Santander: United Kingdom

Fourth Quarter 2008

London, 5th February 2009

Abbey

Bradford & Bingley

Alliance Leicester

Santander

Disclaimer

Abbey National plc (“Abbey”) and Banco Santander, S.A. ("Santander") both caution that this presentation contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, (the “Securities Act”) and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: (1) general market, macro-economic, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates, and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties. The risk factors and other key factors that we have indicated in our past and future filings and reports, including those with the Securities and Exchange Commission of the United States of America (the “SEC”), could adversely affect our business and financial performance. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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 Abbey or Santander. 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.

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

Note: 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.

Note: The results information contained in this presentation has been prepared according to Spanish accounting criteria and regulation in a manner applicable to all subsidiaries of the Santander Group and as a result it may differ from the one disclosed locally by Abbey.

Agenda

- **Market Environment**
- FY 2008
  - Business Update
  - Results

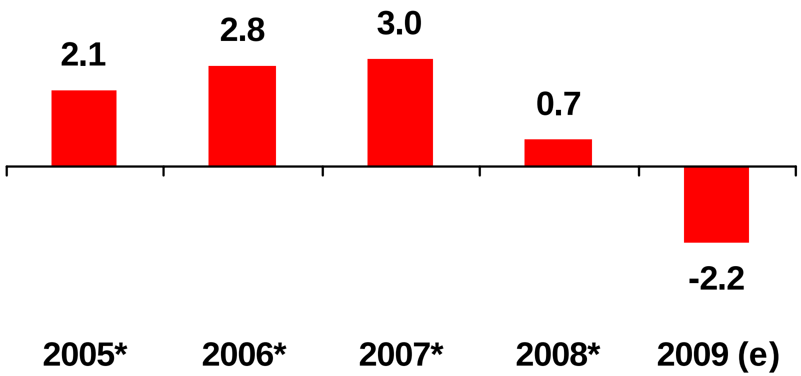
NOTE: Unless otherwise stated:

- **P&L includes Bradford & Bingley (B&B) but excludes Alliance & Leicester (A&L)**
- **Balance sheet and flows include B&B but exclude A&L**

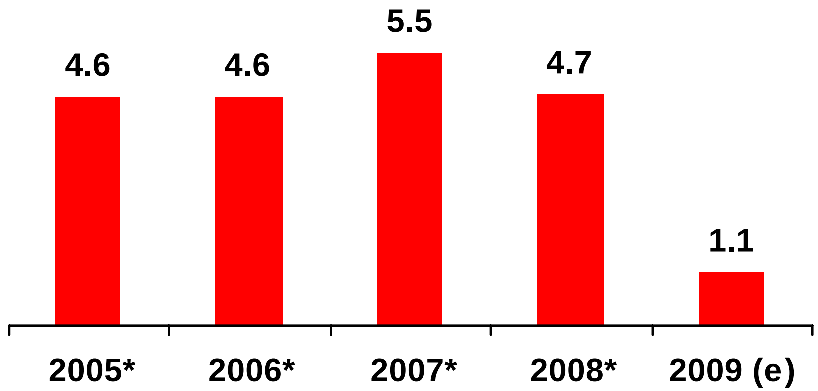
Market Environment

GDP is expected to fall in 2009 with CPI inflation averaging below 1%

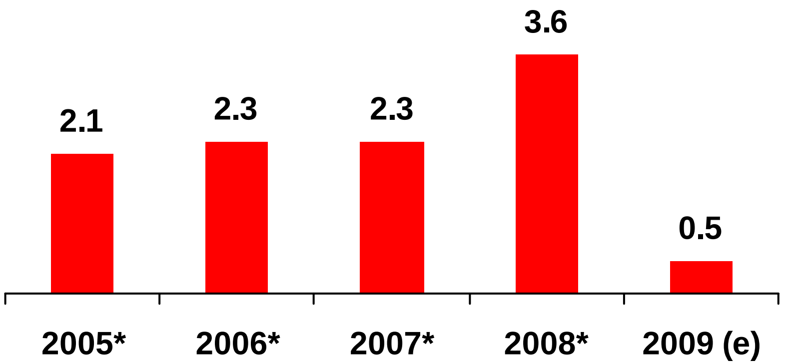
Annual GDP Growth (%, annual average)



