

SANTANDER CONSUMER (UK) PLC

Registered in England and Wales
No: 02248870

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2025



STRATEGIC REPORT

The Directors of Santander Consumer (UK) plc (the Company") submit this Strategic report together with their Directors' report and the audited financial statements for the year ended 31 December 2025.

The Company is part of the Santander UK group, which comprises Santander UK Group Holdings plc and its subsidiaries (the Santander UK Group or Santander UK). The Company together with Santander UK plc and other subsidiaries of Santander UK plc form the Ring-Fenced Bank group (the RFB Group). Santander UK plc is the immediate parent company and is incorporated in the United Kingdom. The ultimate parent company is Banco Santander, S.A., a company incorporated in Spain. Banco Santander, S.A. and its subsidiaries are referred to in this report as the "Santander Group".

Principal Activities and review of the Company's Business

The principal activity of the Company is the provision of retail finance, both secured and unsecured, including instalment credit facilities, contract hire and finance leasing products to retail and business customers for the purchase of motor vehicles and equipment. For accounting purposes, 'finance leasing' includes Conditional Sale agreements, Personal Contract Purchase (PCP) agreements and unsecured agreements with guaranteed future values (GFV). Further details are in Finance Lease Receivables note 18. Wholesale funding facilities are also provided to dealers.

In 2025 the UK car market registered 2.02m new cars (2024: 1.95m) which was a 3.6% increase from 2024. Based on SMMT data, growth was entirely driven by Motability with fleet investment 11.8% higher than the previous year. Private consumer demand decreased by 8.7%, and business demand fell by 3.1% compared to the previous year. The decline was due to the pressures of the cost of living and high interest rates, which hindered growth, and impacted on Company performance. The Company has added an additional brand partner and has taken a strategic decision to expand contract hire in future years in response to change in customer demand.

The Company has two joint ventures; Hyundai Capital UK Limited and Volvo Car Financial Services UK Limited. These are consolidated on an equity basis in the accounts of the RFB Group. Together with its Joint Ventures, the Company was a leading Finance Provider for new and used motor vehicles in the UK in 2025.

Performance and key performance indicators

Key performance indicators for the Company are summarised below:

		FY 2025	FY 2024	Movement
Total Manufacturers (excluding the Joint Venture entities)	Units	10	9	1
New Vehicles				
Total Advances	£m	1,336	401	935
	Units	57,103	23,757	33,346
Average Advance	£	23,393	16,883	6,510
Used Vehicles				
Total Advances	£m	906	1,075	(169)
	Units	62,280	71,984	(9,704)
Average Advance	£	14,550	14,941	(391)
Contract hire				
Additions	£m	213	304	(91)
	Units	8,164	11,675	(3,511)
Loss before tax	£m	(125.3)	(227.9)	102.6

The Company's Key Performance Indicators above relating to new business advances are shown split between new and used vehicles. The finance advances linked to new vehicles are primarily driven by the manufacturer arrangements that we have in place. The Company has a mix of manufacturer partnerships and joint venture agreements with car and motorbike manufacturers including BYD, MG Cars, KTM, Husqvarna, Yamaha, INEOS, Smart, Triumph, Tesla, Volvo, Polestar, Hyundai, Kia and Genesis cars. In total the Company has 10 manufacturer agreements (2024: nine) and two joint ventures (2024: two).

For new vehicle finance, the average advance was £23,393 per vehicle with an increase on the prior year average advance of £16,883, largely driven by additional volumes from new partnerships with BYD and Tesla. In 2025, new vehicle finance saw an increase of £935m in advances, this was generated through the aforementioned brands, as well as increased performance from the MG partnership.

The Company continues to optimise its core used car business, whilst continuing to seek new dealer and manufacturer partnerships. Used car finance shows a reduction in volumes of 9,704 agreements. Overall, total volumes advanced decreased by £169m. The Company chose to continue to focus on value and capital generation.

The contract hire portfolio new business volumes decreased by £91m year on year, due to the adoption of a more conservative approach on residual value setting and management of portfolio concentration risks.

The loss before tax decreased, mainly due to lower provision charges in respect of historical motor finance commission payments albeit a significant charge was still taken in the current year as described below. For more details, see the Statement of Comprehensive Income on page 12.

STRATEGIC REPORT *(continued)*

Principal Activities and review of the Company's Business (continued)

The Company's Directors believe that further financial Key Performance Indicators for the Company are not necessary or appropriate for an understanding of the development, performance, or position of the business. The Santander Group manages its operations on a divisional basis. The performance of the divisions of the Santander UK Group, which include the Company, are discussed in the Santander UK Group Holdings plc's Annual Report which does not form part of this Report.

The Company also continues to invest in smaller internal projects to improve products, services, and systems. The Company is funded from its parent Santander UK plc and from securitisations. The Company will continue to seek to diversify its funding sources, by entering into securitisation transactions, where this is appropriate.

The Company is involved in Banco Santander, S.A. Group Risk Strategy Projects, including the Internal Ratings Based (IRB) Approach, group projects such as the one risk capital and accounting and risk projects. These projects have differing timelines, some were deliverable in 2025 and others such as the IRB Approach are longer term, and we will continue to work on them over the next few years.

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

The Company had previously recognised a provision of £293m in its financial results for 2024. This provision was determined based upon the information then available. It included estimates for operational and legal costs and potential awards based on various scenarios and used a range of assumptions, including the possible outcome of an appeal to the Supreme Court in 2025.

The FCA's Consultation closed on 12 December 2025, and the Company has throughout engaged constructively with the FCA in respect of its detailed consideration of the Consultation proposals. Based on its detailed consideration, the Company considers that there remains significant uncertainty regarding the ultimate outcome of the Consultation. The Company has updated its range of scenarios which has resulted in an additional estimated charge of £183m, increasing the total provision to £461m. This continues to include estimates for operational and legal costs and potential awards reflecting an increased likelihood of a higher number of cases than had previously been predicted as eligible for redress as well as an increased possibility that a remedy is sought to be imposed which extends beyond reversing any damaging financial consequences caused by any unfair relationships. The provision is based on various scenarios using a range of assumptions, including potential changes to the proposed scheme following responses to the Consultation or publication of the FCA's final scheme rules. The FCA expects to publish its final rules by the end of March 2026.

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

The table below shows the sensitivity of the provision to changes in the claim rate:

Assumption	Change in assumption	Increase/(decrease) in provision 2025 £
Claim rate	5% increase	18,000,000
Claim rate	5% decrease	(18,000,000)

The claim rate represents the proportion of customers who make a request for reimbursement and is a critical accounting estimate that could materially change the ultimate financial impact. We have assumed the claim rate in our provision is in line with a write and invite redress scheme with claim rates at 85%.

Section 172 Statement

The Santander UK group is committed to ensuring that stakeholder interests continue to be embedded in all aspects of decision-making, at both Board and management level. The Santander Corporate Governance Office has taken steps to promote awareness and understanding of what is expected of Directors under section 172 of the Companies Act 2006 to act in a way that would most likely promote the success of the Company for the benefit of its members. This includes briefing Directors on their statutory duties, as well as educating the business on ensuring that the information they present to boards and management committees draws out the crucial points that will enable Directors to make fully informed decisions which factor in all relevant stakeholder impacts and consider the long-term consequences of decisions for the Company's wider stakeholders.

As a subsidiary of Santander UK Group Holdings plc, the Company applies policies and standards which are consistent with those adopted by the Santander UK Group Holdings plc Board. This supports efficiency and ensures a consistent approach with regards to engagement with stakeholders on issues and decisions which have an impact across the wider Santander UK Group. You can find out more about the engagement undertaken with key stakeholder groups during the year and how their interests were considered as part of the Santander UK Group Holdings plc and Santander UK plc Board's deliberations and decision making in the Santander UK Group Holdings plc 2025 Annual Report, which does not form part of this report.

The Directors of the Company are fully aware of their responsibilities under section 172 of the Companies Act 2006 and take all appropriate steps to ensure they consider the likely impact of their decisions in the long-term, as well as the interests of the Company's stakeholders. In discharging its responsibility for the overall oversight of the business, the Board has continued to pay due regard to its duty to promote the long-term success of the Company for the benefit of its shareholder, by ensuring its decisions are in accordance with the agreed Santander UK Group strategy. The Board also regularly reviews management information on the progress made by the Company in delivering on this strategy, as well as reporting on business, financial and operational performance and key risks and compliance issues which supports the Directors in staying sighted on stakeholder outcomes and feedback.

STRATEGIC REPORT *(continued)*

Section 172 Statement (continued)

The Santander UK Group Holdings plc Board, along with the Company's Board, has identified five key stakeholder groups whose interests and needs it regularly considers. These stakeholders are our customers, people, investors, regulators, and communities. While not a stakeholder in the strictest sense, we also take into account our impact on the environment and climate given its criticality to life and business in general, as is required by s172. Balancing the interests of these stakeholder groups alongside the interests of the Company is key to ensuring that we operate as a sustainable, responsible and profitable business, and we therefore seek to ensure that this is embedded in our strategy and culture. Set out below are some examples of how we have paid due regard to the interests of these stakeholders during the year under review.

A key-way that the Board promotes the long-term success of the Company for the benefit of its shareholder, is by ensuring our decisions are made in accordance with the agreed Santander UK Group strategy. The Board regularly reviews management information on the progress made by the Company in delivering on this strategy, as well as reporting on business, financial and operational performance, key risks and compliance issues which supports the Board in staying sighted on stakeholder outcomes and feedback.

Our customers (Dealers and End Customers) are at the centre of the Company's business and the Board regularly monitors efforts by management to enhance the quality of service that they receive. The Company has two customer groups: the businesses through which its financial products are distributed (Dealers), and the end customers who benefit from the financial product. During 2025, the Board spent a significant amount of time reviewing and discussing the Company's performance in favour of these customer groups, ensuring that the Company's products consistently meet customer needs and, ultimately, ensure good customer outcomes in line with Consumer Duty (see below).

The Board maintains rigorous oversight of the Company's change programmes to ensure that they do not adversely affect customers. Supporting our vulnerable customers remains a top priority, with management actively encouraged to proactively identify and engage with our vulnerable customers to ensure that they are supported appropriately.

Consumer Duty remained a key area of focus for the Board in 2025. This work continues to be, critical not only to ensuring that the Company continues to safeguard the interests of our customers but also to meeting the expectations of our regulators. The Board approved the Company's Consumer Duty Annual Report which showed how the Company's business was consistent with acting to deliver good outcomes under Consumer Duty.

Our Regulators are key stakeholders as they grant and oversee the Company's licence to operate. As such, the Company engage with them proactively and share information transparently. The Company receives quarterly compliance and risk reports that offer a holistic view of the business' risk and regulatory profile, enabling us to prioritise our discussions effectively. In 2025, the Board spent time on a number of important regulatory matters in addition to the Consumer Duty, such as the motor finance commissions (refer to "Uncertain macroeconomic and geopolitical environment" section), and improving the Company's financial crime controls which will help to protect the Company's business, customers and communities from financial and economic crime. Good progress was made in 2025, and the Board will continue to spend time on this in 2026.

Our people and the culture of the organisation are fundamental to the business' success. In 2025, the Board dedicated a significant proportion of its formal meetings to assessing employee engagement and culture through engagement scores from our colleague quarterly survey, Peakon. These scores improved over three quarters. Additionally, the Board has been overseeing a Company-wide culture programme which aims to align the Company's culture closely with that of Santander UK plc, Santander Group and the requirements of Consumer Duty. The culture programme, which is based on four strategic themes, was designed with wide management input, creates accountability across the Executive Committee leadership team, and involves colleague representatives to drive actions. While the progress made is evident, cultural shifts take time, and organisational culture is an ongoing evolution. Accordingly, we anticipate the culture programme to continue in the short to medium term. The Directors of the Company and the Directors of Santander UK plc have also engaged with employees outside of the Board meetings in order to hear their views first hand.

In terms of our shareholder, the Board ensures that the Company implements and acts in accordance with the Santander UK Group governance and risk frameworks and, as referred to above, that its business is managed in accordance with Santander UK Group policies. These policies include those in place to protect our people and provide a safe working environment, to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with customers, suppliers and colleagues, and to ensure that the Santander UK Group continues to operate in a socially responsible manner and manages environmental sustainability.

In terms of the environment, the Santander UK Group Holdings plc Board Responsible Banking Committee oversees the climate strategy and transition planning for the entire Santander UK Group. The Board of Santander UK Group Holdings plc approved an initial climate transition plan in 2025, which incorporates transition plans for the Company's business. You can read more about the initial climate transition plan in the Santander UK Group Holdings plc 2025 Annual Report. In April 2025, the Board approved the Company's variable pay scorecard, which includes a green finance target.

Sustainability

The Company is committed to supporting people and businesses prosper. We know that we need to support the transition to a low-carbon economy and tackle climate change as we work to align our activity with the UN Paris Agreement. Our sustainability strategy is aligned with Santander UK plc's Sustainability strategy, which is aligned with Banco Santander, S.A.'s Sustainability strategy

The Company, being wholly owned by Santander UK plc, will always operate to the standards set by the Santander UK Group. The Santander UK Group is working hard to manage climate-related financial risks in its portfolio, to support people and businesses to transition by developing green products and services and reduce the emissions within its operations and supply chain. Supporting renewables must be complemented by a reduction in the carbon emissions across the Santander UK Group's wider lending portfolio which is why policies on lending to carbon-intensive sectors have been tightened. In 2025, Santander UK updated its internal climate transition plan to include broader sustainability considerations including nature and climate adaptation. The Company contributes to the Santander UK plc transition plan through the reduction of scope 3 emissions (refer to page 5).

STRATEGIC REPORT *(continued)*

Sustainability (continued)

Climate change is integrated into the Santander UK Group's risk framework. The Santander UK Group has two key policies for managing the risks associated with climate change. The Santander UK Environment, Social and Climate Change (ESCC) Prohibitions and Special Attention Risk management policy sets out the sectors the group considers high-risk, from a climate perspective. The ESCC policy outlines the steps our risk teams will take to identify, assess, manage and report on climate-related risks in our business and our primary supply chain.

