Product Information and Risk Warnings

Santander UK plc ("SANUK") (herein referred to as "SANUK") is required to provide you with this document in accordance with our General Terms of Business.

According to UK Ringfencing Regulation Santander UK is only permitted to deal in financial instruments to hedge the risks created by dealing with customers. The instruments available for Santander (UK) to use in risk mitigation are limited by the regulation and accordingly only such instruments will be offered to clients of Santander (UK)

You must not rely on the information contained in this document as investment advice based on your personal circumstances, financial position, or investment strategy; nor as a recommendation to enter into any particular product detailed in this document.

Different investments involve different levels of risk and not all of the products detailed in this document are suitable for all investors. This document cannot disclose all the risks or all aspects of these products. You should not transact in these products unless you understand their nature and risks, and the extent of your exposure to those risks. If you are unclear about or do not understand any aspect of a product or the risks associated with it you should consult an independent financial advisor, accountant, or legal advisor prior to considering an investment in any of the products.

The specific aspects of any transaction must be carefully verified, understood, and accepted by each party to the transaction via the term sheet, OTC agreement or other relevant accepted medium. These will set out the specific conditions of the transaction on which the risk must be judged. Transacting parties must consider the nature and risk of any product in the context of their overall investment strategy and risk tolerance level. Whilst this document provides an overview of the products available, products may take on different or unique characteristics and risk profiles (including the mitigation of risk) depending on the specific details of the individual transaction and prevailing market conditions, especially when combined.

To the extent that you are classified as a professional client or eligible counterparty, you are deemed to be knowledgeable of, sophisticated and experienced in understanding the nature, merits and risks of the products transacted. In addition, you are deemed to be capable of evaluating (on your own or through your own advisers) the merits of and assuming the risks of products to be transacted, which may include, without limitation, any of (or any combination of) the risks set out in this document. If you do require further information on any of the products detailed in this document, please contact us through our dedicated MiFID email address RSGClientOutreach@Santander.co.uk

Generic Risk Types

Investments provide a return relative to the amount of risk they pose. The value of the investment can go down as well as up and can be subject to volatility due to a range of factors such as economic, social, political factors, price changes in the underlying instrument and interest rates. It is important to remember that past performance is no indication or guarantee of future performance.

The nature and extent of investment risks varies between countries and from investment to investment. These investment risks will vary with, amongst other things, the type of investment being made, including how the financial products have been created or their terms drafted, the needs and objectives of particular investors, the manner in which a particular investment is made or offered, sold or traded, the location or domicile of the Issuer, the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer), the complexity of the transaction and the use of leverage.

There are several types of risk which you should be aware of. These are not mutually exclusive and can impact each other.

Credit/Counterparty/Settlement risk

Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors or counterparties failing to fulfil their contractual obligations or the risk of such parties' credit quality deteriorating.

Credit risk can take many forms and can be referred to as 'counterparty risk' or 'settlement risk'. Settlement risk increases where different legs of a transaction settle in different time zones or in different settlement systems where netting is not possible. This risk is particularly acute in transactions and currency swap transactions. If a transaction does not settle by the settlement date, interest may start to accrue against the party which has failed to deliver.

A variety of measures are used to analyse and assess credit risk, and in addition to an upfront assessment, a number of measures can be used to manage and mitigate credit risk, such as the use of covenants, credit derivatives, collateralisation, diversification, and the application of credit risk limits.

SANUK as issuer / counterparty: Where SANUK is the issuer or counterparty of the relevant financial products, an investment in any such financial products bears the risk that SANUK may not be able to fulfil its obligations under the relevant financial products on any relevant due date. The value of financial products where SANUK is the issuer or the counterparty is expected to be affected, in part, by investors' general appraisal of SANUK's creditworthiness. Any reduction in the creditworthiness of SANUK could result in a reduction in the value of such financial products. If, in respect of SANUK, an insolvency proceeding is commenced or certain financial products are subjected to bail-in or write down due to SANUK going into financial difficulty, the return to a holder of, or a party to, such financial product may be limited, and any recovery will likely be substantially delayed.

In order to assess the risk, prospective investors should consider all information provided in the offering documents relating to the relevant financial product(s) and consult with their own professional advisers if they consider it necessary.

