Santander UK Group Holdings plc

Investor Update

for the three months ended 31 March 2023

April 2023

Santander

Q1 23 Financial Highlights

£547m
Profit before tax
(Q1 22: £495m)

2.21%
Banking NIM
(Q1 22: 2.01%)

47%
Cost-to-income ratio
(Q1 22: 49%)

£56m
Transformation programme investment (Q1-22:£39m)

114%
LDR
(2022: 113%)

1.32%
Stage 3 ratio
(2022: 1.24%)

15.4%
CET1 Capital ratio
(2022: 15.2%)

5.2%
UK leverage ratio
(2022: 5.2%)

164%
Holdco LCR
(2022: 163%)

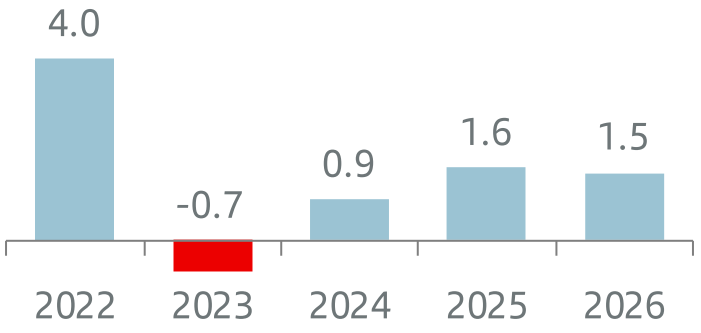
Note: See appendix for abbreviations.

Contents

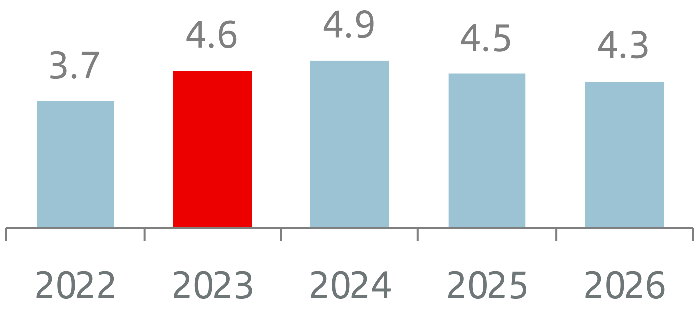
UK economic outlook continues to be uncertain

- Inflation set to remain above 2% target in 2023
- inflation is likely to reduce consumer spending further and we expect house prices to fall back to 2021 levels
- The challenges faced by households and businesses are expected to continue through 2023

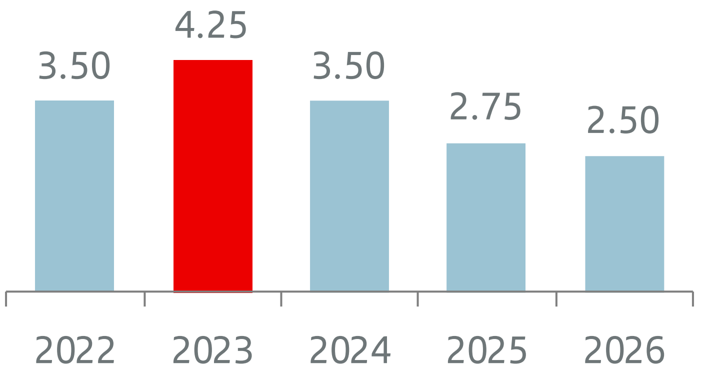
GDP[1] (%)



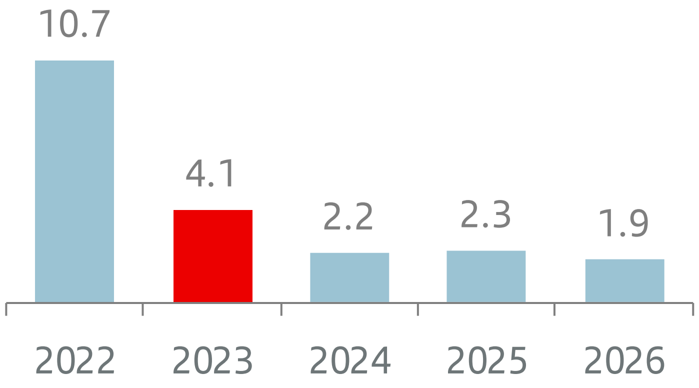
Unemployment[2] (%)



Base rate[2] (%)



CPI[3] (%)

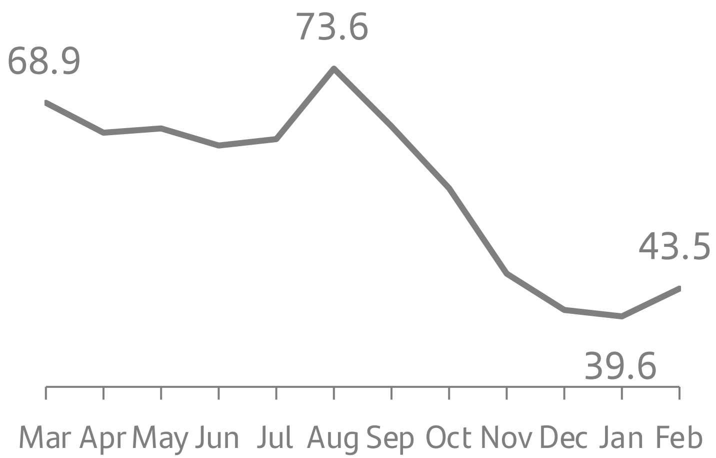


Note: Santander UK base case.
1. Calendar year annual growth rate.
2. At 31 December for each period.
3. Consumer Price Index. Annual average.

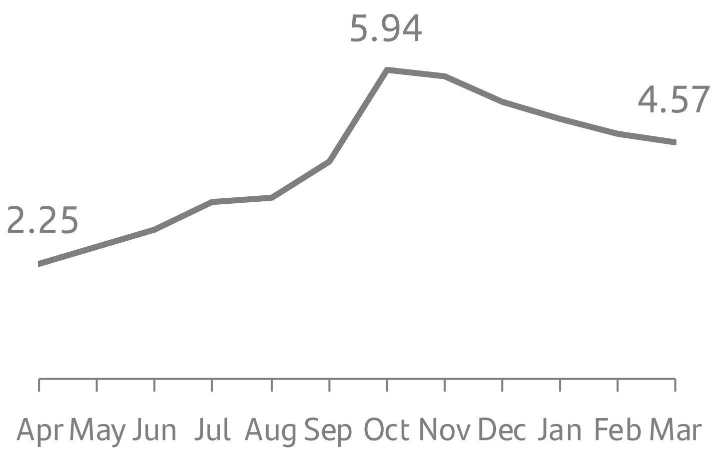
Housing market update

- After strong house price growth in recent years we expect house prices to fall back to 2021 levels
- San UK HPI forecast for end 2023 is -10% and flat for end 2024
- Volatility in Q3 22 caused mortgage rates to rise sharply, although they have subsequently eased

Approvals for House Purchases ('000)[1]



Quoted Mortgage Rates (% 2Y fixed)[2]



Halifax HPI[3]

1. United Kingdom, Deposits & Loans, All Institutions, Loans, By Type, Number of Total Sterling Approvals for House Purchase to Individuals, SA.
2. United Kingdom, Mortgage Lending Rates, Interest Rate of UK Monetary Financial Institutions (Excluding Central Bank) Sterling 2 Year (75% LTV) Fixed Rate Mortgage to Households.
3. Halifax HPI Data Rebased at 1998. Santander UK forecast shown in red.
4. 10% decrease for 2023 is San UK latest HPI forecast.

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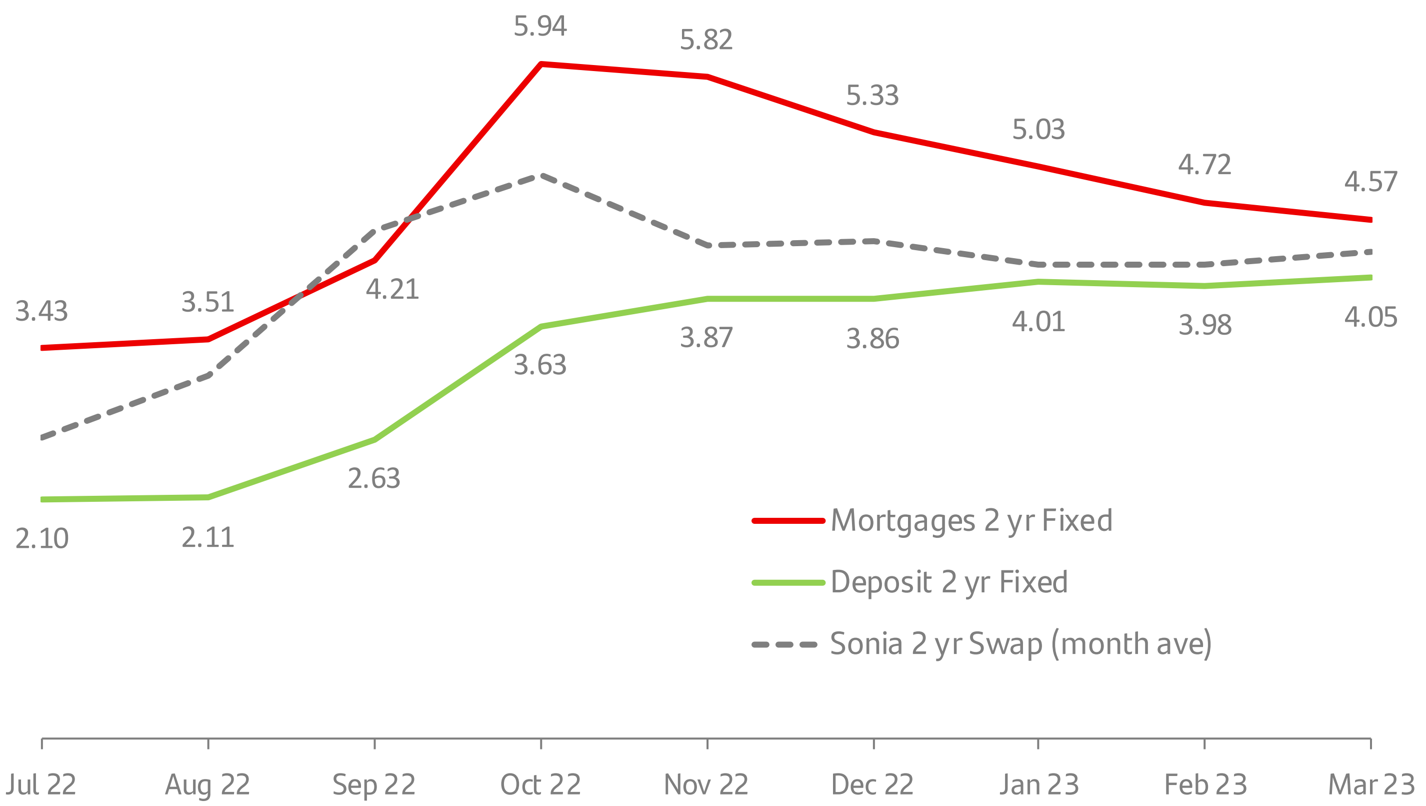
Compressed new business margins following sharp increase in policy rate

- Expectations for base rate increases increased sharply in late 2022
- New business rates for mortgages have eased in last 6 months
- Term deposit acquisition rates have continued to rise steadily
- Competition for deposits has intensified and funding costs have risen notably over the last six months

1. Source: Bank of England. United Kingdom, Mortgage Lending Rates, Interest Rate of UK Monetary Financial Institutions (Excluding Central Bank) Sterling 2 Year (60% LTV). Deposit 2 yr Fixed source Bank of England Quoted Interest Rates (Mar-23) from the Statistical Interactive Database - interest and exchange rates data.

Quoted market interest rates (%)[1]



Contents

Strong results with higher operating income

- Net interest income improved largely due to the impact of higher base rates
- Operating expenses increased largely due to inflation, mitigated by efficiency savings
- Credit impairment increased with deterioration in economic environment
- Provisions increased largely due to higher fraud charges

1. Comprises 'Net fee and commission income' and 'Other operating income'
2. Operating expenses is before credit impairment charges/ write-backs, provisions and charges.
3. Provisions is for other liabilities and charges.
4. Profit from continuing operations.
5. Non IFRS measure. See Appendix 1 of QMS for details and a reconciliation of adjusted metrics to the nearest IFRS measure.