Details can be found in the Banco Santander, S.A. Climate Finance Report. Details of the Company's operational carbon emissions can be found on page 40 of the audited Santander UK Group Holdings plc Sustainability Supplement 2025.

In 2025, the Company along with its two joint ventures, continued to support the transition to a low carbon economy through its consumer finance offering and has achieved £2bn target for green finance lending by 2025. The Company along with its two joint ventures issued £4.76bn of green consumer finance in the UK since 2021. Our lending portfolio now includes more than 126,964 low carbon vehicles (defined as vehicles that emit less than, or equal to, 50g CO₂/km travelled). The table below discloses amounts issued by the Company, excluding its joint ventures.

Supporting our customers in the green transition

The Company is helping the UK's move toward more sustainable transport by financing lower-carbon vehicles and working across the transport sector to make greener choices easier for customers. Through collaboration with manufacturers, dealerships and infrastructure providers, we aim to ensure that the shift to electric and hybrid vehicles is both practical and accessible.

Manufacturer partners

In 2025, twelve of the Company's manufacturer partners had a net zero target. These partners include our joint ventures Hyundai Capital UK Limited (HCUK) and Volvo Car Financial Services UK Limited (VCFSUK), as well as Kia and Genesis.

Dealerships

To strengthen knowledge and confidence in electric mobility, we launched a new online EV training program for our dealer partners in 2025. Delivered through our Learn on Demand platform, the training helps dealers have informed, balanced conversations with customers considering buying an EV. By building capability across our sales network, we are helping the industry prepare for the growing demand for electric vehicles.

Customers

So far, much of the UK's demand for EVs has come from company car fleets and salary sacrifice schemes, while retail demand from individual customers has grown at a slower rate. Updated government grant schemes are now beginning to support this growth. Our research shows that most consumers recognise the environmental benefits of EVs, but petrol vehicles remain the most considered choice, mainly due to concerns over charging access, cost and convenience. The availability of reliable charging points remains a major factor in EV adoption. Access to chargers and the time required to charge are the biggest barriers, followed by the purchase cost and uncertainty about battery life. Government programmes to expand charging networks are helping, but the pace of deployment remains a key dependency for reducing portfolio emissions.

Aiming to align our activity with the UN Paris Agreement

In 2025, the Company continued to enhance its capability to report the financed emissions from our automotive portfolio. We track this monthly. Management believes, based on current market demand and the existing policy environment, that its portfolio is on a trajectory to meet the Company's contribution towards Banco Santander, S.A.'s 2030 interim finance emissions reduction target. We understand that achieving Banco Santander, S.A.'s 2030 climate transition ambition will rely on government intervention, the automotive industry's progress towards their targets, and an increase in customer adoption of EVs. The Company recognises that continued collaboration across the sector will be essential to maintain the pace of decarbonisation. We aim to continue to engage with multiple stakeholders to reduce barriers to adoption in addition to adapting our product suite to support the transition.

The key sustainability consideration for the Company is the phase-out of internal combustion engine (ICE) vehicles. We continue to monitor the UK market performance on delivering against the ICE vehicle band. The shift to electric vehicles may impact auto loan demand and vehicle residual values. The Company's exposure is in the transition from ICE to hybrid and electric vehicles, as shown in the tables below.

*Vehicle Type

	2025 %	2024 %
Hybrid Electric Vehicles	9	5
Plug-in hybrid electric vehicles	12	5
Electric vehicles	20	13
Internal combustion engine vehicles	59	77

Portfolio financed emissions

	2024	2023
Finance Emissions Exposure covered (£bn)	4.1	4.5
Total Portfolio (£bn)	4.3	4.7
Coverage of Portfolio (%)	95.3	95.7
PCAF data quality score	2.19	2.11
Emission intensity (gCO ₂ e/km)	137	144
Financed emissions (thousand tCO ₂ e)	676	774

Green finance volume

	2025	2024	2023
Green finance raised and facilitated	£994,084,503	£437,064,000	£298,853,000

*The vehicle type refers to the live portfolio including retail and contract hire.

STRATEGIC REPORT *(continued)*

Financed emissions

In the UK, the Santander UK internal climate transition plan articulates how we will implement our Climate strategy to support this ambition. This includes exploring and analysing different UN Paris Agreement pathways for our portfolios in line with reputable, scientific pathways.

To define pathways for our portfolios, we consider key external and internal levers. These include Government policy and our own commercial actions, on which we have different degrees of influence.

In 2025, we continued to assess financed emissions for the Company's portfolio which covers 95.4% of exposures within this portfolio. We use the latest Partnership for Carbon Accounting Financials (PCAF) financed emissions methodology for our material portfolios. PCAF data quality scores give an indication of data confidence (a lower score means a higher level of data confidence). We are working to improve the quality and collection process for underlying data. Our approach to calculating and attributing financed emissions is overseen and approved by the Santander UK ESG Leadership Forum.

In 2024, we also established the baseline greenhouse gas (GHG) financed emissions (refer to the table on page 4 "Portfolio Financed Emissions") from our Consumer Finance portfolio to 31 December 2023. Our disclosure this year covers the financed emissions portfolio of the Company to 31 December 2024. Results are updated monthly and reported to senior management to support business decisions in a timely manner. Emissions disclosed in this section only include emissions from passenger cars and exclude £195.4m of loans to other vehicles and assets. More detail on our financed emissions calculation and the reasons for the movement are set out in the additional notes on GHG emissions calculations in the Santander UK annual report and in the Santander UK ESG supplement.

Scope 3 – Financed Emissions

Scope 3 financed emissions refer to the GHG emissions associated with the Company's investments, loans and other financial services. These emissions occur in the value chain of the financed entities such as borrowers, rather than the Company's direct operations. Our scope 3 emissions would primarily come from the vehicles we support customers in purchasing. Since the vehicles burn fuel or consume electricity over their lifetime, the Company is indirectly responsible for the emissions resulting from their use.

Calculations for the Company include the attribution factor. This is the outstanding amount of the loan at 31 December divided by the vehicle value at origination, as per PCAF's methodology. Vehicle emissions are based on vehicle make and model and are provided by a third party, CAP HPI – a company that provides valuation, vehicle data and decision support software to the automotive industry. The Worldwide Harmonized Light Vehicles Test Procedure (WLTP) data set is used to calculate emissions on vehicles after the period of introduction in 2017 for new vehicles. The usage of the superseded New European Driving Cycle (NEDC) data set would still be applicable to vehicles registered before 2017 and may be used as part of the calculation for older vehicles in the portfolio. Vehicle distance is taken from the annual forecast mileage recorded on the agreement at point of sale. These vehicle emissions are then multiplied by the attribution factor, before being aggregated to provide portfolio-level emissions. Department for Energy Security and Net Zero (DESNZ) conversion factors change annually, which affects emissions calculations and explains some of the changes in these numbers.

Uncertain macroeconomic and geopolitical environment

Motor Finance Commissions

The Company recognised a provision of £293m in its financial results for 2024 and has updated its range of scenarios which has resulted in an additional estimated charge of £183m, increasing the total provision to £461m. This continues to include estimates for operational and legal costs and potential awards reflecting an increased likelihood of a higher number of cases than had previously been predicted as eligible for redress as well as an increased possibility that a remedy is sought to be imposed which extends beyond reversing any damaging financial consequences caused by any unfair relationships. The provision is based on various scenarios using a range of assumptions, including potential changes to the proposed scheme following responses to the Consultation or publication of the FCA's final scheme rules. There continue to be significant uncertainties as to the nature, extent and timing of redress payments. The ultimate financial impact could be materially higher or lower than the amount provided.

Geopolitical Risks

The Company is also exposed to broader geopolitical issues, which remain heightened with the potential for a further pushback against globalism. Further moves towards unilateralism may also cause increased tension and/or hostilities between nations, which could negatively impact the global economy and financial markets. The continuation or escalation of conflicts between Russia and Ukraine, and in Israel and the Middle East, including the spread of these conflicts to other countries in these regions, and/or the emergence of future regional conflicts and wars with global impact, could lead to further increases in energy prices (in particular, gas prices, if supplies to Europe remain interrupted), add to inflationary pressures and lead to broader UK sanctions on states, companies or individuals involved in these conflicts.

US Political risks

US political risks and possible impacts of the current administration, including increased deregulation leading to increased investor focus on UK banking sector profitability and increased competitive pressures on non-US banks, the imposition of new tariffs, increases in existing tariffs, retaliatory tariffs or other measures and trade policies affecting imports of goods and services, could negatively impact the global economy or certain sectors of the economy and increase the risk of recession.

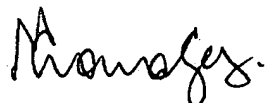
The Company is closely following these developments and the potential for any material impacts, which may need to be taken into consideration in its business plans and intends to take a coordinated approach with the other members of the Santander UK Group.

STRATEGIC REPORT *(continued)*

Principal risks and uncertainties facing the Company

The Company's principal risks and uncertainties together with the processes that are in place to monitor and mitigate those risks where possible can be found in note 3.

On behalf of the Board



A R Goldhagen
26 March 2026

Registered Office Address: Santander House, 86 Station Road, Redhill, Surrey, RH1 1SR.

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2025.

Principal activities

The Company's principal activities and a fair review of the Company's business is set out in the Strategic Report.

Likely future developments

The Directors do not expect any significant change in the level of retail and wholesale business in the foreseeable future.

Transition to FRS 101

The Company has undergone transition from reporting under UK-adopted International Accounting Standards to FRS 101 as issued by the Financial Reporting Council and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, effective 1 January 2025.

The transition is not considered to have had a material effect on the financial statements as it is limited to reduced disclosures and no changes to reported numbers.

Results and dividends

The loss for the year after tax amounted to £95,850,000 (2024: loss £173,156,000).

The Company did not pay a dividend during the year in respect of the prior year (2024: £70,000,000). The Directors do not recommend the payment of a dividend in respect of the current year (2024: £nil).

Events after the balance sheet date

For details of events after the balance sheet date, see Note 34.

Directors

The Directors who served throughout the year and to the date of this report (except as noted) were as follows:

AR Goldhagen	
B Montalvo Wilmot	
C Palmer	(resigned 31 March 2025)
MP Lewis	
TGS Hinton	
DP O'Sullivan	(appointed 16 December 2024, resigned 9 February 2025)
FJM Ysart Alvarez De Toledo	(appointed 11 November 2024), resigned 31 December 2025)
JP Landau	(appointed 1 June 2024, resigned 13 January 2025)
M Elorza	(appointed 6 June 2025)
TCR Shepherd	(appointed 6 June 2025)
JC Barbecho	(appointed 6 March 2026)

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT *(continued)*

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 3, 18, 19, 22 and 24 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to operational risk, credit risk, market risk, liquidity risk, conduct risk and residual value risk.

The Company has adequate financial resources and has the continued financial support of its parent, Santander UK plc. Santander UK plc provides the Company with the majority of its funding requirements. It is expected that the Santander Group will continue to provide this funding for future years and the Directors have concluded that this funding is sufficiently certain that there is no significant doubt over the going concern status of the Company. In reaching this conclusion the Directors have had regard to a number of factors including the strong financial position of Santander UK plc and the wider Santander Group, the regulatory construct under which Santander UK plc operates, its role as both a shareholder and funding entity to the Company, the commitments made as part of the joint venture agreements of the Company, how the Company contributes to the overall Santander UK plc Group profits and the strong asset base of the Company. In reaching this conclusion the Directors have specifically considered the impact of a severe but plausible outcome on conduct matters, including in relation to the publication of the FCA's final scheme rules on motor commissions.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the period of 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

System Development

The Company has developed a replacement mainframe IT system for its retail conditional sale and personal loan agreements. The replacement mainframe was launched towards the end of 2024 and was fully operational from H2 of 2025. Further disclosure can be found in note 14.

The Company has started a long-term project to develop IRB compliant risk models.

Financial Instruments

The Company's risks are primarily managed at a Santander UK Group level by the UK parent company, Santander UK plc.

The financial risk management policies of the Santander UK Group; the policy for hedging each major type of forecasted transaction for which hedge accounting is used; and the exposure to price risk, credit risk, liquidity risk and cash-flow risk are outlined in the Santander UK Group Holdings plc financial statements.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

Further disclosures regarding risk management objectives and policies and the Company's exposure to principal risks can be found in note 3.

Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Company by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities were in force during the financial year and at the date of approval of the Report and Financial Statements. All of the indemnities were qualifying third party indemnities. A copy of each of the indemnities is kept at the registered office address of Santander UK plc.

Employees

Details of the number of employees and related costs can be found in note 8 to the Financial Statements.

The Company participates in the Santander UK Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings, newsletters, and the Intranet. Employee representatives are consulted regularly on a wide range of matters affecting their interests. Employees are encouraged to be involved in the Company's performance through the Santander Group sharesave schemes and are also encouraged to achieve a common awareness of the financial and economic factors affecting the performance of the Company and Santander Group.

The Santander UK Group is committed to equality of access and quality of service for disabled people and embraces the spirit of the UK Equality Act 2010 throughout its business operations. The Santander UK Group has processes in place to help recruit, train, develop, retain, and promote employees with disabilities and is committed to giving full and fair consideration to applications for employment made by disabled persons, and for continuing the employment of, and arranging appropriate training for, existing employees who have become disabled.

DIRECTORS' REPORT *(continued)*

Corporate Governance Statement

The Company is part of the Santander UK Group, which is committed to achieving high standards of governance. Santander UK Group Holdings plc, the Company's ultimate UK-incorporated parent company applies the UK Corporate Governance Code 2018 in a manner appropriate for its ownership structure, although, as a non-premium listed company, it is not obliged to do so. The Company has not applied a corporate governance code during the year and has instead adopted the Santander UK Corporate Governance Framework (CGF) and Subsidiary Governance Framework (SGF), which it believes is the most appropriate arrangement for the Company as a wholly owned subsidiary. The CGF sets out the key governance principles applicable to Santander UK subsidiaries, including guidelines on delegation of authority, escalations and managing conflicts of interest. The SGF builds upon these governance principles and describes the minimum standards required of Santander UK subsidiaries, ensuring a consistent but risk-based approach is applied. The SGF articulates the roles and responsibilities of subsidiary boards and executive management; the governance principles to facilitate parent oversight of the subsidiaries; and approval paths for key business decisions.