The risk related to SANUK's ability to fulfil its obligations in respect of any such financial products is described by reference to the credit ratings assigned by independent rating agencies. A rating is not a recommendation to buy, sell or hold financial products and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of any rating assigned may adversely affect the market price of some financial products where SANUK is the issuer.

Certain investments are sometimes referred to as principal or capital protected on final maturity. Investors in products that are not principal, or capital protected may risk losing their entire investment if the value of the underlying asset(s) does not move in the anticipated direction. Investors in products that are principal, or capital protected may however still be subject to loss of some or all of their investment in the circumstances where the counterparty has become insolvent, the investment is not held until final maturity or in accordance with the terms of the investment, whereupon the investor may not receive the full or any value for the time during which they held the investment.

Market risk

Market risk is the exposure of investments to movements in market prices, including observable variables such as interest rates, exchange rates and equity market indices, and others which may be only indirectly observable such as sector, political and economic factors as well as volatilities and correlations.

Liquidity risk

Liquidity risk is financial risk arising from uncertain supply and demand and also indirectly by other factors such as market disruptions (e.g., disruption on an exchange) or infrastructure issues (e.g., a lack of sophistication or disruption in the securities settlement process). Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position.

Certain investments are designed to be held to maturity and may have limited to no established trading market to allow your capital or investment to be returned prior to maturity. If a trading market does develop, it may not be very liquid. Therefore, you may not be able to sell or divest from your investment easily or at prices that will provide you with a rate of return comparable to similar investments that have a developed secondary market. This is particularly the case for financial products that are especially sensitive to interest rate, currency, or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. As such certain investments would generally have a more limited secondary market and more price volatility than other conventional investments, such as shares. Early divestment may result in a reduction or loss of capital or interest. Such reduction may include SANUK's reasonable estimate of the cost, considering factors such as market transaction costs, prevailing interest rates and any costs or charges incurred by SANUK towards facilitating early redemption or termination of your investment.

Interest rate risk

Interest rate risk is the risk that interest rates will rise and reduce the value of
an investment, especially for bonds, as the price of a bond will worsen due to an increase in rates. This could impact negatively on other products as well. There are additional interest rate related risks in relation to floating rate instruments and fixed rate instruments. Interest income on floating rate instruments cannot be anticipated. Due to varying interest income, you are not able to determine a definite yield of floating rate instruments at the time you purchase them, so that your investment return cannot be

compared with that of investments having longer fixed interest periods. If the terms and conditions of the relevant instruments provide for frequent interest payment dates, you will be exposed to reinvestment risk if market interest rates decline.

Currency risk

In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency other than that in which your account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social, and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency but may not eliminate completely exposure to changing currency values.

Products and Investments

Financial products are usually classified as either 'cash' or 'derivative' instruments:

Cash instruments e.g., bonds, deposits, and foreign exchange are the most common types of cash instruments and have their value determined directly by markets. Most commonly, investors purchase or sell such assets in order to benefit from capital gains in the value of the asset and the receipt of related coupons. Cash instruments are usually held for investment purposes.

Derivatives e.g., swaps, options, and forwards by contrast, are financial instruments which derive their value from the value from an underlying asset's value and are used for speculative purposes or as hedges to manage investment or economic risk. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest. Derivative instruments are transacted either on an exchange or OTC (Over the Counter). The term OTC simply relates to products which are not traded on an exchange, but where the counterparties contract with each other, either directly or via intermediaries such as brokers. Exchange traded products tend to be more standardised and vanilla, whereas OTC products tend to be more complex and exotic.

The return on derivatives (which may be complex) may seek to modify or replicate the investment performance of commodities, currencies, interest rates, or indices. The underlying asset generally has counterparty risk and may not perform in the manner expected, thereby resulting in greater loss or gain in value. Unlike a direct investment in the underlying asset, entering into a derivative transaction does not ordinarily entitle the investor to any legal or beneficial rights of ownership in the underlying asset, including, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to the underlying asset.

