Update: Santander UK Group Holdings Ltd.

June 26, 2026

This report does not constitute a rating action.

Primary Contact

Dmitry Nazarov, CFA
London
44-776-963-27-17
dmitry.nazarov
@spglobal.com

Secondary Contact

Richard Barnes
London
44-20-7176-7227
richard.barnes
@spglobal.com

Ratings Score Snapshot

SACP: bbb+

Anchor	bbb+	
Business position	Adequate	0
Capital and earnings	Strong	1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		-1

Support: +2

ALAC support	2
GRE support	0
Group support	0
Sovereign support	0

Additional factors: 0

Issuer credit rating
A/Stable/A-1
Resolution counterparty rating
A+/--/A-1
Holding company ICR
BBB/Stable/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

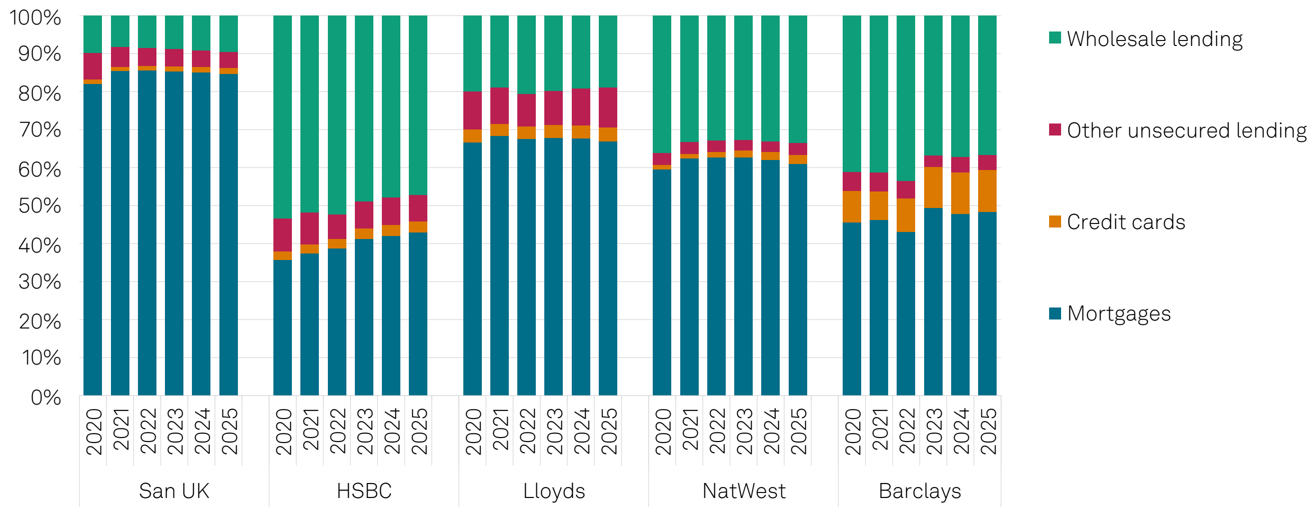
Overview

Key strengths	Key risks
Solid position in U.K. retail banking, bolstered by the recent TSB acquisition.	Lower revenue and business diversification than universal bank peers.
Strong capitalization driven by prudent capital policy and stable earnings generation.	Sluggish economic conditions in the U.K..
Low-risk loan portfolio with predominance of prime residential mortgages.	

Our ratings on Santander UK Group Holdings PLC (SanUK) balance its deep, but relatively narrow, U.K. banking franchise against its solid capital base and well-diversified funding and liquidity profile. Although the bank has developed a deep U.K. prime mortgage business, SanUK's overall scope remains narrower than that of U.K.-focused peers like Lloyds and NatWest, which run materially larger commercial lending franchises, and Barclays, which maintains an international investment banking and credit card franchise. Despite SanUK's narrower scope, its well managed balance sheet and focus on operating efficiency have enabled it to deliver resilient risk-adjusted earnings. That said, the bank's profitability lags that of peers; its statutory return on tangible equity stood at 10.0% in 2025, while those of top performers in the market were mostly in the 13%-17% range.