The Board is responsible for the overall leadership of the Company which it fulfils in accordance with the overarching strategic agenda, risk appetite, culture, values and policies set by the Santander UK Group Holdings plc Board, to ensure alignment across the Santander UK Group. The CGF provides for the Company to review its own strategy and risk appetite, within the parameters set by the Santander UK Group Holdings plc Board. During these discussions, the Board considers its respective stakeholder groups, which includes its customers, employees and its shareholder. The Board has approved a schedule of matters reserved for its consideration and decision, which it reviews on an annual basis.

The structure and composition of the Board is appropriate for the scale, type and complexity of the Company's business and the Directors have the necessary skills, knowledge and experience to oversee the business effectively. The Board has appointed an independent non-executive director, who brings independent challenge to Board discussions. On appointment, Directors receive a tailored induction to ensure they are fully briefed on the Company's business strategy and operations, governance processes and risk profile, as well as their duties as Directors. Conflicts of interests for Directors are managed in accordance with the Santander UK Conflicts of Interest Policy.

As a member of the Santander UK Group, the Company's business is also subject to the oversight of the Santander UK Group Holdings plc and Santander UK plc Board and Board Committees. For more on the corporate governance arrangements of the Santander UK Group, which includes the Company, see the Santander UK Group Holdings plc 2025 Annual Report, which does not form part of this report.

Streamlined Energy and Carbon Reporting (SECR)

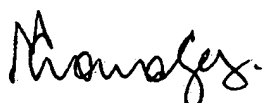
SECR is considered and managed at a Santander UK Group Holdings plc level. Information on the annual energy use and associated greenhouse gas emissions of the Santander UK Group (including the Company) is set out in the Strategic report and Directors' report sections of the Santander UK Group Holdings plc 2025 Annual Report.

Independent Auditors

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the Company's forthcoming annual general meeting.

On behalf of the Board



A R Goldhagen
Director
26 March 2026

Independent auditors' report to the members of Santander Consumer (UK) plc

Report on the audit of the financial statements

Opinion

In our opinion, Santander Consumer (UK) plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Balance Sheet as at 31 December 2025;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes In Equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the rules of the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and the Corporation Tax Act 2010. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of fraudulent journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and, where relevant, testing journal entries with a higher fraud risk, for example those posted by senior management or those with unusual account combinations; and
- Challenging and testing key assumptions and judgements made by management in respect of critical accounting estimates and obtaining appropriate audit evidence.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Luke Hanson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2026

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 £000	2024 £000
Net interest and similar income	5	747,929	698,229
Finance costs	6	(616,631)	(550,902)
Net interest income		131,298	147,327
Other operating income	7	155,569	147,869
Administrative expenses	8	(166,126)	(185,641)
Credit Impairment losses and provisions	9	(58,551)	(35,512)
Provisions for other liabilities	27	(183,007)	(293,369)
Operating loss		(120,817)	(219,326)
Investment losses	11	(4,497)	(8,560)
Loss before tax		(125,314)	(227,886)
Tax	12	29,464	54,730
Loss for the year		(95,850)	(173,156)
Total comprehensive expense for the year		(95,850)	(173,156)

All the activities of the Company are classed as continuing.

The accompanying notes form an integral part of the financial statements.

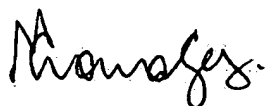
BALANCE SHEET

As at 31 December 2025

	Note	2025 £000	2024 £000
Non-current assets			
Intangible assets	14	7,399	10,147
Property, plant and equipment	15	8,011	9,125
Operating lease assets	16	566,564	565,633
Investment in joint venture	17	76,506	76,506
Finance lease receivables	18	3,041,613	2,978,313
Financial assets held at amortised cost	19	2,981,531	3,086,973
Trade and other receivables	20	-	3,371
Deferred tax asset	21	3,544	3,349
		6,685,168	6,733,417
Current assets			
Finance lease receivables	18	1,114,054	1,146,977
Financial assets held at amortised cost	19	5,413,340	4,280,546
Trade and other receivables	20	106,798	74,243
Macro hedge	22	242	359
Inventories	23	11,160	12,702
Cash and cash equivalents	13	70,126	108,202
Corporation tax asset	12	28,908	52,280
		6,744,628	5,675,309
Total assets		13,429,796	12,408,726
Current liabilities			
Trade and other payables	24	(83,430)	(86,876)
Lease liabilities	25	(1,609)	(1,916)
Derivative financial instruments	22	(870)	(745)
Bank overdrafts and borrowings	26	(6,703,144)	(5,484,098)
Provisions	27	(460,939)	(294,029)
		(7,249,992)	(5,867,664)
Net current liabilities		(505,364)	(192,355)
Non-current liabilities			
Bank overdrafts and borrowings	26	(5,452,415)	(5,717,641)
Lease liabilities	25	(6,649)	(7,427)
Derivative financial instruments	22	(1,087)	(491)
		(5,460,151)	(5,725,559)
Total liabilities		(12,710,143)	(11,593,223)
Net assets		719,653	815,503
Equity			
Capital and reserves			
Share capital	28	150,000	150,000
Retained earnings		569,653	665,503
Total equity		719,653	815,503

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 13 to 45 were approved by the Board of Directors and signed on its behalf by:



A R Goldhagen
Director

26 March 2026

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

	Share Capital	Retained earnings	Total Equity
	£000	£000	£000
Balance at 1 January 2024	150,000	908,659	1,058,659
Loss and total comprehensive expense for the year	-	(173,156)	(173,156)
Dividends paid	-	(70,000)	(70,000)
Balance at 31 December 2024	150,000	665,503	815,503
Balance at 1 January 2025	150,000	665,503	815,503
Loss and total comprehensive expense for the year	-	(95,850)	(95,850)
Balance at 31 December 2025	150,000	569,653	719,653

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

General information

The Company is a public limited company in which liability is limited by shares. The Company is domiciled and incorporated in the United Kingdom and is part of Santander UK Group Holdings plc whose ultimate parent is Banco Santander, S.A. The registered office address of the Company is Santander House, 86 Station Road, Redhill, Surrey, RH1 1SR.

These financial statements are prepared under the Companies Act 2006.

Basis of preparation

The Company has prepared these financial statements under FRS 101 'Reduced Disclosure Framework' applicable to financial institutions.

These financial statements are presented with the benefit of the disclosure exemptions permitted by FRS 101 with regards to:

- cash-flow statement;
- standards not yet effective;
- related party transactions – disclosure of transactions with wholly owned subsidiaries or key management personnel; and

Where required, equivalent disclosures are given in the group financial statements of Santander UK Group Holdings plc. These financial statements are available to the public and can be obtained as set out in note 32.

Accordingly, during the year, the Company has undergone transition from reporting under UK-adopted International Accounting Standards to FRS 101 as issued by the Financial Reporting Council and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The transition is not considered to have had a material effect on the financial statements.

The functional and presentation currency of the Company is Pound Sterling. The financial statements have been prepared on the going concern basis using the historical cost convention (except for the derivative financial instruments which are measured at fair value through profit and loss).

These financial statements present information about this Company as an individual undertaking. The Company is exempt from preparing consolidated financial statements by the scope exception in paragraph 4(a) of IFRS 10 and under the terms of section 400 of the Companies Act 2006, as the ultimate parent undertaking, Banco Santander, S.A. produces IFRS consolidated financial statements, of which the Company is a member, which are available for public use. The method to obtain copies of the consolidated financial statements is set out in note 32 of these financial statements.

The financial statements have been prepared under the historical cost convention (except for the derivative financial instruments which are measured at fair value through profit and loss).

Recent accounting developments

The Company has applied the following amendment for the first time for their reporting period commencing 1 January 2025:

– Effective from 1 January 2025, the Company has adopted the IASB's amendment to IAS 21 which helps entities determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The amendments did not have a material impact on the Company's operations or financial statements.

Material accounting policy information

The following material accounting policies have been applied in preparing these financial statements. Those material accounting policies which involves the application of judgements or accounting estimates that are determined to be critical to the preparation of these financial statements are set out in the section headed "Critical accounting estimates and areas of significant management judgement".

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and recognised when prescribed conditions are met, which depend on the nature of the revenue.

Interest income is recognised on unsecured loans by applying the effective interest rate to the gross carrying amount. See lease policy for recognition of income regarding leases. Interest is receivable on term deposits at fixed rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. ACCOUNTING POLICIES *(continued)*

Net interest and similar income

Net Interest and similar income is received from five key income streams:

- Retail income which includes interest income from finance leases, unsecured personal loans and associated fees and commissions. Our manufacturer partners provide subsidies in lieu of interest for low and nil rate retail finance agreements. The subsidy income is spread using the effective interest rate method over the expected life of the agreements. Third party intermediaries including dealerships and brokers introduce all new business. Commission is paid to these intermediaries for their services; the commission is spread using the effective interest rate method over the expected life of the agreements. Fees and commissions that are not an integral part of the effective interest rate are recognised when the service is provided, or on the performance of a significant act. For retail, fee and commission income consists principally of collection services fee, and fees for non-banking financial products. Revenue from these income streams is recognised when the service is provided.
- Wholesale funding income which includes both interest and fee income from lending to dealers. Wholesale income is primarily linked to unit stocking finance along with dealer overdrafts, dealer loans and advanced commission facilities. The majority of wholesale funding income is interest income. Wholesale fee income represents unit stocking origination charges. Revenue is recognised when a dealership registers the vehicle.
- Interest and fee income from loans provided to joint ventures. This income is recognised using the effective interest rate method.
- Interest and fee income from securitisations relates to interest income earned on collateral held by a third party in relation to an interest rate swap. This is recognised using the effective interest rate method.
- Other bank interest from amounts held on deposit. This is recognised using the effective interest rate method.

Other operating income

Other operating income includes:

- income generated from operating lease rental income and profits on sale.
- intercompany recharges for servicing the Hyundai Capital UK Limited and Volvo Car Financial Services Limited portfolios.

Revenue from operating leases is recognised on a straight-line basis, over the life of the agreement. All other operating income is recognised when the service is provided or, for vehicle sales, when the sale is completed.

Finance costs

Finance costs consist of interest payable to Group undertakings, amounts paid on securitisation and bank charges on overdrafts and loans. These are recognised on an accruals basis.

Fair value gains and losses on interest rate swaps

Fair value gains and losses on interest rate swaps are recognised at fair value through profit and loss and are included in note 11.

Pensions and other post-retirement benefits

The Company participates in a Group defined benefit scheme run by Santander UK Group Holdings plc. However, it is not possible to identify the Company's share of the assets and liabilities of the scheme; therefore, it is accounted for as a defined contribution scheme. The pension charge in the profit and loss reflects the contributions payable during the year. Further details are disclosed on page 165 of the Santander UK Group Holdings plc financial statements.

Intangible assets

Intangible assets are recognised if they arise from contracted or other legal rights or if they are capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged. The value of such intangible assets is amortised over the useful economic life of the assets which is 3 years. Any intangible assets with indefinite useful economic lives are subjected to an impairment review at least annually and whenever there is an indication that the intangible asset may be impaired.

Software development costs are capitalised when they are direct costs associated with identifiable and unique software products that are expected to provide future economic benefits and the cost of these products can be measured reliably. These costs include payroll, the costs of services, and directly attributable overheads. Internally developed software meeting these criteria and externally purchased software are classified in fixtures and equipment on the balance sheet where the software is an integral part of the related computer hardware. Capitalisation of costs ceases when the software is capable of operating as intended. Costs associated with maintaining software programmes are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. ACCOUNTING POLICIES (continued)**Property, plant and equipment**

Property, plant and equipment include buildings and office fixtures and equipment. Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. A review for indications of impairment is carried out at each reporting date. Gains and losses on disposal are determined by reference to the carrying amount and are reported in administration expenses. Repairs and renewals are charged to the income statement when the expenditure is incurred. Classes of property, plant and equipment are depreciated on a straight-line basis over their useful life as follows:

Buildings	15 years
Office fixtures and equipment	2 to 15 years
Vehicles	1 to 4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other operating income.

Interests in unconsolidated structured entities

The Company has interests in structured entities which it sponsors but does not control. The Company considers itself a sponsor of a structured entity when it facilitates the establishment of the structured entity. Other than as set out below, no significant judgements were required with respect to control or significant influence. The structured entities sponsored but not consolidated by the Company are as follows:

(i) Credit protection entities

The Company through its MOTR securitisation program is party to four (2024: four) unconsolidated credit protection entities, which are Designated Activity Companies (DAC) limited by shares, incorporated in Ireland. Each entity has issued two classes of credit linked notes varying in seniority which reference portfolios of the Company loans. Concurrently, these entities sell credit protection to the Company in respect of the referenced loans and, in return for a fee, are liable to make protection payments to the Company upon the occurrence of a credit event or certain other loss events in relation to any of the referenced loans.

Losses arising in the referenced portfolios are allocated between the Company and third-party investors in accordance with documented Credit Protection Deeds (CPD). The Company retains exposure to the first loss tranche of each referenced portfolio. Credit Linked Notes, which amounted to £174.2m (2024: £226.0m), are held by third-party investors who are exposed to portfolio losses beyond the Company's first loss exposure to each credit protection entity.

Funds raised by the sale of the credit linked notes are deposited with Santander UK plc as collateral under each entity's CPD and may only be applied to meet the protection payment obligations of each credit protection entity once portfolio losses exceed the first loss retained by the Company.

The entities are not consolidated by the Company because the third-party investors have all the variability of returns from the credit protection entities.

(ii) Investment in Joint Ventures

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Accounting policies have been aligned to the extent there are no differences from the Santander UK Group Holding plc's policies.

The Santander UK Group Holdings plc's investments in joint ventures are accounted for by the equity method of accounting and are initially recorded at cost and adjusted each year to reflect the Group's share of the post-acquisition results of the joint venture. Since the Company is exempt from preparing consolidated financial statements as the ultimate parent undertaking, Banco Santander, S.A. produces IFRS consolidated financial statements, of which the Company is a member, investments in joint ventures are recorded in the Company balance sheet at cost, less any accumulated impairment loss allowances. An impairment review of investment in the joint venture is carried out annually.