Summarised consolidated income statement Q1 23 vs Q1 22

	Statutory Q1 23 £m	Change to Q1 22	Adjusted[5] Q1 23 £m	Change to Q1 22
Net interest income	1,184	*12%*	1,184	*12%*
Non-interest income[1]	124	*2%*	121	*(3)%*
Operating expenses[2]	(614)	*6%*	(583)	*6%*
Credit impairment losses	(61)	*17%*	(61)	*17%*
Provisions[3]	(86)	*83%*	(58)	*32%*
Profit before tax[4]	**547**	***11%***	**603**	***13%***

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Improved returns with strong capital and liquidity

- CET1 capital ratio increased largely due to higher profit
- Term duration in the LCR eligible liquidity pool is hedged with swaps to offset mark to market movements from interest rate changes
- CoR stable with low Stage 3 ratio and arrears
- Adjusted RoTE improved reflecting increased income partly offset by higher costs

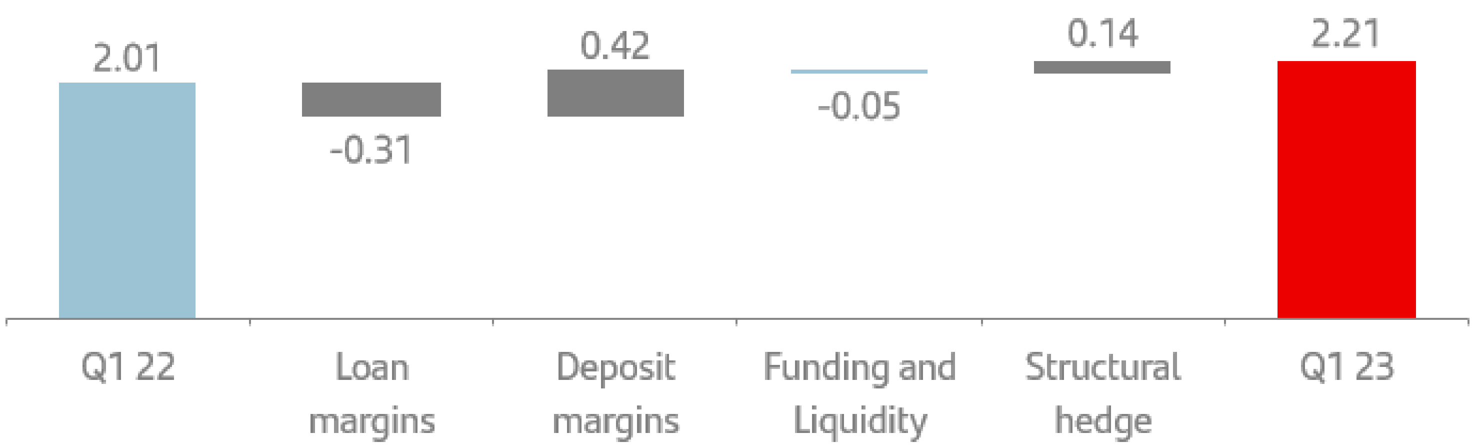
	2019	2020	2021	2022	Q1 23
CET1 capital ratio (%)	14.3	15.2	15.9	15.2	15.4
Leverage ratio (%)	4.7	5.1	5.2	5.2	5.2
LCR (%)[1]	142	150	166	163	164
Banking NIM (%)[2]	1.64	1.63	1.92	2.06	2.21
Adjusted CIR (%)[2, 3]	60	61	51	44	45
Cost of risk (bps)	11	31	(11)	15	15
Adjusted RoTE (%)[2]	7.8	4.3	13.2	14.1	15.0
Stage 3 ratio (%)	1.15	1.42	1.43	1.24	1.32

1. Liquidity metrics reported for Santander UK, our Holding Company, following adoption of CRR2 regulation from 2022.
2. Non IFRS measure. See Appendix 1 of QMS for each year for details.
3. Following a change in treatment of operating lease depreciation in the adjusted view the Adjusted CIR has been restated, see QMS for 3 months ending 31 March 2023 for more information.

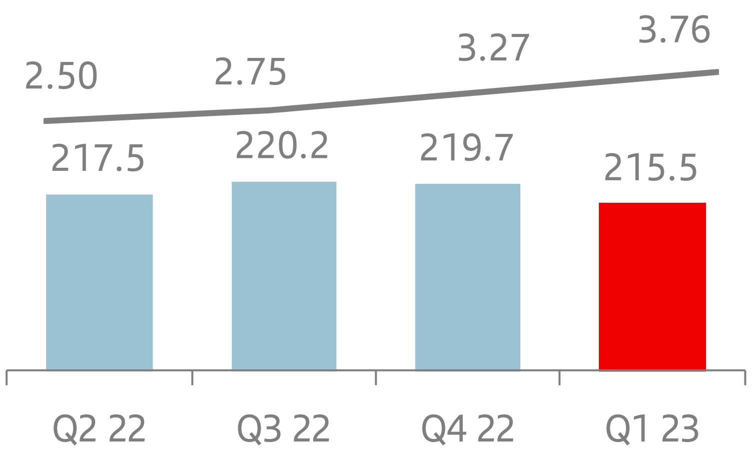
Increase in Banking NIM

- Banking NIM increased +20bps YoY to 2.21%, reflecting the impact of base rate increases
- We reduced mortgage lending in Q1-23 and, to keep our LDR broadly stable, we also reduced customer deposits

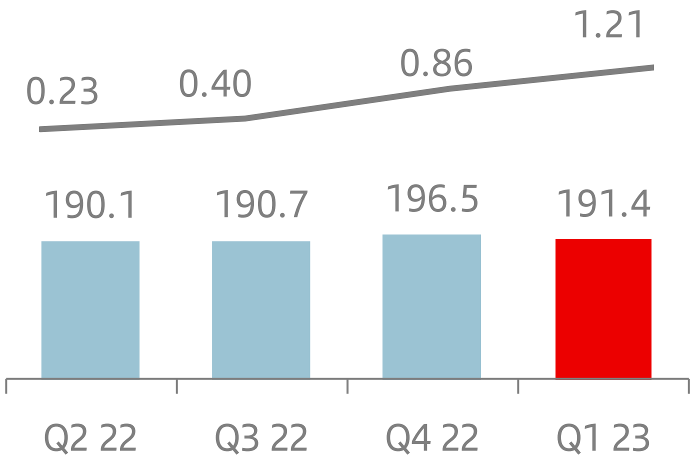
Banking NIM[1] **(%)**



Customer loans and loan yield (%, £bn)



Customer deposits and deposit cost (%, £bn)

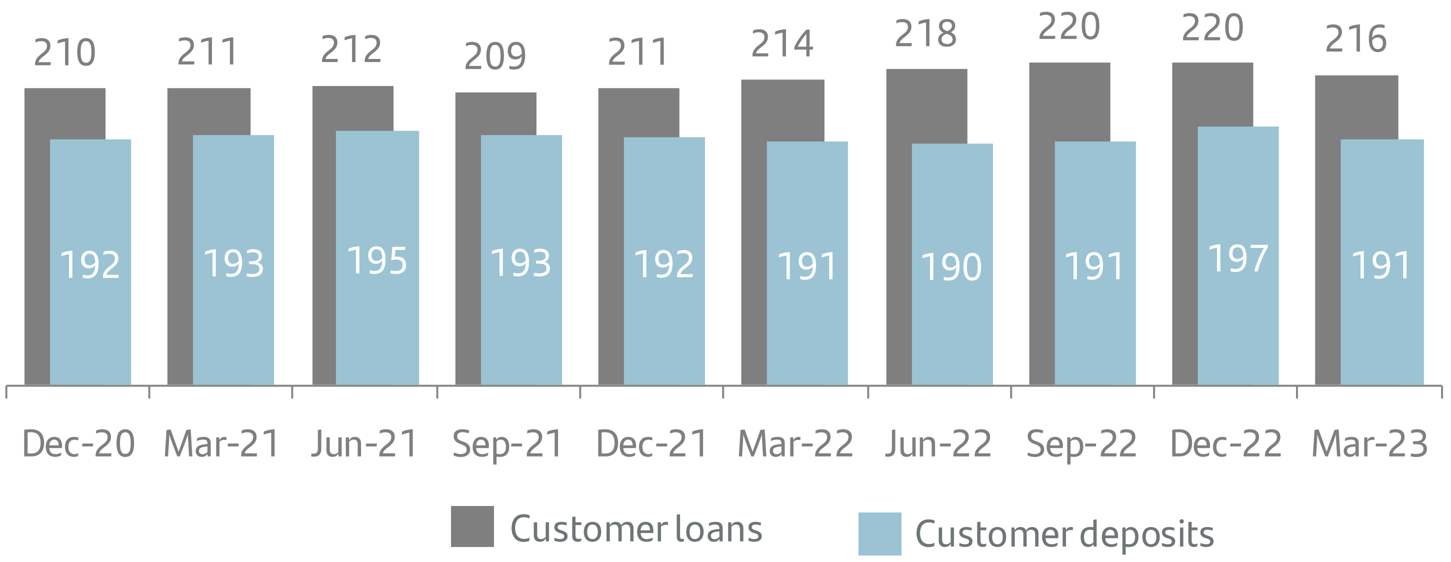


1. Adjusted Banking NIM is calculated as adjusted net interest income divided by average customer assets. Loan margins and deposit margins calculated against the relevant risk free rate. Structural hedge is gross yield only and associated liability costs in deposit margins. Funding and Liquidity includes cost of wholesale funding and income from liquid assets buffer.

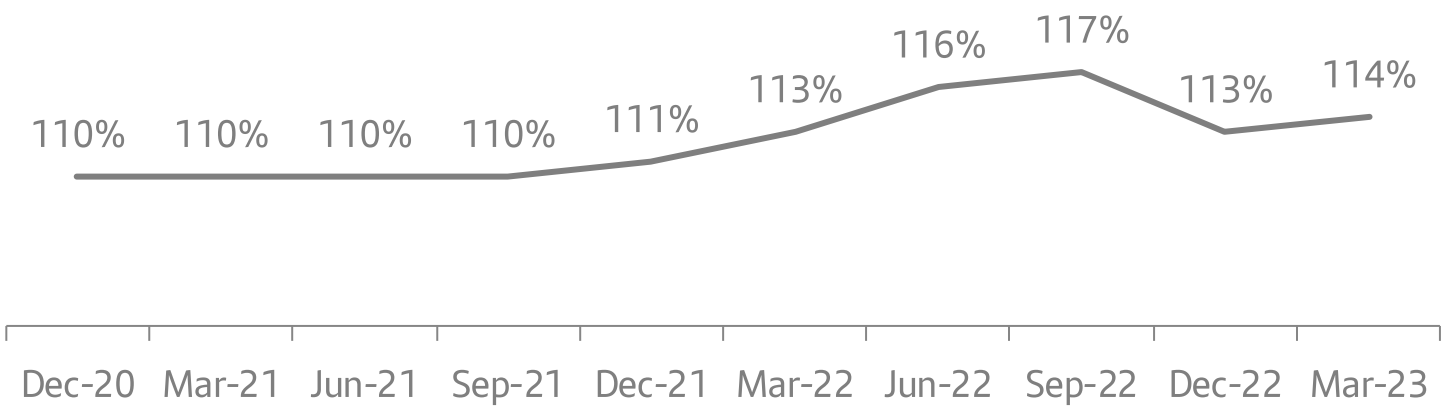
Funding gap

- Mortgage market slower with applications down 37%
- More deposit competition and notably higher funding costs
- We reduced our mortgage lending in Q1-23 and, to keep our LDR broadly stable, we also reduced customer deposits
- Customer loans and deposits both higher than a year ago. We expect the LDR to trend lower in 2023

Customer funding gap (£bn)



Loan to deposit ratio[1] (%)

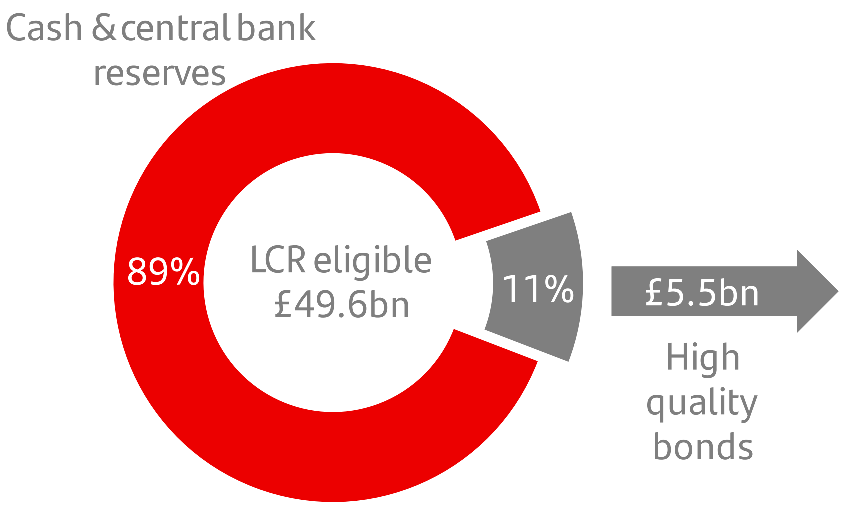


1. LDR is calculated from the statutory balance sheet.

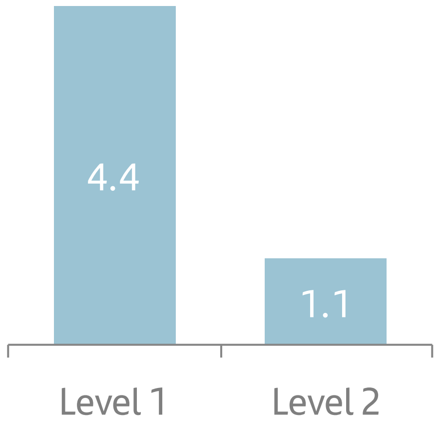
Strong liquidity position

- Strong LCR of 164%, managed and stressed in line with PRA and Basel rules. Liquidity pool of £49.6bn (Dec 22: £49.0bn) predominantly cash and central bank reserves
- Term duration in the liquidity pool is hedged with swaps to offset mark to market movements from interest rate changes
- Fair value through OCI stable at c.£20m despite recent movement in rates

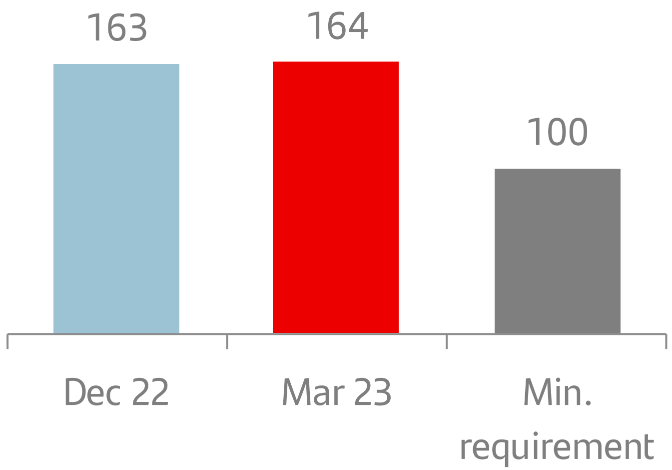
Composition of LCR eligible assets (LAB)



Securities held in LAB[2] (£bn)



Liquidity coverage ratio[1] (%)

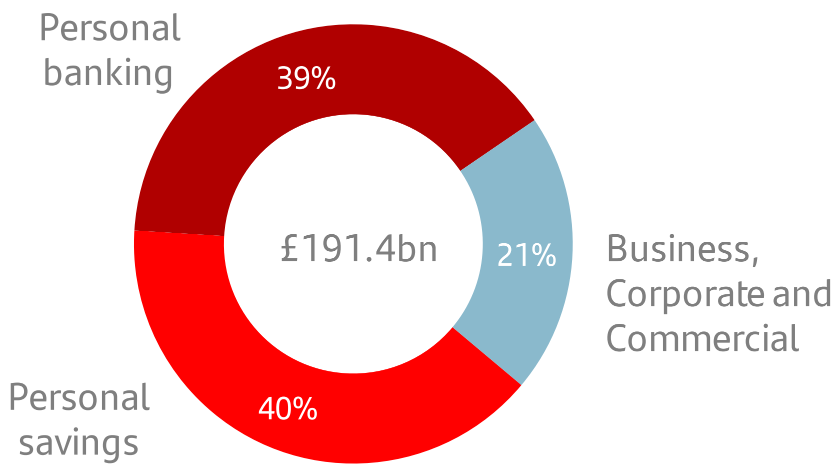


1. Crown dependencies are retail savings and banking deposits. Other includes non-core corporate and other short-term customer deposits
2. Inputs to valuation techniques used in measuring fair value: Level 1 is quoted prices in active markets and Level 2 is internal models based on observable market data.

