

United Kingdom: Abbey

Third Quarter 2008

London, 28th October 2008

Disclaimer

Abbey National plc ("Abbey") and Banco Santander, S.A. ("Santander") both caution that this presentation contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: (1) general market, macro-economic, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates, and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties. The risk factors and other key factors that we have indicated in our past and future filings and reports, including those with the Securities and Exchange Commission of the United States of America (the "SEC"), could adversely affect our business and financial performance. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

The information contained in this presentation is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by Abbey or Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in the presentation.

In making this presentation available, both Abbey and Santander give no advice and make no recommendation to buy, sell or otherwise deal in shares in Abbey or Santander, or in any other securities or investments whatsoever.

No offering of Securities shall be made in the United States except pursuant to registration under the Securities Act or an exemption therefrom. Nothing contained in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

Note: Statements as to historical performance, historical share price or financial accretion are not intended to mean that future performance, historical share price or future earnings (including earnings per share) for any period will necessarily match or exceed those of any prior year. Nothing in this presentation should be construed as a profit forecast.

Note: The results information contained in this presentation has been prepared according to Spanish accounting criteria and regulation in a manner applicable to all subsidiaries of the Santander Group and as a result it may differ from the one disclosed locally by Abbey.

Agenda

- Market Environment
- Q3 2008
 - Business Update
 - Results

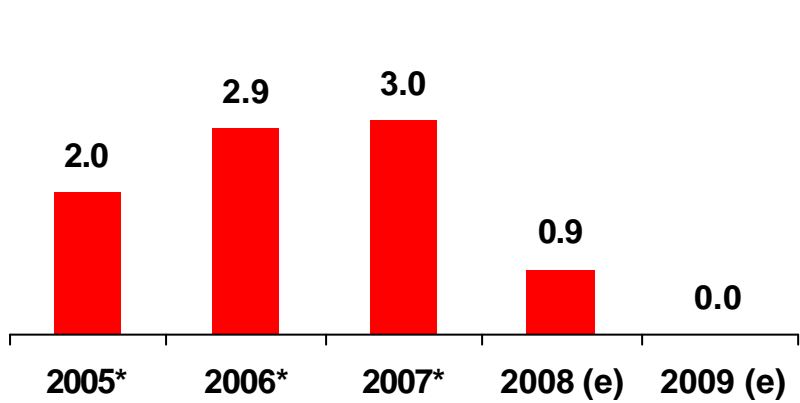
NOTE: Unless otherwise stated the figures/comments on subsequent pages exclude the impact of the B&B and A&L transactions



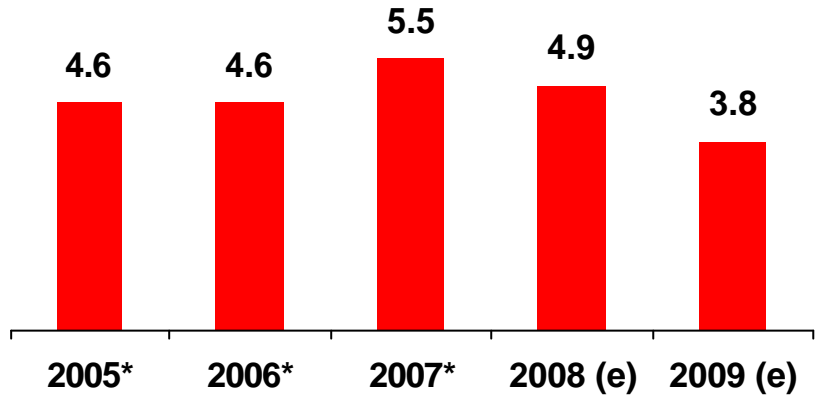
Market Environment

Inflation is expected to fall in 2009 as growth slows

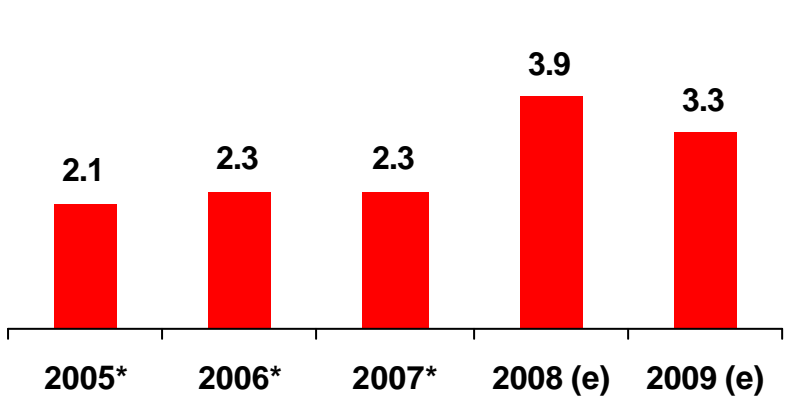
Annual GDP Growth (%, annual average)



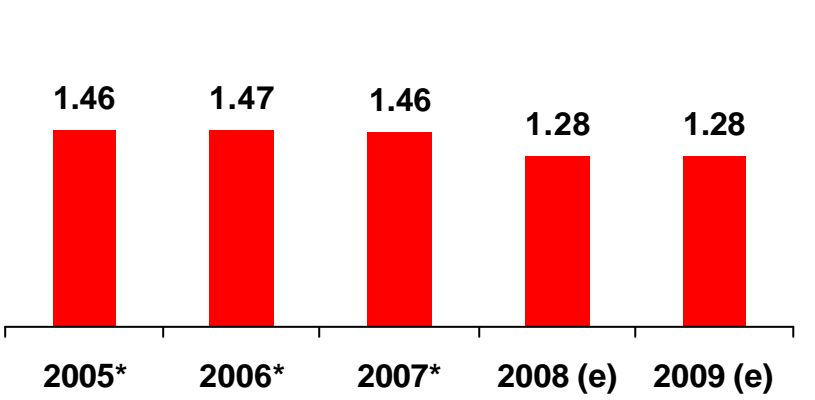
Interest Rates (%, annual average)



Annual CPI inflation rate (%, annual average)



GBP : Euro exchange rates (annual average)



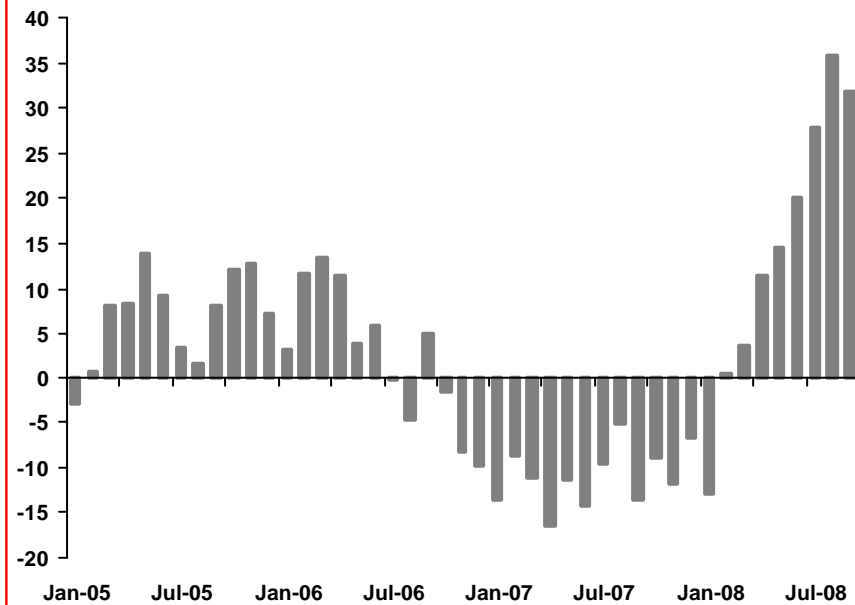
*source - Office for National Statistics & Bank of England

(e) estimated by Abbey

Market Environment

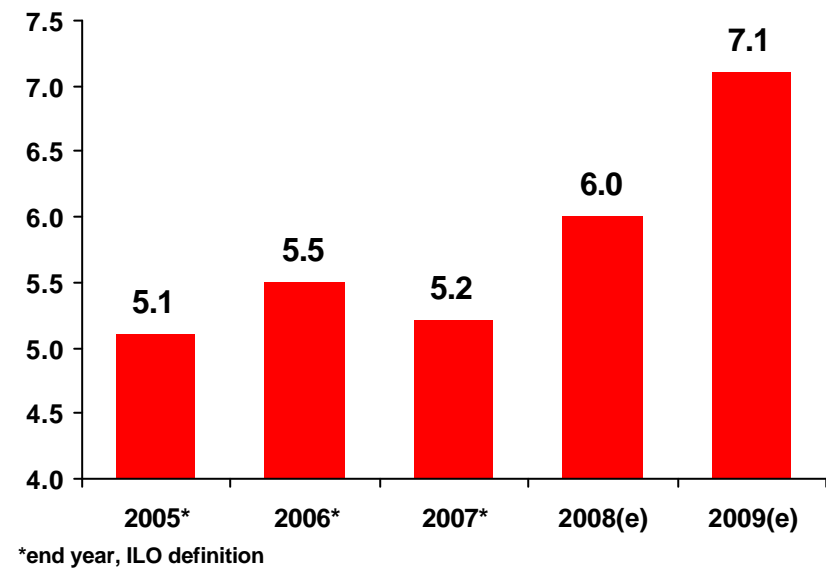
Unemployment is rising and expected to increase in 2009

Monthly change in claimant count unemployment (000)



Source – Office for National Statistics

Unemployment rate (end year, %)

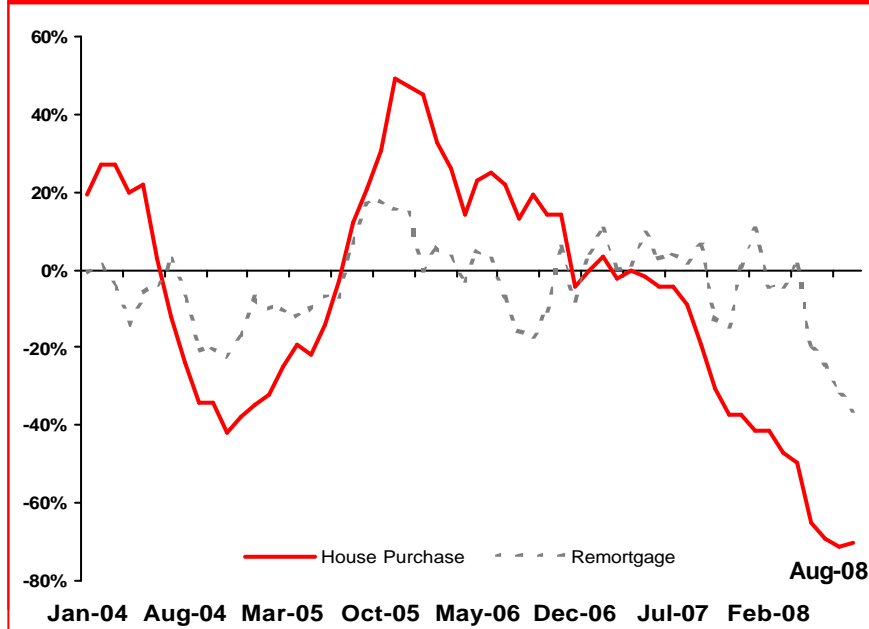


(e) estimated by Abbey

Market Environment

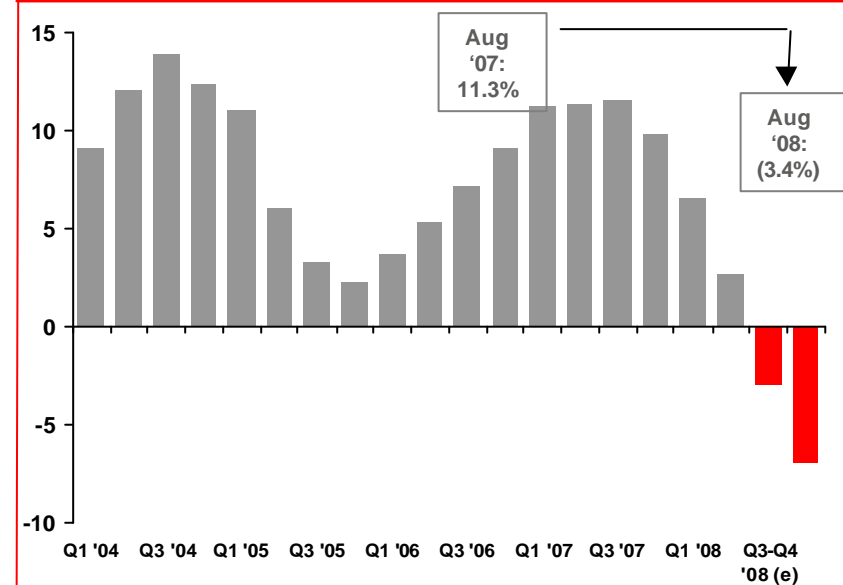
The level of mortgage approvals has fallen sharply in the last year. Lower house purchase activity is now resulting in falling house prices.

Annual growth in the number of approvals
(%, sa)



Source – Bank of England

Annual house price growth (%)

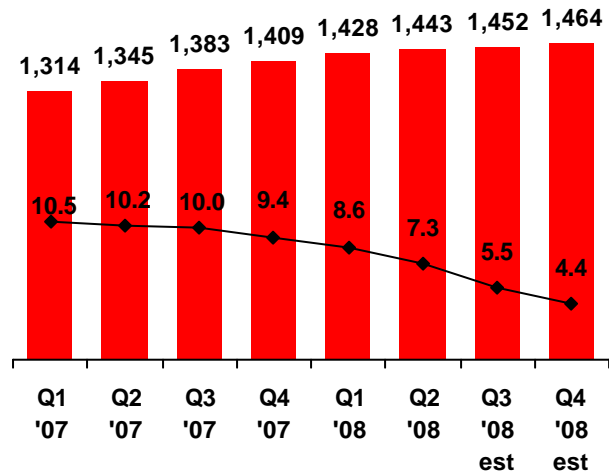


Source – Department for Communities and Local Government.

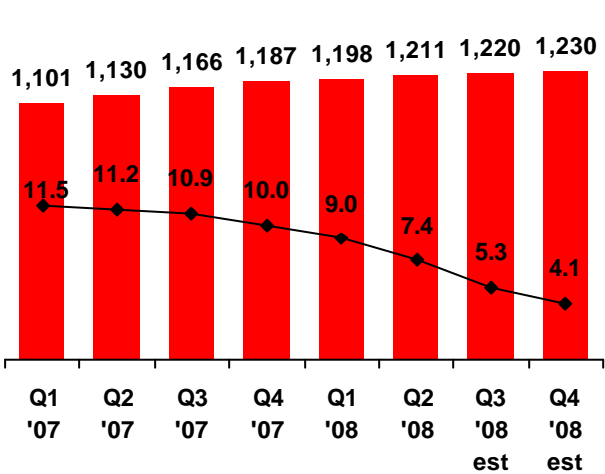
Market Environment

The growth of household borrowing has slowed sharply since the middle of 2007 and by end of 2008 growth could be around 4%

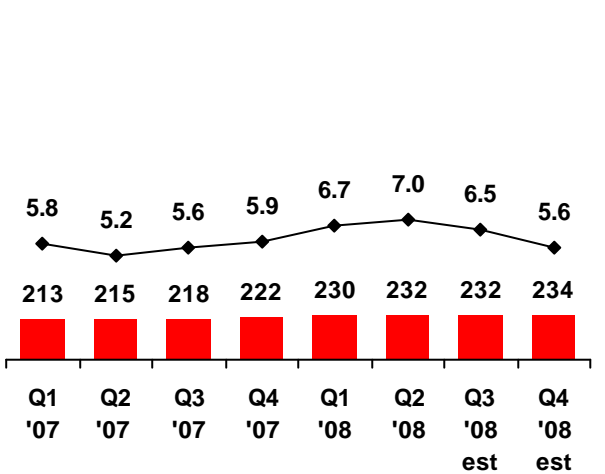
Total lending to individuals*



Mortgage lending market stock*



Consumer credit market stock*

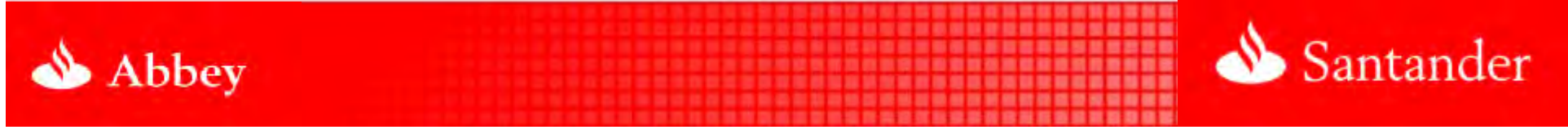


Source – Bank of England.

◆ - annual growth rates (%)

*Please note:

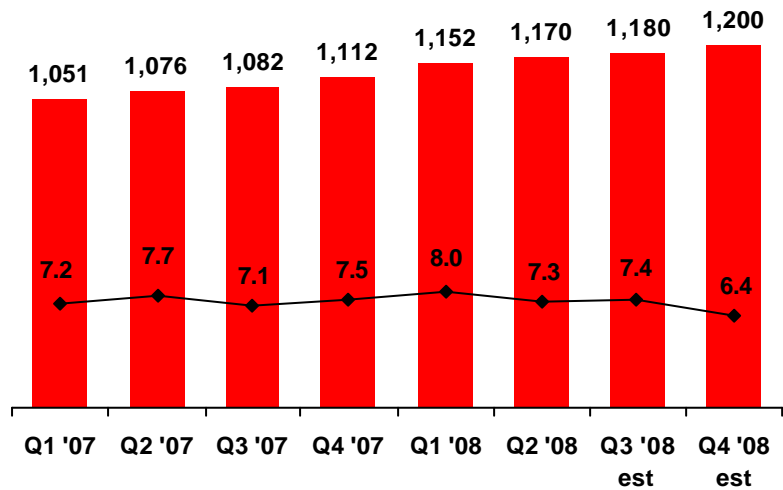
- Growth rates are calculated using the Bank of England's methodology - this expresses period net lending as a percentage of the prior period stock.