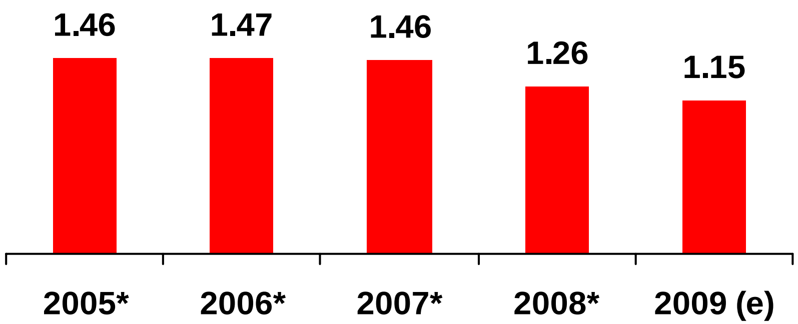
Interest Rates (%, annual average)



Annual CPI inflation rate (%, annual average)



GBP : Euro exchange rates (annual average)



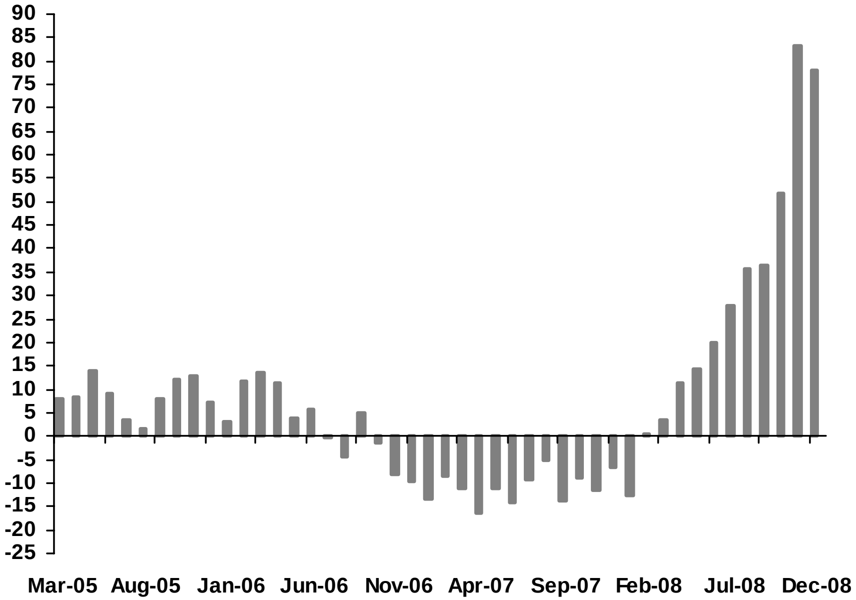
*source - Office for National Statistics & Bank of England

(e) estimated by Abbey

Market Environment

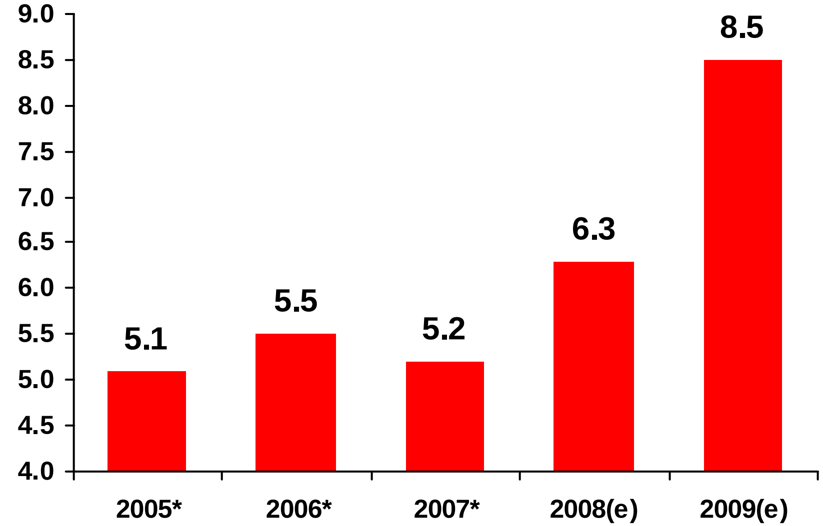
Unemployment is rising and expected to increase further in 2009