Financial Instruments**a) Initial recognition and measurement**

Financial assets and liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. ACCOUNTING POLICIES *(continued)*

b) Financial assets and liabilities

Classification and subsequent measurement

The Company applies IFRS 9 Financial Instruments and classifies its financial assets in the measurement categories of amortised cost, FVOCI and FVTPL.

Financial assets and financial liabilities are classified as FVTPL where there is a requirement to do so or where they are otherwise designated at FVTPL on initial recognition. Financial assets and financial liabilities which are required to be held at FVTPL include:

- Financial assets and financial liabilities held for trading
- Debt instruments that do not have solely payments of principal and interest (SPPI) characteristics.

Financial assets and financial liabilities are classified as held for trading if they are derivatives or if they are acquired or incurred principally for the purpose of selling or repurchasing in the near-term, or form part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking.

In certain circumstances other financial assets and financial liabilities are designated at FVTPL where this results in more relevant information. This may arise because it significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on a different basis.

c) Financial assets: debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. Classification and subsequent measurement of debt instruments depend on the Company's business model for managing the asset, and the cash flow characteristics of the asset.

Business model

The business model reflects how the Company manages the assets in order to generate cash flows and, specifically, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable, such as where the financial assets are held for trading purposes, then the financial assets are classified as part of another business model and measured at FVTPL. Factors considered in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel and how risks are assessed and managed.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the assets' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Based on these factors, the Company classifies its debt instruments into one of the following measurement categories:

- Amortised cost – Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL recognised. Interest income from these financial assets is included in 'Net interest and similar income' using the effective interest rate method. When the estimates of future cash flows are revised, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the income statement.

- FVOCI – Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are recognised in OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net interest and similar income'. Interest income from these financial assets is included in 'Other gains/losses' using the effective interest rate method.

- FVTPL – Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL, including any debt instruments designated at fair value, is recognised in profit or loss and presented in the income statement in 'Other operating income' in the period in which it arises.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. ACCOUNTING POLICIES *(continued)*

Impairment of debt instrument financial assets

Expected credit losses are recognized on all financial assets at amortised cost or at fair value through other comprehensive income. The expected credit loss considers forward looking information to recognise impairment allowances earlier in the lifecycle of a product. A three-stage approach to impairment measurement is adopted as follows:

- Stage 1 - the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
- Stage 2 - lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and
- Stage 3 - lifetime expected credit losses for financial instruments which are credit impaired.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets are written off when it is reasonably certain that receivables are irrecoverable. All write-offs are assessed on a case-by-case basis, taking account of the exposure at the date of write-off. Write-offs are charged against previously established loss allowances.

Recoveries of credit impairment losses received post write off are not included in the impairment loss allowance but are taken to income and offset against credit impairment losses. Recoveries of credit impairment losses are classified in the income statement as 'Impairment losses'.

For more on how ECL is calculated see the Credit risk section in Note 3.

Hedge accounting

IFRS 9 revises the requirements on hedge accounting, adoption of which is optional. The Company will continue to apply the relevant IAS 39 hedge accounting requirements.

Fair value hedge accounting

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Comprehensive Income, together with the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Statement of Comprehensive Income within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the Statement of Comprehensive Income within other gains/(losses). If the hedge no longer meets the criteria for hedge accounting, changes in the fair value of the hedged item attributable to the hedged risk are no longer recognised in the Statement of Comprehensive Income.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability) and partially in profit or loss (the remaining amount of change in the fair value of the liability).

Trade and other payables are classified as amortised cost.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss.

Impairment of non-financial assets

At each balance sheet date, or more frequently when events or changes in circumstances dictate, non-financial assets are assessed for indicators of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's fair value less costs to sell and its value in use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. ACCOUNTING POLICIES *(continued)*

The carrying values of non-financial assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the recoverable amount. The carrying amount of the asset will only be increased up to the amount that would have been had the original impairment not been recognised.

Finance leases***The Company as a Lessor***

The Company's finance products include Conditional Sale agreements, Personal Contract Purchase (PCP) agreements and Personal Loans with Balloon Payments. Under Conditional Sale agreements, the Company is the legal owner of the vehicle until all repayments have been made. Under Personal Contract Purchase (PCP) agreements there is a final balloon payment at the end of the agreement, and the customer has three contractual options at the end of the agreement term. Further details are found in note 18.

Definition of a lease

The definition of a lease also includes hire purchase contracts. These are contracts for the hire of an asset that give the hirer an option to acquire title to the asset and conditional sale agreements where title automatically passes to the lessee on making the final lease payment.

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership to the lessee, are classified as finance leases. Assets held under finance leases are recognised in the balance sheet as a receivable amount equal to the net investment in leases.

The net investment in leases represents the present value of the minimum lease payments receivable under finance leases or the life of the asset if shorter, at the inception of the lease, together with any unguaranteed residual value accruing to the lessor discounted at the rates of interest implicit in the leases. Income from finance leases is allocated to accounting periods so as to give a constant periodic rate of return on the net investment. Expected credit losses are recognised on finance leases at amortised cost. The expected credit loss considers forward looking information to recognise impairment allowances earlier in the lifecycle of the lease. Further information can be found in note 3 under the section credit exposures and corresponding ECL.

The Company as lessee

The Company assesses whether a contract is or contains a lease at the inception of the contract and recognises a right-of-use (ROU) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases, except for leases with a term of 12 months or less which are expensed in the income statement on a straight-line basis over the lease terms.

Lease payments exclude irrecoverable VAT which is expensed in the income statement as lease payments are made.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate appropriate to the lease term. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

Remeasurement of the lease liability occurs if there is a change in the lease payments (when a corresponding adjustment is made to the ROU asset), the lease term or in the assessment of an option to purchase the underlying asset. At inception, the ROU asset, which is included in Property, plant and equipment on the balance sheet, comprises the lease liability, initial direct costs and the obligations to restore the asset, less any incentives granted by the lessor. The ROU asset comprises of a building and cars, which are included as part of motor vehicles in note 15. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset and is reviewed for impairment as for owned assets. The obligation to restore the asset is included in Provisions on the balance sheet.

Operating leases

The Company as a lessor: Assets leased to customers, under agreements which do not transfer substantially all the risks and rewards of ownership, are classified as operating leases. Operating leases are capitalised and depreciated on a straight-line basis over their anticipated useful lives to estimated residual values. Estimated residual values are regularly reassessed and the resulting changes of estimate are reflected in adjustments to the depreciation charge for the period and remaining lease term. The operating leases are also assessed at least annually for impairment by management.

The carrying value of the operating lease assets are derecognised on disposal or when impaired when no future economic benefits are expected from its use. The gain or loss arising from derecognition of operating lease assets is included in the profit or loss when the item is derecognised.

Financial guarantee contracts

The Company entered into junior credit protection deeds with its securitisation vehicles Motor Securities 2020-1 DAC on 29 November 2021, Motor Securities 2022-1 DAC on 7 December 2022, Motor Securities 2023-1 DAC on 23 November 2023, Motor Securities 2024 DAC-1 on 28 November 2024 and Motor Securities 2025 DAC-1 on 28 November 2025. On 23 December 2025, the Company entered into a financial guarantee transaction with a third party against some of its wholesale unit stocking balances. These instruments meet the definition of financial guarantee contracts.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of the amount of the loss allowance, and the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15. The loss allowance is recognised as a provision and charged to credit impairment losses in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. ACCOUNTING POLICIES *(continued)*

With regards to expected future premiums from issued financial guarantee contracts, a separate financial asset is recognised as being the time-discounted value of expected future premiums still to be received in respect of guarantees issued.

Taxation

The tax expense represents the sum of the income tax currently payable and deferred income tax. Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise.

Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is the tax expected to be payable or recoverable on income tax losses available to carry forward and on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the assets may be utilised as they reverse. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill. Deferred tax assets and liabilities are not recognised from the initial recognition of other assets (other than in a business combination) and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Inventories

Inventories encompass vehicles held for sale in the ordinary course of business. Inventories are valued at the lower of cost and net realisable value.

Cash and cash equivalents

For the purposes of the balance sheet, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including loans and advances to banks in the same group, and amounts due from other banks.

Securitisation transactions

The Company has entered into certain arrangements where undertakings have issued asset-backed securities. As the Company has retained substantially all the risks and rewards of the underlying assets, such financial instruments continue to be recognised on the balance sheet, and a liability recognised for the proceeds of the funding transaction.

The Company does not prepare group financial statements. The special purpose vehicles (SPV) are consolidated at a Group level as the ultimate parent of the Company produces financial statements that are available for public use, in which subsidiaries are consolidated.

Term deposits

Term deposits are classified as financial assets and are included within financial assets held at amortised cost. Term deposit balances are shown at their amortised cost, which is equivalent to their face value. Interest is accrued over the term of the deposits and is paid periodically or at maturity. Interest income earned but not paid is accrued.

Share capital

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. ACCOUNTING POLICIES *(continued)***Provisions and contingent liabilities**

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefits will be necessary to settle the obligation, and it can be reliably estimated. Customer remediation provisions are made for the estimated cost of making redress payments with respect to the past sales of products, using conclusions such as the number of claims, the number of those that will be upheld, the estimated average settlement per case and other related costs. Provision is made for the anticipated cost of restructuring, including redundancy costs, when an obligation exists. An obligation exists when the Company has a detailed formal plan for restructuring a business, has raised valid expectations in those affected by the restructuring, and has started to implement the plan or announce its main features. Contingent liabilities are possible obligations whose existence will be confirmed only by certain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2. CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgements on an on-going basis. Management bases its estimates and judgements on historical experience and on other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The following accounting estimates and judgements are considered important to the portrayal of the Company's financial results and financial condition because: (i) they are highly susceptible to change from period to period as assumptions are made to calculate the estimates, and (ii) any significant difference between the estimated amounts and actual amounts could have a material impact on the Company's future financial results and financial condition.

In calculating each estimate, a range of outcomes was calculated based principally on management's conclusions regarding the input assumptions relative to historic experience. The actual estimates were based on what management concluded to be the most probable assumptions within the range of reasonably possible assumptions. For certain estimates a weighted average approach using multiple scenarios was adopted.

Customer remediation and motor finance commission claims

Customer remediation provisions are made for the estimated cost of making redress payments with respect to the past sales of products, using assumptions such as the potential outcomes following the issuance of the final FCA rules, number of claims, the number of those that will be upheld, the estimated average settlement per case and other related costs. See note 27 for more detail on the provision. This represents a critical accounting estimate.

The table below shows the sensitivity of the provision to changes in the claim rate:

Assumption	Change in assumption	Increase/(decrease) in provision 2025 £
Claim rate	5% increase	18,000,000
Claim rate	5% decrease	(18,000,000)

The claim rate represents the proportion of customers who make a request for reimbursement and is a critical accounting estimate that could materially change the ultimate financial impact.

We have assumed the claim rate in our provision is in line with a write and invite redress scheme with claim rates at 85%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

2. CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES (continued)**Expected credit loss allowances**

The Company is exposed to credit risk where counterparties may not be able to meet their financial obligations. The application of the ECL methodology for calculating credit impairment allowances is susceptible to change from period to period. The methodology requires management to make a number of judgmental assumptions in determining the estimates. Any significant difference between the estimated amount and actual amounts could have a material impact on the company's future financial results and financial condition.

Key parameters in the modelling of the ECL are probabilities of default (PDs), loss given default (LGDs) and exposure at default (EAD). The determination of these parameters involves modelling and requires management to analyse historic information as well as factoring in the macroeconomic outlook. Further information on the company's approach to determining loss allowances is described in note 3.

Approximately 5.93% (2024: 5.43%) of Finance Lease exposures are classified as Stage 2. If a further £50m of exposures were to move from Stage 1 to Stage 2 at an average PD level, there would be an increase in ECL of approximately £3.1m (2024: £4.3m). Approximately 6.33% (2024: 12.70%) of Wholesale funding loan exposures are classified as Stage 2. If a further £50m of exposures were to move from Stage 1 to Stage 2 at an average PD level, there would be an increase in ECL of approximately £1.2m (2024: £1.3m). Approximately 6.47% (2024: 5.90%) of Unsecured Personal loan exposures are classified as Stage 2. If a further £50m of exposures were to move from Stage 1 to Stage 2 at an average PD level, there would be an increase in ECL of approximately £7.6m (2024: £7.7m).

Residual value risk

The Company is subject to residual value risk being the risk that the value of a vehicle at the end of the lease period or at the point of voluntary termination is worth less than anticipated. Residual values represent the estimated value of the vehicle at the end of the agreement. Residual values are calculated after analysing published residual values and the Company's own historical experience in the used car market. The Company manages residual value risk through a robust residual value setting process and combined with quarterly pricing reviews referencing industry data where available.

Operating Lease residual value risk

All vehicles under operating leases are returned at the end of the agreement and sold by the Company, therefore the Company is subject to this risk on the entire operating lease portfolio. The Company agrees with the operating lease customer a set mileage and term for the vehicle and this along with market and historical data allows the Company to set the expected residual value.

Changes in residual value are reflected in adjustments to the depreciation charge for the year. In calculating the depreciation charge, the Company needs to determine an appropriate residual value on origination of the lease and then update residual values over the life of the lease to determine any adjustments required to the depreciation charge. Similar to certain finance leases, the Company is therefore exposed to movements in residual values over time on its operating lease assets and judgement is involved in assessing residual values on an ongoing basis. Further information can be found in note 16.

The management team estimate the residual value of the operating lease portfolio on inception and on a quarterly basis, changes in the expected residual value result in a change to the estimated depreciation charge and this is applied prospectively. Management estimated the residual value of the operating lease assets at inception at £487,721,000 (2024: £450,314,000). The estimated residual value has decreased by £36,525,000 at 31 December 2025 (2024: decreased by £10,770,000), representing an 7.49% decrease (2024: 2.39% decrease) when compared to the original management assumptions. During 2025, there have been reductions in the values of electric vehicles and a more general market fall in prices later in the year, and these changes have reduced the level of net equity in the portfolio.