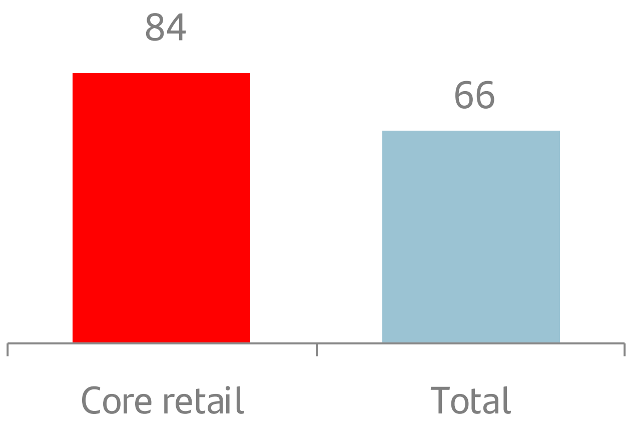
Diversified deposit base

- 14 million active customers: over 95% personal
- Personal savings: average customer balance c£6,000
- In the last 12 months base rate increased by 350bps and average deposit cost increased by 109bps

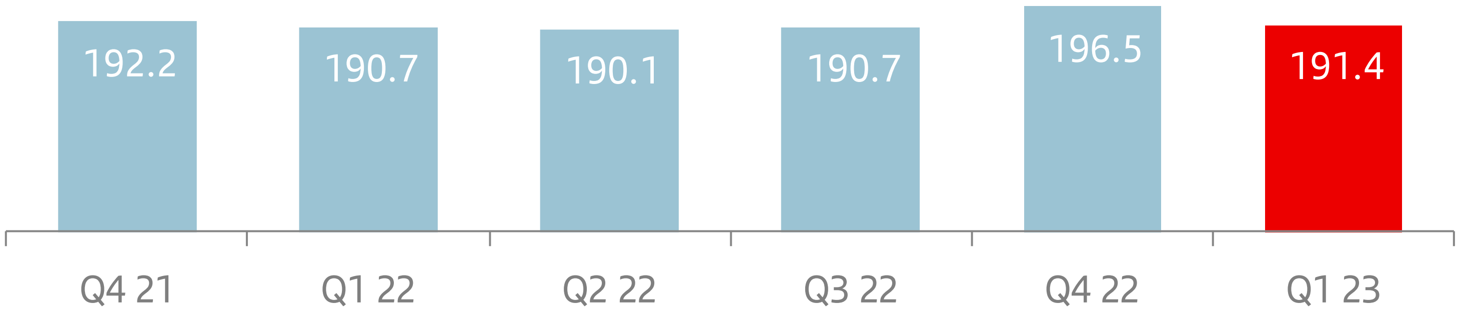
Customer deposits mix[1] (%)



Insured customer deposits[2] (%)



Customer deposits (£bn)

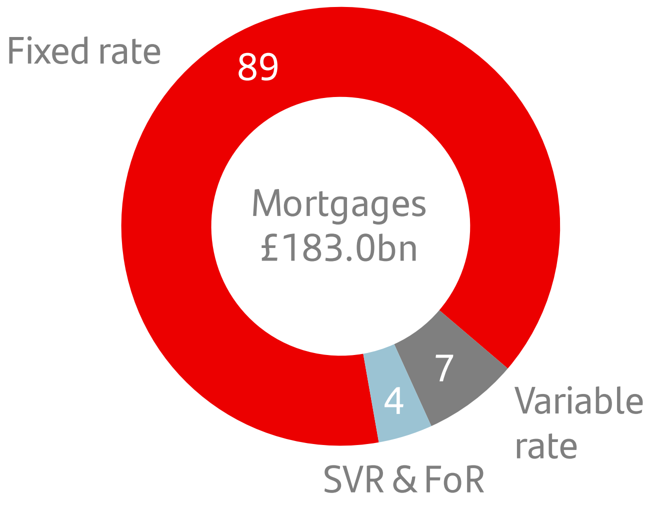


1. Personal is Retail Banking excluding Santander Business Banking plus Crown Dependencies (retail savings and banking deposits from customers in the Isle of Man and Jersey). Business, Corporate and Commercial includes Santander Business Banking, CCB and other short term customer deposits.
2. Core retail is Retail Banking excluding Cater Allen and Santander Business Banking. Deposits in the Crown Dependencies are not eligible for the FSCS.

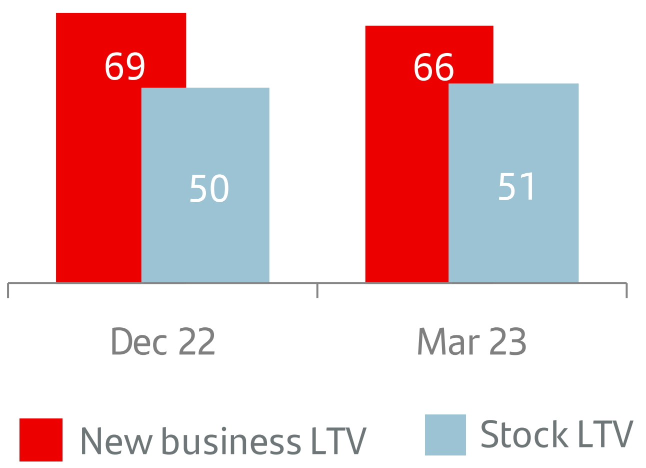
Prime UK mortgage book

- Net mortgage lending: -£4.1bn
- Gross mortgage lending £2.5bn
- 81% of mortgages reaching the end of their incentive period were retained[1]
- Average new loan size: £230k
- BTL mortgages 9% of book

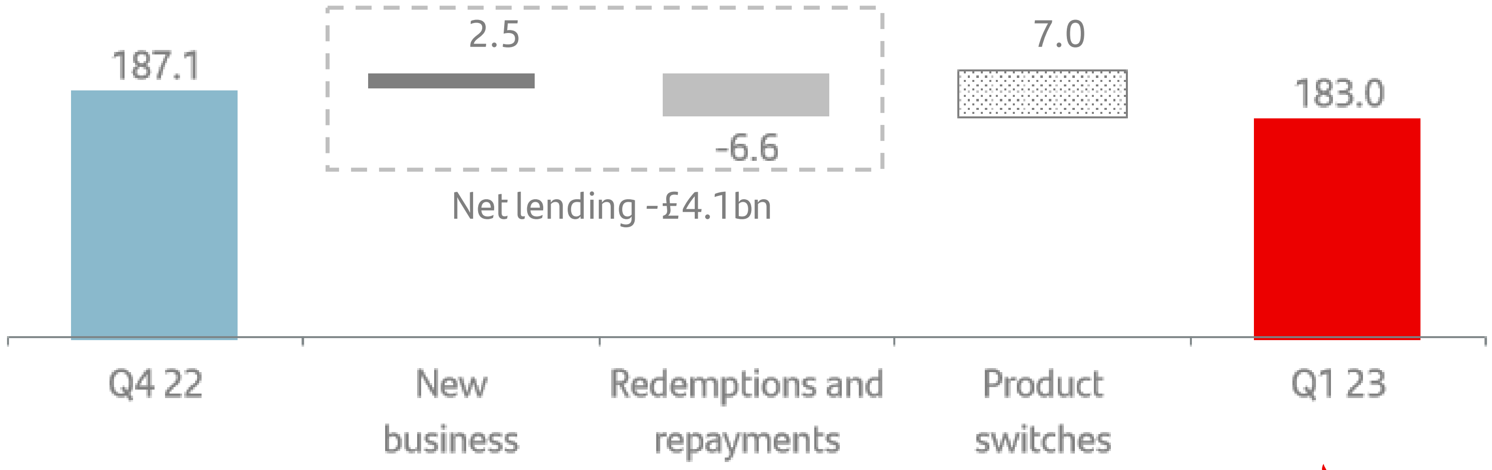
Interest rate profile (%)



New business and stock LTV[2] (%)



Mortgage lending breakdown (£bn)



1. The proportion of customers with a maturing mortgage retained. Applied to mortgages four months post maturity and is calculated as a12-month average of retention rates to December 2022.
2. Balance weighted LTV.

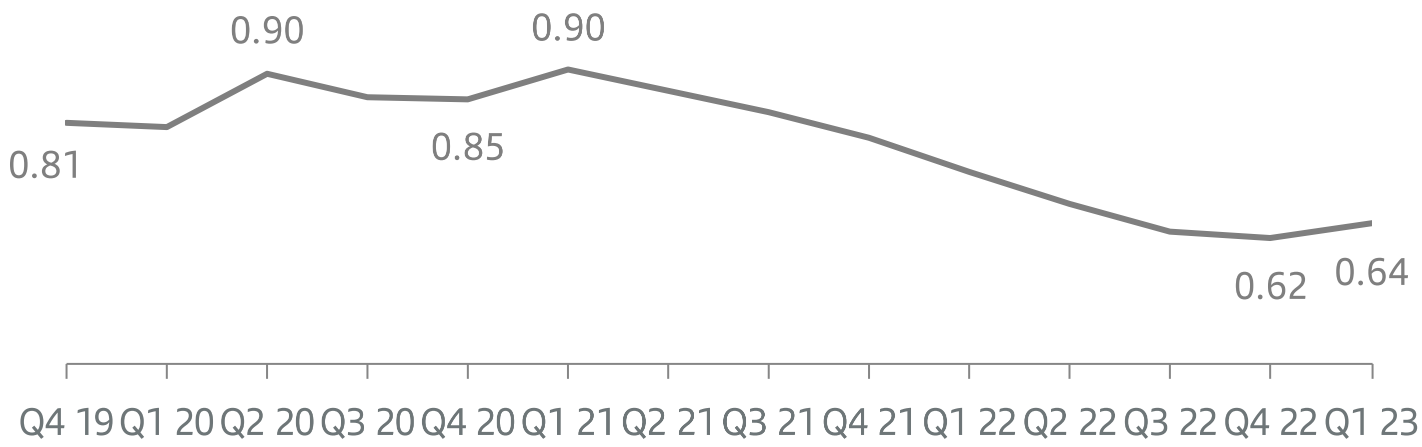
Prudent approach to risk across our businesses

- £183.0bn prime retail mortgages with average LTV of 51%
- £7.3bn unsecured retail lending
- £5.4bn Consumer Finance loans
- £18.6bn CCB lending, small number of single name defaults started to emerge in Q4 22

Mortgage LTV analysis

LTV	Mortgage portfolio		Stage 3 loans	
£m	Stock	ECL	Stock	ECL
Up to 50%	84,983	38	1,119	13
>50-80%	87,704	112	627	41
>80-100%	9,920	50	86	20
>100%	430	49	56	24
Total	**183,037**	**249**	**1,888**	**98**

Mortgages – arrears over 90 days past due[2] (%)

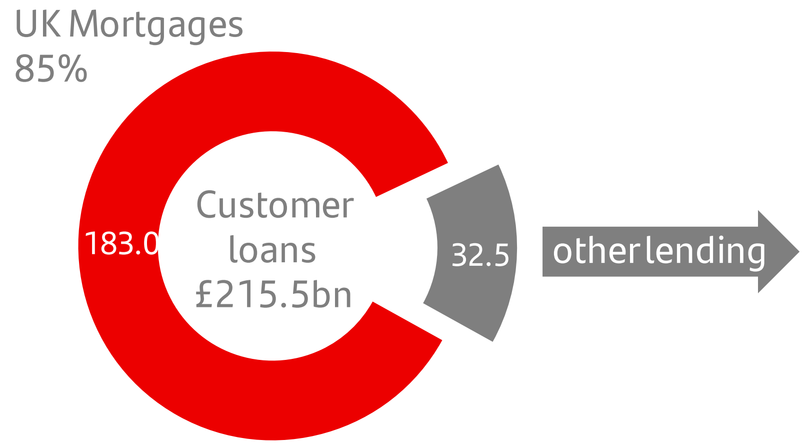


1. Arrears over 90 days past due.
2. 2020 takes into account Covid-related payment deferrals.

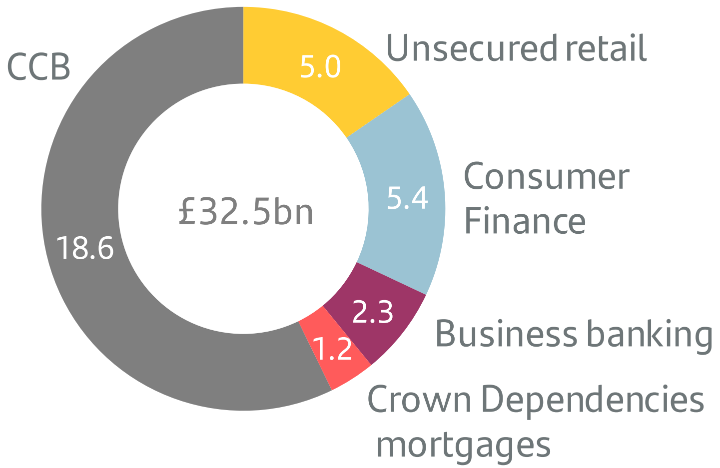
Resilient customer lending

- Mortgages: average stock LTV of 51% (Dec 22: 50%) and average new loan size of £230k (Dec 22: £237k)
- Business Banking: includes £2.2bn of BBLS with 100% Government guarantee (Dec 22: £2.4bn)
- Consumer Finance: 85% of lending is collateralised on the vehicle (Dec 22: 84%)

Customer lending split



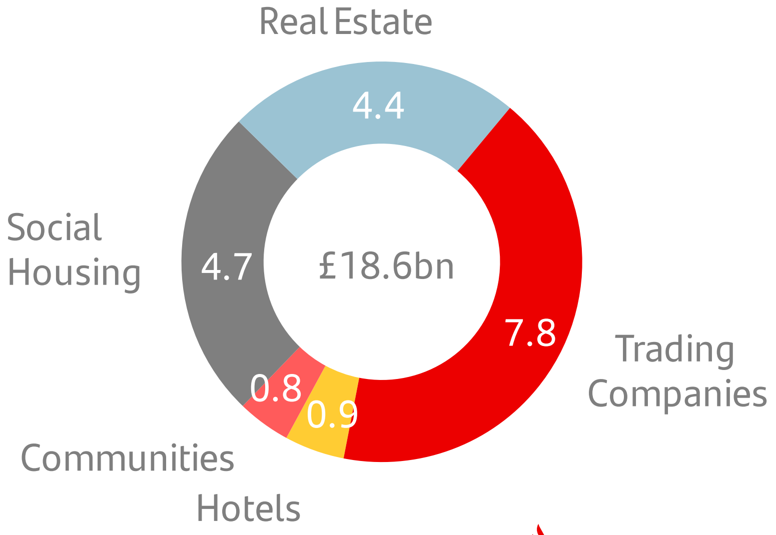
Other lending split (%)



Arrears over 90 days past due

	Dec 22 %	Mar 23 %
Mortgages	0.62	0.64
Credit cards	0.49	0.53
UPL	0.61	0.64
Overdrafts	2.24	2.36
Business Banking	3.47	3.19
Consumer Finance	0.45	0.39

CCB customer lending by sector (£bn)



1. Stage1, 2 and 3 loans as a percentage of total customer loans for Retail Banking, Consumer Finance, Corporate & Commercial Banking.