Market Environment

Annual growth in retail deposits has been steady

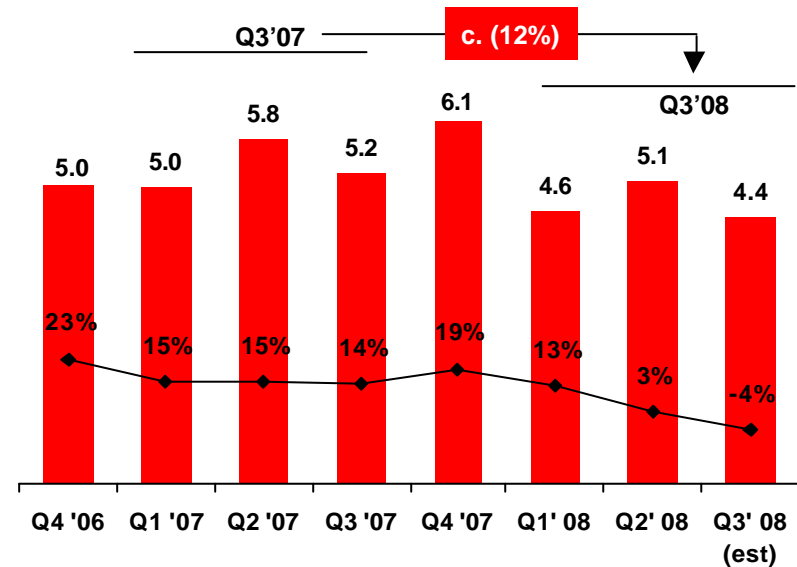
Retail deposits (incl. current accounts)



Source – Bank of England.

(e) estimated market size (£bn)

Bancassurance Investment new business market*



Source – estimated by Abbey based on data from Investment Managers Association / ABI / Structuredretailproducts.com.

◆ annual growth rates (%)



*Note : ABI, IMA and SRP.com all restated data for earlier quarters in the year when Full year 2007 data was published



Santander's UK Franchise

Recent transactions make Santander the third largest Retail deposit taker in the UK

	Abbey	Bradford & Bingley	Alliance & Leicester	Total 30/09/08
Customer deposits (£bn)	72.6	19.7	23.8	116.0
Residential Mortgages ⁽¹⁾ (£bn)	115.4	n/a	39.5	154.9
UPLs ⁽²⁾ (£bn)	2.4	n/a	3.5	5.9
Total Retail Lending (£m)	121.9	n/a	43.1	165.0

Estimated market shares: ⁽³⁾				
Mortgage stock	9.9%	n/a	3.4%	13.3%
Deposits / Savings stock	6.0%	1.9%	2.1%	10.0%
UPL's stock ⁽⁴⁾	2.9%	n/a	4.3%	7.2%

Branches ⁽⁵⁾	708	338	254	1,300
Branch market share	5.6%	2.7%	2.0%	10.3%
ATMs	2,111	58	2,358	4,527
ATM market share	3.0%	0.1%	3.3%	6.4%



- (1) excludes Social Housing – this portfolio now included into Corporate Banking
 (2) includes cahoot
 (3) based on Abbey's estimate of market size
 (4) Abbey UPL stock excludes cahoot
 (5) the B&B total includes 141 agencies



Agenda

- Market Environment
- H1 2008

- Business Update

- Results

Moving towards a fully fledged commercial bank

Abbey on track for another year of strong results

- excellent business & financial results
- revenue growth of over 13% – well ahead of last year and outperforming our peers
- strong operating jaws and improvement in cost:income ratio
- increased coverage of secured lending portfolio

Excellent performance in mortgages Q3 ytd

- improved margins, tighter lending criteria
- gross lending £27.0bn in line with last year: market share 12.6% vs. 9.8% in prior year
- repayments of £16.2bn, 20% lower than last year: market share 9.2% vs. 10.6% in prior year
- net lending growth driven by strong performance in retention activities and sustained gross lending volumes

Prudent lending / portfolio

- c.64% of remortgages versus c.48% last year
- consumer loans via further advances rather than UPLs – lower risk
- unsecured represents less than 2% of portfolio following continued active reduction
- BTL 1% of total mortgage book
- prime lending only and average LTV of stock significantly below CML average – in the third quarter negligible lending in 'greater than 90%' LTV bracket
- arrears / PIPs better than CML average
- strong coverage of both secured (28%) and unsecured portfolios (over 100%)

Moving towards a fully fledged commercial bank

Deposit flows well ahead of last year

- Q3 ytd retail deposit flows of £4.3bn up 70%, corporate banking flows of £1.7bn compared to £0.1bn in 2007 and retail structured products flows of £0.8bn, up 169% on prior year
- overall investment sales up 18% despite market decline c.12%
- retail assets funded c. 60% by deposits (further strengthened with the addition of B&B deposits of c. £20bn)
- short-term funding requirement reduced

Transaction update

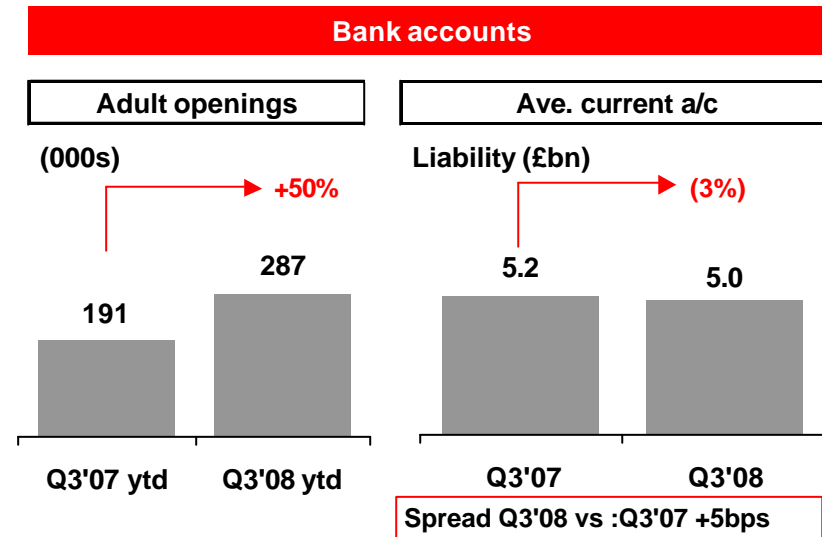
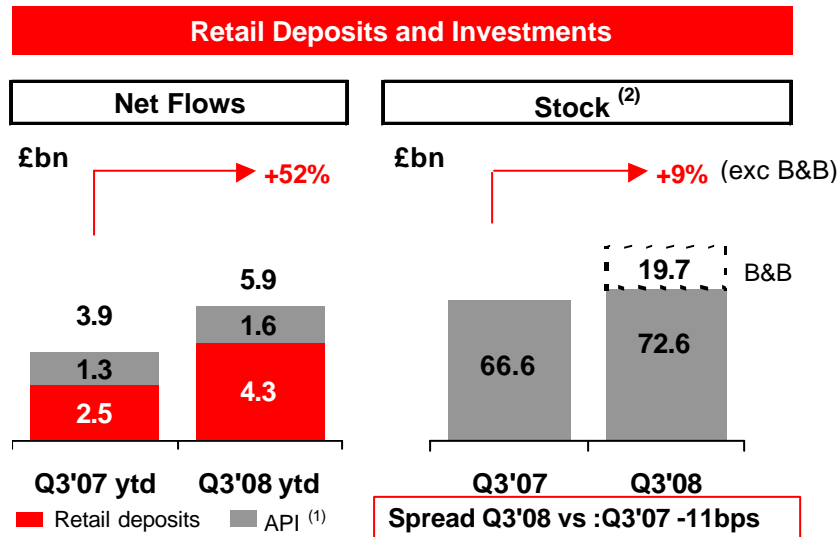
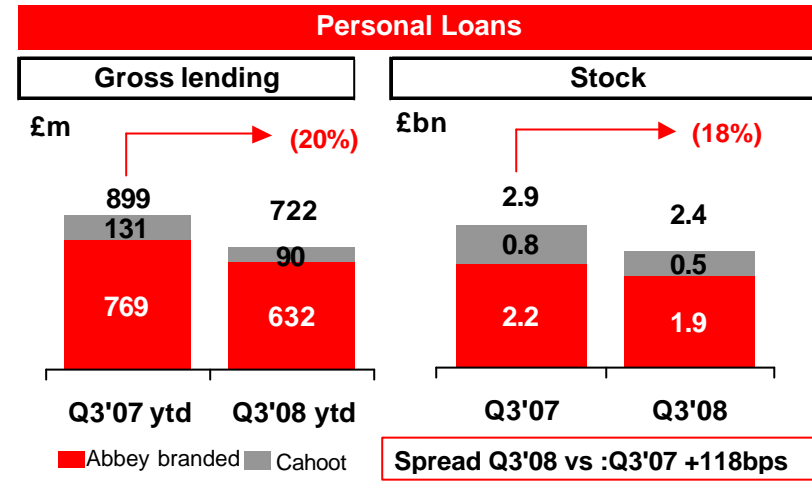
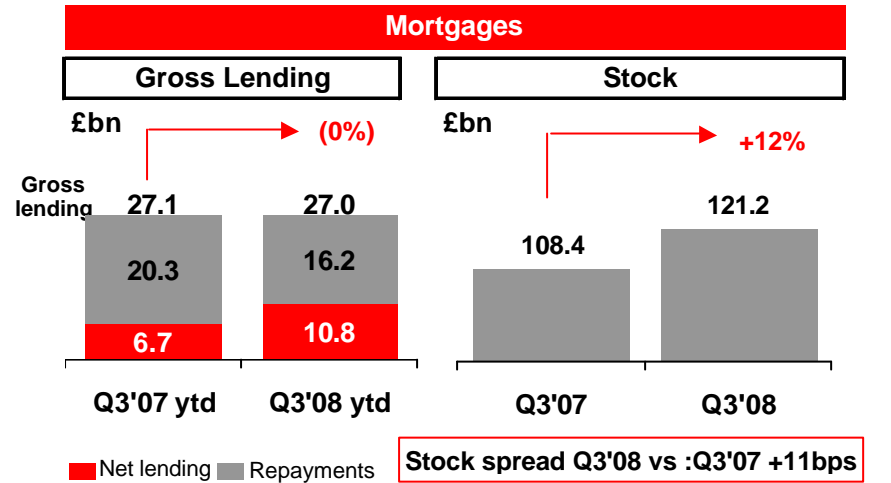
- the B&B transaction completed on 29th September, adding an additional 338 Branches/Agencies to the franchise, strengthening Abbey's funding position and significantly increasing retail customer deposit relationships
- B&B's c. £20bn of customer deposits mitigates A&L's deposit/loan gap identified at announcement of A&L acquisition
- the A&L transaction completed on 10th October and will bring Santander's plans in the UK forward by two to three years in the SME/Corporate Banking segment

Strategic projects

- Private Banking – successful launch of its first Structured Product and an agreed strategy in place for the future development of Abbey Stockbroking. Strong liability growth in both Cater Allen and Abbey International with development of the premium banking team, in the latter, progressing well
- Corporate Banking - continue to have significant success expanding corporate banking business and have continued with project to build a full service small and medium-size enterprise (SME) operation that will ultimately enable Abbey to fully compete in the UK's mid-corporate business banking segment
- Santander Global Banking & Markets – robust performance due to a focus on core business

Phase 2 of Abbey's transformation is on track despite unprecedented markets

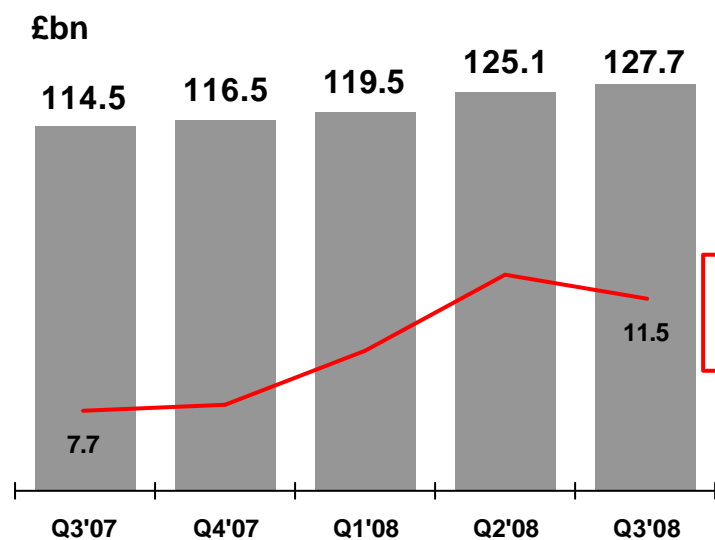
Business performance



Business: Lending trends / growth

Stock position restored to historical share of around 10%

103.2	104.9	107.8	113.0	115.4
5.2	5.5	5.5	5.7	5.8
<hr/>				
108.4	110.4	113.3	118.7	121.2
9.3%	9.3%	9.4%	9.7%	9.9%



■ Value — Year on Year variance %

Residential retail mortgage stock (£bn)

Social Housing stock (£bn)

Total Residential mortgages

Market share (%)

	Q3'08 £bn	Q3'08 vs Q3'07
Residential Retail mortgage	115.4	11.8%
Commercial mortgage	3.6	32.4%
UPLs	2.4	(18.4)%
Overdraft & Other	0.5	6.8%
Total retail loans	121.9	11.5%
Social Housing ⁽¹⁾	5.8	11.6%
Total retail loans and Social Housing	127.7	11.5%

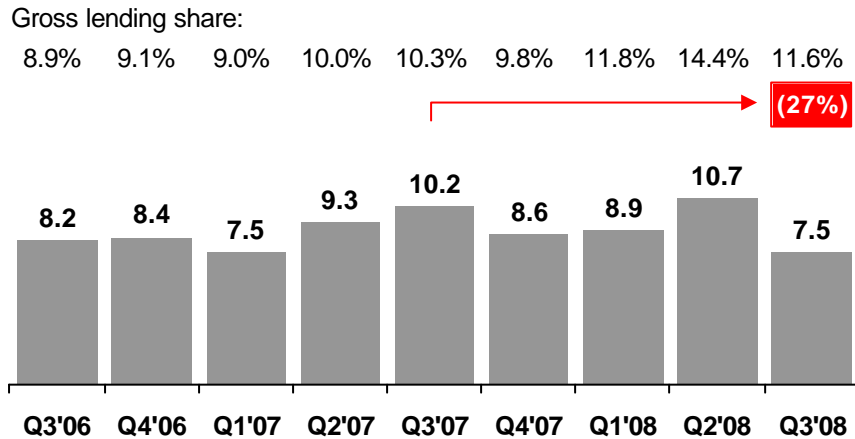


(1) Social Housing reported within Corporate Banking

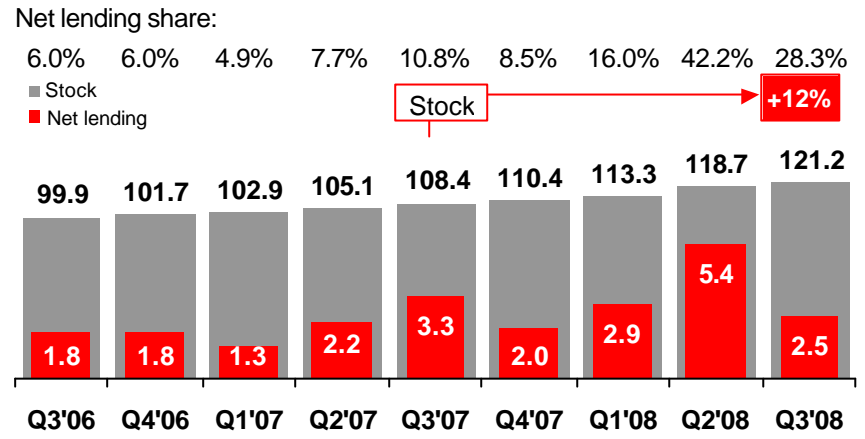


Maintained strong retention and gross lending performance focused on longer term, lower LTV business

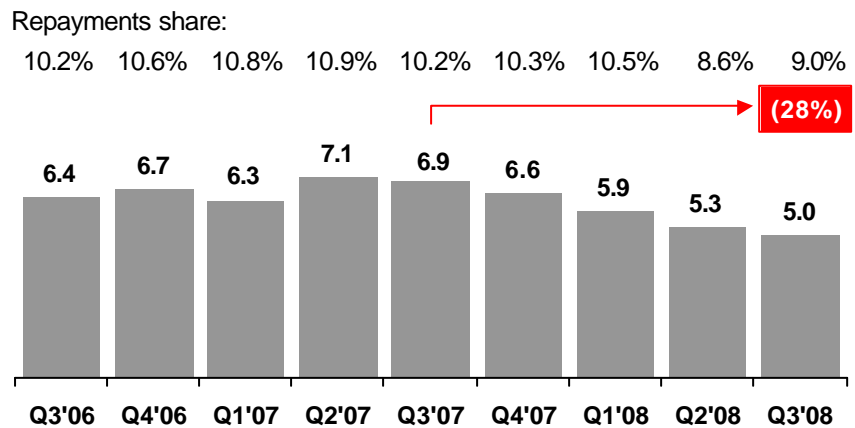
Total residential mortgage gross lending (£bn)



Residential mortgage net lending and stock (£bn)



Total residential mortgage repayments (£bn)