Retail and Finance leases residual value risk

The end of term residual value risk arises in relation to PCP contracts and unsecured loans with balloons. Under these agreements, the customer may choose to return the vehicle at the end of the contract. To mitigate against this risk the Company sets the guaranteed future market value (GMFV) below the expected future market value, this protects the customers equity and reduces the likelihood of hand back.

The residual value risk also arises in relation to secured, regulated retail agreements whereby the customer has the right to Voluntary Terminate their agreement once 50% of the total amount payable including capital, interest and charges has been repaid. The calculation of the retail residual value risk provision involves significant management judgement associated with estimating the proportion of vehicles to be returned as well as used car values. Residual values of leased assets are reviewed regularly. The residual value risk associated with retail lending is reflected in a provision. Further information can be found in note 3 and note 18.

The modelled provision as at 31st December 2025 is based on management judgements of the expected future hand backs and loss rates. The right to terminate finance lease agreements is governed by the Consumer Credit Act. The number of hand backs is driven by the value of the vehicle. The customer is more likely to hand back a finance lease agreement if the value of the vehicle has fallen considerably below the amount owing on the finance agreement. The Company has engaged in several Synthetic Risk Transfers (SRT) transactions, designed to mitigate unexpected credit losses and address the risks associated with higher than anticipated hand-backs. The SRTs enhance the Company's ability to mitigate residual value risk. In addition, the Company entered into risk sharing agreements with some of its manufacturers and dealers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

2. CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES *(continued)***Significant Increase in Credit Risk (SICR)**

Loans which have suffered a SICR since origination are subject to a lifetime ECL assessment which extends to a maximum of the contractual maturity of the loan. Loans which have not experienced a SICR are subject to 12-month ECL. We assess each facility's credit risk profile and use a range of quantitative, qualitative and backstop criteria to identify exposures that have experienced a SICR to determine which of three stages to allocate them to:

- Stage 1: when there has been no SICR since initial recognition. We apply a loss allowance equal to a 12-month ECL i.e. the proportion of lifetime expected losses that relate to that default event expected in the next 12 months
- Stage 2: when there has been a SICR since initial recognition, but no credit impairment has materialised. We apply a loss allowance equal to the lifetime ECL i.e. lifetime expected loss resulting from all possible defaults throughout the residual life of a facility
- Stage 3: when the exposure is considered credit impaired using default criteria set out below. We apply a loss allowance equal to the lifetime ECL. Objective evidence of credit impairment is required.

The Company uses a number of measures to identify SICR including regular feeds from credit reference agencies to assess current customer indebtedness (CII) against inception. The Company also considers early indications of a deterioration in the credit quality of the customer not reflected in the PD. For example, if the CII exceeds specific thresholds consistent with the application process, then the agreement would be moved to stage 2. The determination of a customer's credit quality requires significant judgement, as it involves evaluating the customer's level of indebtedness throughout the life of the contract to identify early signs of potential credit deterioration and assess the likelihood of default.

The Company has engaged in several Significant Risk Transfers (SRT) transactions, designed to mitigate unexpected credit losses and address the risks associated with higher than anticipated hand-backs. The SRTs enhance the Company's ability to mitigate credit losses.

3. RISK MANAGEMENT**3.1 Financial risks**

As a result of its normal business activities, the Company is exposed to a variety of financial risks, the most significant of which are credit risk, market risk, interest rate risk, foreign currency risk, liquidity risk and residual value risk. The Company manages its risk in line with the central risk management function of the Santander UK Group Holdings plc. Santander UK Group Holdings plc's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK Group Holdings plc's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Santander UK Group Holdings plc's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Santander UK Group Holdings plc's strategic objectives.

Authority flows from the Santander UK plc Board to the Chief Executive Officer and from him to specific individuals. Formal standing committees are maintained for effective management of oversight. Their authority is derived from the person they are intended to assist. Further information can be found in the Santander UK Group Holdings plc Annual Report which does not form part of this report.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. All new business is subject to credit scoring and/or underwriting policy criteria designed to assess creditworthiness. Loans and receivables to third parties are secured on vehicles owned by those parties.

Key metrics

The Company uses a number of key metrics to measure and control credit risk, as follows:

Metric	Description
Expected credit losses (ECL)	ECL tells the Company what credit risk is likely to cost either over the next 12 months on qualifying exposures, or defaults over the lifetime of the exposure where there is evidence of a significant increase in credit risk since origination.
Stages 1, 2 and 3	The Company assesses the credit risk profile to determine which stage to allocate and monitors where there is a significant increase in credit risk and transfers between the stages.
Expected Loss (EL)	EL is the product of the probability of default, exposure at default and loss given default. The Company calculates each factor in accordance with Group policy and risk models and an assessment of each customer's credit quality. There are differences between regulatory EL and IFRS 9 ECL. More details can be found in the Annual Report of the parent company Santander UK plc. For the rest of the Risk review, impairments, losses and loss allowances refer to calculations in accordance with IFRS, unless specifically stated otherwise. For IFRS accounting policy on impairment, see Note 1 to the Financial Statements.

Other metrics

The Company also assesses risks from other perspectives, such as fuel type, geography, business area, product and process. This is done to identify areas requiring specific focus. Stress testing is also used to establish vulnerabilities to economic deterioration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. RISK MANAGEMENT *(continued)**Credit risk (continued)*

Definition of default (Credit impaired)

We define a financial instrument as in default (i.e. credit impaired) for purposes of calculating ECL if it is more than 90 days past due (DPD), or if we have data to make us doubt customers can keep up with their payments i.e. they are unlikely to pay. The data typically includes where:

- They have had a winding up notice issued, or something happens that is likely to trigger insolvency – such as, another lender calls in a loan
- Something happens that makes them less likely to be able to pay – such as they lose an important client or contract
- They have regularly missed or delayed payments, even though they have not gone over the three-month limit for default
- Their loan is unlikely to be refinanced or repaid in full on maturity.

Backstop criteria

We classify all exposures more than 30 or 90 DPD in at least Stage 2 or in Stage 3, respectively. We do not rebut the backstop presumptions in IFRS 9 (i.e. credit risk has significantly increased if contractual payments are more than 30 days past due) relating to either a SICR or default.

Measuring ECL

For accounts not in default at the reporting date, we estimate a monthly ECL for each exposure and for each month over the forecast period.

We have separate ECL models in operation for retail and wholesale lending. The standard wholesale ECL model relies on industry wide data from a third-party agency, this data is linked specifically to the auto finance market to calculate the probability of default. Internal dealer scores are used along with the PD to calculate any SICR. In addition to the modelled wholesale ECL, management assesses concentration of risk and the likelihood of a material dealer failure. The lifetime ECL is the sum of the monthly ECLs over the forecast period, while the 12-month ECL is limited to the first 12 months. We calculate each monthly ECL as the discounted value for the relevant forecast month of the product of the following factors:

- Survival rate (SR): The probability that the exposure has not closed or defaulted since the reporting date.
- Probability of Default (PD): The likelihood of a borrower defaulting in the following month, assuming it has not closed or defaulted since the reporting date. For each month in the forecast period, we estimate the monthly PD from a range of factors. These include the current risk grade for the exposure, which becomes less relevant further into the forecast period, as well as the expected evolution of the account risk with maturity and factors for changing economics. We support this with historical data analysis.
- Exposure at Default (EAD): The amount we expect to be owed if a default event was to occur. We determine EAD for each month of the forecast period by the expected payment profile, which varies by product type. For amortising products, we base it on the borrower's contractual repayments over the forecast period. We adjust this for any expected overpayments on Stage 1 accounts that the borrower may make and for any arrears we expect if the account was to default. We vary these assumptions by product type and base them on analysis of recent default data.
- Loss Given Default (LGD): Our expected loss if a default event were to occur. We express it as a percentage and calculate it as the expected loss divided by EAD for each month of the forecast period. We base LGD on factors that impact the likelihood and value of any subsequent write-offs. We use the original effective interest rate as the discount rate. For accounts in default, we use the EAD as the reporting date balance. We also calculate an LGD to reflect the default status of the account, considering the current DPD and loan to value. PD and SR are not required for accounts in default.

Maximum exposure to credit risk

The table below shows the Company's maximum exposure to credit risk. The table only shows the financial assets that credit risk affects.

	2025	2024
	£'000	£'000
Gross amounts		
Financial assets at amortised cost:		
Finance leases (note 18)	4,995,820	4,953,951
Unsecured personal loans (note 19)	62,761	104,145
Wholesale funding (note 19)	558,254	459,926
Entities with significant control over the Company- Santander UK plc	2,818,079	2,075,300
Joint venture: Hyundai Capital UK Limited (note 31)	2,827,201	2,866,364
Joint venture: Volvo Car Financial Services UK Limited (note 31)	2,210,304	1,947,871
Trade receivables (note 20)	106,798	77,614
Cash and cash equivalents (note 13)	70,126	108,202
Total financial assets at amortised cost	13, 649,343	12,593,373

Where appropriate, case management is transferred to a specialist recovery team that works with the customer in an attempt to resolve the situation. If this does not prove possible, cases are classified as being unsatisfactory and are subject to intensive monitoring and management procedures designed to maximise debt recovery.

For financial assets linked to the joint ventures, Hyundai Capital UK Limited and Volvo Car Financial Services UK Limited, these entities do not fully consolidate within the Santander Group. The Company completes an impairment review of the joint ventures annually assessing both the carrying value of the assets and any indicators of potential credit deterioration. As part of this assessment, the Company evaluates the financial position, performance and forecasted cash flows of each joint venture, as well as the counterparties historical payment behavior and overall credit worthiness. Based on this analysis, the probability of default is minimal, and for this reason a separate IFRS 9 credit risk provision is not required against these assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. RISK MANAGEMENT *(continued)*

Credit risk (continued)

The class of financial instruments that is most exposed to credit risk in the Company is finance agreements, comprising loans and advances to customers and net investment in finance leases (note 18). These are net of impairment losses.

	2025 £'000	2024 £'000
Finance leases (note 18)	4,947,242	4,894,642
Unsecured personal loans (note 19)	61,299	101,831
Wholesale funding (note 19)	545,642	452,780
Finance agreements (note 18,19)	5,554,183	5,449,253

The exposures relating to finance leases and personal loans are primarily to private individuals. Wholesale lending is to the commercial sector.

Credit exposures and corresponding ECL

The following table analyses the credit risk exposure of financial instruments for which an ECL allowance is recognised, and the corresponding ECL at 31 December 2025 and 31 December 2024. Financial assets in the scope of IFRS 9 and not presented in this table are considered stage 1.

2025	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Gross Exposures				
Finance leases	4,663,916	296,410	35,494	4,995,820
Unsecured personal loans	57,945	4,061	755	62,761
Wholesale funding	511,235	35,363	11,656	558,254
Total exposures	5,233,096	335,834	47,905	5,616,835
IFRS 9 ECL				
Finance leases	(8,614)	(19,006)	(20,958)	(48,578)
Unsecured personal loans	(200)	(636)	(626)	(1,462)
Wholesale funding	(4,994)	(1,220)	(6,398)	(12,612)
Total ECL	(13,808)	(20,862)	(27,982)	(62,652)
Net exposures				
Finance leases	4,655,302	277,404	14,536	4,947,242
Unsecured personal loans	57,745	3,426	129	61,299
Wholesale funding	506,241	34,143	5,258	545,642
Total net exposures	5,219,288	314,972	19,923	5,554,183
2024				
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Gross Exposures				
Finance leases	4,650,048	269,003	34,900	4,953,951
Unsecured personal loans	96,896	6,143	1,106	104,145
Wholesale funding	400,967	58,388	571	459,926
Total exposures	5,147,911	333,534	36,577	5,518,022
IFRS 9 ECL				
Finance leases	(10,615)	(24,110)	(24,584)	(59,309)
Unsecured personal loans	(461)	(977)	(876)	(2,314)
Wholesale funding	(4,422)	(2,153)	(571)	(7,146)
Total ECL	(15,498)	(27,240)	(26,031)	(68,769)
Net exposures				
Finance leases	4,639,433	244,893	10,316	4,894,642
Unsecured personal loans	96,435	5,166	230	101,831
Wholesale funding	396,545	56,235	-	452,780
Total net exposures	5,132,413	306,294	10,546	5,449,253

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. RISK MANAGEMENT *(continued)*

Finance leases	Stage 1 Subject to 12- month ECL £'000	Stage 2 Subject to lifetime ECL £'000	Stage 3 Subject to lifetime ECL £'000	Total £'000
At 1 January 2024	(12,875)	(27,531)	(18,107)	(58,513)
Income statement release/(charge) for the year	11,926	13,040	(47,808)	(22,842)
Net impairment reversal/(charge)	11,926	13,040	(47,808)	(22,842)
Transfers to 12-month ECL	230	(230)	-	-
Transfers to credit impaired	(9,896)	(9,389)	19,285	-
Assets derecognised – written off	-	-	22,046	22,046
At 31 December 2024 and 1 January 2025	(10,615)	(24,110)	(24,584)	(59,309)
Income statement release/(charge) for the year	7,137	12,413	(32,585)	(13,035)
Net impairment reversal/(charge)	7,137	12,413	(32,585)	(13,035)
Transfers to 12-month ECL	219	(219)	-	-
Transfers to credit impaired	(5,355)	(7,090)	12,445	-
Assets derecognised – written off	-	-	23,766	23,766
At 31 December 2025	(8,614)	(19,006)	(20,958)	(48,578)

Unsecured personal loans	Stage 1 Subject to 12- month ECL £'000	Non-credit impaired Stage 2 Subject to lifetime ECL £'000	Credit impaired Stage 3 Subject to lifetime ECL £'000	Total £'000
At 1 January 2024	(665)	(1,424)	(991)	(3,080)
Income statement release/(charge) for the year	526	762	(3,054)	(1,766)
Net impairment reversal/(charge)	526	762	(3,054)	(1,766)
Transfers to 12-month ECL	8	(8)	-	-
Transfers to credit impaired	(330)	(307)	637	-
Assets derecognised – written off	-	-	2,532	2,532
At 31 December 2024 and 1 January 2025	(461)	(977)	(876)	(2,314)
Income statement release/(charge) for the year	441	585	(1,940)	(914)
Net impairment reversal/ (charge)	441	585	(1,940)	(914)
Transfers to 12-month ECL	4	(4)	-	-
Transfers to credit impaired	(184)	(240)	423	-
Assets derecognised – written off	-	-	1,767	1,767
At 31 December 2025	(200)	(636)	(626)	(1,462)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. RISK MANAGEMENT *(continued)*

	Stage 1 Subject to 12- month ECL £'000	Stage 2 Subject to lifetime ECL £'000	Stage 3 Subject to lifetime ECL £'000	Total £'000
Wholesale funding				
At 1 January 2024	(7,208)	(877)	-	(8,085)
Income statement release/(charge) for the year	2,899	(1,161)	(799)	939
Net impairment reversal/(charge)	2,899	(1,161)	(799)	939
Transfers to 12-month ECL	115	(115)	-	-
Transfers to credit impaired	(228)	-	228	-
At 31 December 2024 and 1 January 2025	(4,422)	(2,153)	(571)	(7,146)
Income statement release/(charge) for the year	(928)	6,827	(7,473)	(1,574)
Net impairment reversal/(charge)	(928)	6,827	(7,473)	(1,574)
Transfers to 12-month ECL	356	(356)	-	-
Transfers to credit impaired	-	(5,538)	-	(5,538)
Assets derecognised – written off	-	-	1,646	1,646
At 31 December 2025	(4,994)	(1,220)	(6,398)	(12,612)

Interest rate risk

The Company provides fixed rate loans and finance leases. The Company's borrowings from its parent Santander UK plc are substantially fixed rate loans and for this reason there is limited interest rate risk on the retail lending portfolio. The Company's borrowings are primarily from its parent as shown in note 26, however it also enters into funding arrangements through securitisations.