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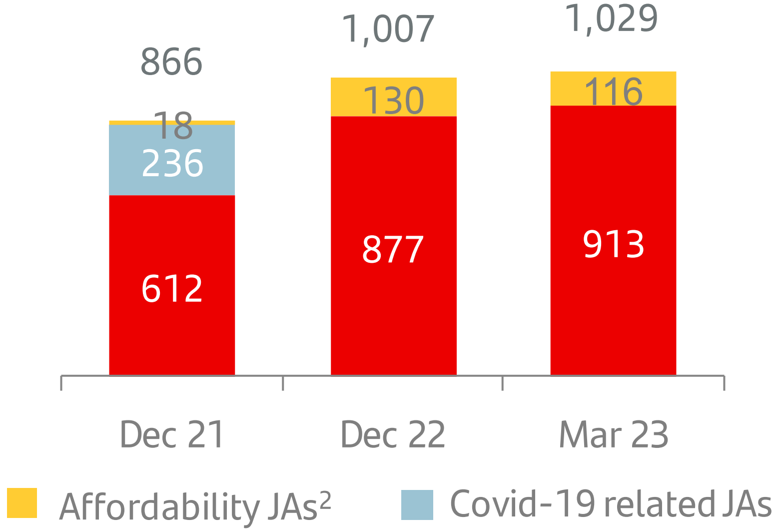
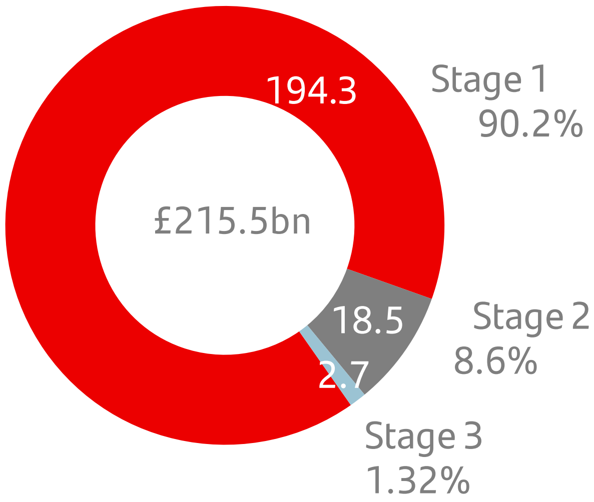
ECL provision and impairment charges from worse economic outlook

- Credit impairment charges increased due to the deterioration in the economic environment from a year ago
- Stage 3 ratio 1.32% (Dec 22: 1.24%)
- Modest ECL increases in Retail Banking and further impacts of a few single name cases that emerged in CCB in Q4-22

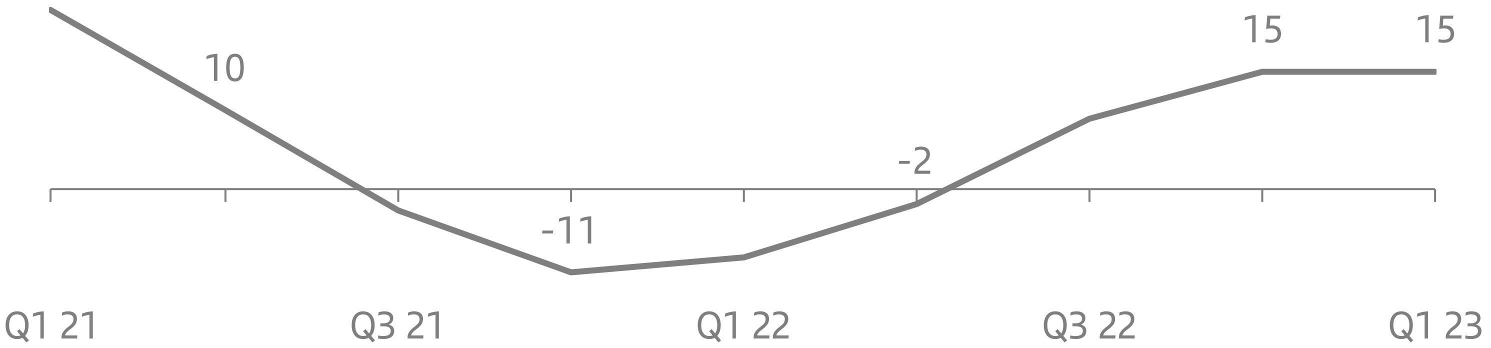
ECL provision (£m)



Customer loans by stage (£bn)



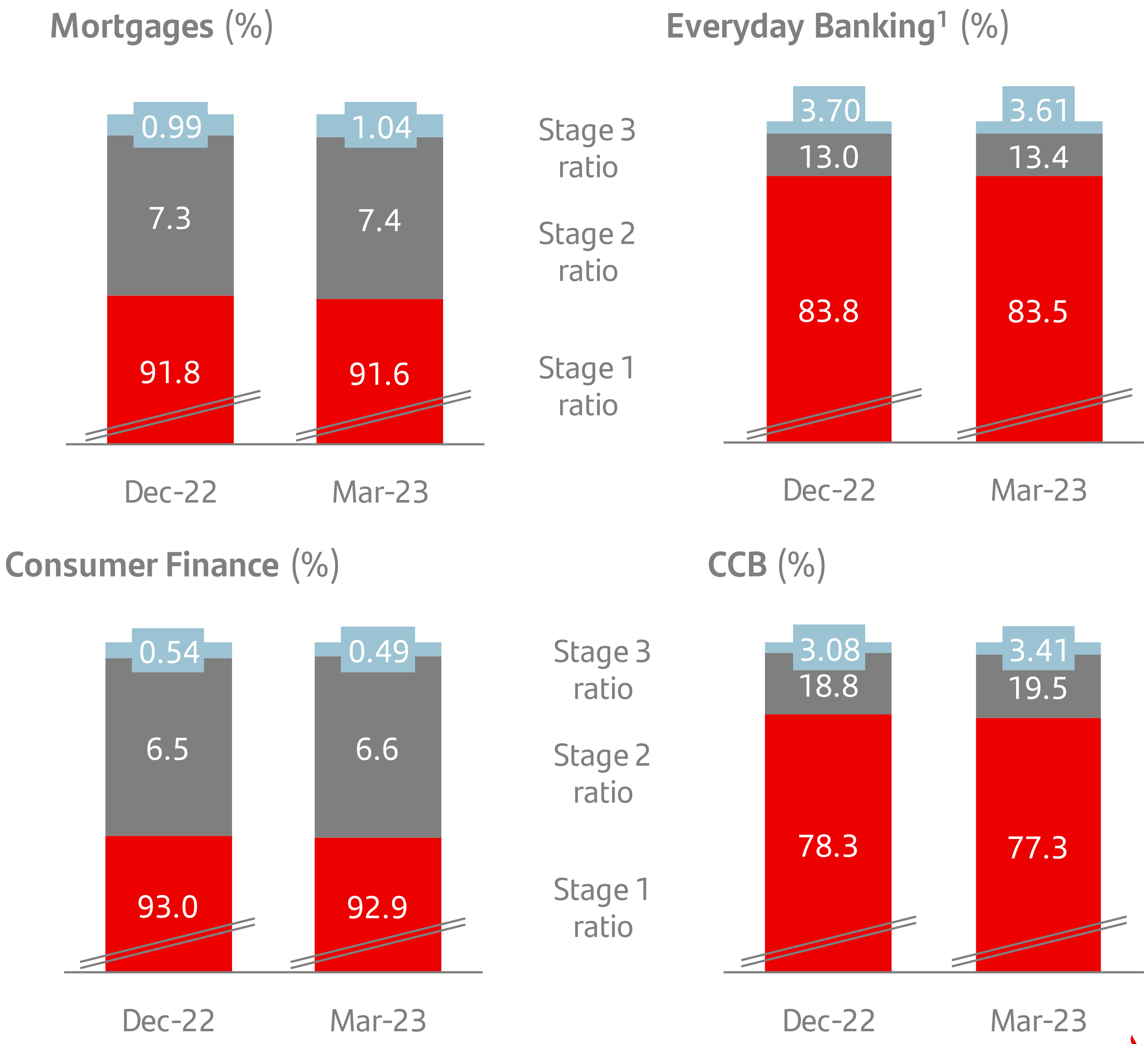
Cost of risk (bps)



1. CoR is rolling 12-month credit charges losses as a percentage of average customer loans.
2. Includes affordability of unsecured lending repayments and corporate sector staging risks.

Low and stable Stage 3 ratios across the business

- Mortgages: average LTV of 51% (2022: 50%) and average loan size of £230k (2022: £237k)
- Credit cards: 56% (2022: 55%) of customers repay full balance each month
- Consumer Finance: 85% (2022: 84%) of lending is collateralised on the vehicle

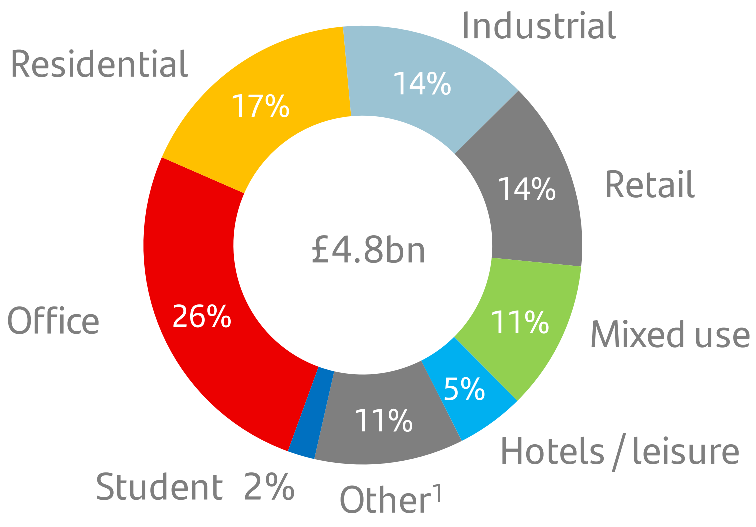


1. Includes credit cards, Business Banking, UPL and overdrafts.

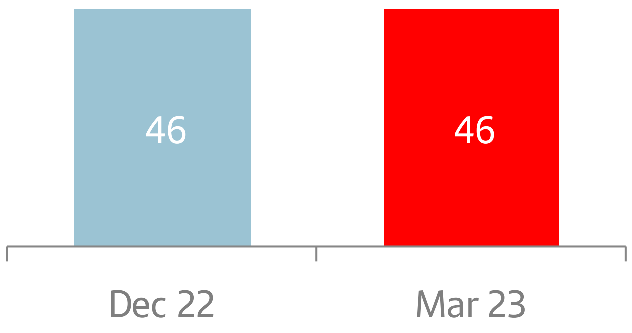
Diversified CRE portfolio

- The CRE portfolio is well diversified across sectors with no significant regional or single name concentration
- No CRE lending for standalone development purposes
- Well capitalised with >99% of new business written at or below 60% LTV

CRE Sector analysis (%)



CRE LTV (%)



CRE portfolio features

Typical average term	3-5 years
Typical average loan size	c.£5m
Stage 3 ratio[2]	1.20%
Contractual 2023 loan maturities[2]	c.£1bn

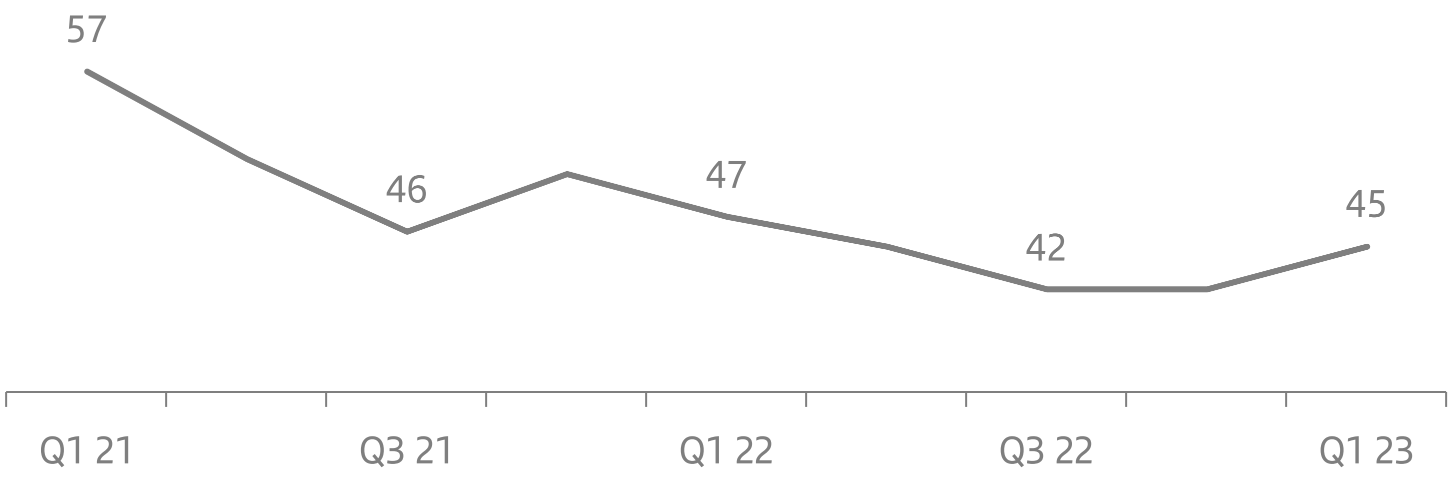
1. Other is mainly commercial mortgages in a small transactions portfolio.
2. Stage 3 ratio and contractual maturities at 31 December 2022.