Cash Products

Money Markets: 'Money Markets' is a generic term for the global financial markets for short term (<1 year, usually no longer than 6 months) borrowing of cash and lending, providing liquid funding for the global financial system. A number of products are used in the money markets, some of which are described below. Money markets are large and usually highly liquid and are generally viewed as relatively low risk investments. Like other debt instruments, money-market instruments may be exposed to the major risk types in Part II above, in particular credit and interest rate risk. As such, they return a relatively low interest rate and have comparatively small bid/offer spreads.

Commercial Paper: Commercial paper (CP) is a money-market security issued primarily by companies with high credit ratings and represents the largest segment of the money market. The vast majority of CP is issued as discount instruments in bearer form. CP can be issued for terms up to a year, but most CP is issued for terms of around a month thus providing flexibility to companies looking to get funds to meet short term debt obligations. Yields are quoted on a discount basis and the UK uses an actual/365 basis for interest calculation (most other countries use actual/360). Commercial paper entails credit risk, and programmes are rated by the major rating agencies.

Deposits/Loans: Money market deposits are large denomination deposits. Terms range from overnight to one year and interest accrues until maturity. British pound deposits have interest calculated on an actual/365-day count basis (most currencies are quoted on actual/360). They are non-negotiable, which means they cannot be traded or otherwise transferred to another party. Loans work in opposite manner.

Certificates of Deposit: A certificate of deposit (CD) is a money market instrument. CDs have a fixed term, at the end of which the deposit is returned with interest. The vast majority of CDs have terms of under a year. Most CDs credit a fixed rate of interest, but there are also floating rate CDs. A fee must be paid to withdraw funds early. The majority of CDs are negotiable, and investors can sell an unwanted CD rather than pay a fee to withdraw the funds. CDs are normally issued in bearer form to facilitate transferability, but some are registered. Yields depend primarily on a CD's term, prevailing interest rates for the currency it is denominated in, and the credit quality of the issuer. CDs typically require a minimum deposit.

Repos/Reverse Repos: A Repo (repurchase agreement) is an agreement between two parties whereby one party transfers the title of a security at a specified price with a commitment to receive back securities of the same issuers and type at a later date for another specified price. Most repos are overnight transactions; however, they can extend for a month or more.

Repos are normally for a fixed term, although open ended deals are also possible. A reverse repo is the opposite side of a repo transaction.

Whilst legally a repo is the sale and subsequent repurchase of a security, it has the economic effect of a secured loan. The original seller acts as a borrower, using their security as collateral for a secured cash loan at a fixed rate of interest. If the repo'ed security pays a dividend, coupon, or partial redemption during the repo, this is returned to the original owner therefore there may be additional tax implications to consider. The difference between the sale and repurchase prices paid for the security represents interest on the loan. Repos are quoted as interest rates, but because repos are essentially secured loans, their interest rates do not depend upon the respective counterparties' credit qualities.

Securities Lending/Borrowing: Owners of securities (e.g., equities or bonds) frequently engage in securities lending, whereby they lend their securities to other parties who may need to cover a short position or deliver them to another party to satisfy another obligation. The securities may be lent for a fixed or open-ended period of time. In return, the lender receives a fee which depends upon how scarce a loaned security is in the marketplace. Securities lending is typically collateralised to reduce the lender's credit exposure. The lender retains the market risk of loaned securities. Any dividends, coupons or partial redemptions during the loan are returned to the lending party therefore there may be additional tax implications to consider.

Medium Term Notes: Medium-term notes (MTNs) are a form of debt financing by companies. New debt issuances usually require registration with a supervisory authority such as the London Stock Exchange. This, together with other associated costs, can make them expensive and time consuming. As some entities want to make frequent small issuances to satisfy their evolving financing needs, the MTN issuance process was created. This allows issuers to continually offer MTNs to investors. The notes are usually issued under an MTN programme, which is a registered funding programme allowing issuers (subject to the parameters of the programme as registered) to modify the MTNs' nominal yield or term in response to issuer's needs or market demands. MTNs are usually coupon bearing instruments and maturities vary. There is a secondary market for MTNs supported by issuing dealers.

MTN activity also operates in reverse i.e., investors may be interested in purchasing notes at a particular term or yield. If an issuer finds the request attractive, it may accept the proposed terms and issue notes. As MTNs entail credit risk, they are rated just like corporate bonds.