During the year, the Company entered into a Funded Risk Participation Agreement ("FURPA") with Banco Santander, S.A. which will cover risk of default to maturity of 50% of the current loans made to its joint venture Volvo Car Financial Services UK Limited (see note 26).

In 2024, the Company issued asset-based securities through the securitisation vehicle Repton 2023-1 Ltd which resulted in an interest rate mismatch where the variable funding note payable is a variable rate and the interest received on securitised agreements is fixed. This is mitigated with a back-to-back interest rate swap between Repton 2023-1 Ltd and the Company, with Lloyds Bank plc as a counterparty in between. The Company has not designated the interest rate swap as having an accounting hedge relationship.

Foreign currency risk

The Company has limited exposures to foreign currency risk. As at 31st December 2025, the Company has bank balances of £1.1k (2024: £0.7k) held in foreign currencies.

At the current and prior year reporting date the Company had no currency cash flow swaps.

Liquidity risk

Liquidity risk is the risk that the Company, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost.

The Company is dependent on loans from its immediate parent undertaking and third-party debt.

Liquidity risk is monitored through different committees and levels of management, including the Asset and Liability Committee (ALCO) and the Board Risk Committee. The Company reviews rolling forecasts of its liquidity requirements including its cash flow forecast.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. RISK MANAGEMENT *(continued)**Maturities of financial liabilities*

The table below analyses the maturities of the undiscounted cash flows relating to the financial liabilities of the Company based on the remaining period to the contractual maturity date at the balance sheet date. This table is not intended to show the liquidity of the Company.

At 31 December 2025	Demand £000	Up to 3 months £000	3-12 months £000	1-5 years £000	Over 5 years £000	Total contractual cash flows £000	Carrying amount £000
Amounts due to Santander UK plc group companies	-	1,411,526	3,733,330	4,806,724	-	9,951,580	9,327,724
Amounts due to Banco Santander, S.A.	-	115,607	305,768	393,682	-	815,057	815,192
Amounts due to Hyundai Capital UK Limited	-	8,970	140,104	727,954	916	877,944	800,000
Amounts due to Volvo Car Financial Services UK Limited	-	100,407	188,680	274,994	-	564,081	600,000
Amounts due to Securitisation entities	-	-	205,631	344,369	-	550,000	512,580
Amounts due to third parties	100,063	-	-	-	-	100,063	100,063
Trade and other payables	-	-	32,914	-	-	32,914	32,914
Lease liabilities	-	454	1,139	3,760	3,142	8,495	8,258
Derivative financial instruments	-	-	870	1,087	-	1,957	242
Total financial liabilities	100,063	1,636,964	4,608,436	6,552,570	4,058	12,902,091	12,196,973

At 31 December 2024	Demand £000	Up to 3 months £000	3-12 months £000	1-5 years £000	Over 5 years £000	Total contractual cash flows £000	Carrying amount £000
Amounts due to Santander UK plc group companies	-	1,342,496	3,624,853	4,889,467	-	9,856,816	9,271,687
Amounts due to Hyundai Capital UK Limited	-	11,752	69,917	887,627	918	970,214	850,000
Amounts due to Volvo Car Financial Services UK Limited	-	-	8,007	18,682	631,392	658,081	600,000
Amounts due to Securitisation entities	-	-	253,944	296,056	-	550,000	480,052
Bank overdrafts	486	-	-	-	-	486	486
Trade and other payables	-	-	36,852	-	-	36,852	36,852
Lease liabilities	-	501	1,370	3,687	4,047	9,605	9,343
Derivative financial instruments	-	-	835	400	-	1,235	359
Total financial liabilities	486	1,354,749	3,995,778	6,095,919	636,357	12,083,289	11,248,779

Fair values of financial assets and liabilities

Financial assets and liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Fair value hierarchy

The Company categorises assets and liabilities measured at fair value within the fair value hierarchy based on the inputs to the valuation techniques as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access at the measurement date. The Company has no assets or liabilities measured at fair value that are classified as Level 1.

Level 2: Quoted prices in non-active markets, quoted prices for similar assets or liabilities, recent market transactions, inputs other than quoted market prices for the asset or liability that are observable either directly or indirectly for substantially the full term, and inputs to valuation techniques that are derived principally from or corroborated by observable market data through correlation or other statistical means for substantially the full term of the asset or liability.

Level 3: Inputs to the pricing or valuation techniques that are significant to the overall fair value measurement of the asset or liability are unobservable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. RISK MANAGEMENT *(continued)*

Market risk

Interest rate market risk is the potential for loss of income or decrease in the value of net assets caused by movements in the market prices of financial instruments. The Company's retail business is subject to fair value interest rate risk as the finance leasing agreements and unsecured personal loans all bear fixed interest and as such the value of these assets fluctuates with changes in market interest rates. To mitigate this risk for finance leases, lease arrangements and lending are taken out with a fixed rate of interest.

Interest rate market risks arising in the operations of the Company which are part of Santander UK Group Holdings plc's Corporate Banking division, are substantially transferred from the originating business to Asset and Liability Management ("ALM") within Santander UK Group Holdings plc's group Infrastructure, where they can be managed in conjunction with exposures arising from the funding, liquidity or capital management activities of ALM.

Residual value risk

Residual value risk arises from the Company's leasing activities and relates to not realising the full amount of the residual values ("RV") set by the Company on the origination of the leases. The profitability of the Company's operating and finance leases is dependent on the residual value at the end of the agreement with the customer.

Under the terms of PCP agreements, a customer has the right to hand back the vehicle with no further liability after all regular payments have been made, but before the final instalment has been paid. This final instalment is the GMFV (Guaranteed Minimum Future Value), or residual value. There is a risk that when a vehicle is handed back to the Company, the residual value is greater than the proceeds received in selling the vehicle at auction and the Company will incur a loss. The Company reviews the residual values and estimates the effect on prices and likelihood of the customer handing back the vehicle. The risk is partially mitigated by setting the GMFV below the expected residual value, meaning that typically a loss is only incurred at hand back if there has been a significant deterioration in the residual value compared to original expectations. Where this is forecast to be the case, a provision is created and subsequent impairment is recognised immediately.

Under the Consumer Credit Act customers who enter into secured regulated agreements are allowed to exercise their legal right to terminate their agreement once 50% of the total amounts payable under the agreement have been repaid. When this arises, the Company is subject to potential losses on vehicles returned early.

In relation to operating leases, movements in residual values are reflected in adjustments to the depreciation charge over the life of the leased asset. The Company manages residual value risk by regularly monitoring the residual values against industry-wide data as well as its own experience. A third party is used to provide estimates of residual values which are incorporated into management's methodology for determining any impairment. However, future RVs can be difficult to predict due to future trends and changes in customer demand and therefore the Company is exposed to changes in RVs that could lead to material changes in profitability in the future.

3.2 Non-financial risks

The Company also focuses on non-financial risks including financial crime risk, operational risk and conduct risk.

Financial crime risk

Financial crime risk is the risk that the Company is used to further financial crime, including money laundering, sanctions evasion, terrorist financing, facilitation of tax evasion and bribery and corruption.

The Company together with the Group takes a proactive approach to mitigating financial crime risk. The Group's financial crime risk frameworks are supported by policies and standards which explain the requirements for mitigating money laundering, terrorist financing, sanctions compliance risks, bribery and corruption, and facilitation of tax evasion risks. These are updated regularly to ensure they reflect new requirements and industry best practice. The Company supports its colleagues to make sure they can make the right decisions at the right time. The Company raises awareness and provides role-specific training to build knowledge of emerging risks. The Company is currently investing in anti-money laundering initiatives. Key elements of the financial crime risk mitigation approach that are taken include:

- Undertaking customer due diligence measures for new and existing customers, which include understanding their activities and financing needs
- Conducting risk assessments of customers, products, businesses, sectors and geographic risks to tailor for mitigation efforts
- Ensuring all the Company's colleagues complete mandatory financial crime training and, where required, role-based specialist training
- Deploying new systems to better capture, analyse and act on data to mitigate financial crime risks.

The mission to effectively deter, detect and disrupt financial crime remains a key priority for the Company. The Board provides oversight and continues to prioritise resources and investment in progressing its multi-year Financial Crime Transformation and Remediation programme to enhance systems and controls, modernise the technology and data capabilities and to ensure the firm can operate sustainably within its stated risk appetite.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. RISK MANAGEMENT (continued)**Operational risk**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes and systems or from external events. This includes regulatory, legal and compliance risk. Operational risk is monitored and managed within the Santander UK group. An independent central operational risk function (Enterprise and Operational Risk) has responsibility for establishing the framework within which these risks are managed and is aligned to operational risk professionals within business areas (co-ordinated by IT and Operational Risk) to ensure consistent approaches are applied across the Santander UK group. The primary purpose of the framework is to define and articulate the Group-wide policy, processes, roles and responsibilities. The framework incorporates industry practice and regulatory requirements.

The day-to-day management of operational risk is the responsibility of business managers (line 1) who identify, assess and monitor the risks, in line with the processes described in the framework. The operational risk function (line 2) ensures that all key risks are regularly reported to the Santander UK group's risk committee and board of Directors. Santander UK group Internal Audit provides a third line of operational risk support.

Conduct risk

Conduct risk is the risk that our decisions and behaviours lead to a detriment or poor outcomes for our customers and that we fail to maintain high standards of market integrity.

We consider conduct risk as part of the governance around our key business decisions. To support this, our conduct risk framework sets out how we manage the risk. It includes:

- Key roles and responsibilities
- Our approach to risk culture and remuneration
- Formal governance, escalation lines and committee structures.

All colleagues are made aware of their responsibilities for conduct risk. They are made accountable through objective setting, performance management and remuneration.

4. CAPITAL MANAGEMENT AND RESOURCES

Santander UK plc adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK group. Disclosures relating to the Company's capital management can be found in the Santander UK Group Holdings plc Annual Report and Financial Statements.

Capital held by the Company and managed centrally as part of Santander UK plc, comprises share capital and reserves which can be found in the Balance Sheet on page 14. The Company's capital is not externally regulated.

Capital is managed by way of processes set up at inception of the Company and in the absence of any concerns over the adequacy of the capital held there is no active process for managing its own capital. The Company is designed to hold minimum reserves once all amounts due on the related party loans have been received and amounts owing have been paid.

5. NET INTEREST AND SIMILAR INCOME

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Retail- finance leasing income	324,562	303,499
Retail- unsecured personal loan income	5,453	12,490
Wholesale funding income	32,589	31,870
Interest and fees receivable on lending to joint ventures	260,414	233,282
Interest on term deposits	124,785	116,944
Interest income on securitisation	120	144
Bank interest income	6	-
Total	747,929	698,229

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

6. FINANCE COSTS

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Interest payable on securitisation	40,601	39,633
Interest payable on borrowings held with Santander UK plc Group	470,693	427,986
Interest payable on borrowings held with Banco Santander, S.A.	29,963	-
Interest payable to Hyundai Capital UK Limited	44,390	50,140
Interest payable to Volvo Car Financial Services UK Limited	30,249	32,386
Interest on bank overdrafts and loans	392	365
Operating lease finance charges	343	392
Total	616,631	550,902

Amounts payable on securitisation primarily consist of the cost of the externally issued notes that are passed on to the Company by Repton 2023-1 Ltd.

The borrowings from Santander UK plc are substantially fixed rate loans. The weighted average interest rate payable on borrowings from Santander UK plc Group was 4.72% for the year (2024: 4.97%).

The finance costs payable to Banco Santander, S.A. relate to the Funded Risk Participation Agreement (FURPA) loan disclosed in note 26.

The two joint venture partners place deposits with the Company and the related finance costs are disclosed above (see note 26).

7. OTHER OPERATING INCOME

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Operating lease income	114,670	116,380
Intercompany recharges	36,154	28,492
Wholesale and collection fees	4,745	2,997
Total	155,569	147,869

Operating lease income includes the profits and losses on the sale of the vehicle at the contract termination date. Within operating income of £114,670,000 (2024: £116,380,000) is a gain on disposal of £5,048,000 (2024: gain of £9,272,000) – see note 16.

Intercompany recharges of £18,702,000 (2024: £15,607,000) and £14,290,000 (2024: £12,885,000) are made to the Company's joint ventures Hyundai Capital UK Limited and Volvo Car Financial Services UK Limited, respectively, in relation to portfolio management and expenses paid on their behalf.

8. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Staff costs:		
Wages and salaries	42,253	45,740
Social security costs	5,265	5,191
Other pension costs (see note 30)	3,796	4,179
	51,314	55,110
Other costs:		
Depreciation of property, plant and equipment (see note 15)	1,889	1,970
Depreciation of operating leases (see note 16)	69,836	72,586
Amortisation and impairment	3,912	3,501
Other administrative expenses:		
Information Technology	8,643	6,818
General overheads	26,217	41,944
Restructuring costs	3,055	2,800
Auditors' remuneration for statutory audit and other services	1,260	911
Total	114,812	130,531
Total	166,126	185,641

Restructuring costs

Restructuring costs relate to severance costs associated with transformation and organisational changes.

Auditors' remuneration

During the year, the Company and its subsidiary obtained the following services from the Company's auditors:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

8. ADMINISTRATIVE EXPENSES *(continued)*

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
*Fees payable to the Company's auditor for the audit of the Company's financial statements	711	537
Fees payable to the Company's auditor for other services:		
**Fees in respect of Sarbanes Oxley reporting services	547	371
Fee in respect of other non-audit service	2	2
	1,260	911

*Fees payable to the Company's auditor for the audit of the Company's financial statements include an amount of £155,250 (2024: £63,000) relating to prior year audit fees.

**Fees in respect of Sarbanes Oxley reporting services include an amount of £67,750 (2024: £nil) relating to prior year non-audit fees.

Staff Costs

The average monthly number of employees (including Executive Directors) was:

	Year ended 31 December 2025 No.	Year ended 31 December 2024 No.
Sales and customer service	385	457
Administration and support	374	344
Total	759	801

9. CREDIT IMPAIRMENT LOSSES AND PROVISIONS

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Credit impairment losses and provisions:		
Losses on loans and receivables	(15,265)	(22,850)
Recoveries of loans and receivables previously written off	6,987	7,219
	(8,278)	(15,631)
Operating lease asset impairments	(3,895)	(6,556)
Provisions for residual value and voluntary terminations	(46,378)	(13,325)
	(58,551)	(35,512)

10. DIRECTORS' EMOLUMENTS

The aggregate emoluments received by the Directors of the Company were:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Salaries and fees	424	378
Performance related payments	257	203
Other fixed remuneration	25	19
Total emoluments excluding pension contributions	706	600
Pension contributions	34	63
Total	740	663

The aggregate emoluments above exclude emoluments received by Directors in respect of their primary duties as Directors or officers of Banco Santander, S.A. and Santander UK plc.

Remuneration of highest paid Director

The emoluments excluding pension contributions of the highest paid Director were £579,893 (2024: £416,225) of which £243,800 was performance related (2024: £114,000). The accrued pension benefit for the highest paid Director was £nil (2024: £ nil).

No directors (2024: one) will be receiving benefits under a defined benefit scheme and no Directors (2024: none) will be receiving benefits under a defined contribution scheme.

£20,000 was paid during the year (2024: £10,000) to a Non-Executive Director in relation to services to the Company.

As a subsidiary of a PRA regulated bank, the Company ensures that it is compliant with the mandatory deferral requirements of the PRA's Remuneration Rules and Remuneration Code for staff who meet the relevant criteria and the amount of bonus to be deferred is based on the total variable pay received. The PRA Remuneration Code prescribes that at least 40% of variable pay must be made over a period of at least three years and, for staff earning £500,000 or more in variable remuneration, at least 60% of a bonus must be deferred over the same period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10. DIRECTORS' EMOLUMENTS *(continued)*

All UK bonus awards are subject to deferral principles that have been set at Banco Santander, S.A. group level. Such principles, as applied to the Company, are subject to ratification by the Santander UK plc Board Remuneration Committee and can be overridden by UK national requirements to meet any criteria set by the PRA or other regulator/law.

11. INVESTMENT LOSSES

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Unrealised fair value gain on macro hedge interest rate swaps designated in a fair value hedge relationship	117	740
Unrealised fair value loss on adjustment for the hedged item in a fair value hedge relationship	(117)	(691)
Unrealised fair value loss on basis interest rate swaps	(838)	(3,663)
Realised fair value loss on interest rate swaps	(3,603)	(4,946)
Foreign exchange loss	(56)	-
Total investment losses	(4,497)	(8,560)

See note 22 for more information on the above gains and losses on derivatives.

12. TAX

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Current tax:		
UK corporation tax on loss for the year	(28,908)	(52,280)
Adjustments in respect of prior years	(361)	(339)
Total current tax	(29,269)	(52,619)
Deferred tax (note 21):		
Origination and reversal of temporary differences	(526)	(2,965)
Adjustments in respect of prior years	331	854
Total deferred tax	(195)	(2,111)
Tax credit on loss for the year	(29,464)	(54,730)

UK corporation tax is calculated at 25.00% (2024: 25.00%).

This rate has been applied in determining both the opening and closing balance sheet positions for deferred tax.

The introduction of the OECD Pillar Two rules which became effective from 1 January 2024 has not impacted the tax position of the Company for the current or prior year. No impact is anticipated for future periods.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Loss before tax:		
Continuing operations	(125,314)	(227,886)
Tax at the UK corporation tax rate of 25.00% (2024: 25.00%)	(31,329)	(56,971)
Non-deductible expenses	1,895	1,726
Adjustments in respect of prior years	(30)	515
Tax credit for the year	(29,464)	(54,730)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

13. CASH AND CASH EQUIVALENTS

	2025 £000	2024 £000
Cash and cash equivalents	70,126	108,202
	70,126	108,202

Cash and cash equivalents consist of funds held in bank accounts operated by Santander UK plc.

14. INTANGIBLE ASSETS

Software capitalisation	Work in progress £000	IT systems £000	Total 2025 £000	Total 2024 £000
Cost				
At 1 January	5,267	8,381	13,648	10,656
Additions	1,164	-	1,164	2,992
At 31 December	6,431	8,381	14,812	13,648
Accumulated amortisation				
At 1 January	-	1,590	1,590	-
Charge in year	-	3,912	3,912	1,590
At 31 December	-	5,502	5,502	1,590
Impairment provisions				
At 1 January	1,911	-	1,911	-
Charge in year	-	-	-	1,911
At 31 December	1,911	-	1,911	1,911
Carrying amount				
At 31 December	4,520	2,879	7,399	10,147

The 2025 additions of £1,164,000 relate to the development of a new customer portal. The IRB project is a long-term project which is not yet operational. Management have assessed the capital models brought into use and concluded the asset was not impaired at year end.

The total carrying amount of £7,399,000 (2024: £10,147,000) is made up of two capital projects, IRB £3,356,000 (2024: £3,356,000) and retail mainframe £4,043,000 (2024: £6,791,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings £000	Office fixtures and equipment £000	Vehicles £000	Total £000
Cost				
At 1 January 2024	12,326	463	3,172	15,961
Additions	-	1	691	692
Disposals	-	-	(279)	(279)
At 31 December 2024 and 1 January 2025	12,326	464	3,584	16,374
Additions	-	3	796	799
Disposals	-	-	(1,196)	(1,196)
At 31 December 2025	12,326	467	3,184	15,977
Accumulated depreciation				
At 1 January 2024	3,851	419	1,176	5,446
Charge in year	770	38	1,162	1,970
On disposals	-	-	(167)	(167)
At 31 December 2024 and 1 January 2025	4,621	457	2,171	7,249
Charge in year	770	8	1,111	1,889
On disposals	-	-	(1,172)	(1,172)
At 31 December 2025	5,391	465	2,110	7,966
Carrying amount				
At 31 December 2025	6,935	2	1,074	8,011
At 31 December 2024	7,705	7	1,413	9,125

16. OPERATING LEASE ASSETS

The Company enters into operating lease arrangements with customers in the commercial sector. These relate to contract hire agreements provided to businesses and private individuals.

Cost	£000
At 1 January 2024	624,666
Additions	303,667
Disposals	(217,490)
At 31 December 2024 and 1 January 2025	710,843
Additions	212,753
Disposals	(222,122)
At 31 December 2025	701,474
Accumulated depreciation and impairment	
At 1 January 2024	141,567
Depreciation charge for the year	72,586
Disposals	(75,499)
Impairment charge	6,556
At 31 December 2024 and 1 January 2025	145,210
Depreciation charge for the year	69,836
Disposals	(84,031)
Impairment charge	3,895
At 31 December 2025	134,910
Net book value	
At 31 December 2025	566,564
At 31 December 2024	565,633

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

16. OPERATING LEASE ASSETS *(continued)*

At the balance sheet date, the Company had contracted with lessees for the following future minimum lease payments:

	2025 £000	2024 £000
Within 1 year	87,148	88,951
Between 1-5 years	54,392	74,639
Total	141,540	163,590

The 2024 amounts disclosed above have been restated to disclose the undiscounted future minimum lease payments in relation to operating leases. This retrospective adjustment aligns the prior year disclosures with the current year, and complies with applicable accounting standards.

The breakdown of net profit on disposals is as follows:

	2025 £000	2024 £000
Disposals- cost	(222,122)	(217,490)
Disposals- depreciation	84,031	75,499
Sale proceeds	143,139	151,263
Net profit on disposal	5,048	9,272

17. INVESTMENT IN JOINT VENTURE

Details of the Company's joint ventures as at 31 December 2025 and 31 December 2024 are as follows:

	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held %
Hyundai Capital UK Limited	UK	50.01	50.01
Volvo Car Financial Services UK Limited	UK	50.01	50.01

The investment in the joint ventures is stated at cost at £76,506,000 (2024: £76,506,000). The remaining proportions of ordinary shares in the joint ventures are held as follows:

	Proportion of ownership interest %	Proportion of voting power held %
Hyundai Capital UK Limited		
Hyundai Capital Services Inc	29.99	29.99
Hyundai Motor UK Limited	10.00	10.00
Kia Motors UK Limited	10.00	10.00
Volvo Car Financial Services UK Limited		
Volvo Car Corporation	49.99	49.99

The Company has a majority shareholding in both Hyundai Capital UK Limited and Volvo Car Financial Services UK Limited. However, based on the structure of agreements over decision making and other areas these are accounted for as joint ventures. During the year, Hyundai Capital UK Limited paid no dividend (2024: £nil) to the Company. Volvo Car Financial Services UK Limited paid no dividend (2024: £nil).

The registered office of Hyundai Capital UK Limited is London Court, 39 London Road, Reigate, Surrey, United Kingdom, RH2 9AQ.

The registered office of Volvo Car Financial Services UK Limited is Scandinavia House, Norreys Drive, Maidenhead, Berkshire, United Kingdom, SL6 4FL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

18. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments receivable	
	2025 £000	2024 £000	2025 £000	2024 £000
Gross investment under finance leases:				
Within one year	1,339,283	1,377,374	1,050,236	1,087,845
In the second to fifth years inclusive	3,543,901	3,486,457	3,009,771	2,960,910
After five years	112,636	90,120	95,660	76,535
	4,995,820	4,953,951	4,155,667	4,125,290
Less: unearned future finance income	(752,960)	(746,758)	-	-
Less: expected credit loss allowance	(48,578)	(59,309)	-	-
Less: RV and voluntary termination provision	(38,615)	(22,594)	-	-
Net investment in finance lease receivables	4,155,667	4,125,290	4,155,667	4,125,290
	2025 £000	2024 £000		
Analysed as:				
Non-current finance lease receivables (recoverable after 12 months)	3,041,613	2,978,313		
Current finance lease receivables (recoverable within 12 months)	1,114,054	1,146,977		
	4,155,667	4,125,290		

The Company enters into instalment credit agreements which are treated as finance leasing arrangements for accounting purposes. The average term of finance leases entered into is three years and three months (2024: four years and four months).

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The rate of return on the net investment approximates to 8.82% (2024: 8.71%) per annum.

Included within finance lease receivables are Personal Contract Purchase (PCP) agreements. The PCP agreements are regulated under the Consumer Credit Act and have a final balloon payment at the end of the agreement. The customer has three contractual options at the end of the agreement. The options are:

1. to pay the final balloon payment
2. use equity as a deposit for a new vehicle by way of part exchange; or
3. hand the vehicle back to the Company.

If the Company agrees, then the customer may also refinance the balloon payment. This is not a contractual obligation.

As at the balance sheet date the value of the final balloon payments is £1,751,539,000 (2024: £1,609,847,000). The Directors consider that the fair value of finance lease receivables is 5.19% higher (2024: 1.38% lower) than the carrying value.

Movements in the RV and voluntary termination provisions are as follows:

	2025 £000	2024 £000
At 1 January	22,594	20,694
Credit to income statement	46,377	13,325
Utilised	(30,356)	(11,425)
At 31 December	38,615	22,594

Amounts are received in advance from a manufacturing partner to cover potential losses from customers on PCP contracts handing-back vehicles. The level of residual value provision is reduced by the estimated amount to be covered by the manufacturing partner.

The Company offers personal loan agreements with a guaranteed future market value or generally referred to as a balloon product. Under these agreements (which are classified as finance leases), the customer may choose to return the vehicle at the end of the contract. As at the balance sheet date the value of the final balloon payments on unsecured agreements is £47,481,000 (2024: £124,645,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19. FINANCIAL ASSETS HELD AT AMORTISED COST

	2025 £000	2024 £000
Unsecured personal loans	62,761	104,145
Wholesale funding	558,254	459,926
Loans due from Hyundai Capital UK Limited - Joint Venture	2,821,375	2,866,364
Loans due from Volvo Car Financial Services UK Limited - Joint Venture	2,199,620	1,946,544
Term Deposits with Santander UK Plc	2,765,537	2,000,000
Securitisation issuance costs	1,397	-
Loans and receivables	8,408,944	7,376,979
Less: Expected credit loss allowances on unsecured personal loans	(1,462)	(2,314)
Less: Expected credit loss allowances on wholesale funding	(12,612)	(7,146)
Total	8,394,870	7,367,519

The performance of loans and receivables are analysed as follows:

	2025 %	2025 £000	2024 %	2024 £000
Not impaired:				
Neither past due or impaired	99.97	8,406,689	99.96	7,373,828
Past due and performing assets:				
Up to 3 months	0.02	1,638	0.03	2,214
Past due and non-performing assets:				
3 to 6 months	0.01	617	0.01	937
Loans and advances to customers	100.00	8,408,944	100.00	7,376,979
Less: Impairment allowances on unsecured personal loans		(1,462)		(2,314)
Less: Impairment allowances on wholesale funding		(12,612)		(7,146)
Loans and advances to customers net of impairment loss reserves		8,394,870		7,367,519
Analysed as:				
Non-current loans and receivables (recoverable after 12 months)		2,981,530		3,086,973
Current loans and receivables (recoverable within 12 months)		5,413,340		4,280,546
		8,394,870		7,367,519

The Directors consider that the fair value of loans and receivables is 0.22% higher (2024: 4.87% lower) than the carrying value.

