

# Santander UK plc: Self-sufficient and PRA regulated

## Systemically important UK Bank

- Santander UK serves its customers with 1,190 branches (including agencies), 37 regional business centres and c. 20,000 employees<sup>1</sup>
- Visible balance sheet with customer assets 64% of total; UK prime mortgages 84% of customer assets; 97% of customer assets UK based
- Minimal net exposure after collateral to periphery eurozone countries amounting to c. 0.6% of total assets
- Banking market share: residential mortgage stock (12.4%), deposits (8.8%), bank accounts (9.4%)
- Wholesale funding raised via Santander UK's 100% owned and guaranteed subsidiary, ANTS, (programmes: MTN, ECP, ANNA CP, French CD, covered bond) or via the securitisation vehicles (Holmes, Fosse, Langton, Motor)

## Strategic priorities

Loyal and satisfied customers

'Bank of Choice' for UK companies

Consistent profitability and strong balance sheet

### Delivering on our commitments

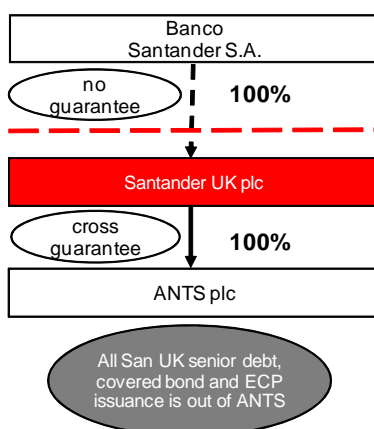
- Our loyal customer base continues to grow strongly. Following the success of the 1|2|3 Current Account, total deposits from primary banking customers increased further in the last nine months and our overall funding cost has reduced
- 900,000 customers joined the 1|2|3 World in the last nine months, including 183,000 customers who moved their current account from other providers
- Santander UK made a significant improvement in customer satisfaction since December 2011, as measured by the FRS
- Corporate Banking customer loans grew 11% year on year, increasing the share of total customer loans to 11%
- RoTBV increased to 9.0%, from 8.3% in H1'13, with Q3'13 net interest income the highest for the last six quarters
- Our focus on cost discipline remains, as we manage business as usual expenses to maintain the capacity to invest further in the business
- Capital position strengthened further, CET 1 Capital ratio<sup>2</sup> of 11.6%. Eligible liquid assets declined to £33.1bn, 134% of wholesale funding of less than one year, as we actively manage our requirements
- Non-performing loans ratio declined, with more recent retail and corporate loan vintages performing well

### Key financial data

	30.09.13	31.12.12
Loyal customers	2.6m	2.2m
Number of 1 2 3 World customers	2.2m	1.3m
Customer satisfaction (FRS)	57%	55%
SME market share	5.7%	5.3%
Business mix (Corporate Banking loans percentage)	11%	10%
Return on tangible book value ('RoTBV')	9.0%	9.1%
Cost-to-income ratio <sup>3</sup>	56%	53%
CET 1 Capital ratio	11.6%	11.1%
Loan-to-deposit ratio	126%	129%
NPL ratio	2.11%	2.16%

Highly rated UK bank:

S&P	Moody's	Fitch
A / Negative / A-1 since 30.04.12	A2 / Negative / P-1 since 17.05.12	A / Stable / F1 since 11.06.12



## Structure and ownership

- Santander UK is a wholly-owned subsidiary of Banco Santander S.A.; a global retail and corporate bank
- Santander UK plc is obliged to satisfy its home regulator (the PRA) that it can withstand capital and liquidity stresses on a standalone basis
- PRA sign-off is required for capital movements (e.g. dividends); restriction of large exposures limits and intragroup lending
- Banco Santander's profits are geographically diversified (PAT: UK 15%, Brazil 24%, other LatAm 25%, Spain 7%, USA 11%, Other Europe 18%)
- Any debt obligation issued by ANTS is covered by the Santander UK plc guarantee; the debt is fully guaranteed by Santander UK plc up to the contractual maturity date of the debt

All information sourced from Q3 2013 Quarterly Management Statement (QMS) or the Banco Santander Group Q3 2013 Quarterly Financial Report



<sup>1</sup> Santander UK plc employees only. Does not include employees of other Banco Santander S.A. companies supporting the operations of Santander UK plc

<sup>2</sup> CET 1 Capital ratio is CRD IV end point Common Equity Tier 1 ratio. See Appendix 2 supplementary information on page 18 of the Q3'13 QMS for additional details on capital

<sup>3</sup> Income for 2012 included a gain from the capital management exercise. The cost to income ratio for the year ended 31 December 2012 of 53% excludes this gain. Including this gain the cost to income ratio was 45%

## Standalone funding and liquidity programmes:

- US\$ 10bn ECP (STEP<sup>1</sup> Label)
- US\$ 20bn USCP (STEP<sup>1</sup> Label)
- €5bn French CD
- €10bn Note, Certificate and Warrant Programme
- US\$ 20bn EMTN
- €35bn covered bond

### Investors page:

- includes results and presentations pages

### Debt Investors page:

- includes links to covered bond and securitisation programme sites

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## United Kingdom



<sup>1</sup> Short Term Euro Paper in compliance with the STEP Market Convention 2010