Foreign Exchange: The foreign exchange (FX) market is arguably the largest financial market in the world and exists wherever one currency is traded for another. The value of currencies relative to one another changes constantly and as such FX risk must be considered in any transaction where FX is present.

Structured Products: 'Structured product' is a generic term used to describe a broad range of synthetic investments created to meet specific needs that cannot be met from the standardised products available in the market. Structured products are usually based on derivatives (e.g., options and to a lesser extent, swaps). and can be used as an alternative to a direct investment; as part of the asset allocation process to reduce the risk exposure of a portfolio; or to take advantage of current market trends. A typical structured product might combine an element of capital protection (possibly even a capital guarantee) with a degree of participation in the return from a higher performing, but higher risk, underlying asset.

Structured deposits: Structured deposits can be viewed as traditional deposits that offer capital protection combined with an interest rate that is ordinarily linked to the price movement of equity securities, indices, currencies or other underlier. Due to the element of capital protection the reduction in risk can result in a lower potential for reward comparable to a direct investment in the underlying asset.

Derivative Products

Swaps: A swap is a cash-settled OTC derivative agreement between two parties to 'swap' two streams (called 'legs') of cash flows (that can be defined in almost any manner). Swaps entail market risk and can also entail credit risk unless mitigated.

A vanilla swap (usually interest rate or currency) is any swap with fairly standardised provisions.

Interest Rate Swaps: The most common interest rate swaps are fixed versus floating swaps under which cash flows of a fixed rate loan are exchanged for those of a floating rate loan, the most common using a 3 month or 6-month Libor rate (or Euribor) as the floating rate. The fixed rate is established at the beginning of the transaction, while the floating rate is based on a Reference Rate determined on periodic reset dates over the life of the transaction. Swaps can also be customised (non-vanilla) and are categorised according to the nature of the cash flow streams exchanged.

An interest rate swap is ordinarily based on an agreed Notional Amount (the **Notional Amount**) which is agreed upfront. However, subject to agreement the Notional Amount can vary over the term depending on your interest rate view, hedging and/or cash-flow requirements. Neither party to an interest rate swaps agrees to pay over the Notional Amount itself. This is just the nominal reference amount for calculating the periodic fixed and floating amounts.

Swaps can be used to hedge certain risks such as interest rate risk.

FX Swaps: A foreign exchanges swap (**FX Swap**) may be used if one currency needs to be exchanged for another currency on one day and then re-exchanged at a later date.

A FX Swap is effectively two foreign exchange transactions packaged together. In the first stage of the transaction, you exchange an amount of one currency (the **First Currency**) for a pre-agreed amount of another currency (the **Second Currency**). The second stage of the transaction occurs at a later date. On that date, you exchange an agreed amount of the Second Currency for an agreed amount of the First Currency. The two currencies to be exchanged are the same in both stages of the transaction and are referred to as the currency pair. The amount of currency to be exchanged at each stage depends on the exchange rates agreed at the time you enter the transaction (the **Trade Date**).

SANUK will quote a different exchange rate for each stage of the transaction. This will be either a spot exchange rate or a forward exchange rate, depending on when settlement is to occur. If a transaction stage is to settle two business days after the trade date, a spot exchange rate applies. If it is to settle within two business days of the trade date, an adjusted spot exchange rate applies. In all other cases, a forward exchange rate applies. The exchange rates applying for both stages of the transaction are called the FX Swap Rates.

Fluctuations in exchange rates of the relevant currency (or one or more of the currencies in a basket of currencies) will affect the value of investments linked to such currency or currencies. Furthermore, investors who intend to convert gains or losses from the receipt of monies from or sale of such investments into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant currency (or one or more of the currencies in a basket of currencies). Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency (or one or more of the currencies in a basket of currencies), regardless of other market forces. Purchasers of products linked to a currency or currencies risk losing their entire investment if exchange rates of the relevant currency (or one or more of the currencies in a basket of currencies) do not move in the anticipated direction.

If additional products or options relating to particular currencies or currency indices are subsequently issued, the supply of products and options relating to such currencies or currency indices, as applicable, in the market will increase, which could cause the price at which such products are traded in the secondary market to decline significantly.