All loans to third parties (excluding joint ventures) are to private individuals and companies and are at fixed rates, the average effective interest rate is 8.15% (2024: 7.42%). All loans are made in UK sterling. Loans and receivables to third parties include amounts receivable after twelve months totalling £21,623,000 (2024: £45,076,000).

The wholesale funding balance includes dealer stocking and dealer overdrafts, these are at variable rates and are repayable within twelve months. An allowance has been made for expected credit losses of £12,612,000 (2024: £7,146,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

20. TRADE AND OTHER RECEIVABLES

	2025 £000	2024 £000
Trade receivables	76,428	51,348
Tax receivable	-	3,543
Fair value of future premiums	3,065	8,277
Amounts due from Volvo Car Financial Services UK Limited	10,683	1,327
Amounts due from Hyundai Capital UK Ltd	5,826	-
Contract hire deferred commission	5,631	9,199
Prepayments	5,165	3,920
Total	106,798	77,614

	2025 £000	2024 £000
Non-current	-	3,371
Current	106,798	74,243
Total	106,798	77,614

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

21. DEFERRED TAX ASSET

Deferred taxes are calculated on temporary differences under the liability method using the tax rates expected to apply when the liability is settled or the asset is realised. The movement on the deferred tax account was as follows:

	Total £000
At 1 January 2024	1,238
Income statement credit	2,111
At 31 December 2024 and 1 January 2025	3,349
Income statement credit	195
At 31 December 2025	3,544

Deferred tax assets are attributable to the following items:

	Balance Sheet 2025 £000	Balance Sheet 2024 £000	Income Statement 2025 £000	Income Statement 2024 £000
Deferred tax assets:				
Accelerated book depreciation	2,514	1,785	729	729
IFRS 9 transitional adjustments	49	74	(25)	(25)
Other temporary differences	981	1,490	(509)	1,407
Total deferred tax	3,544	3,349	195	2,111

The deferred tax assets scheduled above have been recognised in the Company on the basis that sufficient future taxable profits are forecast within the foreseeable future, in excess of the profits arising from the reversal of existing taxable temporary differences, to allow for the utilisation of the assets as they reverse.

The majority of deferred tax assets are expected to be utilised after more than one year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS AND MACRO HEDGE INTEREST RATE RISK

Assets:

	2025 £000	2024 £000
Fair value of derivative financial instruments based on level 2 internal model:		
Macro hedge swap	242	359
Total derivatives financial instruments – assets	242	359

Liabilities:

	2025 £000	2024 £000
Fair value of derivative financial instruments based on level 2 internal model:		
Macro hedge swap with Santander Financial Services plc	(242)	(359)
Interest rate swap with third party	(1,715)	(876)
Total derivatives financial instruments – liabilities	(1,957)	(1,235)

As a result of the Company diversifying its borrowings portfolio by entering into securitisations, a number of interest rate swaps have been entered into.

No new swaps were entered into in 2025. The notional amounts on the interest rate and macro hedge swaps at year end were as follows:

Notional amounts

Swap	Maturity date	2025 £000	2024 £000
Interest rate	May 2030	550,000	550,000
Macro hedge	June 2027	22,003	46,050

2025

Macro hedge – interest rate risk

The effects of the macro hedge on the Company's financial position and performance are as follows:

Hedging instrument

	Carrying amount £'000	Change in fair value for hedging instrument £'000	Nominal amount £'000	Timing profile of nominal amount
Interest rate swap – macro hedge	242	117	22,003	30/06/2027

Hedged item

	Carrying amount £'000	Change in fair value for hedged item £'000	Hedge ratio
Interest rate swap	22,003	(117)	1:1

23. INVENTORIES

	2025 £000	2024 £000
Inventories of contract hire vehicles	11,160	12,702
Total	11,160	12,702

Inventories relate to the vehicles returned at the end of the contract hire period that are currently awaiting resale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

24. TRADE AND OTHER PAYABLES

	2025 £000	2024 £000
Trade payables	32,914	36,852
Advance rentals for contract hire	19,047	21,096
Accruals and other deferred income	16,911	12,976
Amounts due to Santander UK plc group companies	11,029	9,916
Financial guarantee contract with Motor Securities 2020-1 DAC	-	188
Financial guarantee contract with Motor Securities 2022-1 DAC	-	2,820
Amounts due to Hyundai Capital UK Limited	-	3,028
Taxation and social security	3,529	-
Total	83,430	86,876

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and on-going costs.

Included within trade payables are amounts from a manufacturing partner to cover potential hand-back losses of £2,211,000 (2024: £2,295,000).

Amounts due to Santander UK plc Group companies relate to intercompany recharges totalling £11,029,000 (2024: £9,916,000) and are repayable on demand. Amounts due to Hyundai Capital UK Limited relate to amounts banked by the Company on behalf of the joint venture totalling £nil (2024: £3,028,000). No interest is incurred on intercompany recharges.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. The entire balance of trade and other payables are classed as amounts payable within one year.

25. LEASE LIABILITIES

	2025 £000	2024 £000
Property lease liability	7,394	8,167
Vehicle lease liability	864	1,176
Total	8,258	9,343

	2025 £000	2024 £000
Analysed as:		
Non-current	6,649	7,427
Current	1,609	1,916
Total	8,258	9,343

The balance above represents the liability linked to the operating leases that the Company has entered into. The corresponding assets are shown within note 16.

The total cash outflow for leases, comprising principal and interest paid on lease liabilities, was £2,205,000 (2024: £2,382,000).

26. BANK OVERDRAFTS AND BORROWINGS

	2025 £000	2024 £000
Amounts due to Santander UK plc Group companies	9,327,724	9,271,687
Amounts due to Banco Santander, S.A.	815,192	-
Amounts due to Hyundai Capital UK Limited	800,000	850,000
Amounts due to Volvo Car Financial Services UK Limited	600,000	600,000
Amounts due to Repton 2023-1 Ltd	512,580	480,052
Amounts due to third parties	100,063	-
Total	12,155,559	11,201,739
These borrowings are repayable as follows:		
On demand or within one year	6,703,144	5,484,098
Amounts due after one year	5,452,415	5,717,641
Total	12,155,559	11,201,739

Amounts due to Santander UK plc Group companies include a capital amount of £9,323,049,000 (2024: £9,267,345,000) and accrued interest of £3,355,000 (2024: £3,857,000) totalling £9,326,404,000 (2024: £9,271,202,000).

Amounts due to Banco Santander, S.A. include a capital amount of £815,057,000 (2024: £nil) and accrued interest of £135,000 (2024: £nil) on a Funded Risk Participation Agreement (FURPA) loan obtained during the year.

Borrowings are fixed rate interest bearing; the average weighted interest rate as at the balance sheet date is a fixed rate of 4.72% (2024: 4.97%). Borrowings are repaid over terms agreed within the credit facility contract. The Directors consider that the fair value of borrowings is 4.34% lower (2024: 1.90% lower) than the carrying value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

26. BANK OVERDRAFTS AND BORROWINGS (*continued*)

Amounts owed to Repton 2023-1 Ltd relate to assets securitised.

Amounts due to third parties relate to cash collateral held of £100,000,000 (2024: £nil) and accrued interest of £63,000 (2024: £nil) resulting from a financial guarantee transaction entered into against the wholesale dealer unit stocking.

All bank overdrafts are held in UK sterling and are repayable on demand. The Directors consider that the carrying amount of bank overdrafts represents their fair value.

27. PROVISIONS

	2025 £000	2024 £000
Customer remediation	460,922	293,369
Litigation and other regulatory provisions	-	526
Restructuring	17	134
Total	460,939	294,029

Customer remediation

The customer remediation provision relates to motor finance commissions including estimates for operational and legal costs and potential awards, based on various scenarios using a range of assumptions. The movement in the provision is analysed below:

	2025 £000	2024 £000
Balance at 1 January	293,369	-
Provision addition in the year	183,007	293,369
Provision utilisation	(15,454)	-
Balance at 31 December	460,922	293,369

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

The Company had previously recognised a provision of £293m in its financial results for 2024. This provision was determined based upon the information then available. It included estimates for operational and legal costs and potential awards based on various scenarios and used a range of assumptions, including the possible outcome of an appeal to the Supreme Court in 2025.

The FCA's Consultation closed on 12 December 2025, and the Company has throughout engaged constructively with the FCA in respect of its detailed consideration of the Consultation proposals. Based on its detailed consideration, the Company considers that there remains significant uncertainty regarding the ultimate outcome of the Consultation. The Company has updated its range of scenarios which has resulted in an additional estimated charge of £183m, increasing the total provision to £461m. This continues to include estimates for operational and legal costs and potential awards reflecting an increased likelihood of a higher number of cases than had previously been predicted as eligible for redress as well as an increased possibility that a remedy is sought to be imposed which extends beyond reversing any damaging financial consequences caused by any unfair relationships. The provision is based on various scenarios using a range of assumptions, including potential changes to the proposed scheme following responses to the Consultation or publication of the FCA's final scheme rules. The FCA expects to publish its final rules by the end of March 2026.

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

Litigation and other regulatory provisions

Litigation and other regulatory provisions of £nil (2024: £526,000) principally comprised of amounts in respect of litigation and other regulatory charges, operational loss and operational risk provisions, and related expenses. A number of uncertainties exist with respect to these provisions given the uncertainties inherent in litigation and other regulatory matters, that affect the amount and timing of any potential outflows with respect to which provisions have been established.

Restructuring

Restructuring provisions relate to severance costs associated with transformation and organisational changes. The movement in the restructuring provisions is analysed below:

	2025 £000	2024 £000
Balance at 1 January	134	65
Provision addition in the year	3,055	2,800
Provision utilisation	(3,172)	(2,731)
Balance at 31 December	17	134

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

28. SHARE CAPITAL

	2025 £000	2024 £000
Authorised:		
150,000,000 (2024: 150,000,000) ordinary shares of £1 each	150,000	150,000
Issued and fully paid:		
150,000,000 (2024: 150,000,000) ordinary shares of £1 each	150,000	150,000

The Company has a total ordinary share capital of £150,000,000 (2024: £150,000,000) which is held by Santander UK plc. The shares have attached to them full voting, dividend, and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

29. CONTINGENT LIABILITIES AND COMMITMENTS

As set out in note 27, the Company has recognised a provision for motor finance commission payments. There continue to be significant uncertainties as to the extent of remediation action. As such, the ultimate financial impact could be materially higher or lower than the amount provided. Based on Management's range of scenarios, the unweighted provision for the upper range estimate, would result in an increase in provision from £461m to £646m.

30. RETIREMENT BENEFIT SCHEMES

The Company participates in the Santander UK Group defined benefit pension schemes in operation. There is no contractual agreement of stated policy for charging the net defined benefit cost. The contribution to be paid by the Company is calculated as the contributions made by Santander UK plc to the schemes in respect of the Company's employees. An amount of £3,796,000 (2024: £4,179,000) was recognised as an expense for the contributions and is included in note 8. The details of the pension scheme appear in the financial statements of Santander UK plc.

31. RELATED PARTY TRANSACTIONS

Trading transactions

During the year, the Company entered into the following transactions with related parties that are not wholly owned within the Group:

	Income		Expenditure		Amounts owed by related parties		Amounts owed to related parties	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Joint ventures:								
Hyundai Capital UK Limited	171,197	160,691	44,390	50,140	2,827,201	2,866,364	800,000	853,028
Volvo Car Financial Services UK Limited	116,195	97,184	30,249	32,386	2,210,304	1,947,871	600,000	600,000

Amounts owed by Hyundai Capital UK Limited include treasury borrowings and accrued interest totalling £2,827,201,000 (2024: £2,866,364,000). Amounts owed to Hyundai Capital UK Limited include management recharges for borrowings, staff, system and overheads of £5,826,000 (2024: £3,028,000). Hyundai Capital UK Limited has amounts on deposit of £800,000,000 (2024: £850,000,000).

Amounts owed by Volvo Car Financial Services UK Limited of £2,210,304,000 (2024: £1,947,871,000) include treasury borrowings and accrued interest of £2,209,931,000 (2024: £1,946,544,000) plus an intercompany receivable on demand amount of £373,000 (2024: £1,327,000). Volvo Car Financial Services UK Limited has amounts on deposit of £600,000,000 (2024: £600,000,000).

32. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent company is Santander UK plc, a company registered in England and Wales and which owns 100% of the share capital.

The Company's ultimate parent undertaking and controlling party is Banco Santander, S.A. a company registered at S/N, Avenida De Cantabria, Boadilla Del Monte, Madrid 28600, Spain. Banco Santander, S.A. is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Santander UK plc is the parent undertaking of the smallest group of undertakings for which the Group financial statements are drawn up and of which the Company is a member.

Copies of all sets of Group financial statements, which include the results of the Company, are available from Corporate Governance Office, Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN.

33. OFF BALANCE SHEET TRANSACTIONS

During the year, the Company entered into a wholesale funding agreement with one of its existing manufacturers. The funding is deferred and no interest is charged during the deferred period, therefore no financial asset has been recognised in the balance sheet. A loan commitment of £135.7m is recorded off balance sheet.

34. EVENTS AFTER THE BALANCE SHEET DATE

There were no adjusting or significant non-adjusting events that have occurred between the 31 December 2025 and the date of authorisation of these financial statements.