	32,239	31,614
	CASH-INFLOWS								
17	Secured lending (e.g reverse repos)	7,502	6,666	5,823	4,787	-	3	3	6
18	Inflows from fully performing exposures	2,274	2,274	2,376	2,390	1,519	1,490	1,563	1,556
19	Other cash inflows	2,220	2,177	2,113	2,160	639	577	510	545
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
UK-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	11,996	11,117	10,312	9,337	2,158	2,070	2,076	2,107
UK-20a	Fully exempt inflows								
UK-20b	Inflows Subject to 90% Cap								
UK-20c	Inflows Subject to 75% Cap	11,996	11,117	10,312	9,337	2,158	2,070	2,076	2,107
	TOTAL ADJUSTED VALUE								
UK-21	LIQUIDITY BUFFER					48,501	47,189	47,252	47,648
22	TOTAL NET CASH OUTFLOWS					31,123	30,417	30,163	29,507
23	LIQUIDITY COVERAGE RATIO					155.84	155.14	156.66	161.48

Qualitative information on LCR (LIQB)

<p>Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time</p> <p>The LCR requirement (weighted) is broadly consistent over time, driven mainly by deposits. Corporate deposits contribute a greater requirement despite Retail deposits being significantly larger in number, as a result of the standardised LCR weightings. The 12 month average HQLA increased slightly in Q1 as a result of an increase in customer deposits combined with lower mortgage lending. The LCR maintains a significant surplus to both internal and regulatory requirements.</p>
<p>Explanations on the changes in the LCR over time</p> <p>The 12 month average LCR of 156% reflects our continued strong liquidity position</p>
<p>Explanations on the actual concentration of funding sources</p> <p>Santander UK is largely funded through customer deposits (£187bn), with the significant proportion being Retail, we leverage our large and diverse customer base to offer products that give us a long-term sustainable source of funding and c86% of our core retail liabilities are covered by the FSCS guarantee. We also have c£55bn of wholesale funding which includes secured, unsecured term funding as well as c£15bn of TFSME Funding.</p>
<p>High-level description of the composition of the institution's liquidity buffer.</p> <p>The liquidity buffer is largely comprised (c96%) of Level 1 assets, primarily cash held in our Bank of England Reserve Account.</p>
<p>Derivative exposures and potential collateral calls</p> <p>The main drivers of derivative exposures / potential collateral calls are the Historic Look Back Approach (HLBA) to calculating collateral requirements in the LCR and collateral outflows due to counterparties in the event of a three-notch downgrade.</p>
<p>Currency mismatch in the LCR</p> <p>We have no material mismatch in our currency LCRs, with most of the funding raised in currency swapped back to GBP and the remainder being used to fund structural currency assets.</p>
<p>Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile</p> <p>n/a</p>

RWA and Capital Requirements**Overview of risk weighted exposure amounts (OV1)**

The following table details RWA and equivalent Own Funds Requirements. Own Funds Requirements are calculated as RWA multiplied by 8%:

		Risk Weighted Exposure Amounts (RWEAs)		Total Own Funds Requirements
		31 March 2024	31 December 2023	31 March 2024
		£bn	£bn	£bn ¹
1	Credit risk (excluding CCR) ¹	58.6	57.9	4.7
2	Of which the standardised approach	18.7	18.4	1.5
3	Of which the foundation IRB (FIRB) approach	2.7	2.6	0.2
4	Of which slotting approach	2.8	2.7	0.2
UK 4a	Of which equities under the simple risk weighted approach			
5	Of which the advanced IRB (AIRB) approach	34.4	34.2	2.8
6	Counterparty credit risk - CCR ¹	0.6	0.6	
7	Of which the standardised approach	0.3	0.3	
8	Of which internal model method (IMM)	0.2	0.2	
UK 8a	Of which exposures to a CCP			
UK 8b	Of which credit valuation adjustment - CVA	0.1	0.1	
9	Of which other CCR			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap) ²	1.2	1.2	0.1
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)	0.6	0.6	0.1
19	Of which SEC-SA approach	0.6	0.6	
UK 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk) ¹	0.3	0.4	
21	Of which the standardised approach	0.3	0.4	
22	Of which IMA			
UK 22a	Large exposures			
23	Operational risk ¹	7.7	7.7	0.6
UK 23a	Of which basic indicator approach			
UK 23b	Of which standardised approach	7.7	7.7	0.6
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
29	Total ¹	68.4	67.8	5.4

[1] Balances which are not visible due to rounding have been included in the total.

[2] Includes 4 Significant Risk Transfer transactions which are subject to re-characterisation risk.

RWEA flow statements of credit risk exposures under the IRB approach (CR8) and RWEA flow statements of credit risk exposures under the standardised approach¹

RWEA flow statements of credit risk exposures under IRB approach (CR8)

	RWEA £bn	Capital requirements
1 Risk weighted exposure amount as at 31 December 2023	39.7	3.1
2 Asset size	0.1	-
3 Asset quality	0.3	-
4 Model updates	-	-
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 Risk weighted exposure amount as at 31 March 2024	40.1	3.1

RWEA flow statements of credit risk exposures under standardised approach

	RWEA £bn	Capital requirements
1 Risk weighted exposure amount as at 31 December 2023	19.9	1.5
2 Asset size	0.9	0.1
3 Asset quality	(0.7)	(0.1)
4 Model updates	-	-
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 Risk weighted exposure amount as at 31 March 2024	20.1	1.5

Asset size and quality movements under standardised approach are driven by the increase in Cash balances with 0% RW in other financial assets.

¹ Table excludes CVA.