In the ordinary course of its day-to-day foreign exchange trading or market making or in order to manage the risk of its exposure in relation to any products entered into with you, SANUK and/or its affiliates or any third party may enter into, unwind, terminate or close-out in whole or in part transactions with third parties (**Third Party Transactions**) before, at or after the time at which: (i) the valuation of the product is determined; (ii) the valuation of an external market fixing or benchmark to which a product makes reference is determined (a **Fixing**); (iii) the product becomes due to settle; or (iv) a party's rights to require settlement of the product become exercisable (all or any of these times being a **Relevant Time**). It is possible that entry into Third Party Transactions at a Relevant Time may affect currency exchange rates directly or indirectly, which, in turn, may have an impact on the value of the product to you, or the value of a Fixing and/or may trigger certain provisions of the product.

Financial Instruments linked to Indices: In respect of investments linked to an index or basket of indices, investors may receive payment of an amount determined by reference to the value of the relevant index or indices on a given date(s) as compared to other date(s) and/or physical delivery of assets linked to the relevant index or indices.

Similarly, any interest or return payable on such investment may be calculated by reference to the value of one or more relevant indices on a given date or dates as compared to another date or dates

Forwards: A forward contract is an OTC derivative that in its simplest form is a trade that is agreed to at one point in time but will take place at some later time but where the price has been established at the outset. A forward may be physically or cash settled, in which case the underlier and payment never change hands, the contract settling with a single payment for the market value of the forward at settlement (if positive, short party pays long party/if negative, vice-versa).

Forwards are generally quoted as delivery ('forward') prices. Forward prices fluctuate with market conditions. When a forward is entered into, the contract's delivery price is set equal to the quoted forward price. That delivery price then remains fixed until the forward settles. The price of a forward contract reflects the interest rate differential between the currencies being exchanged. The spot price is adjusted with the differential (or 'forward points) to arrive at the forward price.

Options: Options are derivative instruments gives one party the right, but not the obligation, to buy or sell an underlying asset from or to another party at a fixed price on a specific date in the future. 'Call' and 'put' options give the holder the right to buy and sell respectively an underlier at an agreed 'strike' price. Calls and puts are sometimes called vanilla options to distinguish them from more exotic structures.
Santander UK provides options that can only be exercised on the expiry date these options are typically known as European style options.

Because options grant a right, they have value for the holder and represent a liability for the issuer. When an option is issued, the issuer will charge a price ('premium') for granting the option. An option is 'at the money' if the underlier value equals the strike, 'in the money' if it has positive intrinsic value, or 'out of the money' if it has zero intrinsic value.

Time value is an important factor in options valuation.

An option holder's loss is limited to the premium paid, Option writers have potentially much greater exposure.

Under the UK Ringfencing regulation Santander UK is not permitted to buy options from its customers.

Swaptions: A swaption is an OTC option giving its buyer the right to enter into an interest rate swap on a future date Under the UK Ringfencing regulation Santander UK is only permitted to write swaptions that are exercisable on a single date in the future (European Style) with a maximum option period of five years.

Santander UK cannot buy swaptions from customers.
The purchaser of the swaption pays an upfront premium. If the swaption is exercised, the two parties either enter into the underlying swap or the deal will be cash settled. The holder of the swaption will decide whether or not to exercise based on the agreed swap rate versus the prevailing market rate.

Combined Products

Any combined financial products, such as a bond with an embedded derivative, is exposed to the risk of both those products and so combined products may contain a risk which is greater than those of its components generally, although certain combined instruments may contain risk mitigation features, such as principal protected instruments.

The value of a basket of products (such as shares, indices etc.) may be affected by the number and quality of underlying assets included in such basket. Generally, the value of a basket that includes underlying assets from a number of underlying asset issuers or indices will be less affected by changes in the value of any particular reference asset included therein than a basket that includes fewer underlying assets, or that gives greater weight to some underlying assets included therein. In addition, if the underlying assets included in basket are concentrated in a particular industry, the value of such a basket will be more affected by the economic, financial, and other factors affecting that industry than if the reference assets included in the basket are in various industries that are affected by different economic, financial, or other factors or are affected by such factors in different ways.