Monthly change in claimant count unemployment (000)



Source – Office for National Statistics

Unemployment rate (Q4 average, %)



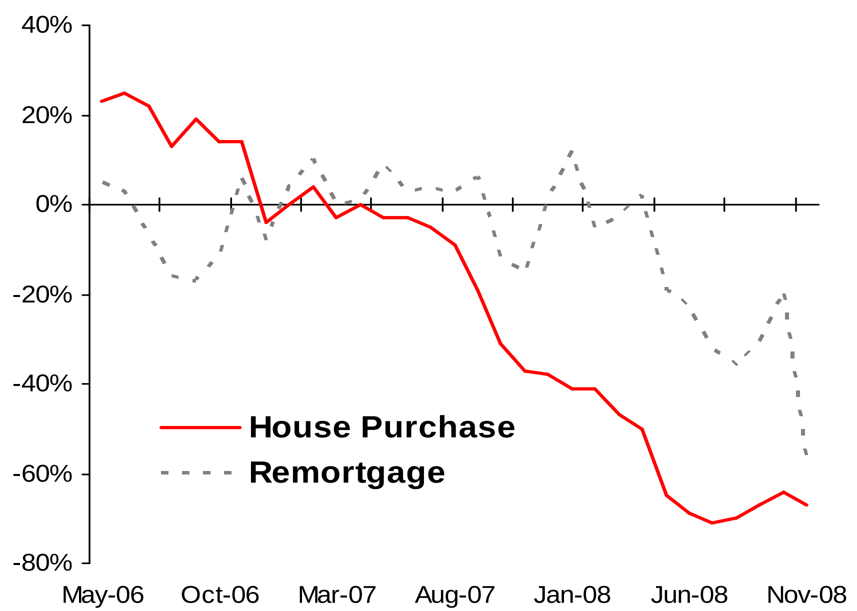
*end year, ILO definition

(e) estimated by Abbey

Market Environment

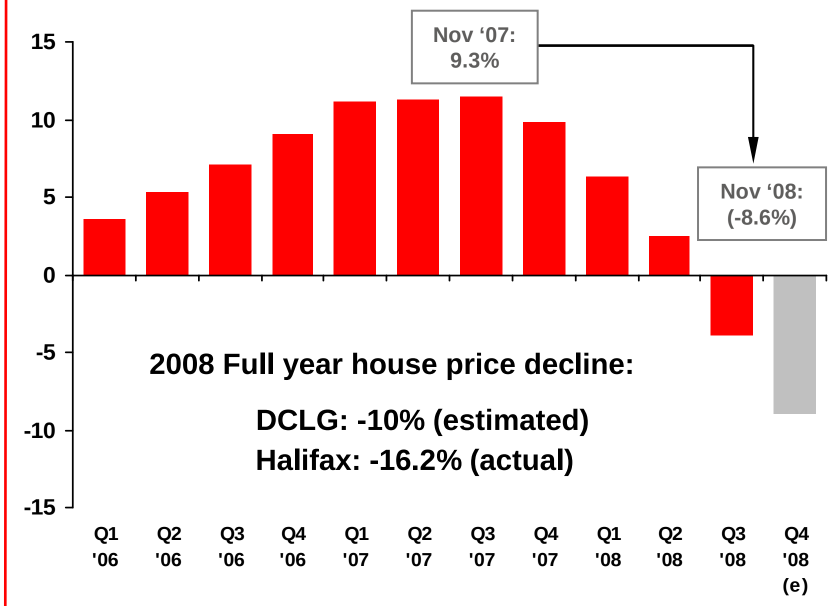
The level of mortgage approvals has fallen sharply in the last year. Lower house purchase activity is resulting in falling house prices.