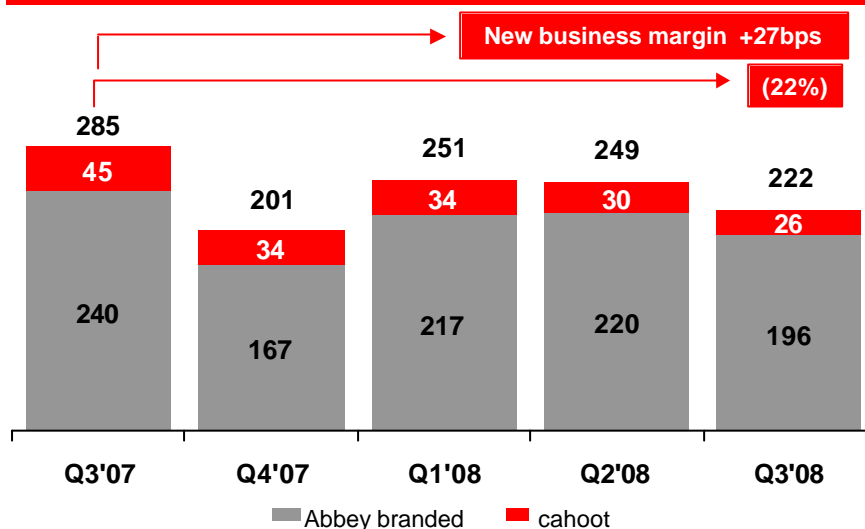


Comment

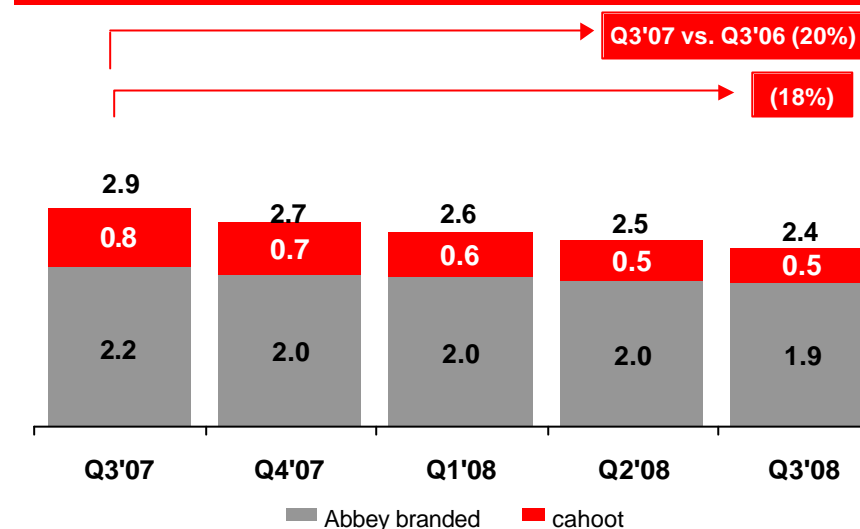
- growth in net mortgage lending attributed to a strong retention performance and sustained gross lending volumes in a smaller market
- strong pricing and successful campaigns across both direct and intermediary channels
- improved new business margins whilst tightening lending criteria
- increased mix of longer term (3yr+) business through pricing and targeted channel and customer communications and offers

Abbey continues to focus on existing customers and margin management

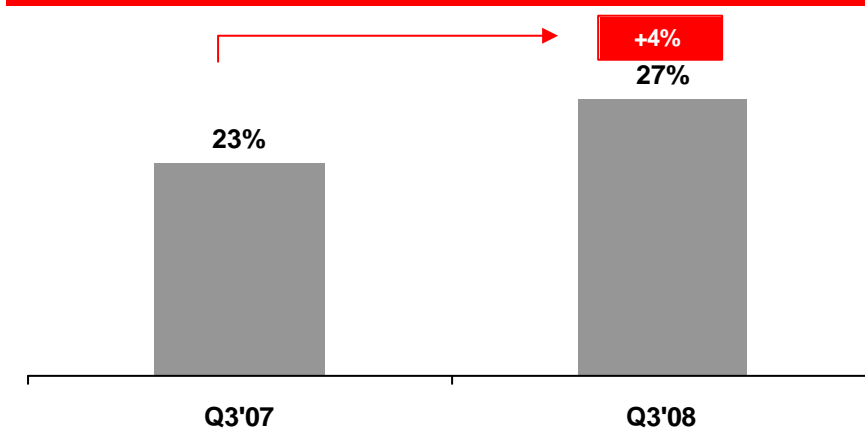
Total UPL gross lending (£m)



Total UPL stock (£bn)



Abbey branch stock as % of total

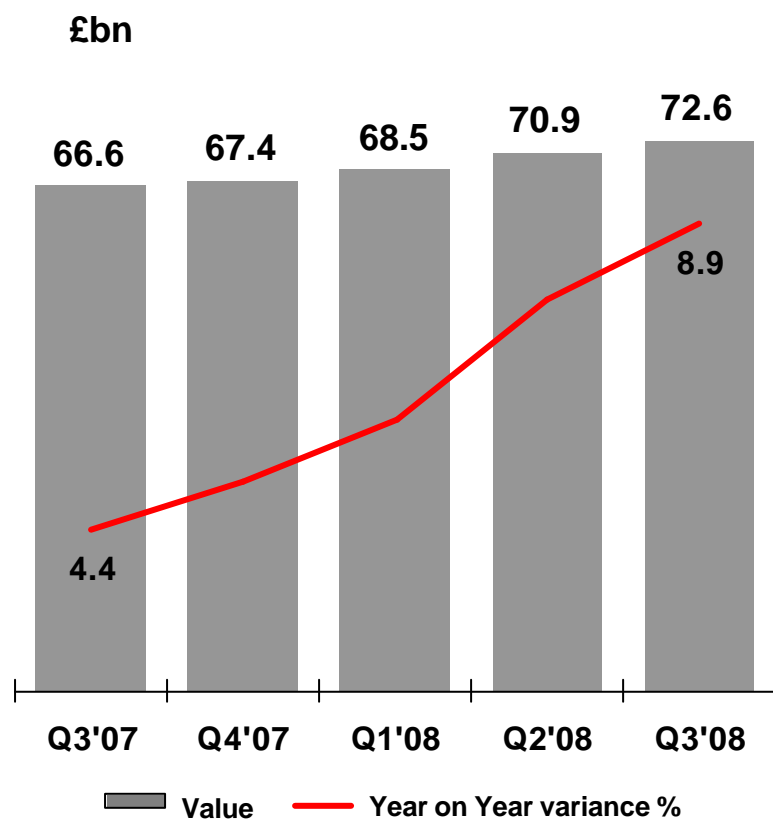


Comment

- Abbey continues with a value based strategy focused on existing customers with c. 90% of lending to existing customers
- reduction of UPL exposure continues with UPLs representing less than 2% of Retail loans
- UPL stock 18% lower than Q3 2007 whilst margins have increased by over 100bps over the same period
- product development is focused on funding specific customer needs rather than using price as the sole differentiating factor

Business: Liability trends / growth

Overall growth supported by stronger product range



	Q3'08 £bn	Q3'08 vs Q3'07
Abbey branded savings	47.9	9.3%
Abbey bank accounts	5.5	(3.4)% ⁽¹⁾
Private Banking	10.1	14.8%
Structured Product deposits	2.6	73.0%
Other ⁽²⁾	6.4	(5.3)%
Total customer deposits	72.6	8.9%
Retail FUM ⁽³⁾	4.1	(22.9)% ⁽⁴⁾
Total funds under management	76.6	6.6%
B&B customer deposits	19.7	n/a

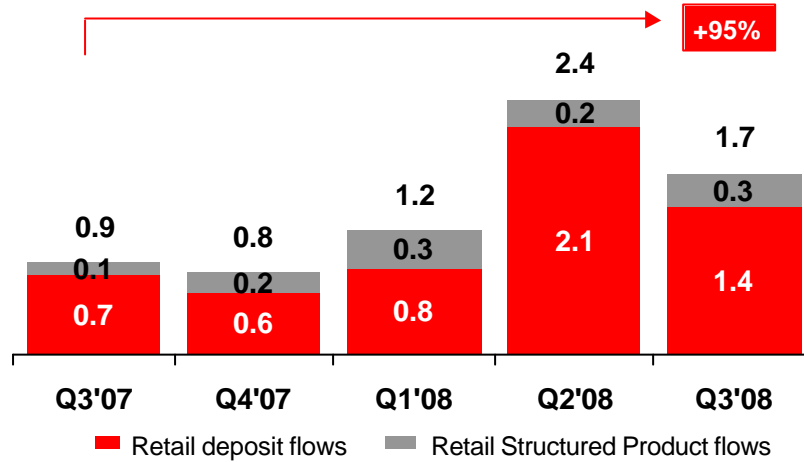


- (1) growth based on monthly average balance rather than closing which is subject to volatility
 (2) other businesses including Abbey Business and cahoot
 (3) managed through Santander Asset Management
 (4) growth excluding market movement was -4%

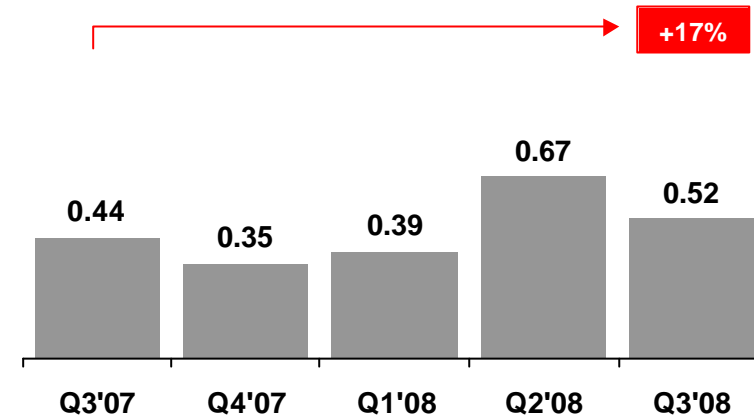


Excellent growth in retail deposits supported by innovative product range

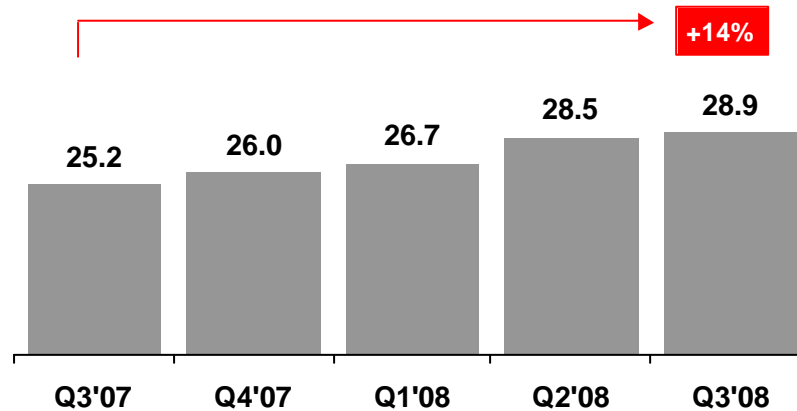
Customer deposit flows (£bn)



Investment new business sales - API ⁽¹⁾ (£bn)



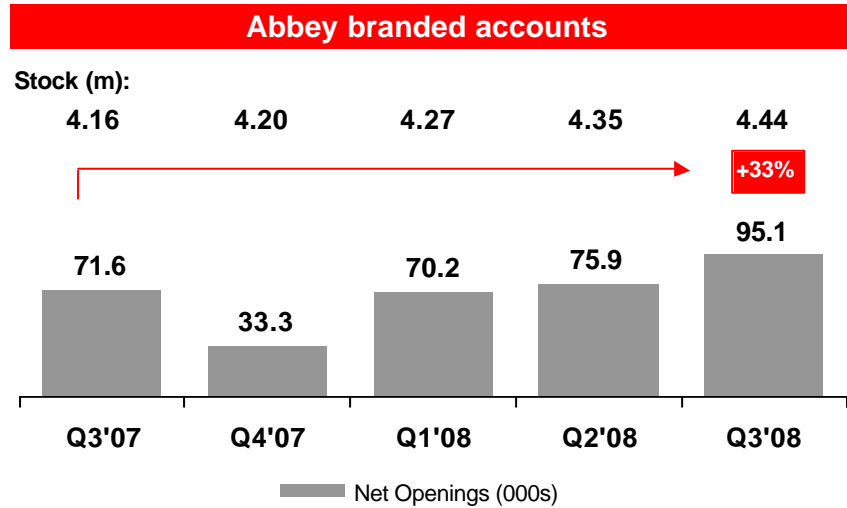
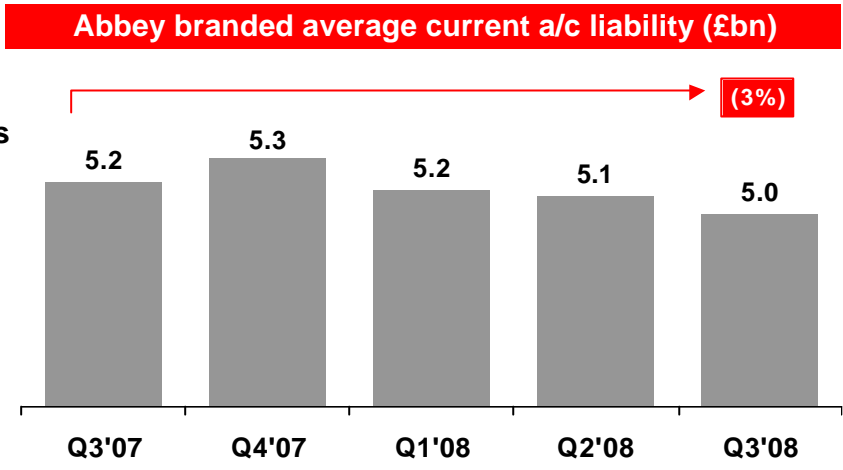
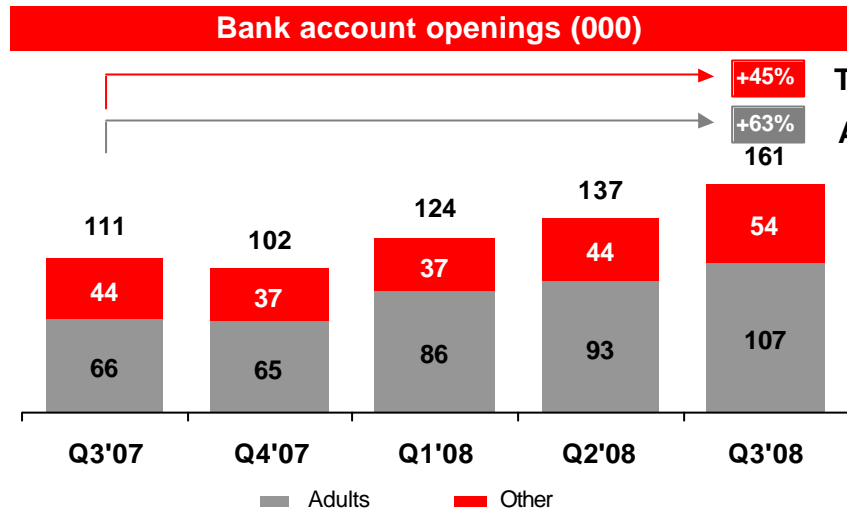
Abbey branch stock as % of total



Comment

- Abbey continued to deliver very strong deposit flows supported by the successful launch of the Instant Access Saver account, Super Saver campaign and tactical fixed rate bonds in the second quarter, along with the introduction of the Fixed Rate Reward Saver in the third quarter
- despite the market being down c.12% for 9 months to Q3 08, Abbey investment sales were up 18%, as customers continue to move to low risk structured products, such as Abbey's excellent capital guaranteed fixed-term investment range
- continued expansion in the number of sales advisors

Successful in achieving targeted uplift in the level of openings



Comment

- Abbey continued to increase its level of bank account openings achieving a record number of account openings in the third quarter
- continue to build on success in adult account openings and switcher customers, up over 60% and 40% respectively in Q3 08 compared to Q3 07
- the continuation of successful products focused on switcher and adult : 6% youth account, 8% in credit rate, 0% overdraft has supported the growth in these segments
- Abbey sees the current account relationship as a key driver of a customers overall experience with the bank and has increased focus to develop the business value