Multi-year transformation programme

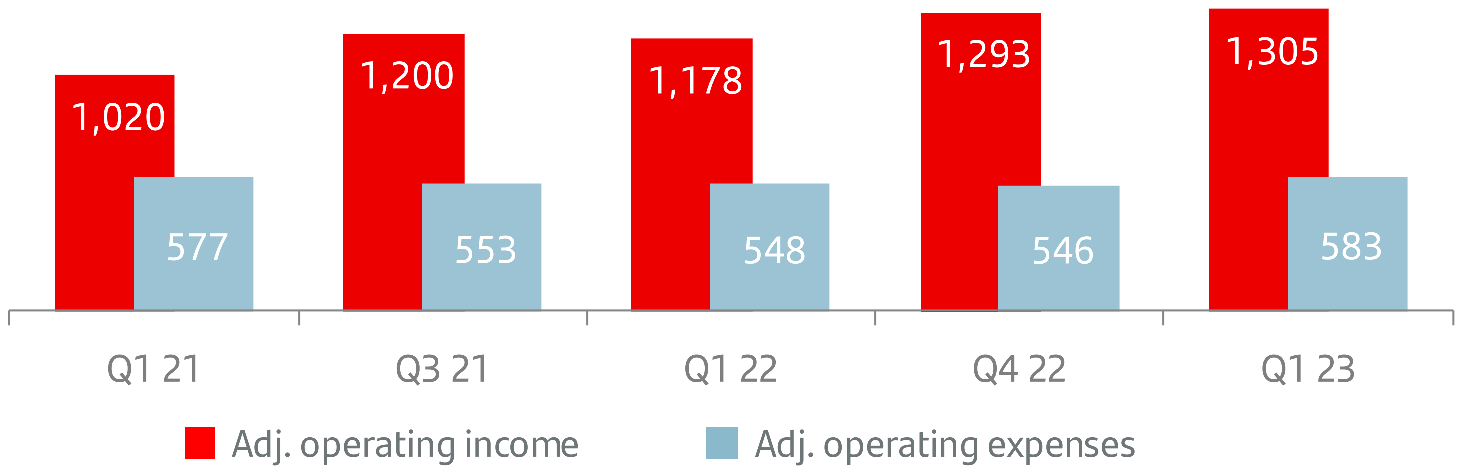
- Adjusted operating expenses up due to inflationary pressures partially offset by savings from the transformation programme
- In Q1-23, we invested £56m in our transformation (Q1-22: £39m)

1. Non IFRS measure which excludes transformation costs. See Appendix 1 of QMS for details.

Adjusted cost-to-income ratio[1] (%)



Adjusted operating income and expenses[1] (£m)



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Strong results and resilient balance sheet

- Adjusted profit before tax[1] £603m (Q1 22: £534m)
- Adjusted RoTE[1] 15.0% (2022: 14.1%)
- 85% of customer loans are retail mortgages
- Relatively small BTL, CRE and unsecured lending portfolios
- Strong capital and liquidity

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

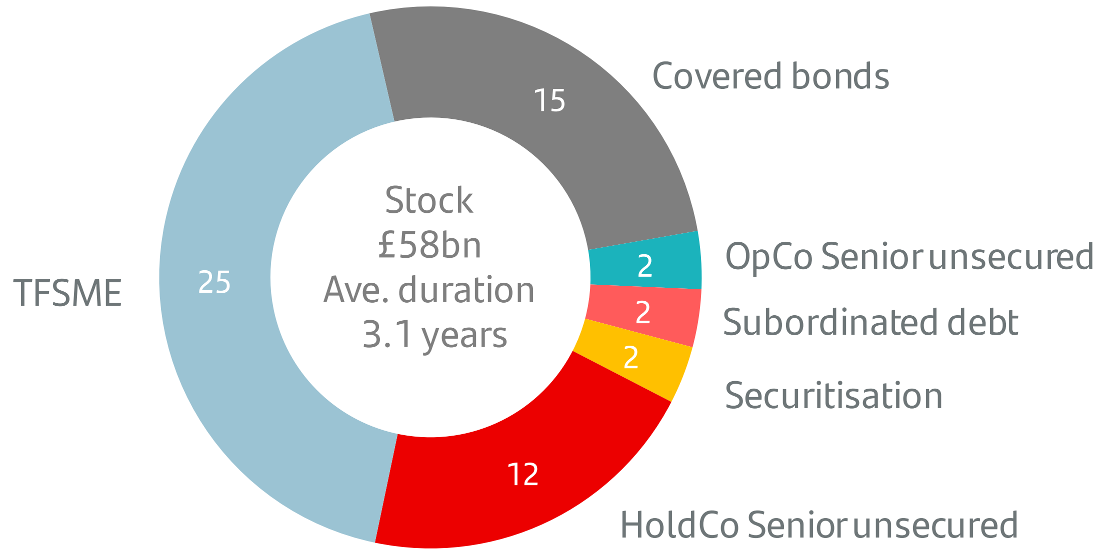
Q1 23	Looking ahead
114% LDR (2022: 113%)	We expect the LDR to trend lower in 2023
2.21% Banking NIM[1] (Q1 22: 2.01%)	We expect Banking NIM[1] to be higher than 2022 reflecting base rate increases
45% Adj. CIR[1] (Q1 22: 47%)	The transformation programme has embedded lower operational costs and improved efficiency of the business which should help to mitigate the impact of inflation

Contents

Robust funding to refinance maturities and TFSME

- Repaid £6.9bn of TFSME in 2022 and expect similar annual repayments over the next 3 years
- Remaining TFSME repayments of: £21.1bn due by 2025 and £3.9bn between 2027 and 2031 (in line with BBLS)

Term funding stock (£bn)



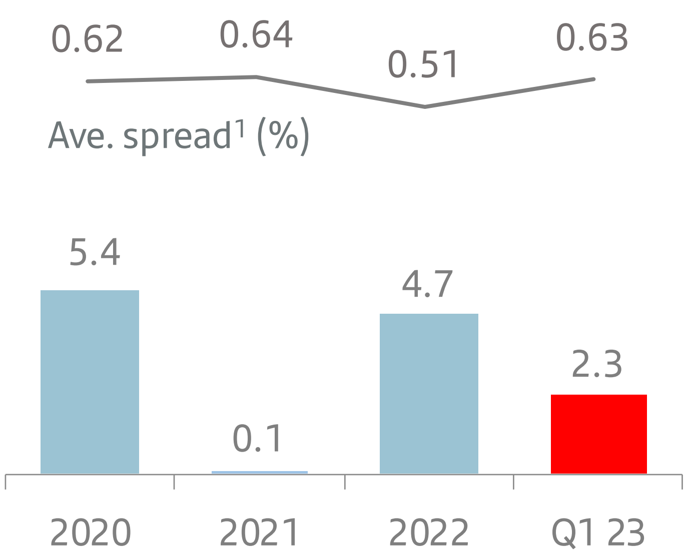
2023 funding requirements

	AT1	Tier 2	HoldCo Senior	OpCo Senior	RMBS	Covered
2023 (Total)	-	£300-750m	£1.5-2.5bn	-	<£1bn	<£3bn
2023 (YTD)	-	£300m	$1.25bn	-	£750m	£1.5bn

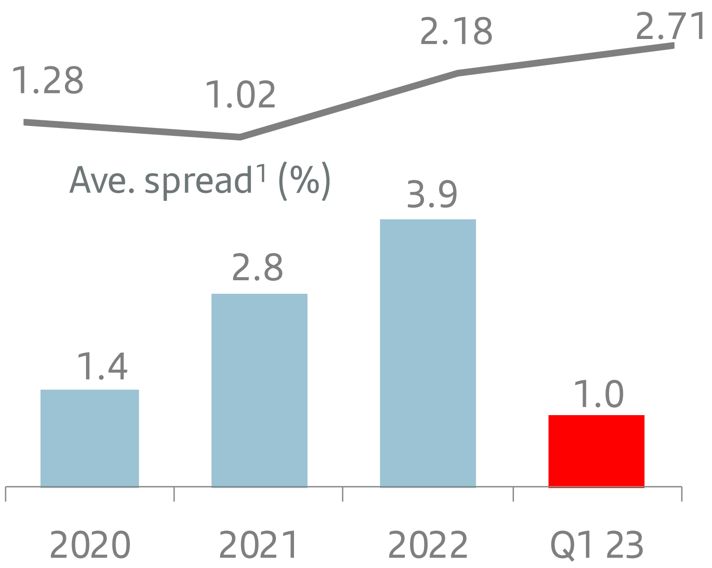
Strong funding position across a diverse range of products

- Lower issuance in 2021 as a result of TFSME drawing
- TFSME repayment commenced in 2022 largely through secured issuance
- 2023 issuance requirement driven by maturities and lower customer funding gap
- Next HoldCo Tier 2 maturity in 2025 and next AT1 call in 2024

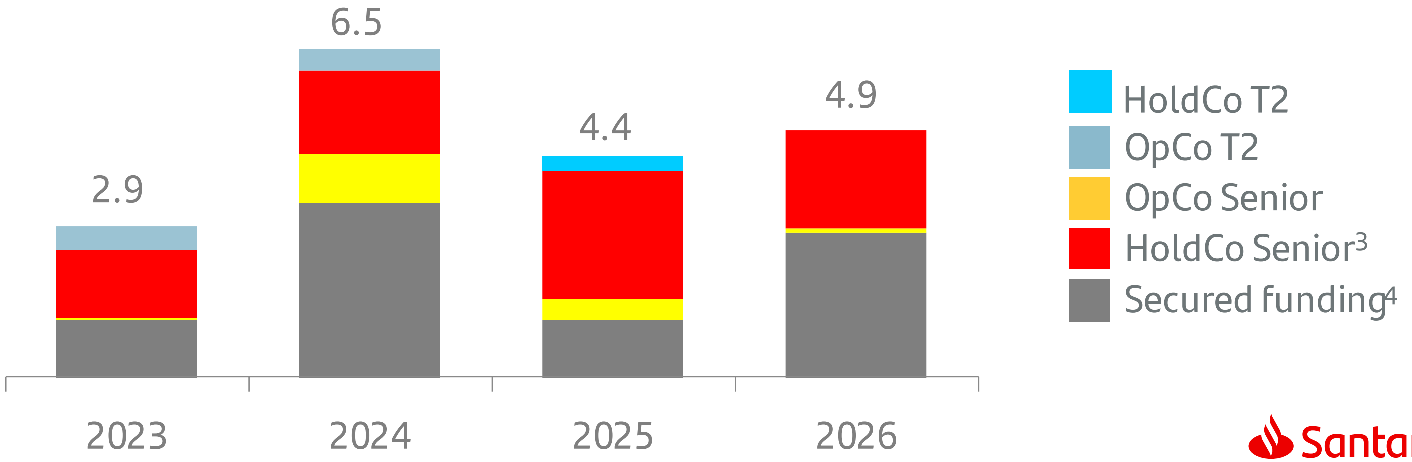
OpCo issuance (£bn)



Senior HoldCo issuance (£bn)



Term funding maturities[2] (£bn)

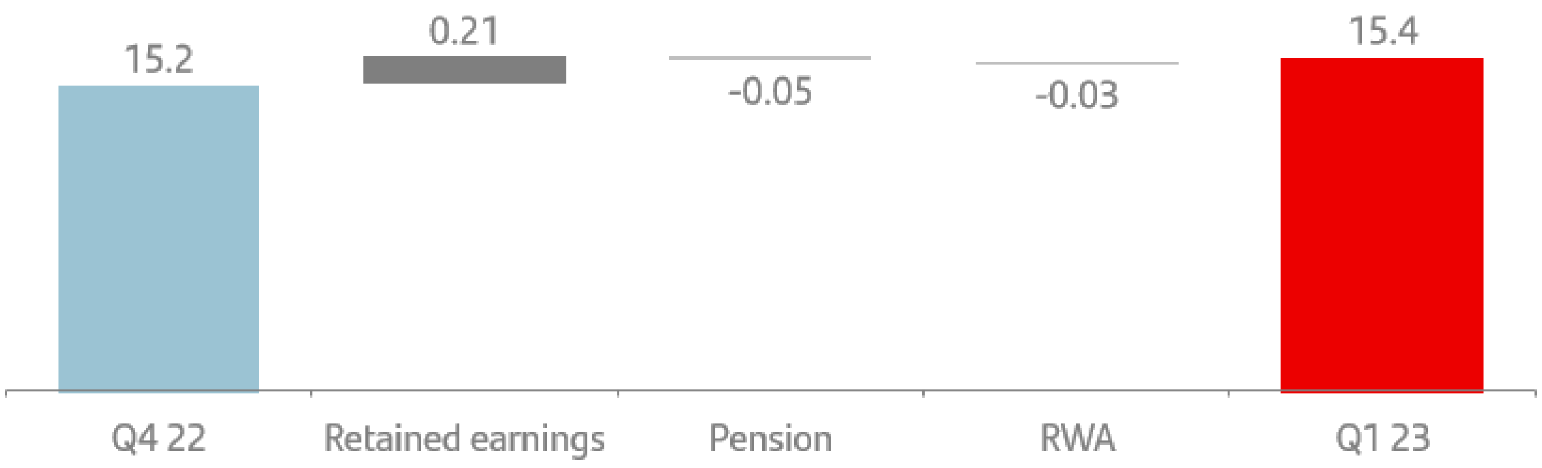


1. Average spread is the weighted margin above SONIA for issuance in that calendar year.
2. Includes issuances from Santander Consumer Finance UK.
3. Earliest between first call date and maturity date.
4. Excludes TFSME.

