

Santander UK: Self-sufficient and PRA regulated

Systemically important UK Bank

- Santander UK serves its customers with 1,187 branches (including agencies), 36 regional business centres and c. 24,000 employees (on a group basis)
- UK focused customer loans and deposits business; with 98% 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: residential mortgage stock (12.8%), deposits (9.3%), 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)

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

Delivering value to our primary banking customers

Building a more balanced business mix and becoming UK SME bank of choice

Leading efficiency and customer experience underpinned by IT

Balance Sheet Strength

- Building further on balance sheet strength and stability
- 84% of customer loans consisting of prime UK residential mortgages
- Strong retail and growing corporate focus
- Prudent risk management (Mortgages NPLs: 1.83%, LTV of new business: 62%, LTV stock 52%)
- Responsible for own funding and liquidity
- Strong capital and liquidity positions
- Highly rated UK bank:

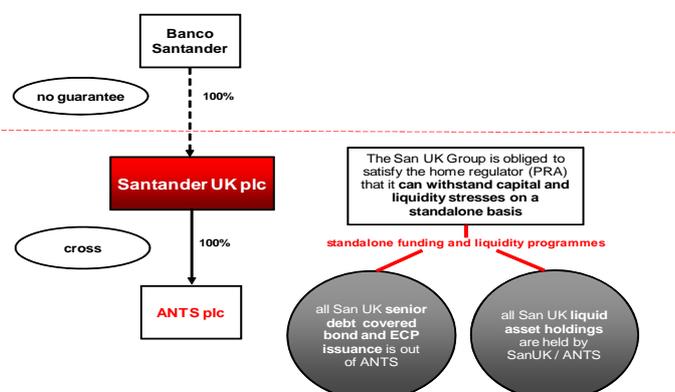
S&P	Moody's	Fitch
A / Negative / A-1	A2 / Negative / P-1	A / Stable / F1

Key financial data as at Dec'12 Mar'13

31 March 2013	Dec'12	Mar'13
Core tier 1 capital ratio	12.2%	12.5%
Cost:income ratio	55%	57%
Loan to deposit ratio	129%	126%
Total Santander UK NPL	2.16%	2.18%
Mortgages NPL	1.74%	1.83%
SME asset market share	5.3%	5.3%
1 2 3 World customers	1.3m	1.7m

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
- PRA sign-off required for capital movements (e.g. dividends); restriction of Large Exposures limits
- Banco Santander's profits are geographically diversified (PAT: UK 12%, Brazil 26%, other LatAm 25%, Spain 11%, USA 12%)
- Banco Santander complied with the EBA's new capital requirements six months ahead of the deadline



United Kingdom

All information sourced from Q1 2013 Quarterly Management Statement (QMS) or the Banco Santander Group United Kingdom Q1 2013 results presentation



Prior periods' data has been amended to reflect discontinued operations relating to the agreement in principle to sell the Santander UK storecards business

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

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