SanUK's mortgage franchise continues to underpin its balance sheet

Breakdown of loan book



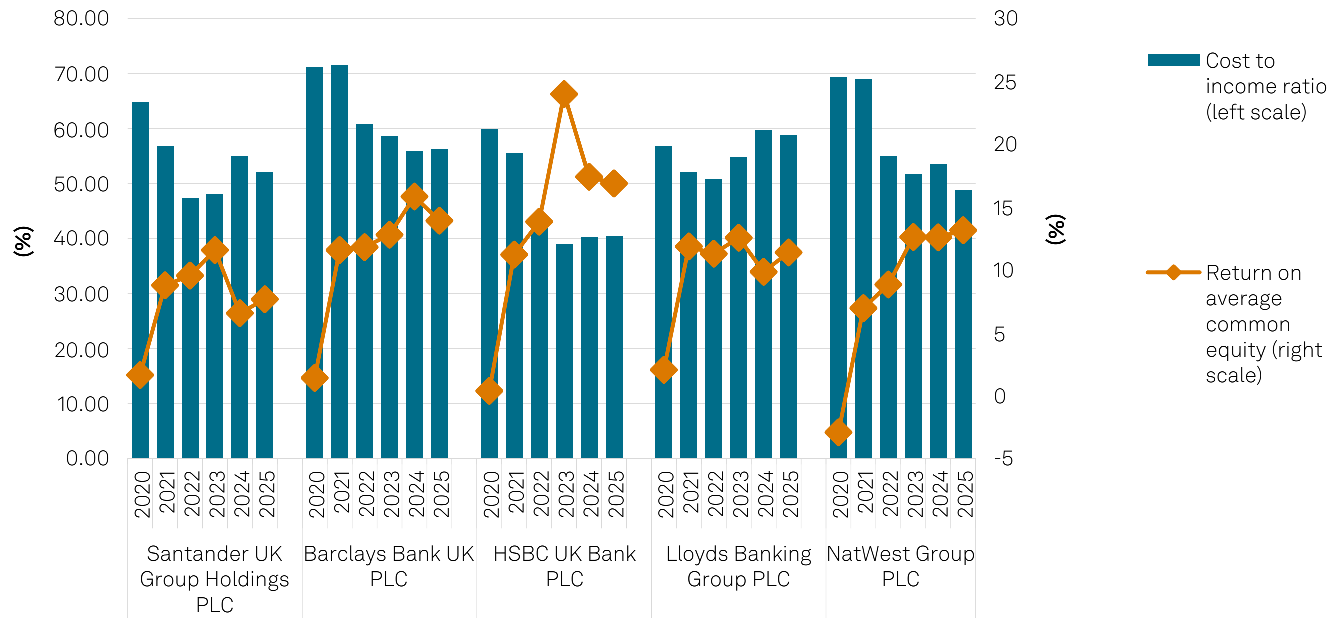
Source: S&P Global Ratings, company disclosures.

The TSB acquisition strengthens SanUK's retail franchise and may improve its future profitability, but integration remains a rating constraint. In our view, the acquisition represents a good strategic fit for the bank and gives SanUK an opportunity to strengthen its profitability. Management is targeting cost synergies from TSB's integration of £400 million, to be achieved in 2028, which, together with a larger scale and the operational transformation of SanUK, should improve the bank's return on tangible equity to 16% by the end of 2028, as per its plan. The combined bank could benefit from shared technology and operations and the removal of TSB's duplicate functions and branches, and SanUK has a good track record of integrating smaller banks. That said, the integration of TSB is at a very early stage and will require substantial management effort and control of operational risks, with tangible benefits not expected to materialize until 2028. In parallel with TSB's integration, SanUK will have to continue its operational transformation across both banks, which increases the complexity of the task.

We incorporate these integration and execution risks into a negative comparable rating adjustment. Consequently, a further improvement of the bank's credit profile would be subject to the results of the TSB integration, further progress in its transformation strategy, and improved earnings capacity versus that of similarly rated peers.

SanUK profitability lags largest U.K. banks but transformation could close the gap

SanUK's return on average common equity and cost to income vs. U.K. peers



Source: S&P Global Ratings, company disclosures.