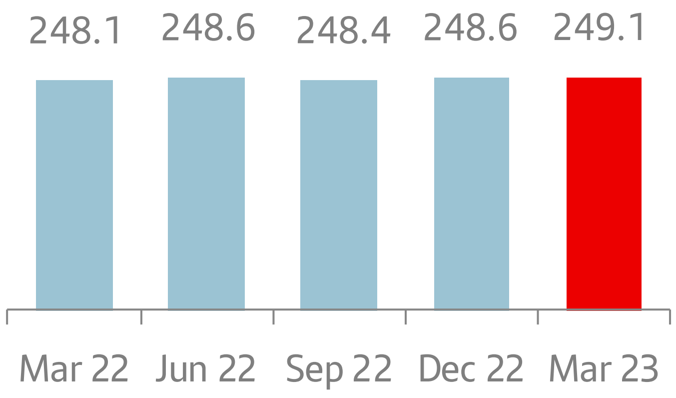
Continued resilience through strong capital position

- CET1 capital ratio increased 20bps to 15.4%, largely due to higher profit
- Leverage and RWA exposure have remained broadly stable in the quarter

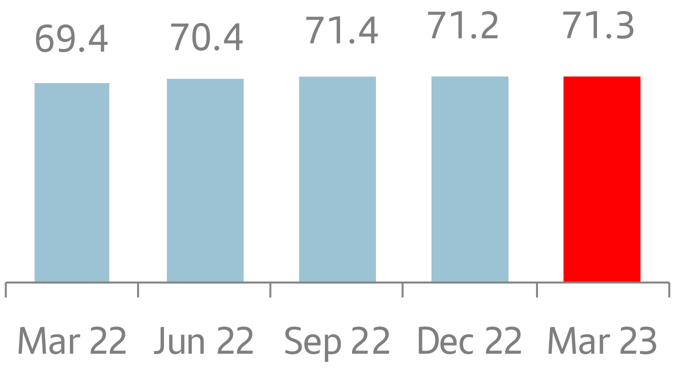
CET1 capital ratio change (%)



Leverage exposure (£bn)

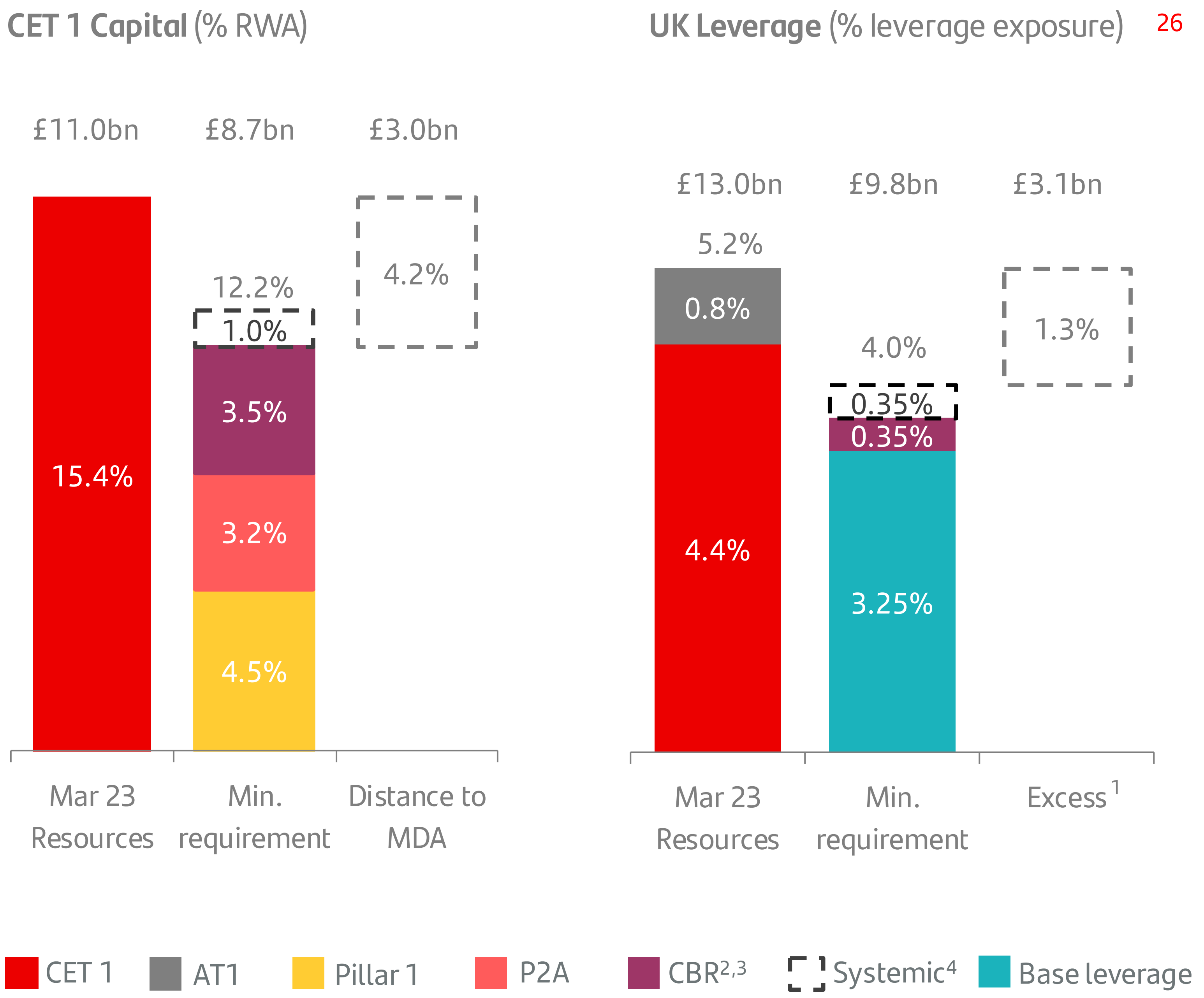


RWA (£bn)



Capital positioned for dual regulatory requirements

- Remain strongly capitalised with significant headroom to minimum requirements and MDA
- CET1 capital ratio headroom of 4.2pp over regulatory minimum



1. Headroom on UK Leverage requirement of 1.3% is sufficient to cover 100bps drawdown from 2021 BoE stress test with additional management buffer
2. Combined Buffer Requirement includes CCB 2.5% and CCyB 1% and will be met exclusively with CET1.
3. For Leverage requirements CCyB is unrounded, on application of rounding reduces to 0.3%.
4. O-SII requirement from RFB.

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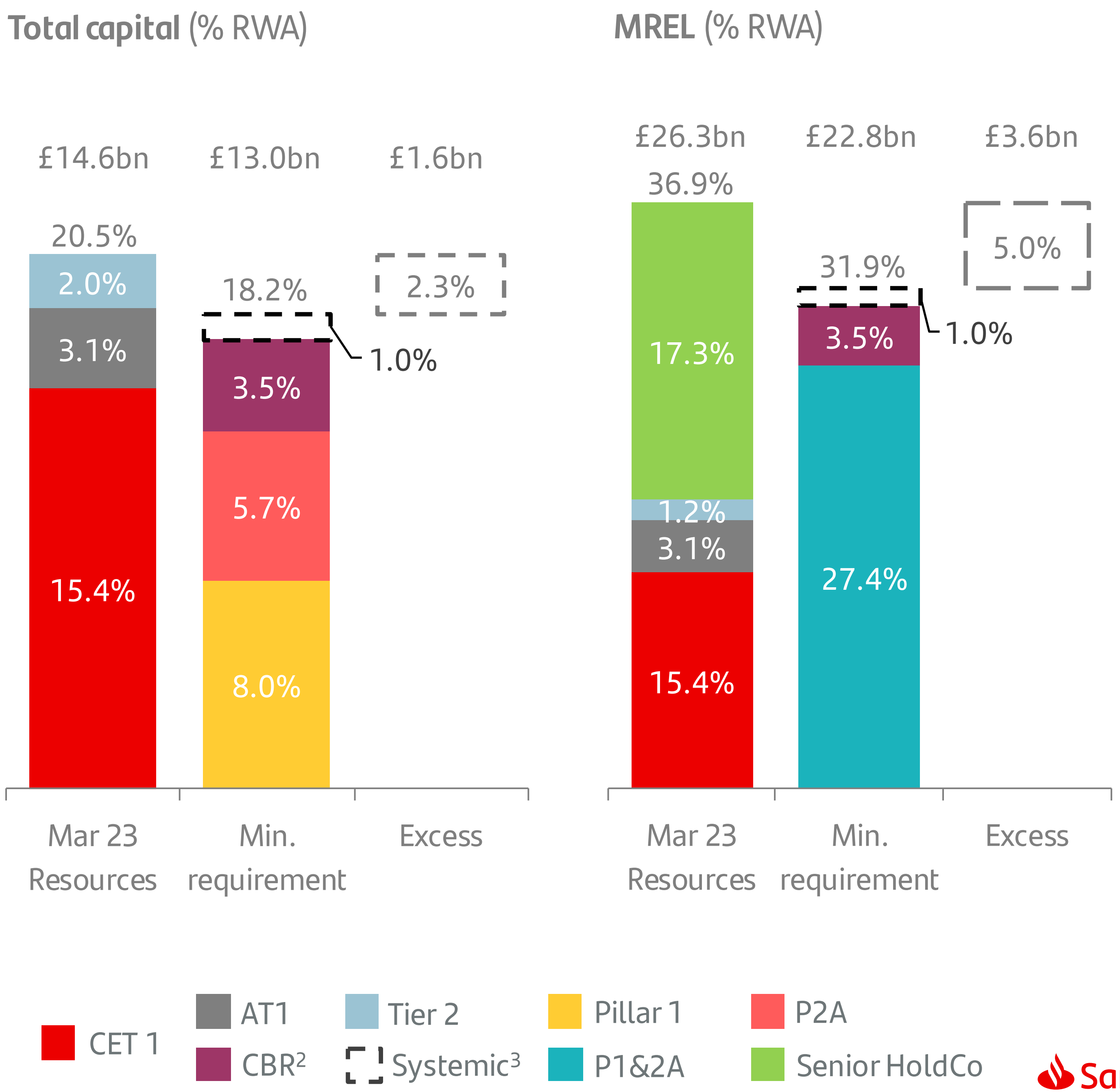
Total capital and MREL minimum requirements[1,2]

- From RWA perspective part of our T2 requirements are met with CET1 and AT1
- At 31 March 2023 SanUK's P2A capital requirement remained with RWA percentage based element
- Fully compliant with end state MREL requirements, being RWA constrained
- Expect to issue between £1.5-2.5bn of MREL in 2023. £1bn equivalent issued in January 2023

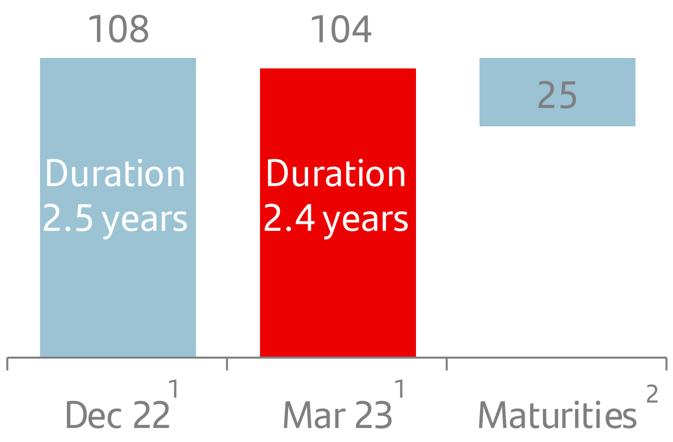


1. At 31 March 2023 Santander UK Group Holdings Pillar 2A requirements was 5.72%.
2. Combined Buffer Requirement includes CCB 2.5% and CCyB 1% and will be met exclusively with CET1.
3. O-SII requirement from RFB.

Structural hedge evolution

- Structural hedge decreased versus Dec 22
- Table shows how NII would be affected by +/- 100bps parallel shift applied instantaneously to the yield curve
- Consists of primarily unhedged fixed rate mortgages. Yield driven from underlying swap rates that would have swapped fixed rate mortgages to floating assets

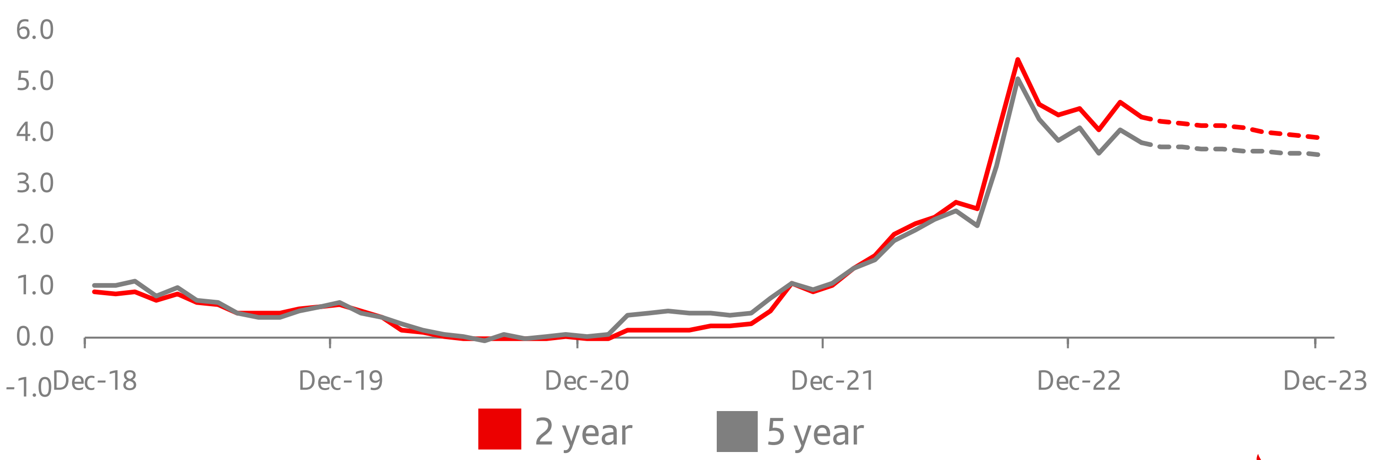
Balance of structural hedge (£bn)



12 month NII sensitivity[4] (£m)

Rate shifts	Dec 22	Mar 23
+100bps	238	222
-100bps	(194)	(227)

Yield from Sonia historic and forward[3] swap rates (%)



1. Period end.
2. Over the next 12 months.
3. Forward rates as of 13 April 2023.
4. Based on modelling assumptions of repricing behaviour.