Agenda

- Market Environment
- H1 2008
 - Business Update

- Results

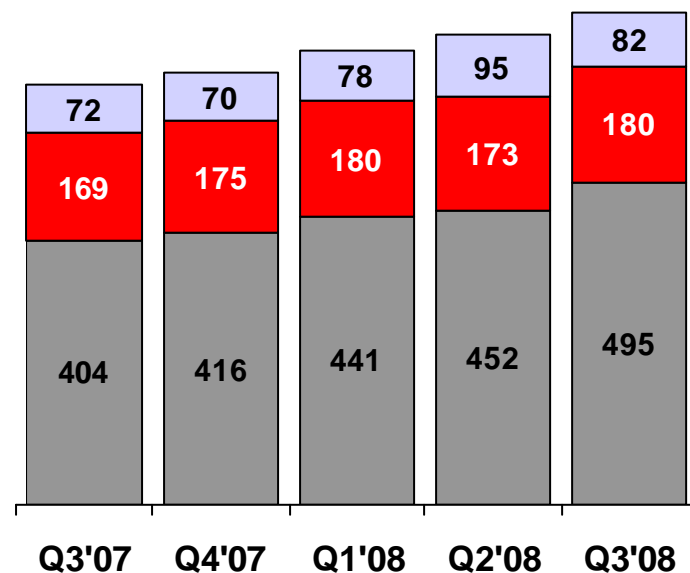
Results: Gross operating income

Strong performance drives income growth of 13.1%

644	661	698	720	756
573	591	621	625	674

Total £m

Total Commercial margin £m



■ Gains on Financial Transactions
■ Net Fees
■ Net Interest Income

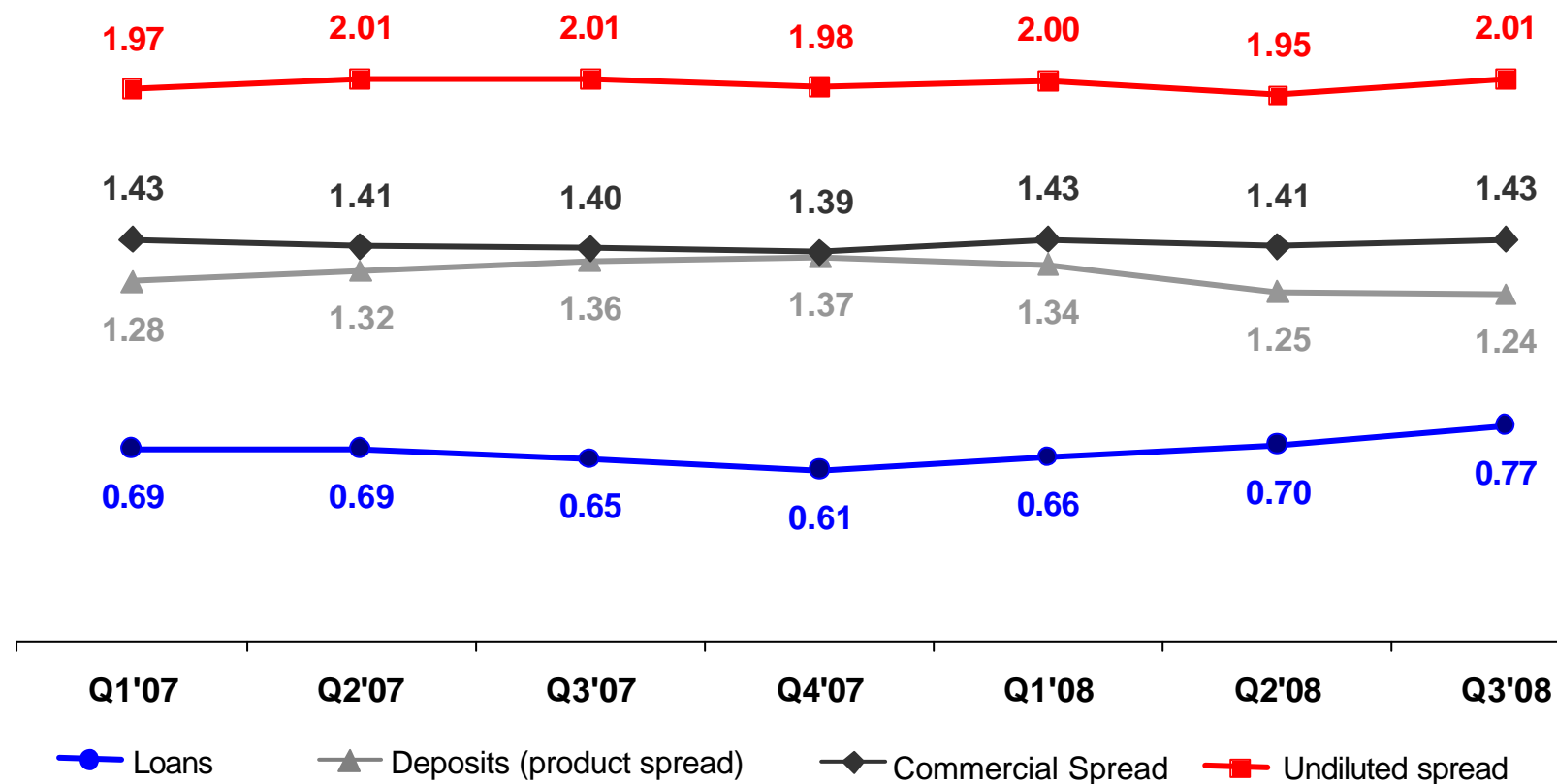
£m	9M '08	9M '07	Var.% 08/07
Net Interest Income	1,388	1,181	17.5%
Net Fees	532	514	3.4%
Total Commercial Margin	1,920	1,695	13.2%
Gains on Financial Transactions	255	227	12.0%
Gross Operating Income	2,175	1,923	13.1%

Commercial revenues:

- robust retail asset growth of 11% in challenging market conditions
- continued focus on effective margin management for both mortgages and customer deposits contributed to an increase of 17.5% in net interest income

Results: Commercial banking spreads

Asset spread benefiting from improvement in mortgage new business margins



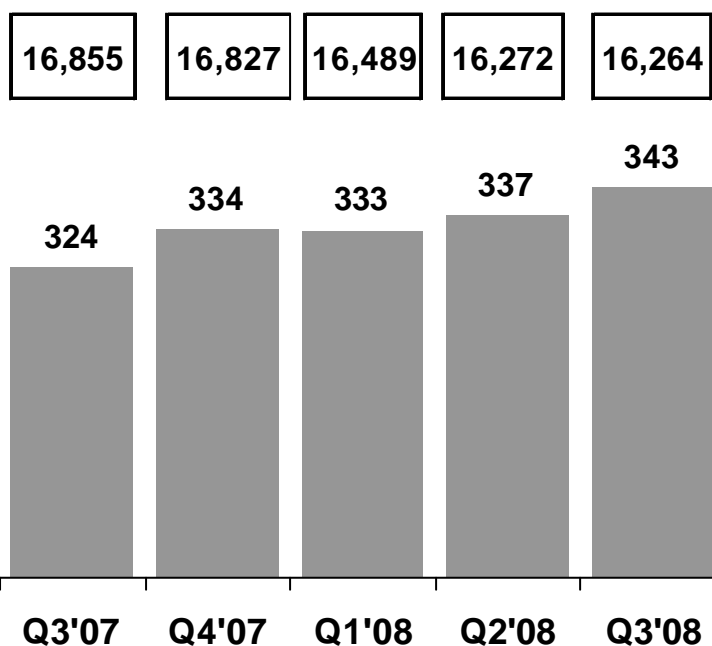
Note: Commercial spreads have been restated to include Wealth Management and Corporate Banking. Previously, only Retail Banking spreads were disclosed. Trends remain largely consistent.



Results: Costs

Costs impacted by investment in growth businesses

FTE



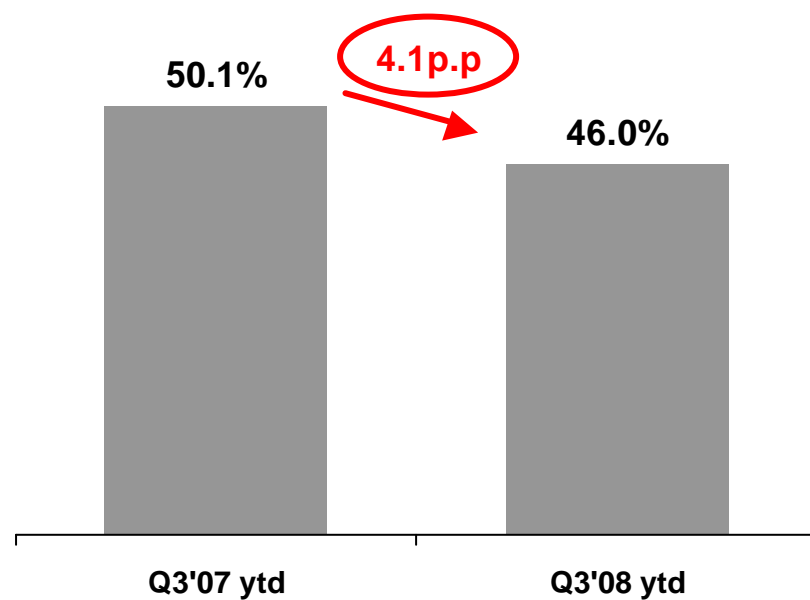
£m	9M '08	9M '07	Var. % 08/07
General and administrative expenses	918	927	(1.0%)
Depreciation and amortisation	95	51	87.2%
Operating expenses	1,014	978	3.6%

- operating expenses were ahead, impacted by investment in growth businesses such as Corporate Banking and Private Banking which are contributing to good income growth.

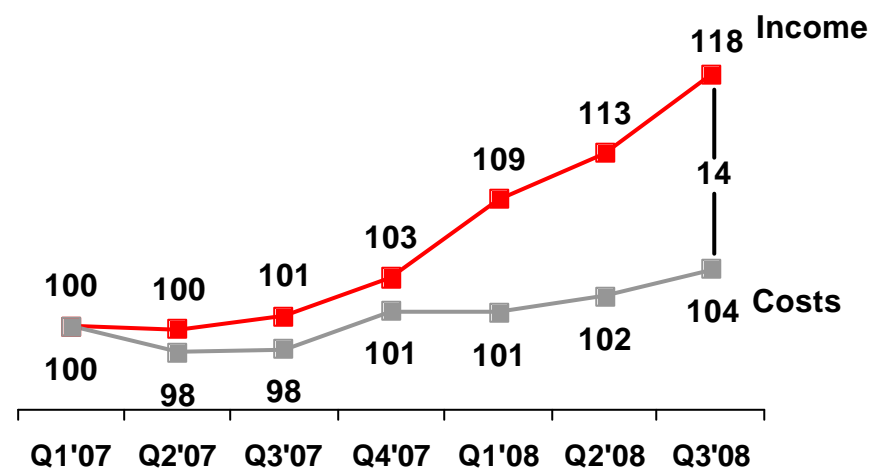
Results: Ratios

Cost:income ratio now better than the average of the sector, and accelerating Abbey's progress to becoming best in class

Cost:Income ratio ⁽¹⁾, %



Operating Jaws, %

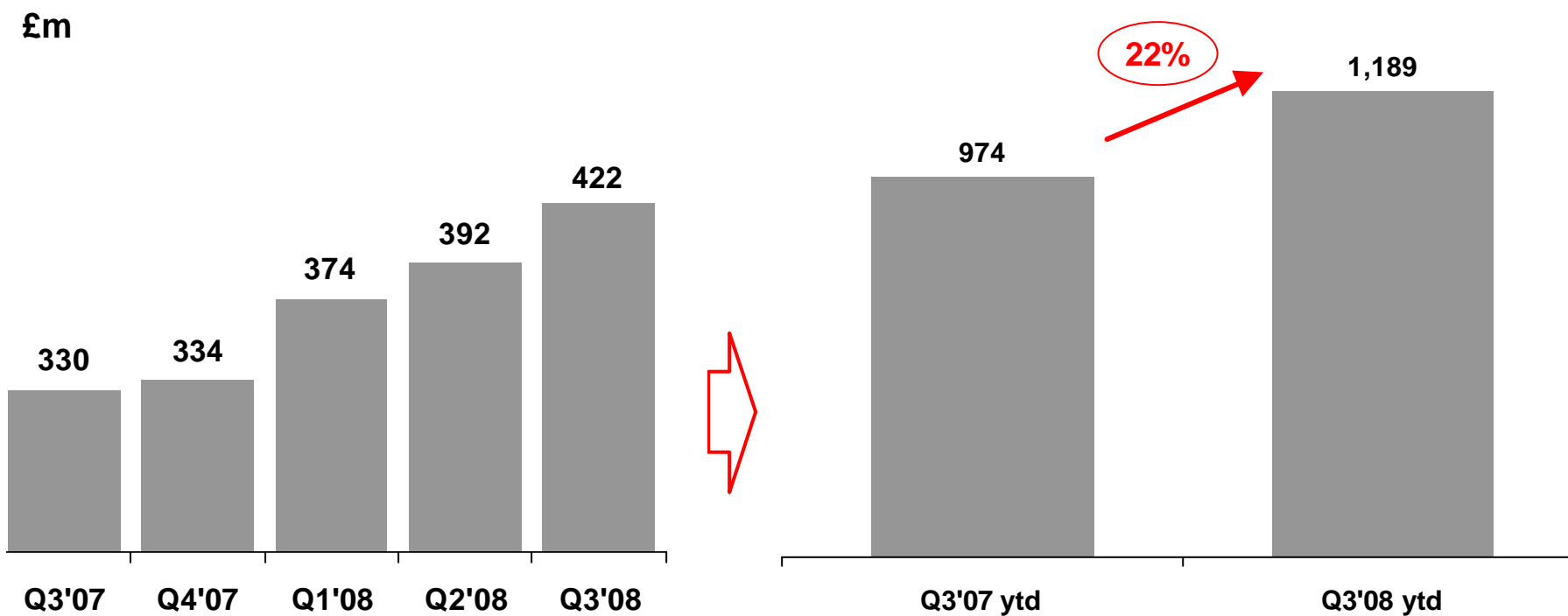


(1) Includes depreciation & amortisation



Results: Net Operating Income

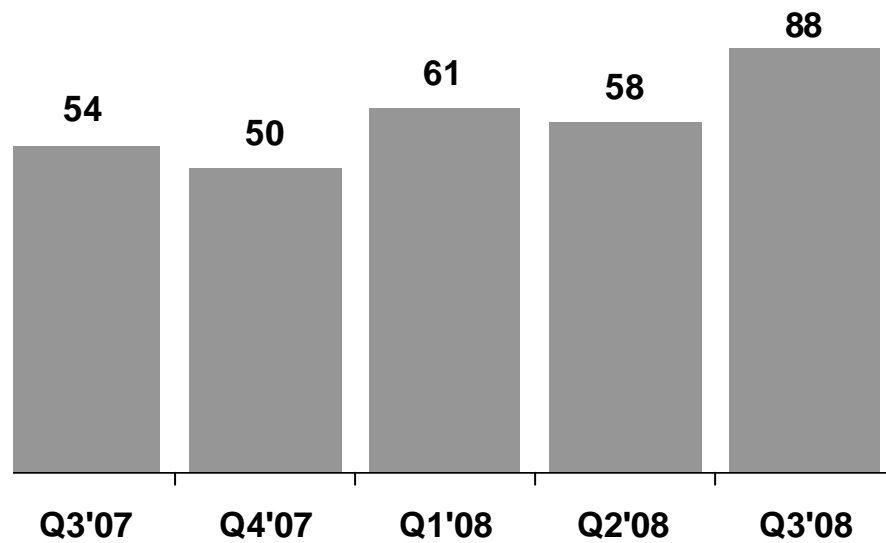
Improvement in net operating income reflecting strong revenue growth



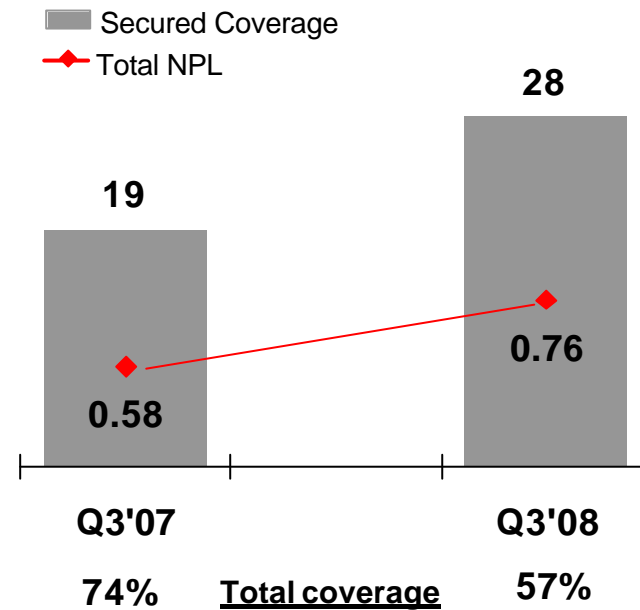
Results: Provisions and credit quality

Increase in secured provisions to strengthen coverage

Net loan loss provisions £m



Coverage ratio and NPL, %

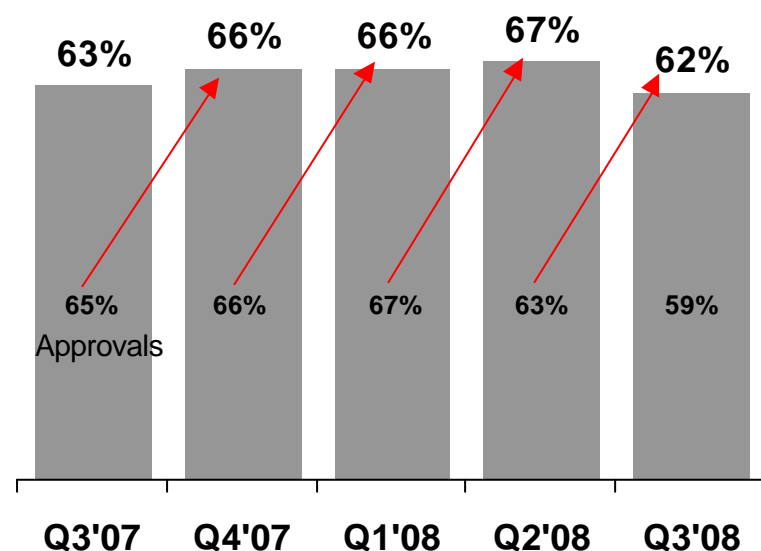


The total coverage ratio has reduced largely due to the change in mix of arrears, with increase in secured arrears with lower coverage due to security held. Secured coverage is more than double the industry benchmark and unsecured coverage, of over 100%, is also well above peer group. The NPL ratio has increased in part due to reduction in unsecured asset and in part due to modest increase in secured arrears.

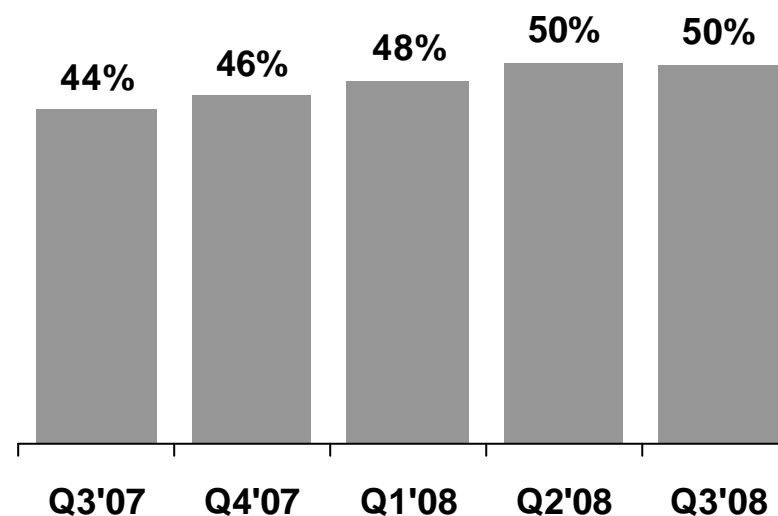
Results: Provisions and credit quality

Underlying credit quality has remained strong, with negligible third quarter lending at LTV greater than 90%

Average new business mortgage LTV (%)



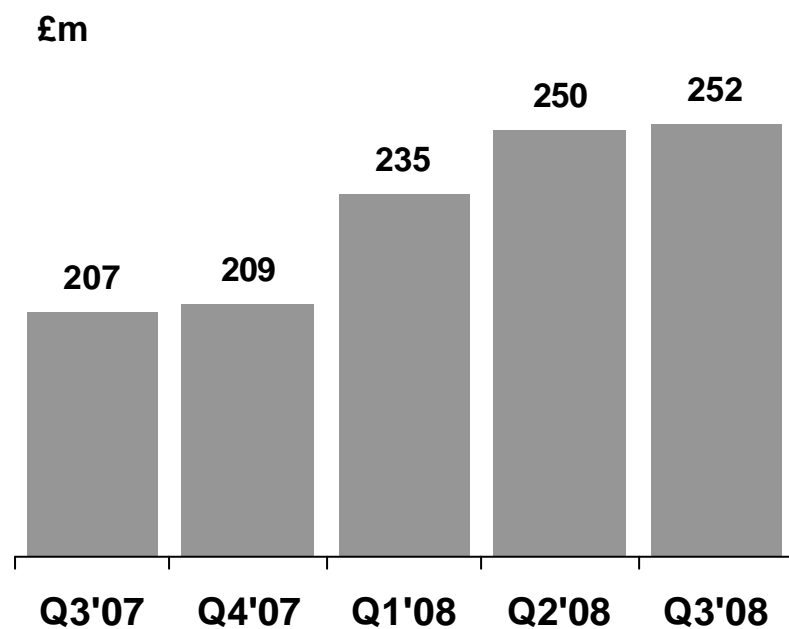
Average indexed mortgage LTV on stock (%)



New business application and approval LTV has reduced further in the 3rd quarter and will flow through to completions in the 4th quarter.