Annual growth in the number of approvals (%, sa)



Source – Bank of England

Annual house price growth (%)

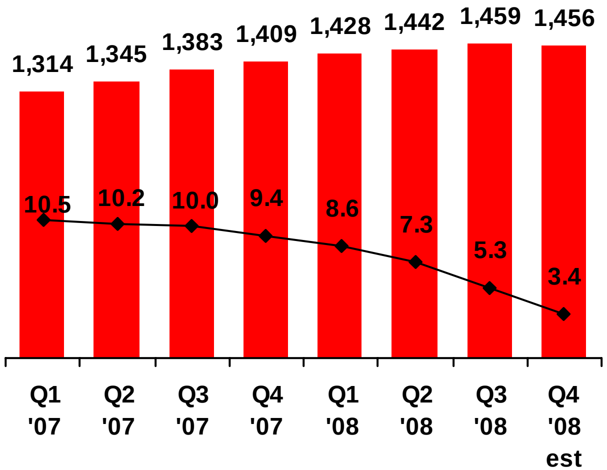


Source – Department for Communities and Local Government.

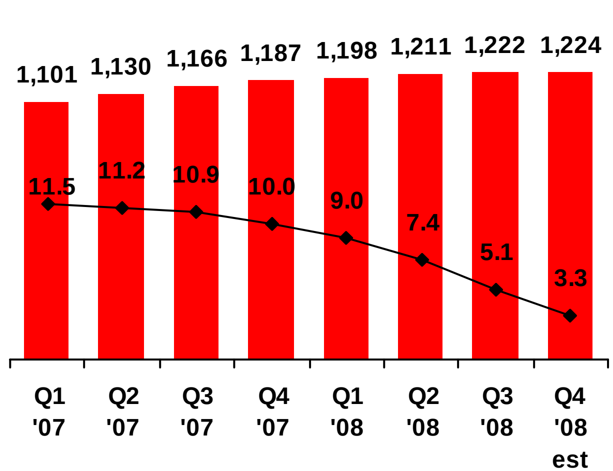
Market Environment

The growth of household borrowing has slowed sharply since the middle of 2007 and is now below 4%

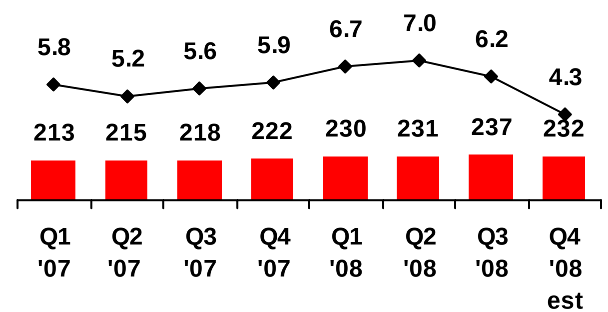
Total lending to individuals*



Mortgage lending market stock*



Consumer credit market stock*



Source – Bank of England.

- annual growth rates (%)

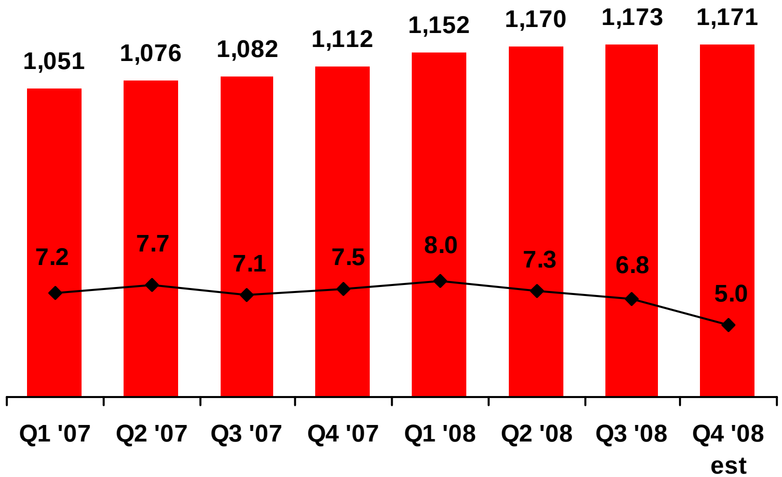
*Please note:

- Growth rates are calculated using the Bank of England's methodology - this expresses period net lending as a percentage of the prior period stock.