Credit ratings

- S&P rating A / A-1 / Stable[1]
  Reviewed in August 2022
- Fitch rating A+ / F1 / Stable[1]
  Affirmed in December 2022
- Moody's rating A1 / P-1 / Negative[1]
  Affirmed in October 2022

Instrument	Issuer[2]	S&P	Fitch	Moody's
Covered Bond	OpCo	AAA	AAA	Aaa
Senior Unsecured	OpCo	A	A+	A1
Senior Unsecured	HoldCo	BBB	A	Baa1
Tier 2	HoldCo	BB+	BBB+	Baa1
AT1	HoldCo	BB-	BBB-	Ba1

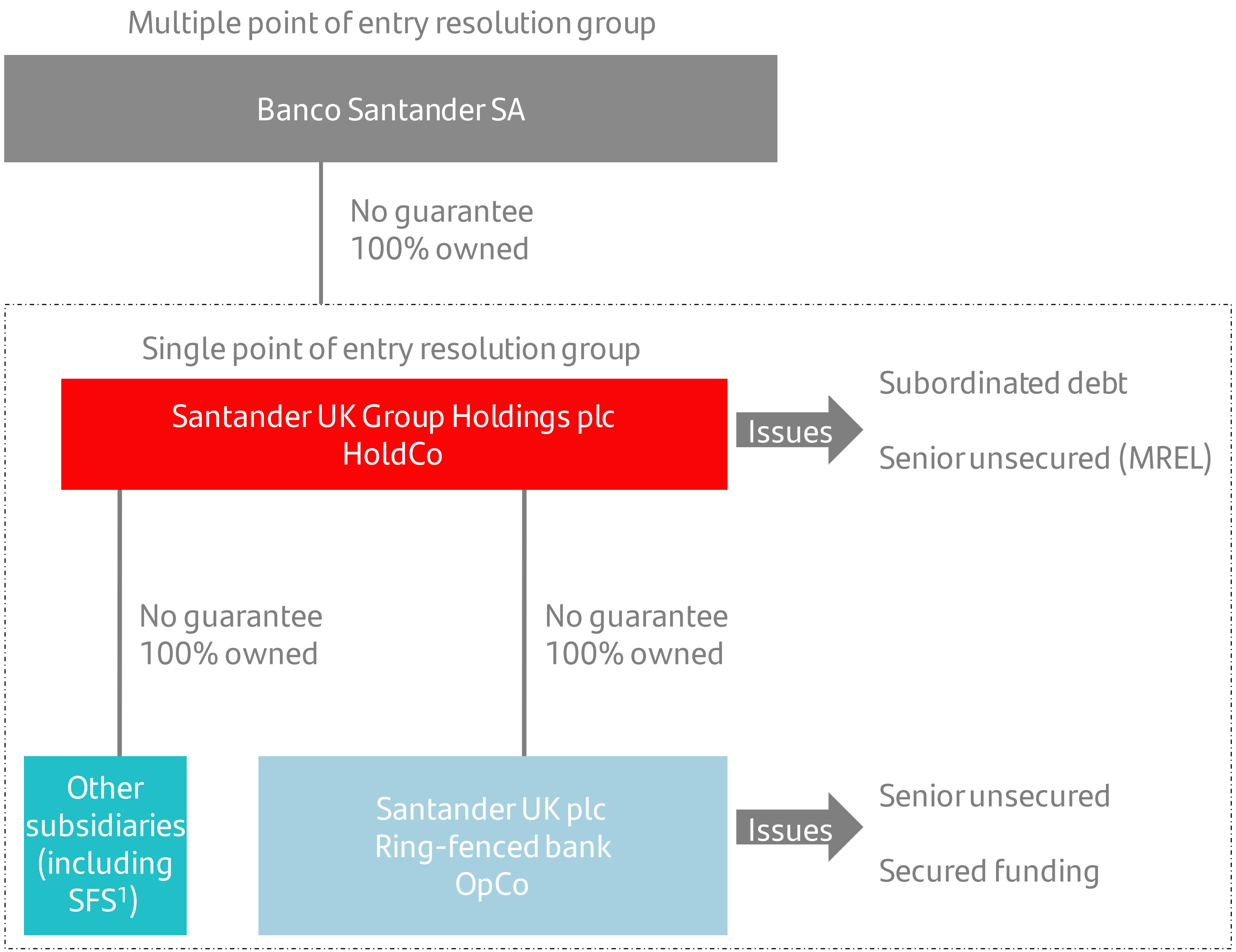
1. Santander UK plc ratings.
2. Opco is Santander UK plc. HoldCo is Santander UK Group Holdings plc.

Santander UK Group down-streaming model

- The PRA regulates capital, liquidity (including dividends) and large exposures
- Requirement to satisfy the PRA that we can withstand capital and liquidity stresses on a standalone basis
- According to the BoE RAF assessment published in June 2022, we were the only UK bank with no material issues to achieve resolution identified

1. Santander Financial Services.

Wholesale funding model



Santander

Contents

Our purpose is to help people and businesses prosper

- We help our customers at moments that matter most
- We champion British businesses and help them to grow sustainably
- Our customer focus helps us to develop more loyal and lasting relationships

Our competitive advantages

- Leading scale challenger bank
- Strong balance sheet
- International expertise for UK companies

Established UK market position

14 million
active UK customers

7 million
digital customers[1]

446 branches
across the UK

80%
digital mortgage retention[2]

Our strategic priorities

1. Deliver growth through customer loyalty and outstanding customer experience
2. Simplify and digitise the business for improved efficiency and returns
3. Engage, motivate and develop a talented and diverse team
4. Be a responsible and sustainable business

Note: further information on Santander UK strategy can be found in the 2022 Annual Report.

1. Users who have logged on in last month.
2. Value of offers issued via online mortgage retention tool as % of total offers issued.

Sustainability and Responsible Banking Strategy: three key pillars and a foundation

1 Thriving Workplace

2 Better Communities

3 Healthy Environment

Foundation: Being responsible in everything we do

Note: See 2022 Annual Report and 2022 ESG supplement for definitions and more information on 2022 performance.

Thriving Workplace: Creating a culture of inclusivity and belonging

1

- Diversity, inclusion and belonging
- Social mobility
- Organisational culture and governance

Better Communities: Helping customers and communities prosper

2

- Financial inclusion
- Community engagement and support
- Sustainable finance

Healthy Environment: Fighting climate change and supporting the green economy

3

- Support customer transition to a low carbon economy
- Reducing emissions in our operations
- Climate risk management

Being responsible in everything we do

- Responsible banking practices
- Ethics and compliance
- Human and labour rights

Clear focus on our communities and being a responsible and sustainable bank

E Environmental: supporting the green transition

S Social: building a more inclusive society

G Governance: doing business the right way

Helping customers go green

>£1bn
Green Consumer Finance[1]

>340 EnergyFact Reports
issued to educate customers on energy efficiency improvements[2]

Going green ourselves

New Head Office
to be BREEAM certified[3]

9% reduction
in our scope 1, 2 and 3 business travel emissions[4]

Managing Climate Risk

Climate Financial Risk Forum
proactive participation[5]

Completed internal **Climate Scenario Analysis**

Talented and diverse team

Top 40 ranking
Stonewall's Workplace Equality Index[6]

33% women in senior positions[7]

Advice & tools for customers

Financially empowering **>2.6m** people[8]

>2.2m young people financially educated[8]

Supporting society

>2.1k other people supported through volunteering[9]

>£200k of donations and grants to higher education[10]

A strong culture: Simple, Personal, Fair

8.0/10
Employees engagement score +0.2 since 2022[11]

10% of remuneration
for people and sustainability KPI's[12]

An independent, diverse Board[13]

50%
Independent

25%
Female

ESG governance
with Board oversight

1. Cumulative raised and facilitated since 2021. Includes electric vehicles, bicycles and hybrids. In line with Banco Santander's Sustainable Finance Classification System. 2. 2022: 7,900. 3. BREEAM is a leading science-based suite of validation and certification systems for sustainably built environments. 4. Scope 1, 2 and 3 emissions classified in accordance with the Greenhouse Gas Protocol Corporate Standard and 9% reduction is between 2021 and 2022. 5. An industry forum jointly convened by the PRA and FCA to build capacity and share best practice. 6. 2021: Top 100. 7. This population includes c.1,400 senior managers and those in more senior positions. These represent 7% of Santander UK employees, in 2022: 33%. 8. Cumulative since 2019 with more information on both metrics found in our 2022 ESG Supplement. 9. 2022: >20,000 10. 2022: £8.1m. 11. Measurement changed from annual Global Engagement Strategy to a continuous listening strategy using Workday Peakon 12. 10% weighting of variable remuneration 13. HoldCo.

Corporate & Commercial Banking carbon-intensive sectors

- Committed to providing financial products and services to businesses that are environmentally and socially responsible
- Our strategy is to grow our green finance activities, with a target of £20bn of green finance raised and facilitated by 2025
- Lending to mining and quarrying[8] represented 0.4% of our total nonfinancial corporate drawn balances

Sector[1]	2022 balance (£m)	%
Real estate activities[2]	8,469	47
Accommodation and food services activities	1,354	8
Wholesale and retail trade[3]	1,341	8
Construction[4]	1,073	6
Manufacturing[5]	752	4
Information and communication	379	2
Electricity, gas, and steam supply[6]	268	2
Transport and storage[7]	241	1
Agriculture	125	1
Water supply	95	1
Mining and quarrying[8]	64	<1
Non-carbon intensive sectors	3,739	21
Total non-financial corporates	**17,858**	**100**

1. We set our classification of carbon-intensive or climate-relevant sectors in line with EBA's technical standards on prudential disclosures on ESG risks in accordance to Article 449a CRR (Pillar 3), which follows the Statistical Classification of Economic Activities in the European Community (commonly referred to NACE. 2. NACE code split by counterparty not by loan type. Other CRE reporting by loan type. 3. Includes Motor vehicles parts and accessories. 4. Construction of buildings and civil engineering activities. 5. Manufacturing and processing of food products. 6. Also includes renewable energy generation. 7. Transport by road, rail and air and passenger transport. 8. Mining and de minimis legacy oil and gas extraction (<0.1% of balances)

Contents

Economic scenarios

- The economic outlook for 2023 remains uncertain
- Inflation is forecast to remain above the 2% target rate for 2023 putting further pressure on real disposable income
- Other household bills have also increased, and house prices have started to fall

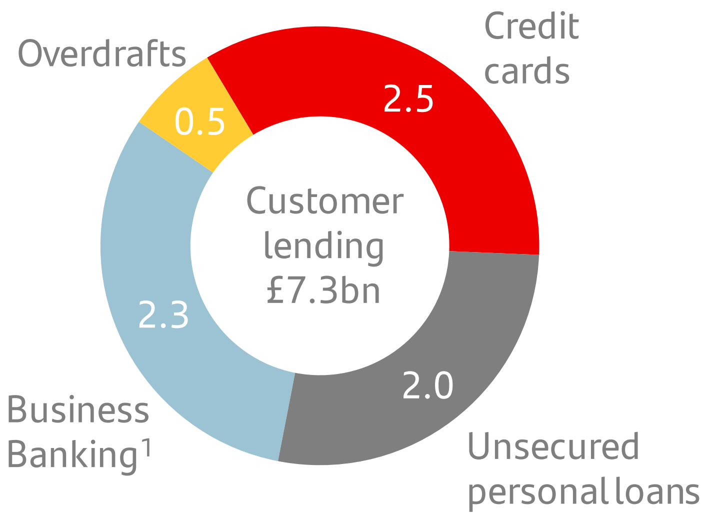
%		Upside 1	Base Case	Downside 1	Downside 2	Stubborn Inflation
GDP[1]	2023	(0.3)	(0.7)	(1.0)	(4.8)	(1.6)
	2024	1.7	0.9	0.1	0.1	(1.6)
	2025	2.4	1.6	0.5	0.5	0.1
Base rate[2]	2023	3.50	4.25	4.75	3.50	6.00
	2024	3.00	3.50	4.25	2.75	5.50
	2025	2.50	2.75	3.25	2.75	3.50
House price inflation (HPI)[3]	2023	(8.9)	(10.0)	(8.6)	(12.5)	(9.0)
	2024	0.1	0.0	(6.3)	(11.1)	(8.2)
	Peak to trough	(13.3)	(12.9)	(19.0)	(27.5)	(20.3)
Unemployment (ILO)[2]	2023	4.4	4.6	4.7	7.6	5.0
	2024	4.0	4.9	5.0	8.2	5.9
	5-yr peak	4.4	4.9	5.8	8.5	6.5
Weighting		5	50	15	10	20