Results: Net Income

Net Income up 20.2%



£m	9M '08	9M '07	Var.% 08/07
PBT	987	820	20.3%
Provisions for income tax	(250)	(207)	20.6%
Net Income	737	613	20.2%

Positioned for sustainable growth

Transaction update

- the B&B transaction completed on 29th September, adding an additional 338 Branches/Agencies to the franchise, strengthening Abbey's funding position and significantly increasing retail customer deposit relationships
- B&B's c. £20bn of customer deposits mitigates A&L's deposit/loan gap identified at the announcement of the A&L acquisition
- the A&L transaction completed on 10th October and will bring Santander's plans in the UK forward by two to three years in the SME/Corporate Banking segment

Well positioned in current market

- resilient retail balance sheet performance - Abbey's retail funding mix (c. 60% customer deposit based, less than 10% of retail and corporate assets are funded by short term wholesale funds)
- innovative savings and investment products in fiercely competitive market – significantly increasing sales capacity
- mortgage lending focused on longer term, lower LTV business at significantly higher margins
- Abbey remains well capitalised and has capital resources well in excess of current regulatory requirements. Abbey's position was further strengthened in October with the injection of £1bn of capital from Santander. The injection fulfills Santander's commitment made on the announcement of the A&L acquisition earlier in the year, as well as Santander's commitment to support the UK government's banking support scheme

Moving towards a fully fledged commercial bank

- Abbey on track for another year of strong results in difficult market conditions
- prudent lending and reduction in exposure to unsecured personal loans
- performance underpinned by a strong results across all four business divisions
- strategic projects in-place to develop opportunities in Private Banking, Corporate Banking and Santander Global Banking and Markets

APPENDIX

- **Financial results**
- **Balance sheet**
- **A&L transaction**
- **B&B transaction**

Financial Results

Financial results: Profit and loss

32

£ million

	9M 08	9M 07	Variation	
			Amount	%
Net interest income*	1,388	1,181	207	17.5
Income from companies accounted for by the equity method	0	0	(0)	(30.0)
Net fees	532	514	18	3.4
Insurance activity	—	0	(0)	(100.0)
Commercial revenue	1,920	1,696	224	13.2
Gains (losses) on financial transactions	255	227	27	12.0
Gross operating income	2,175	1,923	252	13.1
Income from non-financial services (net) and other operating income	28	29	(1)	(3.2)
Operating expenses	(1,014)	(978)	(35)	3.6
General administrative expenses	(918)	(927)	9	(1.0)
<i>Personnel</i>	(560)	(529)	(31)	5.8
<i>Other administrative expenses</i>	(358)	(398)	40	(10.0)
Depreciation and amortisation	(95)	(51)	(44)	87.2
Net operating income	1,189	974	215	22.1
Net loan loss provisions	(206)	(163)	(43)	26.5
Other income	4	10	(5)	(55.0)
Profit before taxes	987	820	167	20.3
Tax on profit	(250)	(207)	(43)	20.6
Net profit from ordinary activity	737	613	124	20.2
Net profit from discontinued operations	—	—	—	—
Net consolidated profit	737	613	124	20.2
Minority interests	—	—	—	—
Attributable profit to the Group	737	613	124	20.2



(*).- Dividends included



Financial results: Profit and loss

33

£ million

	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08
Net interest income*	383	394	404	416	441	452	495
Income from companies accounted for by the equity method	0	0	0	1	0	0	0
Net fees	169	177	169	175	180	173	180
Insurance activity	0	0	(0)	0	—	—	—
Commercial revenue	552	571	573	592	621	625	674
Gains (losses) on financial transactions	88	68	72	70	78	95	82
Gross operating income	640	639	644	662	698	720	756
Income from non-financial services (net) and other operating income	9	10	10	6	9	9	10
Operating expenses	(330)	(324)	(324)	(334)	(333)	(337)	(343)
General administrative expenses	(313)	(307)	(307)	(315)	(314)	(300)	(304)
<i>Personnel</i>	(175)	(175)	(179)	(180)	(180)	(187)	(193)
<i>Other administrative expenses</i>	(138)	(131)	(129)	(135)	(134)	(113)	(111)
Depreciation and amortisation	(17)	(17)	(17)	(19)	(19)	(37)	(39)
Net operating income	319	325	330	334	374	392	422
Net loan loss provisions	(55)	(54)	(54)	(50)	(61)	(58)	(88)
Other income	3	3	3	5	2	(1)	4
Profit before taxes	268	274	278	289	316	333	339
Tax on profit	(67)	(69)	(71)	(80)	(80)	(83)	(87)
Net profit from ordinary activity	201	205	207	209	235	250	252
Net profit from discontinued operations	—	—	—	—	—	—	—
Net consolidated profit	201	205	207	209	235	250	252
Minority interests	—	—	—	—	—	—	—
Attributable profit to the Group	201	205	207	209	235	250	252

(*).- Dividends included



Balance Sheet

Financial Results: Balance Sheet

£ million			Variation	
	30.09.08	30.09.07	Amount	%
Loans and credits*	137,159	131,522	5,636	4.3
Trading portfolio (w/o loans)	24,983	42,723	(17,740)	(41.5)
Available-for-sale financial assets	1,030	34	996	—
Due from credit institutions*	13,464	14,133	(669)	(4.7)
Intangible assets and property and equipment	3,418	3,410	8	0.2
Other assets	27,362	6,303	21,059	334.1
Total assets/liabilities & shareholders' equity	207,416	198,125	9,291	4.7
Customer deposits*	101,535	86,423	15,112	17.5
Marketable debt securities*	48,394	54,683	(6,289)	(11.5)
Subordinated debt	5,847	5,571	277	5.0
Insurance liabilities	3	8	(5)	(63.4)
Due to credit institutions*	31,665	30,685	980	3.2
Other liabilities	16,660	18,112	(1,452)	(8.0)
Shareholders' equity	3,312	2,644	669	25.3
Off-balance-sheet funds	6,750	7,611	(861)	(11.3)
Mutual funds	6,750	7,611	(861)	(11.3)
Pension funds	—	—	—	—
Managed portfolios	—	—	—	—
Savings-insurance policies	—	—	—	—
Customer funds under management	162,526	154,288	8,238	5.3

A&L Transaction



Recommended Offer for Alliance & Leicester

14 July 2008

Disclaimer

This document does not constitute an offer to sell, or an invitation to subscribe for or purchase, any securities or the solicitation of any approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Investor Presentation in any jurisdiction in contravention of applicable law. This document is not an offer of securities for sale in the United States. No securities will be offered or sold in the United States absent registration or an exemption from registration.

This Investor Presentation does not constitute a prospectus or prospectus equivalent document.

This Investor Presentation contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward looking statements may be identified by words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words of similar meaning and include, but are not limited to, statements about the expected future business and financial performance of Santander resulting from and following the implementation of the Scheme. These statements are based on management’s current expectations and are inherently subject to uncertainties and changes in circumstance. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are factors relating to satisfaction of the Conditions, Santander’s ability to successfully combine the businesses of Santander and Alliance & Leicester and to realise expected synergies from the Acquisition, and changes in global, political, economic, business, competitive, market and regulatory forces, as well as those factors described under the headings ‘Risk Factors’ and ‘Operating and Financial Review and Prospects’ in Santander’s annual report on Form 20-F for the year ended December 31, 2007, as filed with the US Securities and Exchange Commission. Neither Santander nor Alliance & Leicester undertakes any obligations to update the forward-looking statements to reflect actual results, or any change in events, conditions, assumptions or other factors.

This presentation is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

The distribution of the information or material on this site may be restricted by local law or regulation. This Investor Presentation may only be accessed in or from the United Kingdom by persons falling within the definition of Investment Professionals (contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”)) or within Article 49 of the Order, or other persons to whom it may lawfully be communicated in accordance with the Order.

No statement in this Investor Presentation is intended to constitute a profit forecast for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for either Santander or Alliance & Leicester as appropriate.



Description of the deal

Strategic rationale

Financial impact

Summary

A full and fair offer

- 1 Santander share for every 3 A&L shares⁽¹⁾
- The value of 299 pence per A&L share plus an 18 pence per share interim dividend
- 36.4% premium to closing price on 11 July 2008
- 9.3% premium based on average share prices over 4 weeks prior to 11 July 2008
- Significant premium to peer group based on P/E multiples

Recommended by A&L's board

(1) Based on approximately 421m A&L shares outstanding, approximately 140m Santander shares will be issued



Additional information

- Structured as Scheme of Arrangement
- Subject to
 - Santander EGM to approve share issuance
 - A&L shareholder approval and UK court sanction
 - Regulatory and anti-trust approvals
- The Board of A&L will declare an interim dividend of 18 pence per share prior to completion
- A&L shareholders will receive Santander dividends following completion of the transaction

Description of the deal

Strategic rationale

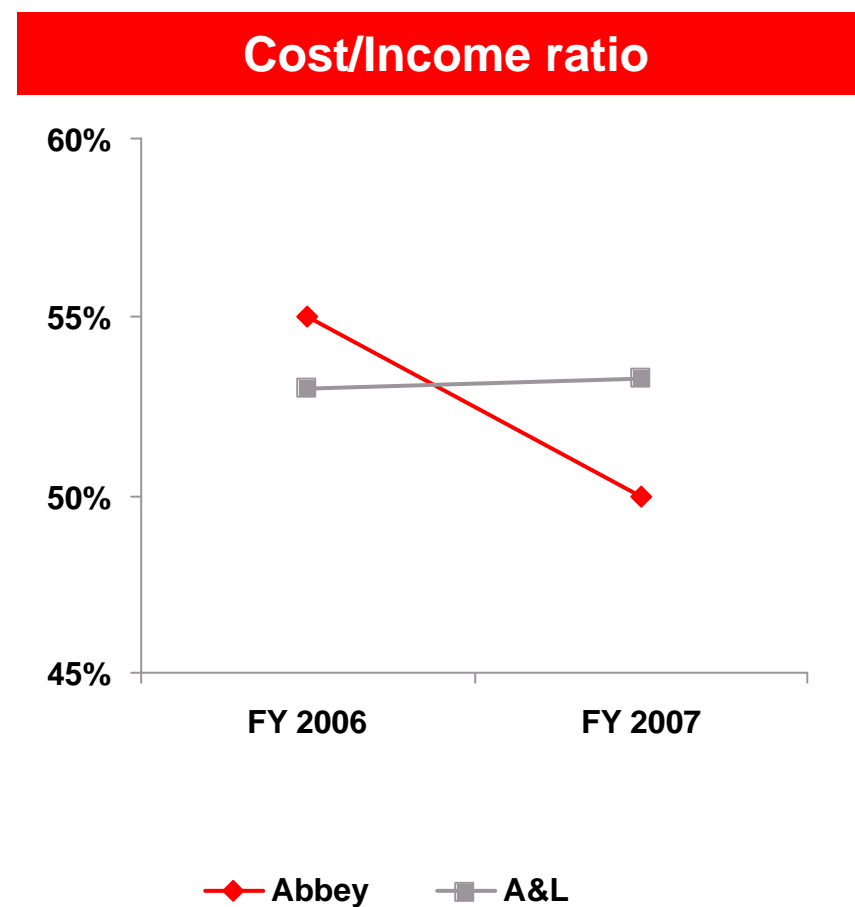
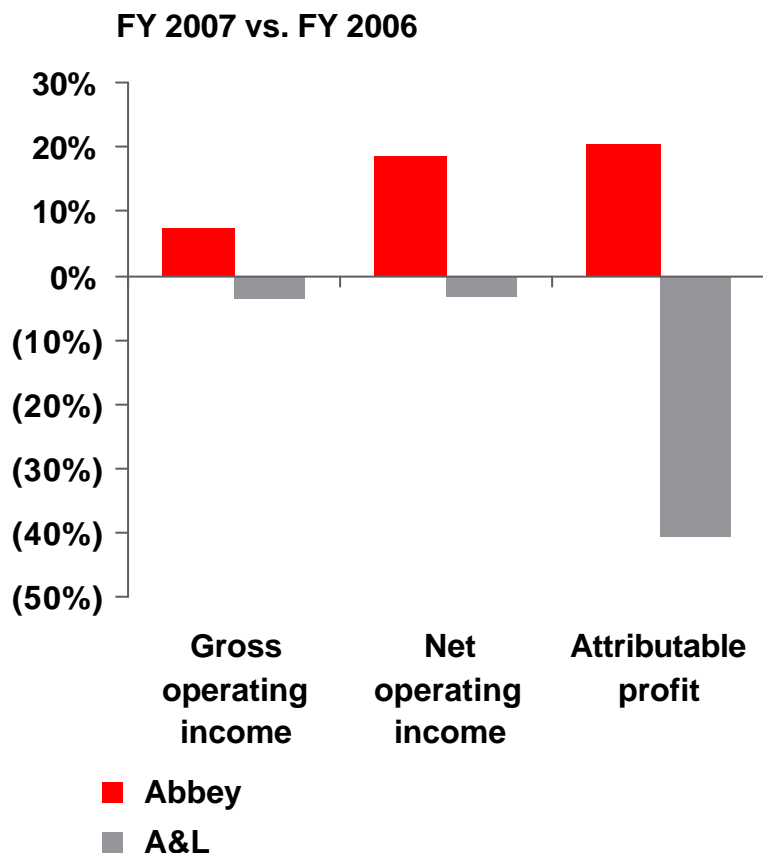
Financial impact

Summary

Strong strategic rationale for A&L shareholders to accept the offer

- Santander believes that A&L's business is affected by current market conditions and cannot take full advantage of growth opportunities
 - Write-downs of treasury assets impacting regulatory capital position
 - Treasury portfolio is relatively large and balance sheet is reliant on wholesale funding
- Santander considers there is a risk of franchise deterioration for A&L as a standalone business in a higher risk environment

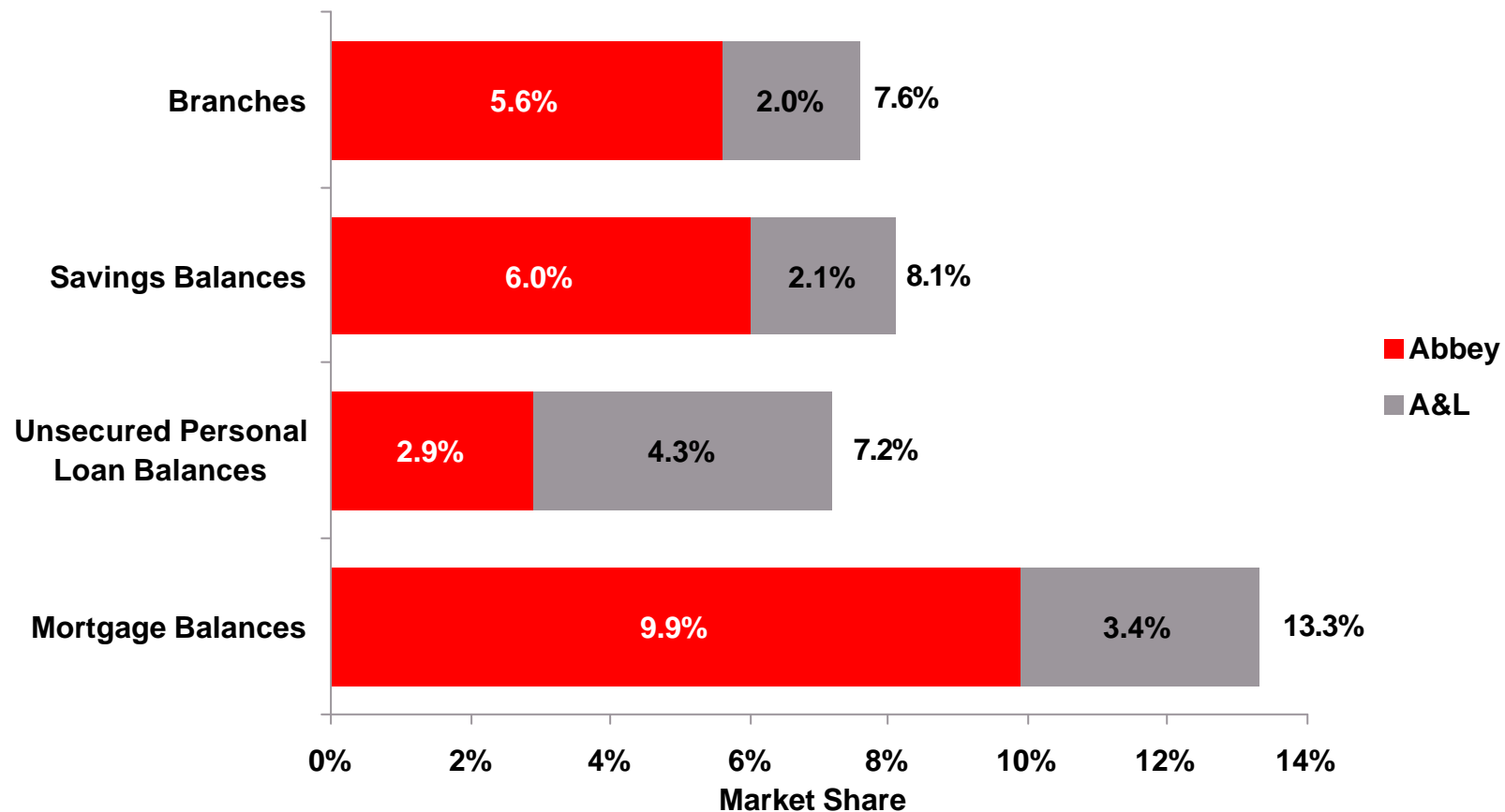
Abbey has performed well with Santander's business model