Market Environment

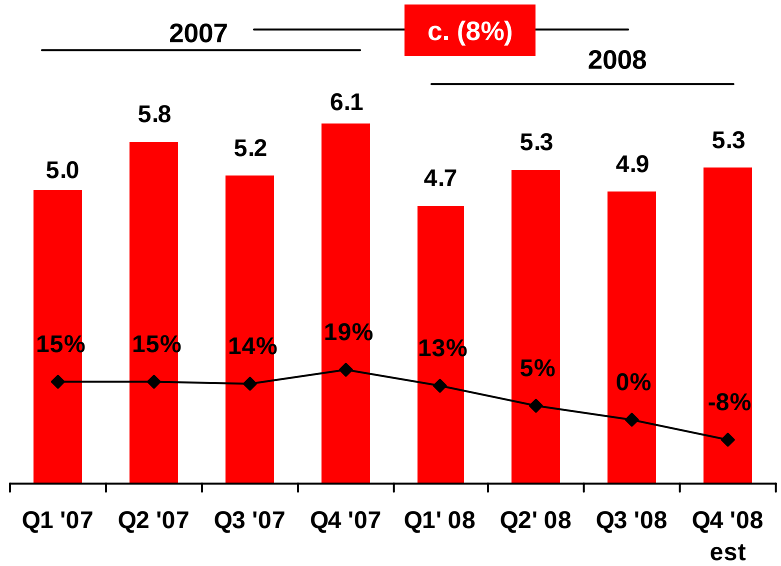
Annual growth in retail deposits has started to slow

Retail deposits (incl. current accounts)



Source – Bank of England.

Bancassurance Investment new business market*



Source – estimated by Abbey based on data from Investment Managers Association / ABI / Structuredretailproducts.com.

annual growth rates (%)

•Note : ABI. IMA and SRP.com all restated data for earlier quarters in 2008

Santander's UK Retail Franchise

Santander is the third largest Retail deposit taker in the UK

	Abbey	B&B	A&L	Combined 31/12/08
Customer deposits (£bn)	73.5	20.9	24.7	119.1
Residential Mortgages (1) (£bn)	115.5	n/a	37.7	153.2
UPLs (2) (£bn)	2.3	n/a	3.4	5.7
Total Retail Lending (£m)	122.1	n/a	41.2	163.3
Estimated market shares: (3)				
Mortgage stock	9.9%	n/a	3.1%	13.0%
Deposits / Savings stock	6.0%	1.8%	2.2%	10.0%
Bank account stock	8.2%	n/a	3.8%	12.0%
UPL's stock	3.5%	n/a	5.2%	8.7%
Branches (4)	710	338	254	1,302
Branch market share	5.6%	2.7%	2.0%	10.3%
ATMs	2,040	61	2,358	4,459
ATM market share	3.0%	0.1%	3.3%	6.4%

(1) excludes Social Housing – this portfolio now included in Corporate Banking
(2) includes cahoot
(3) based on Abbey's estimate of market size
(4) the B&B total includes 141 agencies

Agenda

- Market Environment
- FY 2008

    - Business Update

    - Results

Abbey Business Update

Becoming a fully fledged commercial bank

Abbey reports another year of strong results

- growth in PAT of over 20%
- increased lending to UK, whilst maintaining prudent risk appetite and capitalising on attractive margins
- excellent deposit inflows, demonstrating confidence in Santander / Abbey and improved performance
- revenue growth accelerating to over 17% – well ahead of last year and significantly outperforming peers
- double digit operating jaws for the fourth consecutive year and achieved the 2008 targeted cost:income ratio of 45%

Focus on retail deposit flows

- customer deposit growth of 16% compared to customer asset growth of 10%, with a further reduction in SGBM portfolios to maintain Abbey's short-term funding requirement
- strong commercial net deposit inflows in both A&L and B&B since acquisition – reversing trends in the earlier part of the year
- £20bn of B&B deposits improves the commercial funding ratio to 75%

Low risk portfolio

- unsecured represents less than 2% of portfolio following continued active reduction
- prime lending only and average LTV of stock at 51% (despite fall in HPI) significantly below CML average, with average new business at c.60% and negligible lending in 'greater than 90%' LTV
- strong coverage of both secured (25%) and unsecured portfolios (over 100%) and arrears / PIPs better than CML average

Abbey Business Update

Becoming a fully fledged commercial bank

Developing the commercial franchise

- opening over half a million new bank accounts, up 33%, with adult bank account openings up over 50%
- investment sales up 34% on last year compared to a wider market decline of c.8%
- credit card sales up over 50% in 2008, following successful launch of new Abbey card
- continue to expand corporate banking business and, following the acquisition of A&L by Santander, have accelerated the project to build a full (SME) operation