1. Calendar year annual growth rate.
2. At 31 December.
3. Q4 annual growth rate.

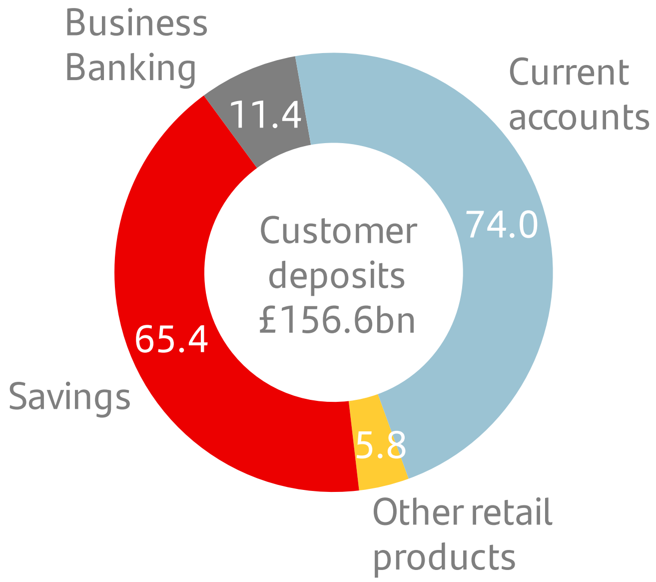
Everyday Banking

- Serves c.14m active customers in branch or through remote and digital channels
- Increased interest rates across our savings product range, offering market leading rates for customers
- Launched new Edge current account and made improvements to our mobile app, helping customers with their personal budget

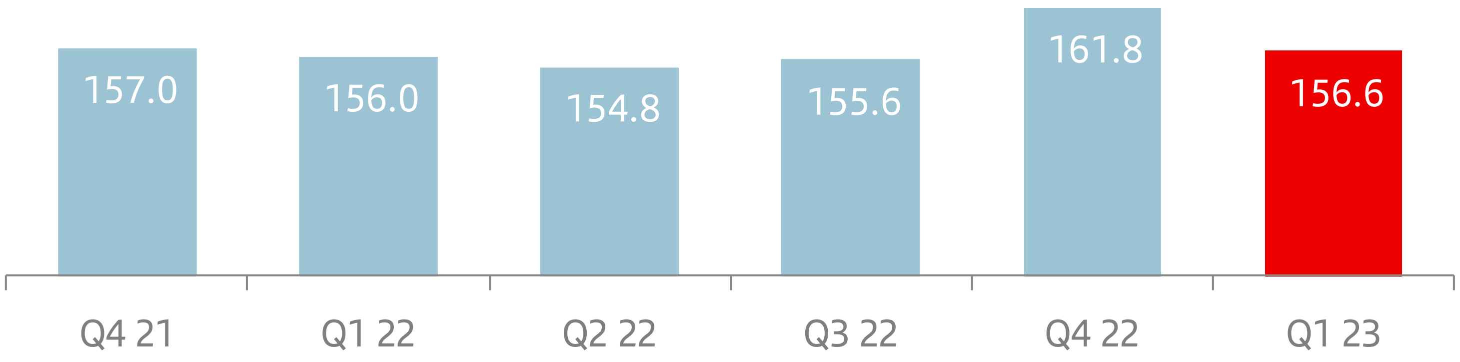
EDB customer lending (£bn)



EDB customer deposits (£bn)



EDB customer deposits (£bn)

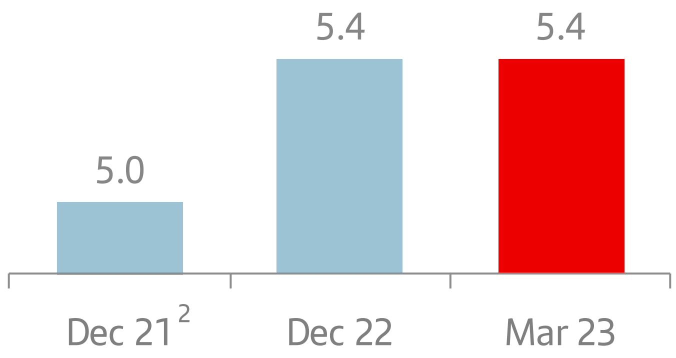


1. Includes £2.2bn of BBLS (100% government guaranteed).

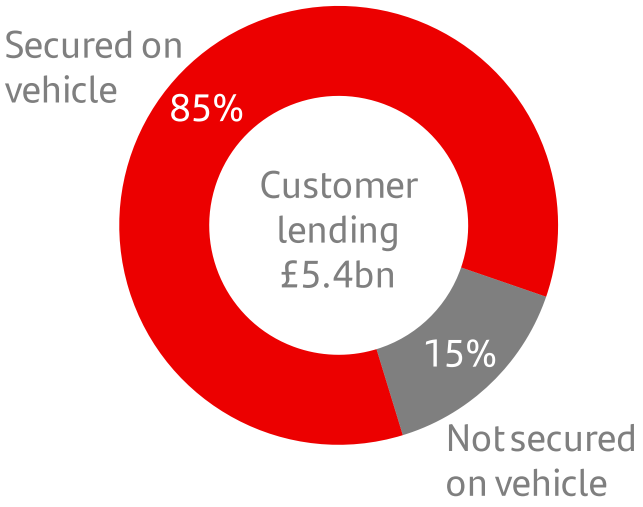
Consumer Finance

- Prime lending portfolio
- 93% of asset in Stage 1, negligible Stage 3
- Significant customer equity in residual values
- 17% of new business was green assets such as electric vehicles[1]

Consumer Finance customer lending (£bn)



Collateral held on loans



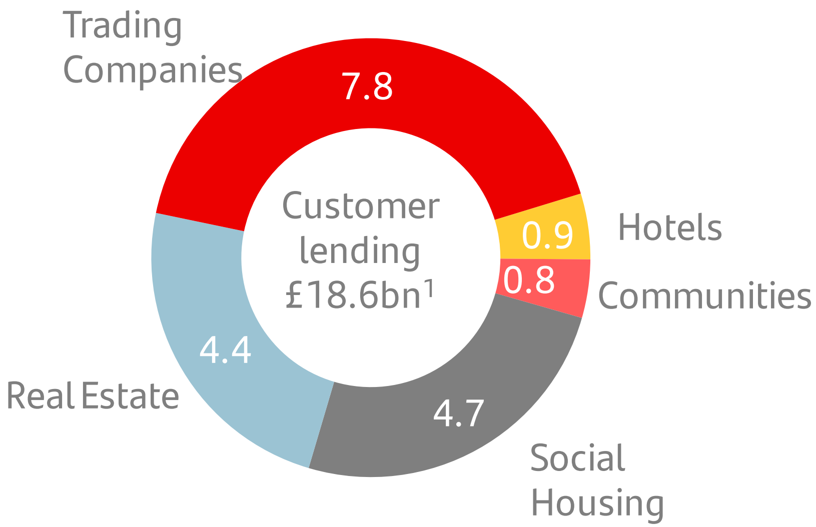
Partners and relationships

1. Vehicles that produce less than 50g/co2 per km and includes Electric vehicles, hybrids etc.
2. December 2020 includes lending as part of a joint venture which was sold during 2021.

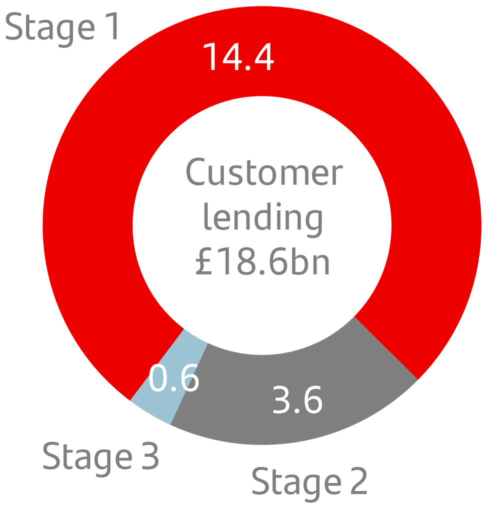
Corporate & Commercial Banking

- Focused strategy and decisive action on capital and costs since 2018
- Resilient portfolio and asset quality
- Focus on clients' international needs, supporting >1k businesses grow in a new market since 2019

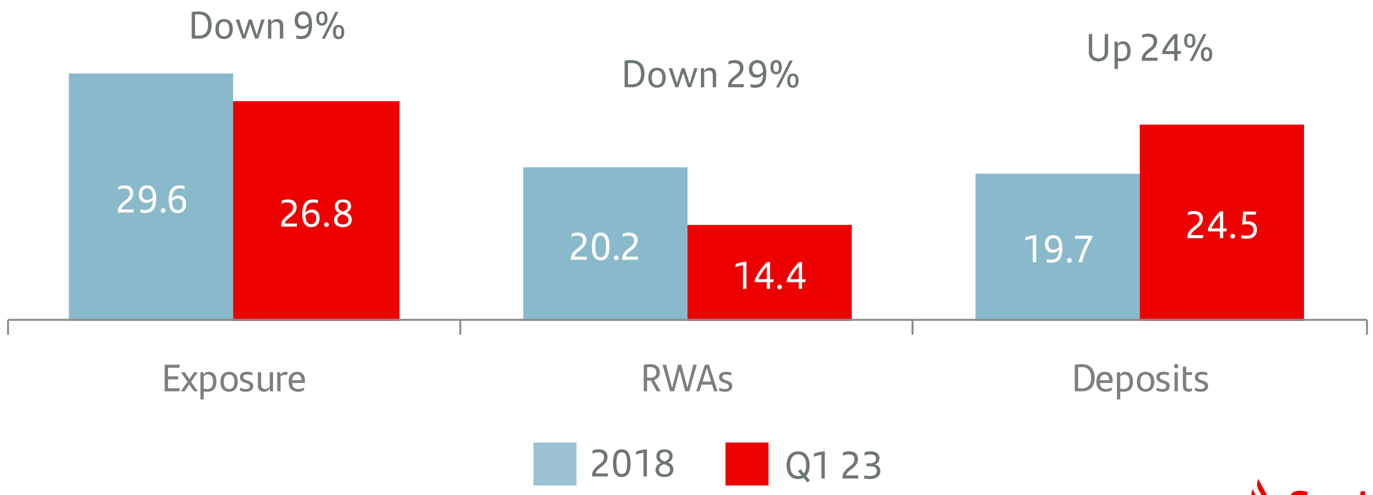
CCB customer lending by sector (£bn)



Asset quality (£bn)



CCB track record of improved balance sheet utilisation (£bn)



Bank of England stress tests

- 2022 stress test results expected in mid 2023
- Passed 2021 BoE stress tests without need for management actions
- 4.0% CET1 drawdown post stress compares to 4.2% buffer to MDA and 7% buffer to reference rate[4]

BoE stress test scenarios (%)

	BoE SST 2021[1]	BoE ACS 2022[2]	Global financial crisis
UK GDP Growth	(9.00)	(5.00)	(6.25)
Unemployment	11.90	8.50	8.40
HPI	(33.00)	(31.00)	(17.00)
Base rate	(0.10)	6.00	0.5

Peer drawdowns at BoE 2021 SST (pp)

	Santander	Nationwide	Standard Chartered	Virgin	Barclays	HSBC	NatWest	Lloyds
CET 1 drawdown[3]	4.0	19.3	3.9	5.1	6.9	6.1	8.1	9.4
Leverage drawdown[3]	1.0	0.2	0.5	1.2	1.3	1.3	2.0	2.3

1. Source: BoE, Key elements of the 2021 stress test, Jan 21.
2. Source: BoE, Key elements of the 2022 ACS stress test, Sep 22.
3. Reference rates for CET1 capital ratio: 8.2% and leverage ratio: 3.5%.
4. Assuming in a stress test the 1% Counter Cyclical Buffer is set to zero and the 2.5% Capital Conservation Buffer is utilised, MDA headroom rises to 7.5%.

Abbreviations

ACS	Annual cyclical scenario
Adj.	Adjusted
AT1	Additional Tier 1
Ave.	Average
Banco Santander	Banco Santander SA
Banking NIM	Banking Net Interest Margin
BBLS	Bounce Back Loan Scheme
BoE	Bank of England
BTL	Buy-To-Let
CBR	Combined Buffer Requirement
CCB	Corporate & Commercial Banking
CET1	Common Equity Tier 1
CF	Consumer Finance (operating segment)
CIB	Corporate & Investment Banking
CIR	Cost-To-Income Ratio
CoR	Cost of risk
CPI	Consumer Price Index
CRE	Commercial Real Estate
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECL	Expected Credit Losses
EDB	Everyday Banking
EL-P	Expected Loss Provisions
EPC	Energy Performance Certificate
ESG	Environmental, Social and Governance
FSCS	Financial Service Compensation Scheme
FCA	Financial Conduct Authority
FoR	Follow on Rate
GDP	Gross Domestic Product
HoldCo	Holding Company (Santander UK Group Holdings plc)
HPI	House Price Index
IFRS	International Financial Reporting Standard
JA	Judgemental Adjustments (previously Post Model Adjustments)
LAB	Liquid Assets Buffer
LCR	Liquidity Coverage Ratio
LDR	Loan-to-Deposit Ratio
LTV	Loan-To-Value
MDA	Maximum Distributable Amount
MREL	Minimum Requirement for own funds and Eligible Liabilities
n.a.	Not applicable
NACE	Nomenclature statistique des activités économiques dans la Communauté européenne
NII	Net interest income
n.m.	Not meaningful
NPS	Net promoter score
NSFR	Net Stable Funding Ratio
OCI	Other comprehensive income
PRA	Prudential Regulation Authority
QMS	Quarterly Management Statement
QoQ	Quarter-on-Quarter
RFB	Ring-Fenced Bank (Santander UK plc)
RFB DoLSub	Santander UK plc Domestic Liquidity Sub-group
RoTE	Return on Tangible Equity
RWA	Risk-Weighted Assets
Santander UK	Santander UK Group Holdings plc
SFS	Santander Financial Services plc
SLB	Santander London Branch
SME	Small and Medium-Sized Enterprise
SST	Solvency stress test
SVR	Standard Variable Rate
TFSME	Term Funding Scheme with additional incentives for SMEs
UK	United Kingdom
UPL	Unsecured Personal Loans
YoY	Year-on-Year

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This presentation provides a summary of the unaudited business and financial trends for the three months ended 31 March 2023 for Santander UK Group Holdings plc and its subsidiaries (Santander UK), including its principal subsidiary, Santander UK plc. 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 2022.

Alternative Performance Measures (APMs)
In addition to the financial information prepared under IFRS, this presentation includes financial measures that constitute APMs, as defined in European Securities and Markets Authority (ESMA) guidelines. These measures are defined and reconciliations to the nearest IFRS measures are available in the appendix to the Santander UK Group Holdings plc Quarterly Management Statement for the three months ended 31 March 2023.

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Key dates

Q2 23: 26 Jul 2023

Q3 23: 25 Oct 2023

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