We expect SanUK's capitalization will remain strong over the next 24 months. The bank's risk-adjusted capital (RAC) ratio was close to 12.6% in 2025, boosted by the decision not to distribute dividends before the acquisition. In our view, the bank's stable earnings generation and prudent capital policy will support strong capital adequacy over the rating horizon. We forecast SanUK's RAC ratio will be close to 11.0%-11.5% by the end of 2028. This is despite a substantial increase in its risk-weighted assets (RWAs) this year, as well as the generation of goodwill and intangibles from the acquisition of TSB. In our forecast, we assume loan growth of about 20% this year, fueled by the acquisition of TSB, with organic growth of 1.5%-2.0% per year over 2026-2028. We do not expect the bank will face new substantial provision charges for the motor finance consumer redress scheme after the total provision was increased to £633 million in the first quarter of 2026, close to the upper end of management's assessed range. We expect SanUK will return to the dividend distribution ratio of 50% of profit after tax and potential extraordinary dividends from 2026.

We believe that SanUK's asset quality will remain solid over the next two to three years thanks to the bank's relatively low-risk balance sheet, with a focus on prime mortgage lending and prudent underwriting standards. Following the acquisition of TSB, this resilience will continue to be underpinned by a mortgage-centric loan book, which represented about 84% of the combined bank's total in the first quarter of 2026. The overall asset quality of the bank's total loan portfolio continued to improve through 2025, with Stage 3 loans decreasing to 1.2% (from 1.4% the previous year) and Stage 2 loans declining to 8.8% (from 10.2%), driven by stable customer performance and the sale of £1.2 billion in high RWA mortgage loans. We believe SanUK's mortgage underwriting record compares adequately with that of its U.K. peers. Only 7.0% of the total mortgage portfolio stock had a loan-to-value (LTV) ratio of above 80% at year-end 2025, and the bank's reported average balance weighted LTV for the portfolio was 52%. We consider these figures typical for U.K. mortgage lenders. In our view, the asset quality of TSB is broadly similar to that of SanUK.

SanUK's asset quality remains robust

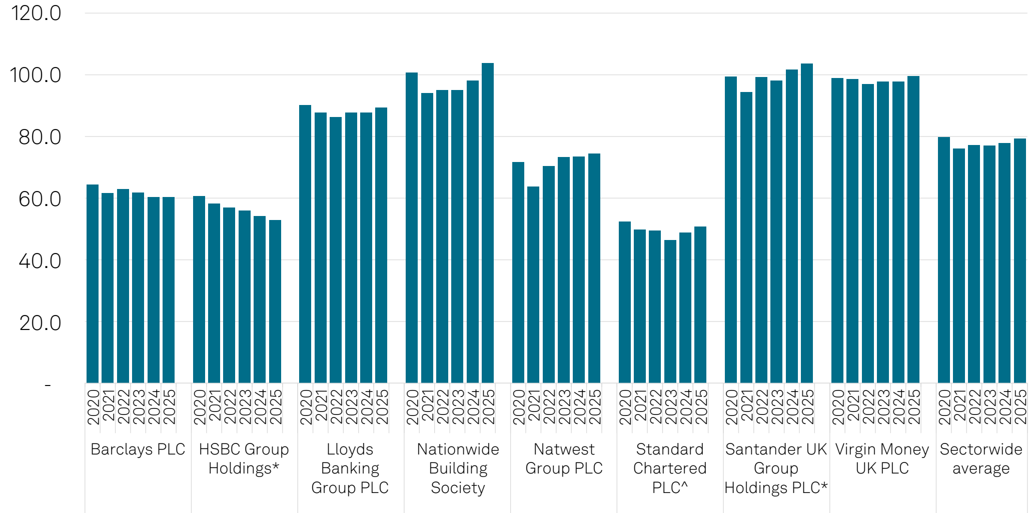
Stage 2 and 3 loans as % of total portfolio

Source: S&P Global Ratings, company disclosures.

We expect SanUK will continue to benefit from its sizable retail deposit base, complemented by diversified and well-managed wholesale funding operations. In 2025, the bank's customer deposits increased by 3.5% to £192.3 billion, following a strategic objective to grow the franchise and reduce reliance on wholesale funding to optimize its overall funding costs. This shift has successfully improved the bank's funding gap. The bank's S&P Global Ratings loan-to-deposit ratio (LDR) has continued its downward trend, falling to 107% at year-end 2025, down from 109% at year-end 2024 and 114% at year-end 2022. We expect SanUK's LDR will continue to gradually decrease toward a mid-term target of approximately 100%, which should bring it closer to that of its largest U.K. peers. The acquisition of TSB should facilitate this goal, in our view, given the acquired bank's strong current account franchise (about £12 billion as of year-end 2025).