Building on Santanders' global franchise

- global expertise utilised within Private Banking in the development and implementation of new structured products, as well as leveraging global IT capability – net inflows up almost 40%
- SGBM UK continues to benefit from customer-flow based business originated by the global franchise, with revenues up over 60%
- within Santander Asset Management UK efficiency and flexibility has been enhanced through the use of global middle office facilities

Integration of 3 UK banks progressing well

- 8 million new customers (A&L and B&B)
- single integrated management structure in place by end November
- stabilised savings flows in both B&B and A&L, with strong inflows in Q4
- integrated funding approach in place
- migration of B&B savings business and branches onto Abbey's IT platform is well progressed and plans are in place to start A&L in 2009
- headcount reduction of 1,900 in 2009 announced and implementation underway

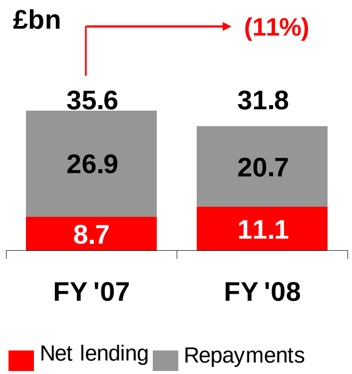
Abbey Business Update

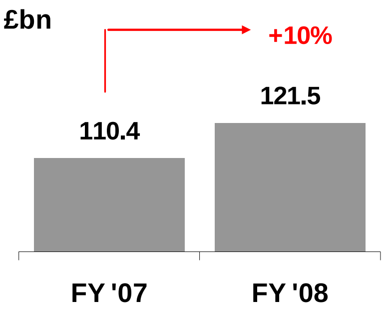
Business performance – Abbey (inc B&B)