Strong strategic rationale for Santander

- 1** Increased critical mass in the UK market (as part of our “Vertical Strategy”)
- 2** In-market synergies (migration to Partenon, integration of back office functions)
- 3** Good geographic fit - better market reach
- 4** Acceleration of Abbey’s planned expansion in SME / commercial market by 2-3 years

1 Increased critical mass in the UK market (as part of our “Vertical Strategy”)



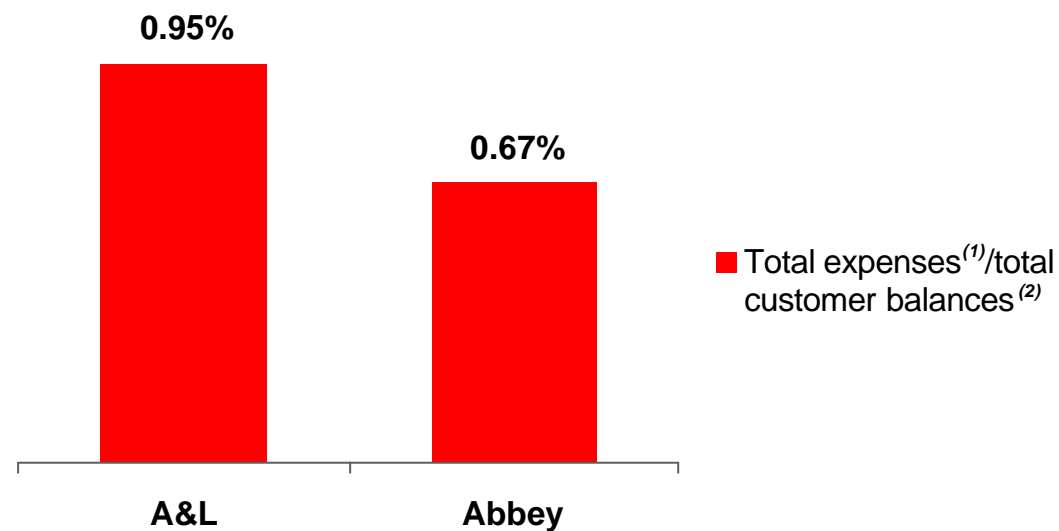
Notes:

- Data as at September 2008
- Market share is based on Abbey's estimate of market size



2 We believe A&L's efficiency can be improved through best practices ⁴⁷

Benchmarking: operating expenses (2008)



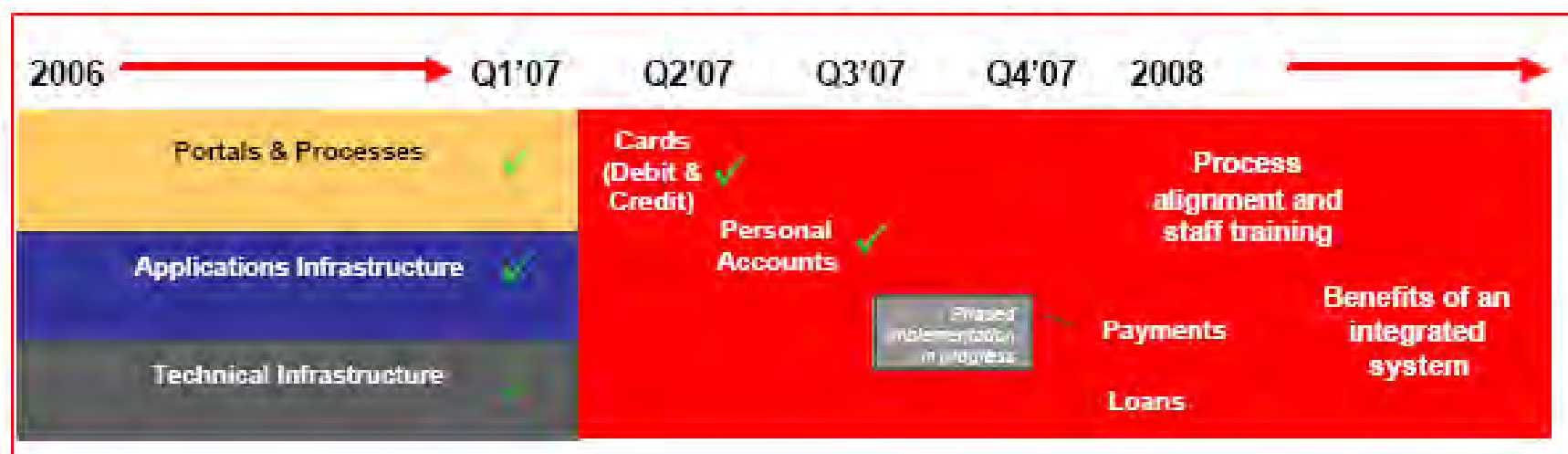
Adjusting for differences in business mix, we believe there is a £30-50m opportunity on a standalone basis, before integration cost synergies are taken into account

(1) Including depreciation and amortisation

(2) Total customer balances are defined as total mortgage, unsecured personal loan, corporate loan and customer deposit balances at 31 December 2007

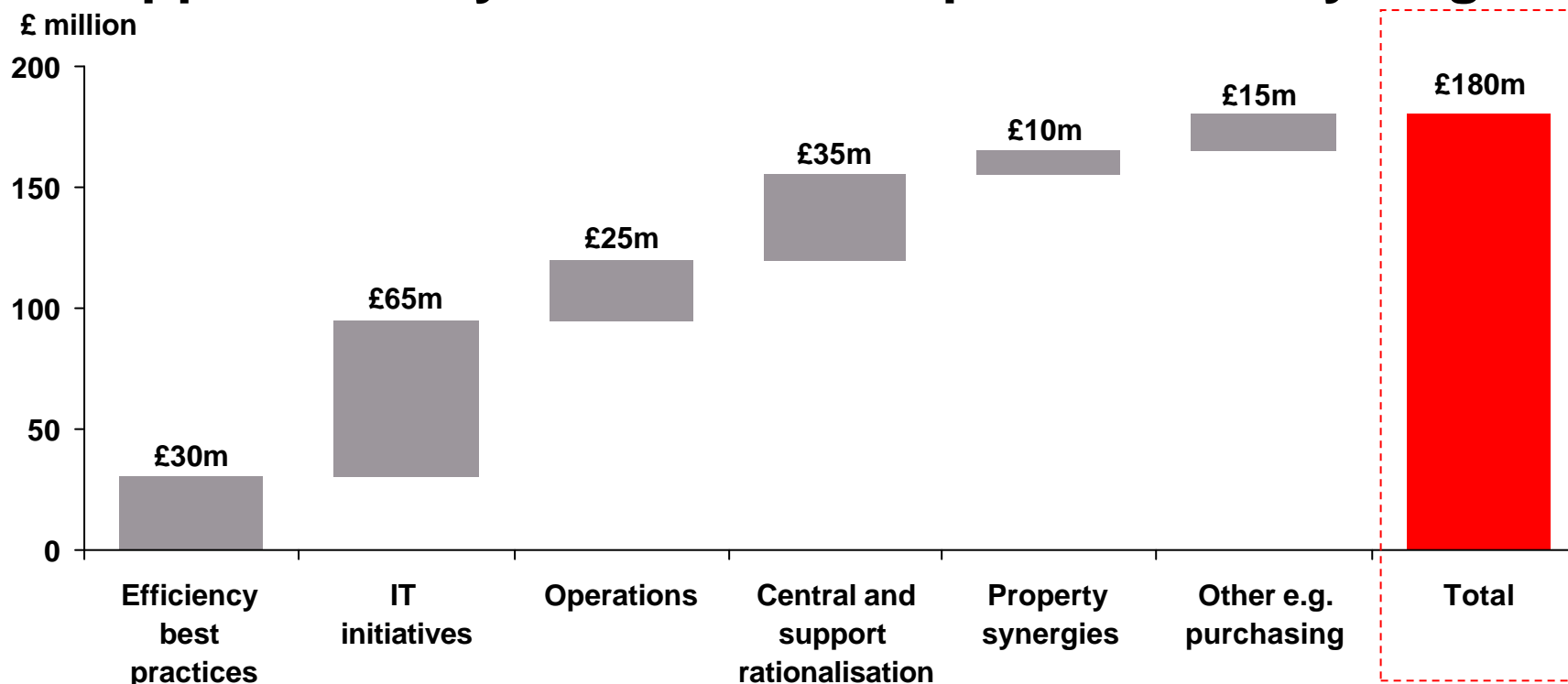
2 In-market synergies: migration to Partenon, integration of back office functions

Implementation of Partenon reaching final stages



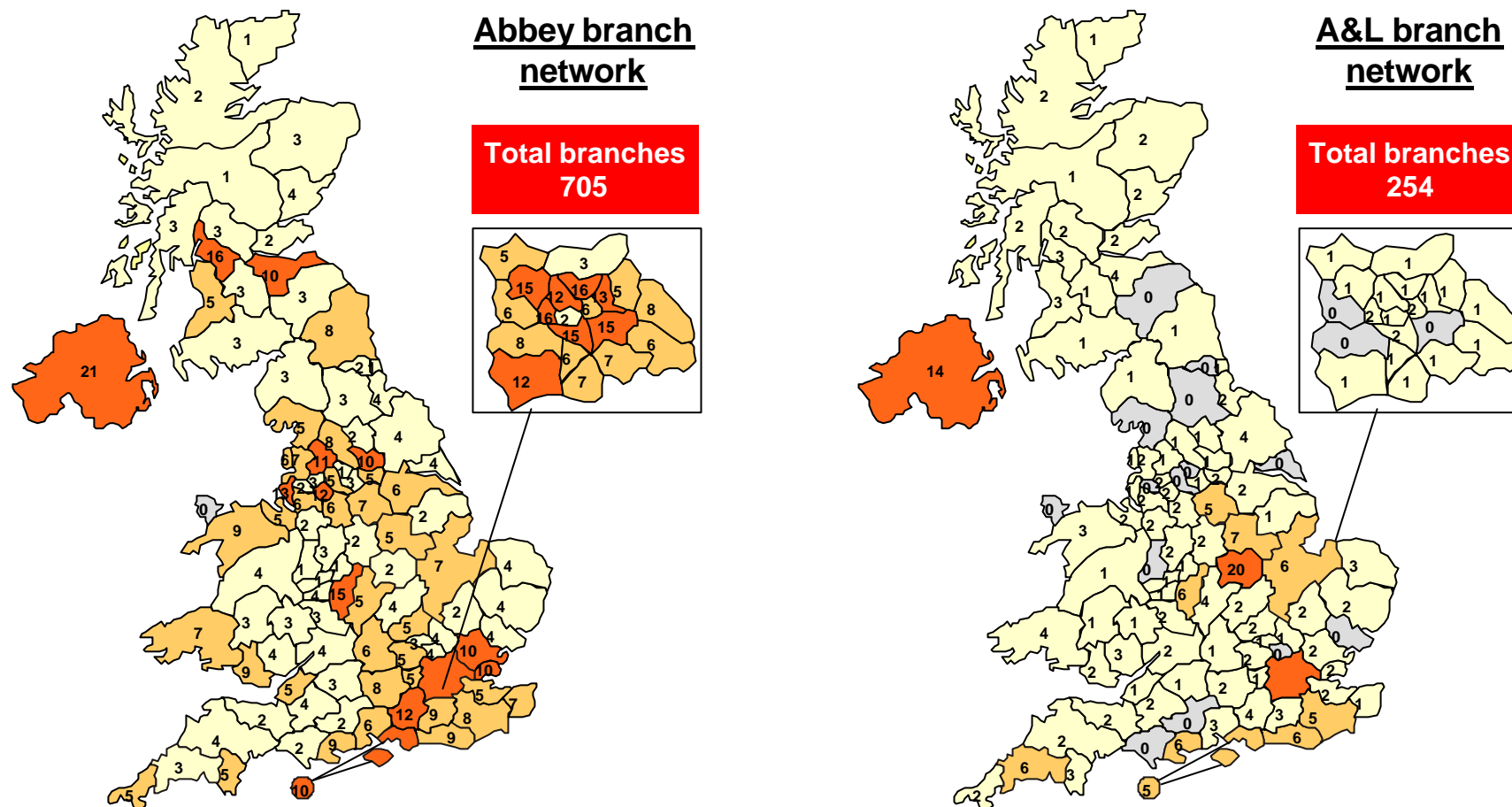
... we are now ready to integrate A&L with low execution risk

2 These initiatives will allow Santander to capture approximately £180 million in pre-tax cost synergies



- Top-down analysis conducted by Santander based on experience of prior transactions (including the acquisition of Abbey)
- £70m of synergies expected by end of 2009, £140m by end of 2010 and approximately £180m by end of 2011
- Estimated cost synergies represent 23% of A&L's 2007 cost base

3 Good geographic fit - better market reach

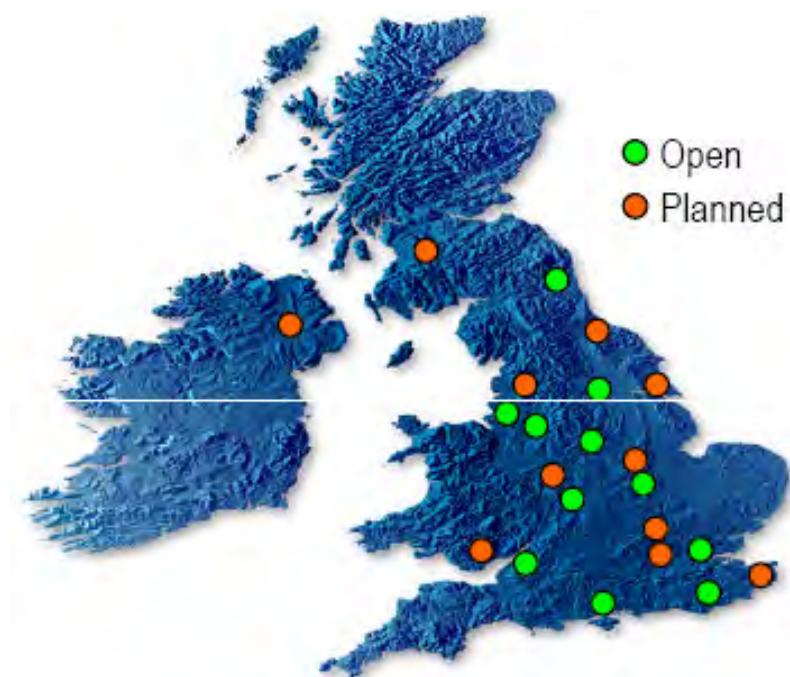


- Abbey network strengthened by the addition of 254 A&L branches, particularly in Central England, the South Coast and Northern Ireland
- A&L branch network fits extremely well with Abbey's existing plans to open 300 new branches, accelerating planned build-out by several years

Note: Maps show 699 out of total 705 Abbey branches and 246 of total 254 A&L branches

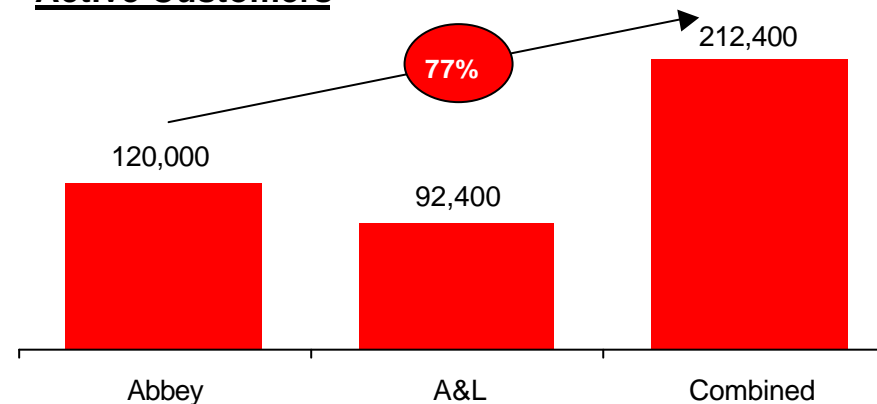
4 Acceleration of Abbey's planned expansion in SME / commercial market by 2-3 years

A&L's business centre network

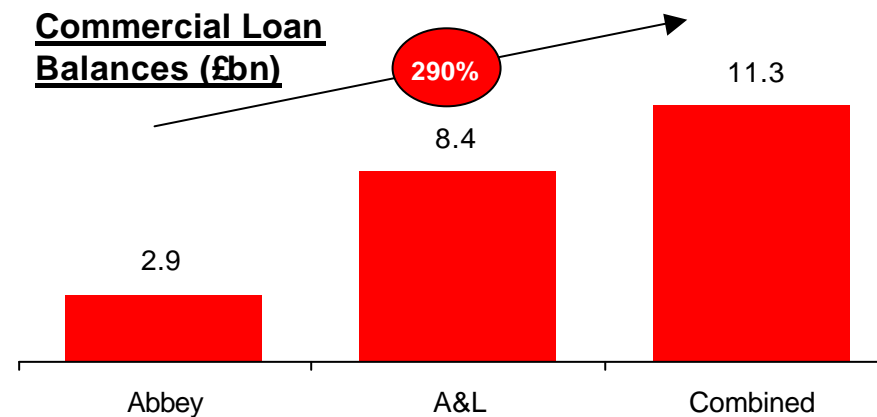


Business banking franchise

Active Customers



Commercial Loan Balances (£bn)