SanUK's loan-to-deposit ratio is higher than that of most major U.K. banks

Total loans (net) / total deposits (%), 2020-2025



Source: S&P Global Ratings, company disclousres

Our measure of the bank's liquidity is robust, led by its restrained use of short-term wholesale funding (8.7% of the funding base at year-end 2025), its significant stock of liquid assets, and its ability to further monetize its mortgage book. Our measure of the bank's stable funding ratio was 110.1% at Dec. 31, 2025 versus 106.3% a year before. In addition to this robust starting point, we believe the material unencumbered mortgage book could generate additional liquidity. At the end of the first quarter of 2026, SanUK's regulatory reported liquidity coverage ratio (LCR) was 162%, comfortably above regulatory requirements, with an LCR-eligible liquidity pool of £51.0 billion (including approximately £32 billion in cash and central bank reserves).

Our additional loss-absorption capacity (ALAC) buffer ratio for SanUK was 10.8% of S&P Global Ratings RWAs at year-end 2025. We expect our ALAC measure will remain above the 6% threshold for a two-notch rating uplift. We think the U.K. has a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities.

We consider SanUK a highly strategic subsidiary of Banco Santander. We continue to incorporate ALAC support into the ratings on the U.K. subgroup where applicable, rather than group support. This is because of the broader group's multiple point-of-entry approach to bank resolution, which means we view the U.K. subgroup as more likely to self-support through bailing in its subordinated debt instruments for loss absorption and recapitalization, rather than relying on group support. While we understand that Banco Santander could provide support to SanUK in certain circumstances, we do not envisage this being the case in all scenarios; it is especially uncertain in an extreme scenario in which the U.K. subgroup needs to be resolved, given the severity of the associated stress.

We regard Santander UK Group Holdings as an intermediate non-operating holding company (NOHC). We do not include notches of uplift for ALAC support in the ratings on NOHCs, because we do not think their senior obligations would necessarily continue to receive full and timely payment in a resolution scenario. We rate the NOHC one notch below the group stand-alone credit profile to reflect our view that NOHC creditors are structurally subordinated to those of operating company creditors.

We raised our issue ratings on SanUK's hybrid capital instruments in November 2025. This was part of a broader rating action that reappraised the default risk on these bonds (see "Ratings On Multiple European Bank Hybrids Raised On Revised Analytical Expectations," Nov. 21, 2025). We no longer apply Step 2a notch for additional Tier 1 instruments with 7% common equity Tier 1 (CET1) principal conversion or write-down triggers, as our base-case scenario for SanUK now assumes that the bank would not be a going concern by the time these triggers were hit.

Outlook

The stable outlook reflects our view that, over the next 12-24 months and despite a challenging economic environment in the U.K., SanUK will maintain its good asset quality and stable earnings generation. In addition, we expect profitability and efficiency will gradually improve, driven by the ongoing transformation program and TSB's integration. We also forecast that the bank's RAC ratio will remain higher than 10% over our outlook horizon, supported by a prudent capital and dividend distribution policy, with the CET1 capital ratio staying sustainably above 13%.

Downside scenario

We could lower the ratings over our two-year horizon if the integration of TSB leads to significant operational issues or if SanUK changes its capital and dividend policy, with materially higher dividends than expected in our base case and our RAC ratio falling below 10%.

Upside scenario

We could take positive rating action in the next 12-24 months if SanUK delivers on its TSB's integration plans, including achieving targeted synergies, cost savings, and profitability, as well as effective control of operational risks during the integration phase.

Key Statistics

Santander UK Group Holdings PLC Key Figures

Mil. GBP	2025	2024	2023	2022	2021
Adjusted assets	272,437	265,537	280,535	290,693	292,131
Customer loans (gross)	207,018	204,036	212,493	226,067	214,885
Adjusted common equity	11,035	10,175	10,782	11,066	10,993
Operating revenues	4,796	4,683	5,176	5,013	4,471
Noninterest expenses	2,494	2,577	2,485	2,370	2,540
Core earnings	1,415	1,315	1,713	1,585	1,449
GBP--pound sterling.					

