

Santander UK: UK systemic, self-sufficient and FSA regulated¹

A key UK bank

- Santander UK serves its customers with 1,186 branches (including agencies), 35 regional business centres and 24,000 employees in the UK (on a group basis)
- UK focused customer loans and deposits business; with c. 99% of customer assets UK-related
- Minimal net exposure after collateral to periphery eurozone countries amounting to c. 0.4% of total assets
- Banking market share: mortgage stock (13.1%), deposits (9.4%), bank account stock (9.3%)
- Wholesale funding raised via Santander UK's 100% owned and guaranteed subsidiary, ANTS, (programmes: MTN, ECP, ANNA CP, covered bond) or via the securitisation vehicles (Holmes, Fosse, Langton, Motor)

Santander UK's strategic priorities

Strengths of Santander UK

- Key UK and corporate banking market participant
- Consistent profitability
- High quality, low risk portfolio
- Strong liquidity, funding and capital positions
- Strengthening our commercial franchise

Pillar 1

Delivering value to our primary banking customers

Pillar 2

More balanced business mix and SME bank of choice

Pillar 3

Leading efficiency and customer service and satisfaction underpinned by IT systems

Balance Sheet Strength

- Building further on balance sheet strength and stability
- c. 85% of customer assets consisting of prime UK residential mortgages
- Strong retail and growing corporate focus
- Prudent risk management (Mortgages NPLs: 1.74%, LTV of new business: 63%, LTV stock 52%)
- Responsible for own funding and liquidity
- Strong capital (CT1: 12.2%) and liquidity positions
- Highly rated UK bank:

S&P

A / Negative / A-1

Moody's

A2 / Negative / P-1

Fitch

A / Stable / F1

Key financial data as at

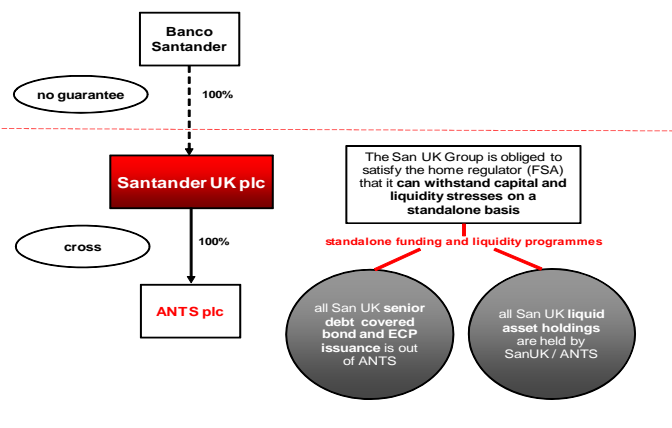
Dec'11 Dec'12

31 Dec 2012

Core tier 1 capital ratio	11.4%	12.2%
Cost:income ratio	47%	45%
Customer deposits and MTF to customer loans ratio	105%	112%
SME asset market share	4.3%	5.2%
MTF issuance (£bn)	25.1	14.0
Total Santander UK NPL	1.93%	2.17%
Mortgages NPL	1.46%	1.74%

Structure and ownership

- Santander UK is a wholly-owned subsidiary of Banco Santander; a global retail and corporate bank
- Banco Santander operates a "subsidiary" model in its operations outside of Spain
- This ensures that the Santander UK Group is capital and liquidity self-sufficient
- FSA sign-off required for capital movements (e.g. dividends); restriction of Large Exposures limits
- Banco Santander's profits are geographically diversified (PAT: UK 13%, Brazil 26%, other LatAm 24%, Spain 15%, USA 10%)
- Banco Santander complied with the EBA's new capital requirements six months ahead of the deadline



United Kingdom

All information sourced from Q4 2012 Quarterly Management Statement (QMS), 2012 Annual Report or the Banco Santander Group United Kingdom Q4 2012 results presentation



The financial results of 2012 and 2011 were impacted by a number of significant items. Please refer to the Q4 2012 QMS for further information

Issuance Programmes:

- US\$ 20bn EMTN
- US\$ 10bn ECP
- US\$ 20bn CP
- €10bn Note, Certificate and Warrant Programme
- €35bn covered bond

▪ **Investors page:**

- includes results and presentations pages

▪ **Debt Investors page:**

- includes links to covered bond and securitisation programme sites

▪ **Key Contacts:**

➤ **James S. Johnson** **+44 20 7756 5014**

Head of Investor Relations

➤ **Bojana Flint** **+44 20 7756 6474**

Deputy Head of Investor Relations

Disclaimer

Santander UK plc is Regulated by the FSA.

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 Santander UK. 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.

This presentation is not, and is not intended to be, a prospectus or other offering document in relation to any securities of Santander UK, Santander or any other person and should not be relied on as such by any recipient for the purposes of an investment decision in relation to such securities or any other security.

In making this presentation available, both Santander UK give no advice and make no recommendation to buy, sell or otherwise deal in shares in Santander UK, 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 there from.

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.

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.