Measures will be taken to manage potential risks

Risks	Mitigants
<p>Credit and liquidity</p> <ul style="list-style-type: none">■ Increasing Santander's exposure to the UK...■ ... at a time where asset quality across the market may be softening■ Relatively large liquidity gap and exposure to short-term funding in A&L as a standalone business	<ol style="list-style-type: none">1. Increase A&L regulatory capital ratios to higher levels2. Incremental provisions factored into our P&L projections3. Increase coverage ratios to Abbey's standards4. Projected assets of combined A&L and Abbey reduced by approximately £20-30bn over two years (deleveraging impact factored into our P&L projections)

Description of the deal

Strategic rationale

Financial impact

Summary

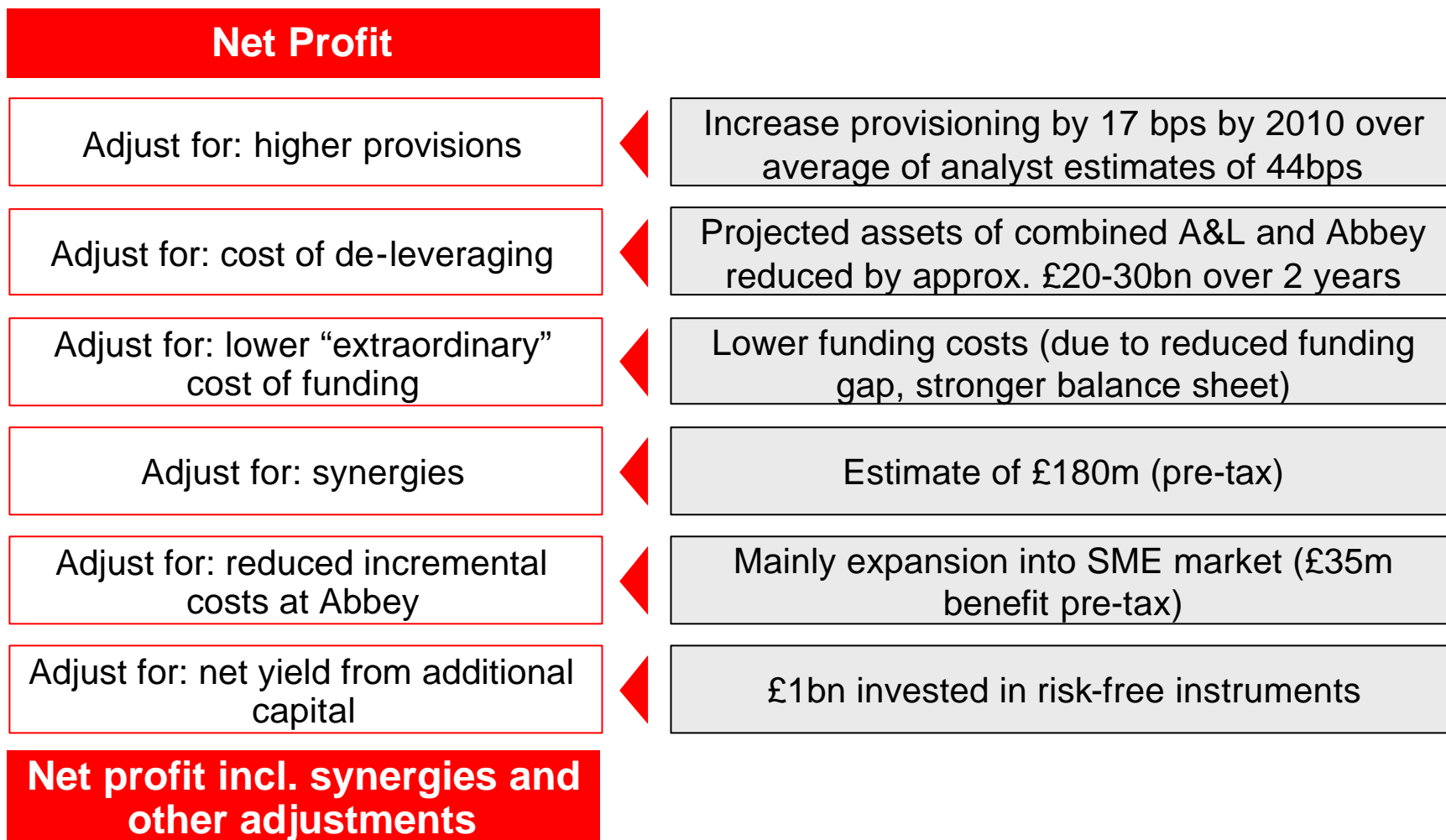
In current market conditions, Santander's conservative approach would imply that an additional £1bn of capital is required

- Santander will allocate £1 billion of capital against balance sheet strengthening and integration costs
 - Protection against future adverse development of treasury portfolio
 - Previous mark-to-market losses on AFS portfolio have not been deducted from regulatory capital to date
 - Anticipated increased credit impairments through the cycle
 - Improvement of coverage ratios and other balance sheet strengthening
 - Restructuring charges associated with integration

Funding gap in A&L will be addressed

- Significant funding gap in A&L's balance sheet currently due to size of treasury and loan portfolios versus retail deposits
- Has created challenges for A&L in less benign market conditions
- Santander intends to close the funding gap by reducing the projected total assets of the combined A&L and Abbey by approximately £20-30 billion over two years

Santander's estimate of potential adjustments to profits ⁵⁶ under its prudent approach in current environment



Financial impact: the deal meets our financial criteria

1 Santander share for every 3 A&L shares

Price proposed per share	299p
Total equity valuation	£1.26bn
Plus: additional capital	£1.00bn
Total cost	£2.26bn

Core Tier 1 impact⁽¹⁾ (7)bps

	2009	2010	2011
Net attributable profit inc. synergies and other adjustments ⁽²⁾	£309m	£372m	£419m
Return on investment	14%	16%	19%

- Accretion in Santander's earnings per share including synergies (before restructuring costs) expected from 2009⁽³⁾
- These figures are not based on A&L estimates and have not been approved by A&L

The banking sector's cost of equity has clearly gone up over the past 12 months - higher ROIs are expected

- (1) Resulting core Tier 1 based on pro forma core tier 1 as of 1Q08 (initial impact, not assuming deleveraging). Assuming A&L 2007 year end core Tier 1 capital net of goodwill of £1,666m (Basel 2) adjusted for £346m AFS reserves as at 30 April 2008, £189m reduction in fair value and impairment losses (pre-tax) in four months to 30 April 2008, £24,082m of risk-weighted assets and assuming a tax rate of 28%. If the full amount of additional capital (£1 billion) were assumed to affect Santander's core capital, the impact would be 19bps
- (2) Adjusted for items listed on slide 20
- (3) This statement as to financial accretion is not intended to mean that Santander's future earnings per share will necessarily exceed or match those of any prior year



Description of the deal

Strategic rationale

Financial impact

Summary

Summary

The acquisition of A&L makes sense from an “industrial” point of view...

- Higher economies of scale / commercial reach
- In-market synergies (IT migration, integration of back offices)
- Recapitalisation

... and meets Santander’s financial criteria

- Return on investment of 19% in 2011
- Earnings accretion from 2009⁽¹⁾

However, we are aware of the risks involved

- Credit / risk concentration
- Liquidity risk

We are taking clear measures to address these risks

- Higher provisions factored into our projections
- £1bn additional capital
- The funding gap will be closed over the next 2 years

(1) This statement as to financial accretion is not intended to mean that Santander’s future earnings per share will necessarily exceed or match those of any prior year

B&B Transaction



Abbey / Bradford & Bingley

29 September 2008



Disclaimer

This document does not constitute an offer to sell, or an invitation to subscribe for or purchase, any securities or the solicitation of any approval in any jurisdiction, nor shall there be any sale, issuance or Transfer of the securities referred to in this Investor Presentation in any jurisdiction in contravention of applicable law. This document is not an offer of securities for sale in the United States. No securities will be offered or sold in the United States absent registration or an exemption from registration.

This Investor Presentation does not constitute a prospectus or prospectus equivalent document.

This Investor Presentation contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward looking statements may be identified by words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words of similar meaning and include, but are not limited to, statements about the expected future business and financial performance of Santander resulting from and following the implementation of the Scheme. These statements are based on management's current expectations and are inherently subject to uncertainties and changes in circumstance. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are factors relating to satisfaction of the Conditions, Santander's ability to successfully combine the businesses of Santander and Bradford & Bingley and to realise expected synergies from the Transfer, and changes in global, political, economic, business, competitive, market and regulatory forces, as well as those factors described under the headings 'Risk Factors' and 'Operating and Financial Review and Prospects' in Santander's annual report on Form 20-F for the year ended December 31, 2007, as filed with the US Securities and Exchange Commission. Neither Santander nor Bradford & Bingley undertakes any obligations to update the forward-looking statements to reflect actual results, or any change in events, conditions, assumptions or other factors.

This presentation is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

The distribution of the information or material on this site may be restricted by local law or regulation. This Investor Presentation may only be accessed in or from the United Kingdom by persons falling within the definition of Investment Professionals (contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”)) or within Article 49 of the Order, or other persons to whom it may lawfully be communicated in accordance with the Order.

No statement in this Investor Presentation is intended to constitute a profit forecast for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for either Santander or Bradford & Bingley as appropriate.

Nothing contained in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000



Description of the deal

Strategic rationale

Financial impact

Summary

Acquisition of B&B's retail deposit base and direct channels 64 from UK HM Treasury

- HM Treasury to take Bradford & Bingley plc (B&B) into public ownership
- the following components of B&B will transfer to Abbey:
 - £20 billion retail deposit base with 2.7 million customers
 - direct channels including 197 retail branches, 141 agencies (distribution outlets in 3rd party premises) telephone distribution, internet and related employees
 - £200m of capital from Isle of Man operations
- no credit risk transfer is involved
- no head office infrastructure transfer is involved: the HMT will charge for certain support costs relating to B&B deposits and direct channels

Santander pays £0.6bn (of which £0.2bn is capital) - no risk taking involved



Description of the deal

Strategic rationale

Financial impact

Summary

Transaction strengthens Abbey's Retail funding franchise and accelerates progress to becoming the best commercial bank in the UK

1

Critical mass in UK

- Combination of A&L and B&B moves Abbey's estimated share of the PFS market from c. 6% to c. 10% including deposit share
- Expansion of branch network with complementary fit

2

Potential for efficiency improvement

- Cross sales of other retail products (banking, investments, credit cards, insurance)
- Sales productivity improvements
- Integration of back-office functions, leveraging Partenon to deliver synergies

3

Low risk

- All customer loans inc. buy-to-let / self cert mortgages retained by UK HMT
- All wholesale assets retained by UK HMT

4

Balance sheet strength

- £20bn of customer deposits, further improving Abbey's strong deposit franchise and funding profile
- B&B deposit base is well established with over 61% of customers having been with B&B for over 10 years
- 94% of customers have balances below £35,000

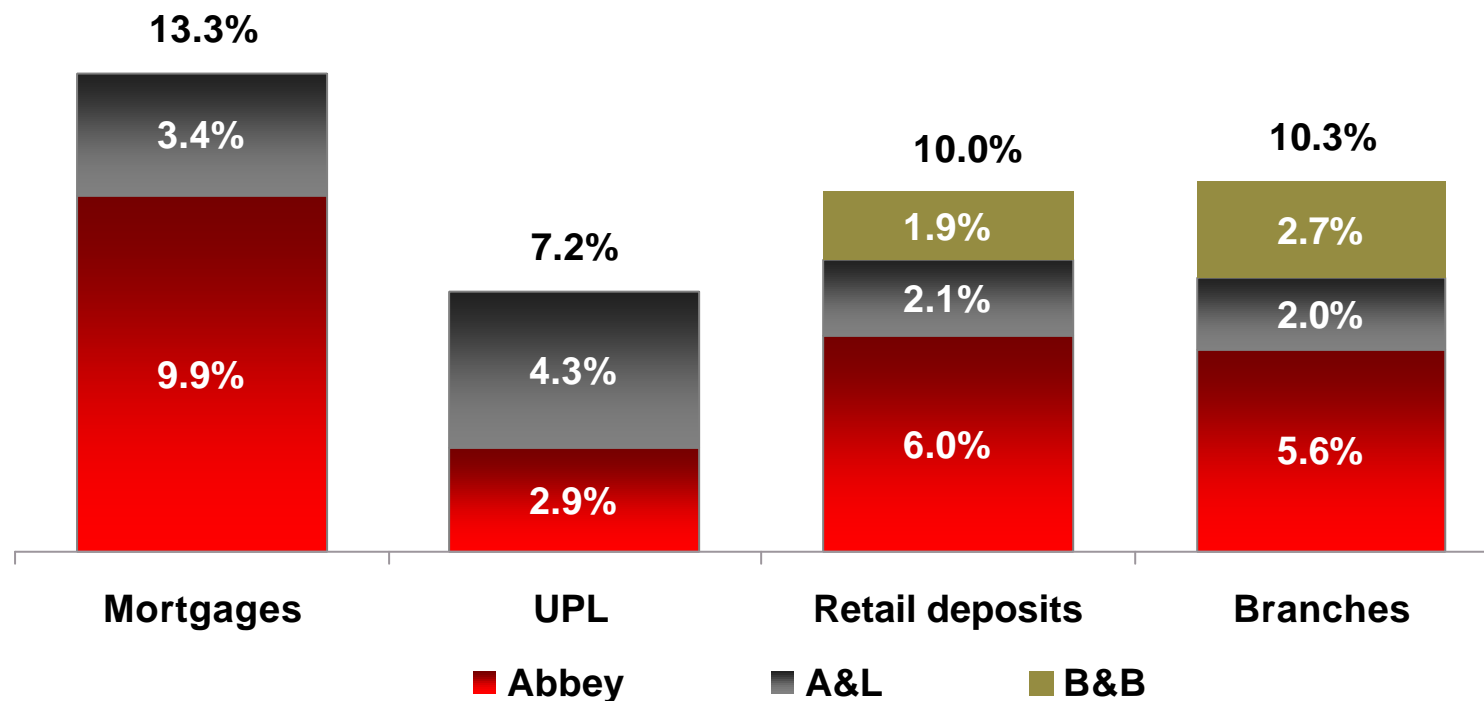


Santander vertical strategy: Increasing our share of core markets

Abbey average share across markets c. 6%



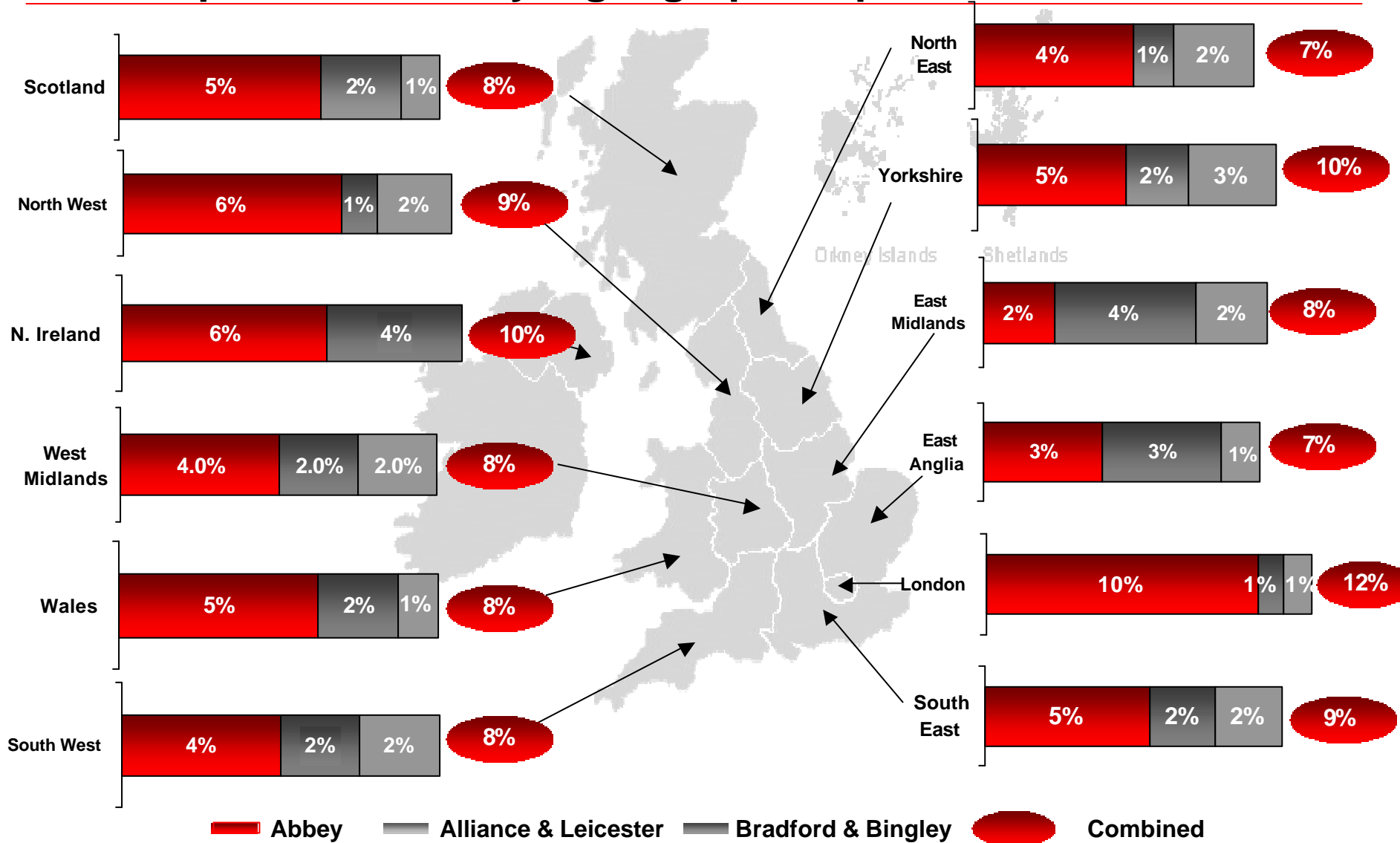
Combined average share across markets c.10%