Santander UK Group Holdings PLC Business Position

(%)	2025	2024	2023	2022	2021
Loan market share in country of domicile	-	-	-	-	-
Deposit market share in country of domicile	-	-	-	-	-
Total revenues from business line (currency in millions)	4,796	4,683	5,176	5,013	4,576
Commercial & retail banking/total revenues from business line	100.0	100.4	101.3	99.5	98.3
Trading and sales income/total revenues from business line	-	-	-	-	-

Santander UK Group Holdings PLC Business Position

(%)	2025	2024	2023	2022	2021
Corporate finance/total revenues from business line	-	-	-	-	-
Brokerage/total revenues from business line	-	-	-	-	-
Insurance activities/total revenues from business line	-	-	-	-	-
Agency services/total revenues from business line	-	-	-	-	-
Payments and settlements/total revenues from business line	-	-	-	-	-
Asset management/total revenues from business line	-	-	-	-	-
Other revenues/total revenues from business line	0.0	(0.4)	(1.3)	0.5	1.8
Investment banking/total revenues from business line	-	-	-	-	-
Return on average common equity	7.7	6.6	11.6	9.5	8.8

Santander UK Group Holdings PLC Capital And Earnings

(%)	2025	2024	2023	2022	2021
Tier 1 capital ratio	18.7	18.0	18.4	18.3	19.3
S&P Global Ratings' RAC ratio before diversification	12.6	10.6	10.2	9.8	10.2
S&P Global Ratings' RAC ratio after diversification	12.1	10.1	9.7	9.2	9.3
Adjusted common equity/total adjusted capital	84.0	82.9	83.1	83.4	83.4
Double leverage	118.8	100.6	100.6	100.7	100.7
Net interest income/operating revenues	92.2	92.4	90.2	89.2	89.4
Fee income/operating revenues	6.9	5.3	5.7	6.5	6.3
Market-sensitive income/operating revenues	(1.7)	(0.2)	0.5	0.8	(0.1)
Cost to income ratio	52.0	55.0	48.0	47.3	56.8
Preprovision operating income/average assets	0.9	0.8	0.9	0.9	0.7
Core earnings/average managed assets	0.5	0.5	0.6	0.5	0.5

Santander UK Group Holdings PLC -- Risk-Adjusted Capital Framework

(Mil. £)	Exposure*	Basel III RWA	Average Basel III RW (%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit Risk					
Government and central banks	40,581	-	-	281	1
Of which regional governments and local authorities	-	-	-	-	-
Institutions and CCPs	4,259	760	18	818	19
Corporate	15,722	9,604	61	15,893	101
Retail	195,754	42,123	22	66,424	34
Of which mortgage	179,312	32,005	18	51,355	29
Securitization§	7,900	3,084	39	5,122	65
Other assets†	6,063	4,496	74	6,821	113
Total credit risk	270,548	60,067	22	95,359	35
Total credit valuation adjustment	--	216	--	-	--
Equity in the banking book	-	-	-	-	-
Trading book market risk	--	222	--	333	--

Santander UK Group Holdings PLC -- Risk-Adjusted Capital Framework

(Mil. £)	Exposure*	Basel III RWA	Average Basel III RW (%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Total market risk	--	222	--	333	--
Total operational risk	--	7,769	--	8,276	--
RWA before diversification	--	68,274	--	103,968	100
Total diversification/concentration adjustments	--	--	--	4,360	4
RWA after diversification	--	68,274	--	108,328	100
	--	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	Standard & Poor's RAC ratio (%)
Capital ratio before adjustments	--	12,811	19	13,135	12.6
Capital ratio after adjustments (5)	--	12,811	19	13,135	12.1

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets include deferred tax assets not deducted from ACE. #For public sector funding agencies, the single name adjustment is calculated on the regional government and local authorities portfolio. ‡For Tier 1 ratio, adjustments are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. CCPs--Central counterparty clearing house. Sources: Company data as of Dec. 31, 2024, S&P Global Ratings.

Santander UK Group Holdings PLC Risk Position

(%)	2025	2024	2023	2022	2021
Growth in customer loans	1.5	(4.0)	(6.0)	5.2	0.4
Total diversification adjustment/S&P Global Ratings' RWA before diversification	4.2	5.7	4.9	7.1	9.7
Total managed assets/adjusted common equity (x)	24.8	26.3	26.2	26.4	26.7
New loan loss provisions/average customer loans	0.1	0.0	0.1	0.2	(0.1)
Net charge-offs/average customer loans	0.3	0.2	0.2	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	1.1	1.3	1.4	1.2	1.4
Loan loss reserves/gross nonperforming assets	31.8	29.6	30.8	35.3	28.2