Mortgages

Gross Lending | **Stock**

Gross lending

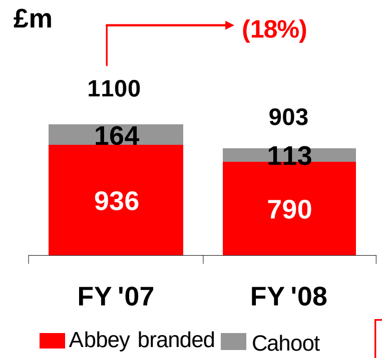


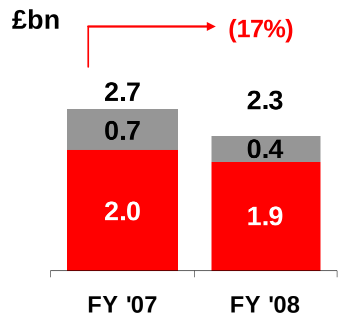


Spread: Q4'08 vs Q4'07 +23bps
Dec'08 vs Dec'07 +28bps

Personal Loans

Gross lending | **Stock**

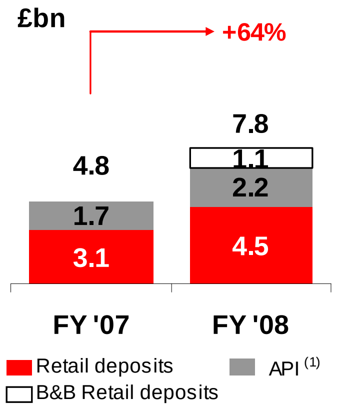


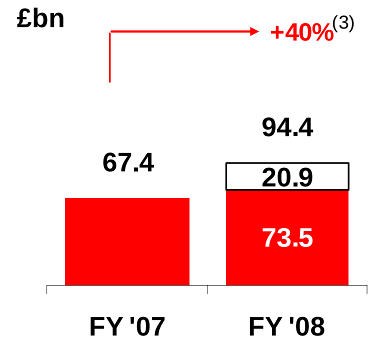


Spread: Q4'08 vs Q4'07 +134bps
Dec'08 vs Dec'07 +149bps

Retail Deposits and Investments

Net Flows | **Stock (2)**

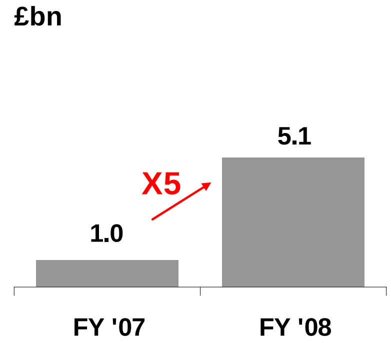




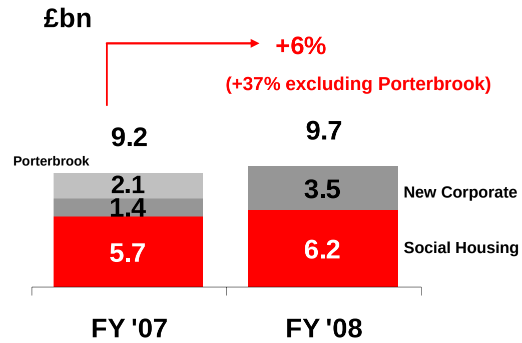
Spread: Q4'08 vs Q4'07 -21bps
Dec'08 vs Dec'07 -22bps

Corporate Banking

Corporate deposits | **Corporate assets**



Spread: Q4'08 vs Q4'07 -8bps
Dec'08 vs Dec'07 -9bps



Spread: Q4'08 vs Q4'07 +14bps
Dec'08 vs Dec'07 +15bps

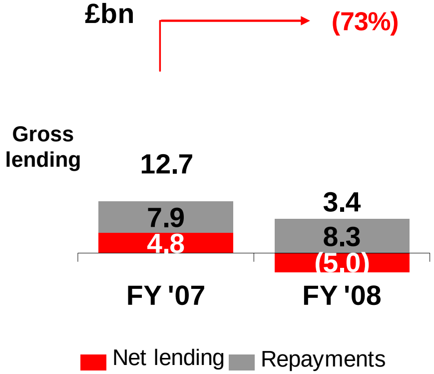
(1) API: Annual Premium Income measures the new business flows that impact revenue and commissions, excluding redemptions and market movements
(2) Stock excludes FUM and spread relates to retail deposits only
(3) Excluding initial deposits received at the time of the B&B acquisition, growth is 10% and c.16% including corporate deposits
Note: spread variances based on quarterly averages but exclude B&B

