

Santander UK plc: Self-sufficient and PRA regulated

Systemically important UK Bank

- Santander UK serves its customers with 1,156 branches (including agencies), 50 regional business centres and c. 20,000 employees¹
- Visible balance sheet with customer assets 69% of total; UK prime mortgages 83% 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
- 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 retail customers

'Bank of Choice' for UK companies

Consistent profitability and strong balance sheet

Delivering on our commitments

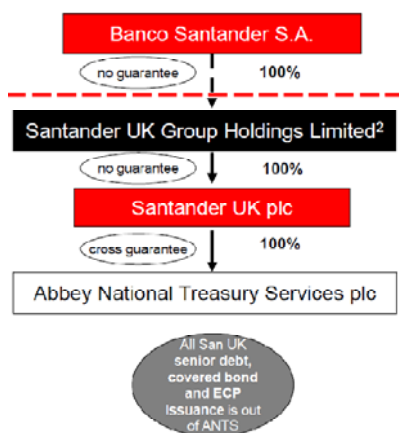
- 1.1 million new 1|2|3 World customers; transforming the customer profile
- Current account balances up 75%, to £27.9bn
- 11% net gain of all current accounts transferred
- Customer satisfaction gap to top 3 peers narrowed from 10pp to 3pp since Dec'11
- Portfolio diversification improved; commercial lending up 13% to £22.1bn
- Strong risk discipline maintained; loan loss rate down 5bps to 0.52%
- Rolled out cash management tool, online banking and international trade finance portal
- PAT from continuing operations (excluding significant items) up 13% to £921m
- Q4'13 Banking NIM of 1.71%, highest in the last two years
- Costs remained tightly controlled, despite significant investment spend
- Capital position strengthened further with fully loaded CET1 capital ratio of 11.6%
- Loan-to-deposit ratio improved 3pp to 126%
- Improved NPL ratio of 2.04%; recent retail and commercial loan vintages performing well

Key financial data

	31.12.13	31.12.12
Loyal customers	2.7m	2.2m
1 2 3 World customers	2.4m	1.3m
Customer satisfaction (FRS)	58%	55%
Business mix (Commercial Banking loans percentage)	12%	10%
Return on Tangible Equity ('RoTE')	8.9%	9.1%
Cost-to-income ratio ⁴	54%	53%
CET 1 Capital ratio	11.6%	11.1%
Loan-to-deposit ratio	126%	129%
Non-Performing Loans Ratio ('NPL')	2.04%	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 intra group lending
- Banco Santander's profits are geographically diversified (PAT: UK 17%, Brazil 23%, other LatAm 24%, Spain 7%, USA 10%, Other Europe 19%)
- 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 Q4 2013 Quarterly Management Statement (QMS) or the Banco Santander Group Q4 2013 Quarterly Financial Report

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

² Santander UK Group Holdings Limited became the holding company of Santander UK plc on 10 January 2014

³ CET 1 Capital ratio is CRD IV end point Common Equity Tier 1 ratio. See Appendix 2 supplementary information on page 18 of the Q4'13 QMS for additional details on capital

⁴ 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 (STEP¹ Label)
- US\$ 20bn USCP
- €5bn French CD (STEP¹ Label)
- €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

▪ **Investor Relations Contacts**

➤ **James S Johnson**

+44 20 7756 5014

Head of Investor Relations

➤ **Bojana Flint**

+44 20 7756 6474

Deputy Head of Investor Relations

▪ **Funding Team Contacts**

➤ **Tom Ranger**

+44 20 7756 6303

Director of Funding and Collateral Management
capital.markets@santander.co.uk

➤ **Will Perkins**

+44 20 7756 4797

Head of Medium Term Funding
mtf@santander.co.uk

➤ **Vincenzo Albano**

+44 20 7756 7050

Head of Short Term Funding
shorttermfunding@santander.co.uk

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United Kingdom



¹ Short Term Euro Paper in compliance with the STEP Market Convention 2010