- Santander's network will be strengthened by the addition of B&B's 197 branches / 141 agencies

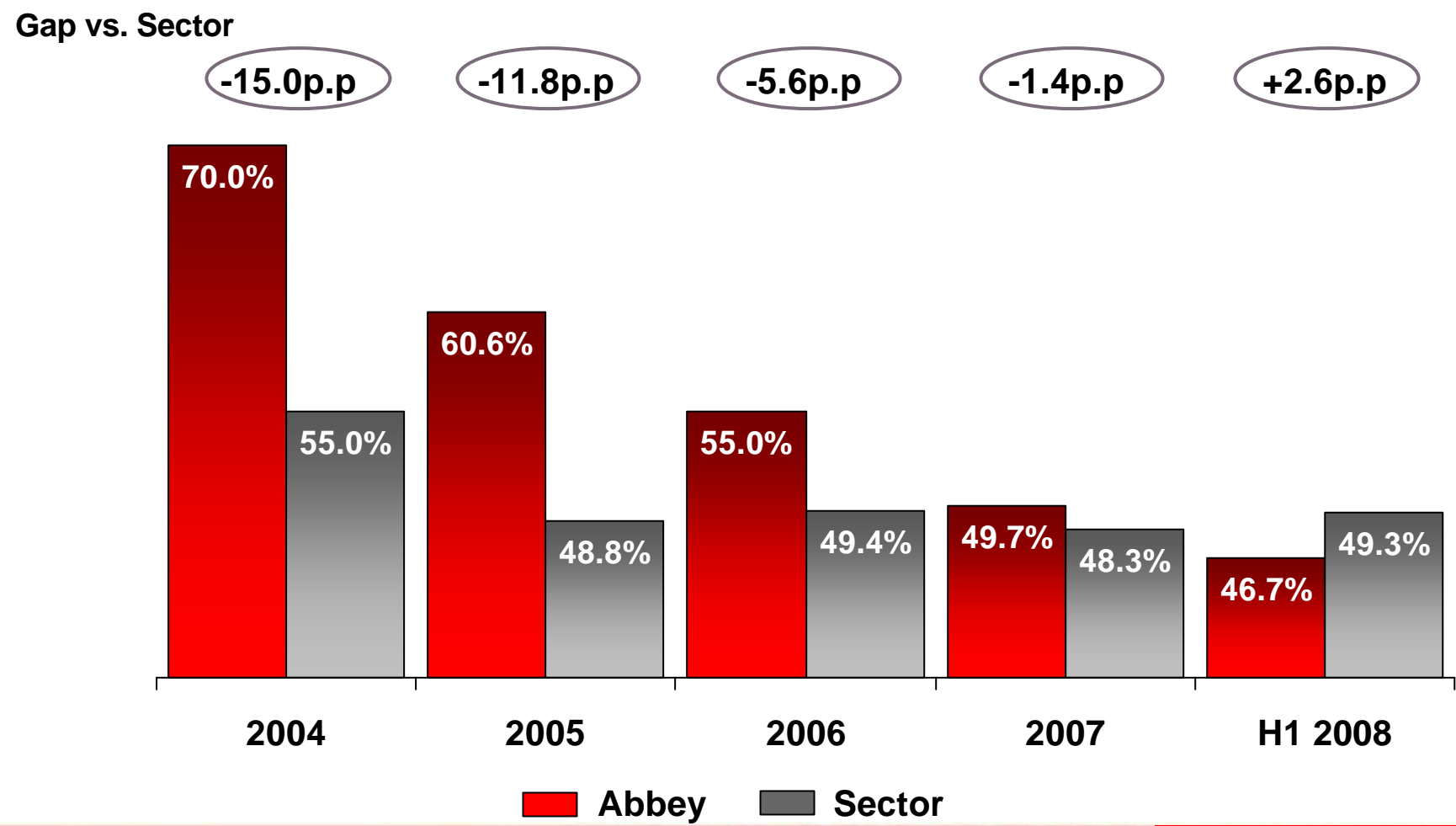
1

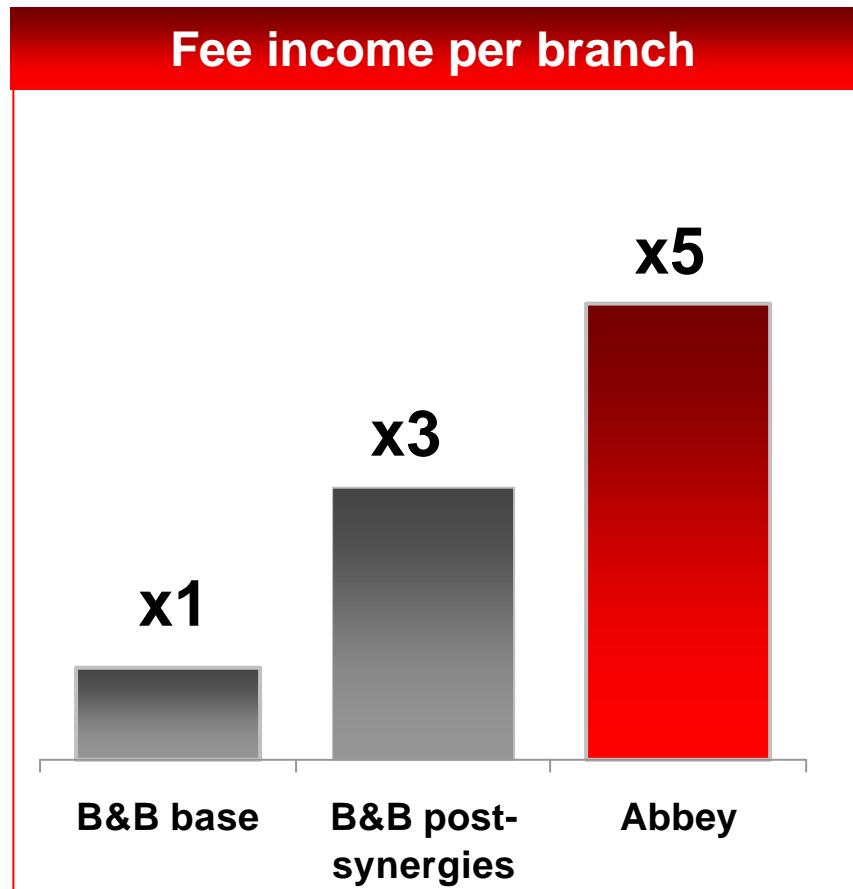
B&B's network concentration in the North / Midlands complements Abbey's geographic spread



2 Santander has a proven track record in reducing costs - Abbey⁶⁹ is now reaching a competitive advantage in terms of efficiency

PFS Cost to Income ratio – Historical Trends



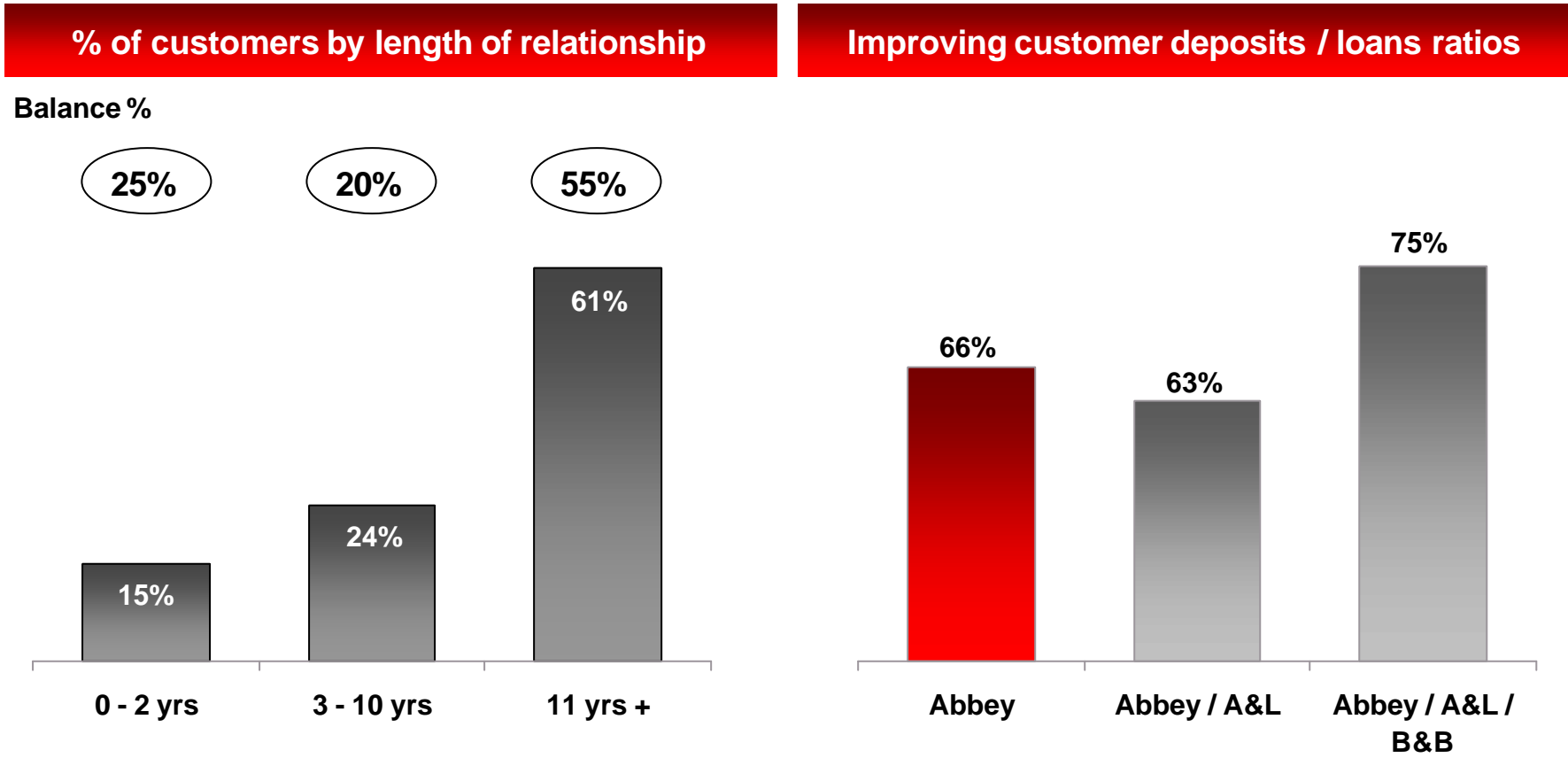


- Cross-sale opportunity to 2.7m customers
- In addition, some scope for margin management of the deposit base through time

Abbey remains focused on prudent risk management with a high quality asset portfolio

- No exposure to B&B mortgage portfolio which includes BTL and self cert mortgages – consistent with Santander risk management values
- No exposure to B&B's treasury portfolio
- Abbey's retail portfolio is only c. 2% unsecured, and of secured virtually all lending is "prime" – Abbey's risk profile will not be impacted by this transaction
- Abbey's secured lending performance and coverage continues to compare favourably to UK peers

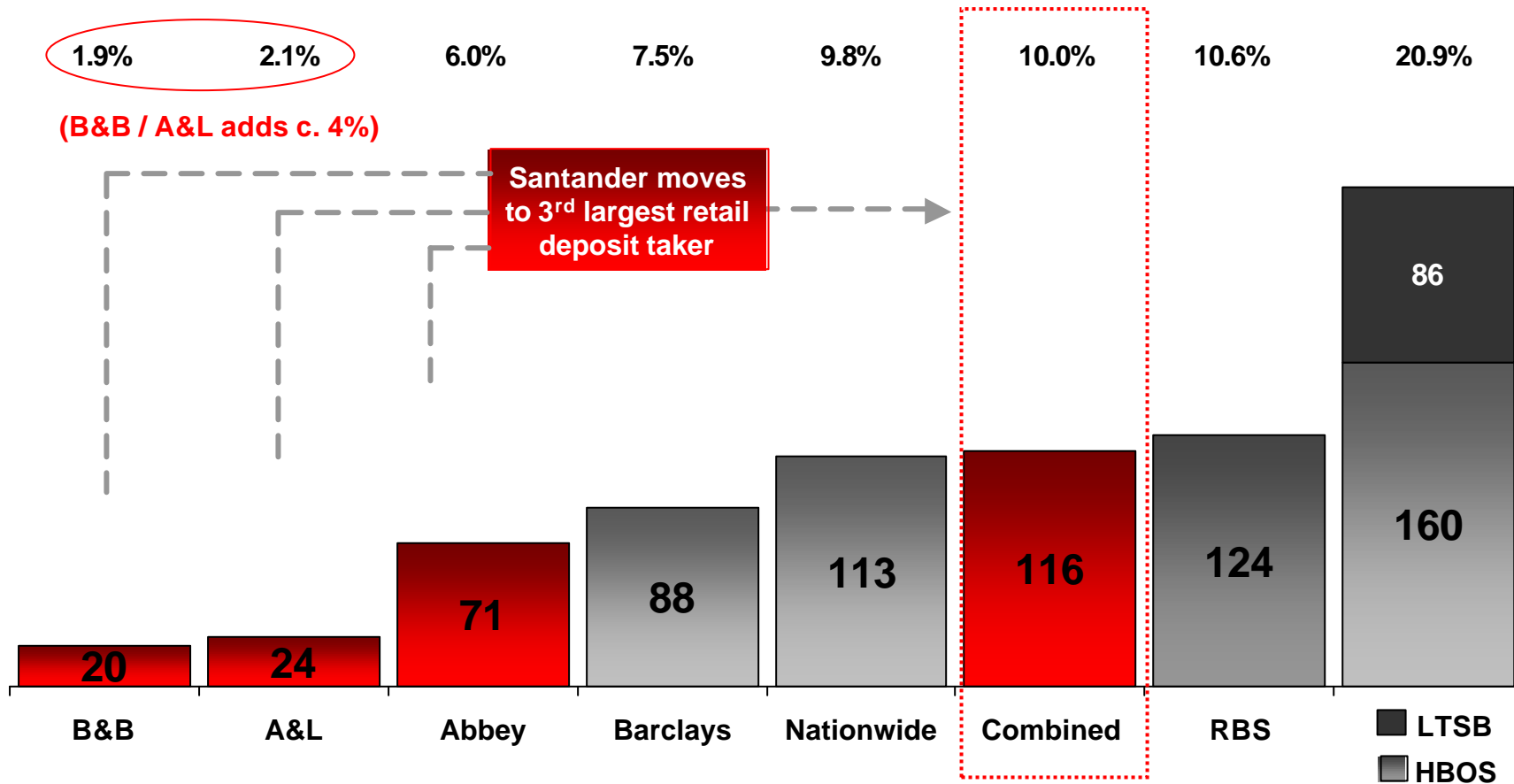
4 B&B deposits are well established, and improves Abbey's funding ratios



...and establishes Abbey as one of the largest retail deposit takers in the UK

PFS deposits – UK sector (£bn)

Market share:



Description of the deal

Strategic rationale

Financial impact

Summary

Financial impact: the deal meets our financial criteria

Net Profit Assumptions

Modest liability attrition offset by margin management

Impact of negative margin, fixed-term maturities in the short-term

Reduced wholesale funding cost

Removal of significant LIBOR premium

Adjust for: cost synergies

c. 25% of costs relating to savings / direct channels

Adjust for: revenue synergies

Sales productivity and broader product range (bank accounts, credit cards, investments)

Net profit incl. synergies and other adjustments

Financial impact: the deal meets our financial criteria

	£bn			
Purchase price (excl. capital £0.2bn)	0.4			
		2009	2010	2011
Net attributable profit inc. synergies and other adjustments		40	60	80
Return on investment (based on £0.4bn above)		10%	15%	20%

- Accretion in Santander's earnings per share including synergies expected from 2009⁽¹⁾
- These figures are based on internal estimates, and before restructuring charges

Given the low risk nature of the acquisition and funding benefits, the ROI offers excellent value to Santander

(1) This statement as to financial accretion is not intended to mean that Santander's future earnings per share will necessarily exceed or match those of any prior year



Summary financials

- Investment of c.£0.4bn for B&B's direct channels and c.£20bn of deposits (2% of the UK Market)
- £200m paid for Isle of Man capital
- Profits of £ 40, 60 and 80 mn in the first 3 years assuming no credit taking activities
- The deal is expected to be EPS enhancing: +0.3% in 2009; +0.4% in 2010; + 0.6% in 2011
- ROI of 20% year 3 (based on £0.4bn purchase price)
- Loan / deposit ratio of 75% with B&B deposit base

Description of the deal

Strategic rationale

Financial impact

Summary

Transaction fits core Santander principles

- 1 Critical mass in UK**
Accelerates growth strategy and distribution scale in the UK, combination of A&L and B&B adds 4% deposit market share...
- 2 Potential for efficiency improvement**
...continuing to leverage core skills and efficient UK operating platform...
- 3 Low risk**
...with no exposure to B&B's mortgage / wholesale portfolios
- 4 Balance sheet strength**
...enhanced funding position, significantly increasing retail customer deposit relationships. This deal closes A&L's loan / deposit gap...

ROI offers excellent value and is earnings accretive from 2009⁽¹⁾



(1) This statement as to financial accretion is not intended to mean that Santander's future earnings per share will necessarily exceed or match those of any prior year



Investor Relations
Abbey House
Level 5
2 Triton Square
Regents Place
London NW1 3AN
e-mail: ir@abbey.com
www.abbey.com

Bruce Rush
Tel. +44 (0) 20 7756 4275
Simon Donovan
Tel. +44 (0) 20 7756 4476

Investor Relations
Ciudad Grupo Santander
Edificio Pereda, 1st floor
Avda de Cantabria, s/n
28660 Boadilla del Monte, Madrid (Spain)
Tel.: +34 91 259 65 14 - +34 91 259 65 20
Fax: +34 91 257 02 45
e-mail: investor@gruposantander.com
www.santander.com

