

Santander UK plc: Self-sufficient and PRA regulated

Systemically important UK Bank

- Santander UK serves its customers with 1,187 branches (including agencies), 37 regional business centres and c. 24,000 employees¹
- UK focused customer loans (64% of total assets) and deposits business; with 98% of customer assets UK-related
- Minimal net exposure after collateral to periphery eurozone countries amounting to c. 0.6% of total assets
- Banking market share: residential mortgage stock (12.6%), deposits (9.1%), bank accounts (9.4%)
- 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

Loyal and satisfied customers

'Bank of Choice' for UK companies

Consistent profitability and strong balance sheet

Delivering on our commitments

- 600k customers joined the 1|2|3 World in H1'13, including 131k new customers who switched their bank account from other providers
- 1|2|3 Current Account customers typically have 3x bigger average account balances, nearly double the number of products, significantly lower attrition and a much better risk profile
- Santander UK saw a significant reduction in the gap to the top 3 performers over the last year²
- Corporate Banking customer loans grew 11% in the last year, including SME growth of 12%
- RoTBV is expected to increase with an improved income momentum, (Q2'13 net interest income was the highest for the last five quarters), and a low retail and corporate loan loss rate (H1'13: 0.26 % annualised)
- Our focus on cost discipline is undiminished, as we manage increased regulatory compliance and control costs and continue to invest in the business
- Strong capital ratios and prudent liquidity levels, with PRA eligible liquid assets of £35.0bn, more than 1.5x wholesale funding of less than one year
- All financials and ratios reflect the declaration of a dividend of £215m in respect of H1'13

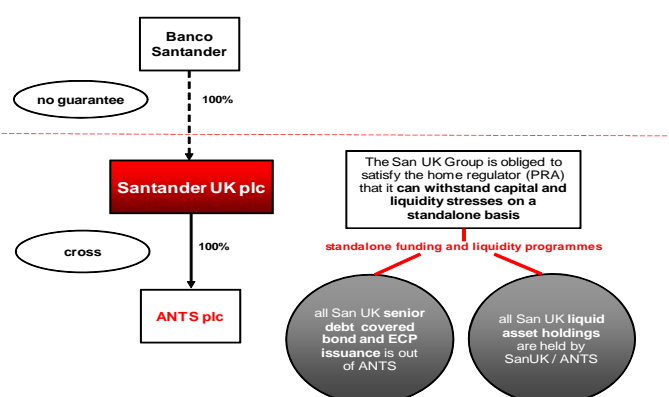
Key financial data

30.06.13 31.12.12

Loyal customers	2.5m	2.2m
Number of 1 2 3 World customers	1.9m	1.3m
Customer satisfaction (FRS)	57%	55%
SME market share	5.5%	5.3%
Business mix (Corporate Banking loans percentage)	11%	10%
Return on tangible book value ('RoTBV')	8.3%	9.1%
Cost-to-income ratio ³	57%	53%
Core Tier 1 Capital ratio	12.4%	12.2%
Loan-to-deposit ratio	125%	129%

Highly rated UK bank:

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



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 13%, Brazil 25%, other LatAm 26%, Spain 8%, USA 12%), Other Europe 16%
- Banco Santander complied with the EBA's new capital requirements six months ahead of the deadline

All information sourced from Q2 2013 Quarterly Management Statement (QMS) or the Banco Santander Group United Kingdom Q2 2013 results presentation

¹ On a Group basis

² At 90% confidence interval

³ 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%.

Prior periods have been amended to reflect the sale of the co-brand credit cards business



Issuance Programmes:

- US\$ 10bn ECP (STEP¹ Label)
- US\$ 20bn USCP
- €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



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