Santander UK Group Holdings PLC Funding And Liquidity

(%)	2025	2024	2023	2022	2021
Core deposits/funding base	75.6	74.45	74.2	72.1	70.5
Customer loans (net)/customer deposits	107.3	109.4	108.4	114.1	111.0
Long-term funding ratio	91.8	89.4	91.4	92.6	92.5
Stable funding ratio	110.1	106.3	111.1	112.3	116.0
Short-term wholesale funding/funding base	8.7	11.2	9.0	7.8	7.9
Regulatory net stable funding ratio	135.0	136.0	138.1	136.8	--
Broad liquid assets/short-term wholesale funding (x)	2.3	1.7	2.3	2.6	2.9
Broad liquid assets/total assets	18.2	17.4	19.0	18.6	21.3
Broad liquid assets/customer deposits	26.0	25.0	27.5	27.6	32.5
Net broad liquid assets/short-term customer deposits	14.6	10.2	15.6	17.1	21.5
Regulatory liquidity coverage ratio (LCR) (x)	166.0	156.0	162.4	162.8	--
Short-term wholesale funding/total wholesale funding	34.5	42.3	33.8	27.0	26.1
Narrow liquid assets/3-month wholesale funding (x)	N/A	N/A	N/A	N/A	N/A

Rating Component Scores

Issuer Credit Rating	BBB/Stable/A-2
SACP	bbb+
Anchor	bbb+
Business position	Adequate (0)
Capital and earnings	Strong (1)
Risk position	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	-1
Support	2
ALAC support	2
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0
SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.	

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, May 5, 2026
- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Research Update: Santander UK Group Holdings 'BBB/A-2' Ratings Affirmed; Outlook Stable, May 28, 2026
- Bulletin: U.K. Ring-Fencing Revisions Will Boost Banks' Flexibility, May 19, 2026
- U.K. Banks Make Solid Start To 2026 Amid Heightened Global Uncertainty, May 7, 2026
- U.K. Debate On Central Bank Reserve Remuneration Poses Limited Risk To Banks, April 7, 2026

- Industry Report Card: U.K. Banks' Earnings And Capital Distribution Set To Accelerate In 2026, March 9, 2026
- Banking Industry Country Risk Assessment: United Kingdom, Jan. 14, 2026

Ratings Detail (as of June 26, 2026)*	
Santander UK Group Holdings PLC	
Issuer Credit Rating	BBB/Stable/A-2
Junior Subordinated	BB
Senior Unsecured	BBB
Short-Term Debt	A-2
Subordinated	BBB-
Issuer Credit Ratings History	
24-Jun-2021	BBB/Stable/A-2
23-Apr-2020	BBB/Negative/A-2
10-Apr-2015	BBB/Stable/A-2
Sovereign Rating	
United Kingdom	AA/Stable/A-1+
Related Entities	
Banco Santander (Brasil) S.A.	
Issuer Credit Rating	BB/Stable/B
Brazil National Scale	brAAA/Stable/brA-1+
Banco Santander-Chile S.A.	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
Foreign Currency	A-2
Senior Unsecured	A-
Banco Santander S.A.	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
Commercial Paper	
Foreign Currency	A-1
Junior Subordinated	BBB-
Preference Stock	BBB-
Senior Subordinated	A-
Banco Santander SA (London Branch)	
Certificate Of Deposit	
Local Currency	A-1
Banco Santander S.A. (New York Branch)	
Issuer Credit Rating	A+/Stable/A-1
Commercial Paper	
Local Currency	A-1
Banco Santander Totta S.A.	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1

Ratings Detail (as of June 26, 2026)*	
Senior Unsecured	A
Banque Stellantis France	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	A-2
Senior Unsecured	BBB+
Openbank Deutschland AG	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Commercial Paper	A-1
Senior Unsecured	A
Open Bank, S.A.	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Commercial Paper	
Local Currency	A-1
Senior Subordinated	BBB+
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB
Santander Bank N.A.	
Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BBB+
Santander Financial Services PLC	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Santander Holdings U.S.A Inc.	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+
Santander International Products PLC	
Issuer Credit Rating	A+/Stable/A-1
Santander UK PLC	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Junior Subordinated	BB+
Preference Stock	BB
Senior Secured	AAA/Stable
Senior Unsecured	A-1
Santander US Capital Markets LLC	
Issuer Credit Rating	A-/Stable/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or

Ratings Detail (as of June 26, 2026)*
obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.