A&L Business Update

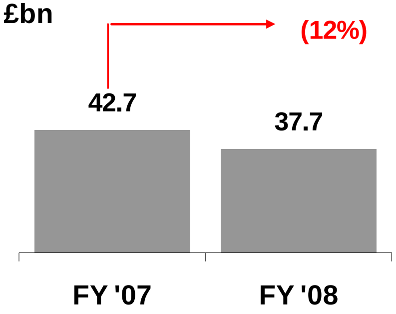
Business performance – A&L standalone

Mortgages

Gross Lending



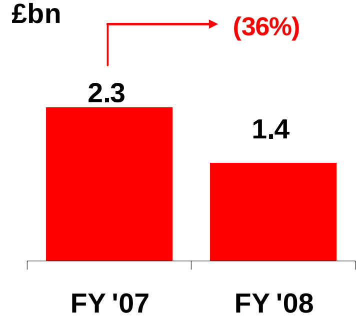
Stock



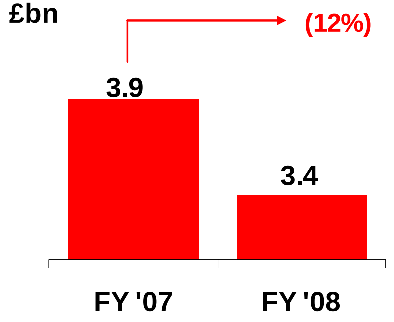
A&L Q4 net lending: £(1.5)bn

Personal Loans

Gross lending



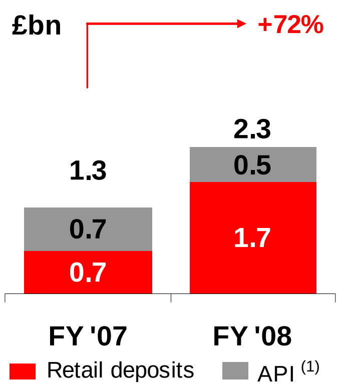
Stock



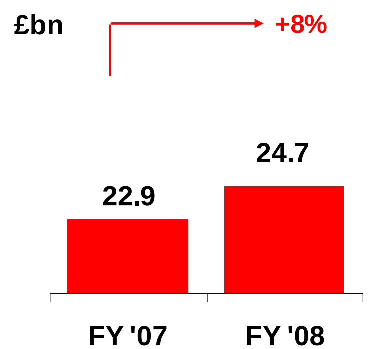
A&L Q4 gross lending: £0.2bn

Retail Deposits and Investments

Net Flows



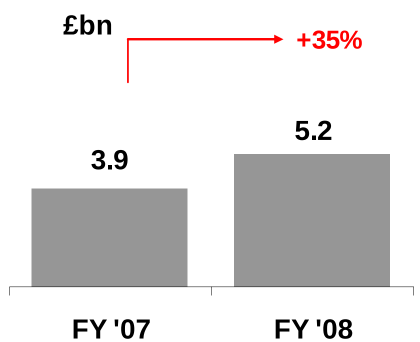
Stock



A&L Q4 net flows: £1.3bn

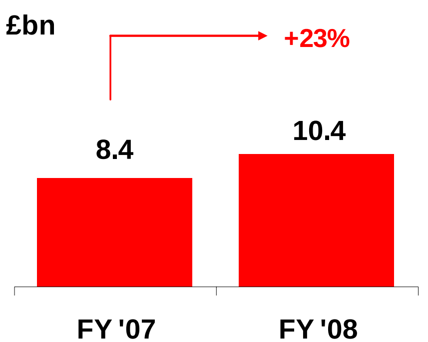
Corporate Banking

Corporate deposits



A&L Q4 net flows: £1.0bn

Corporate assets



A&L Q4 net lending: £0.9bn [2]

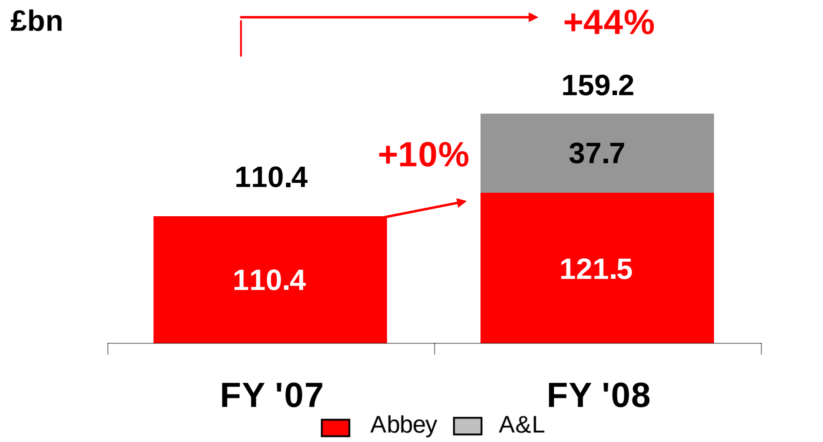
(1) API: Annual Premium Income measures the new business flows that impact revenue and commissions, excluding redemptions and market movements

(2) Includes £0.6bn F/X impact

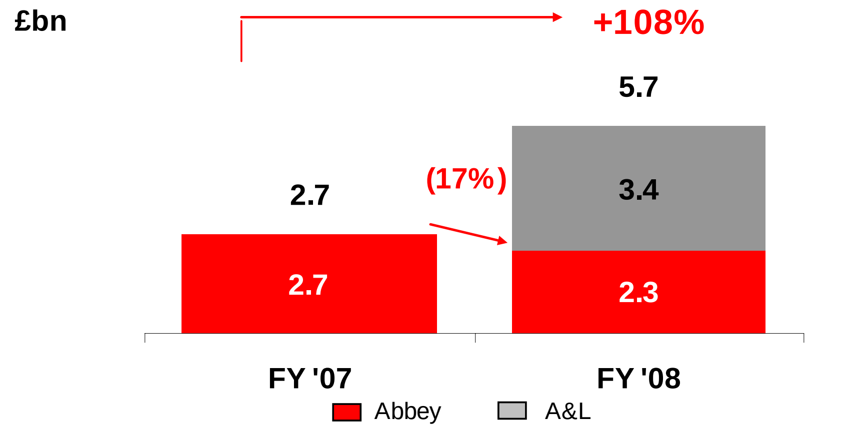
Combined Business Update

Santander UK stock position enhanced through A&L and B&B acquisitions

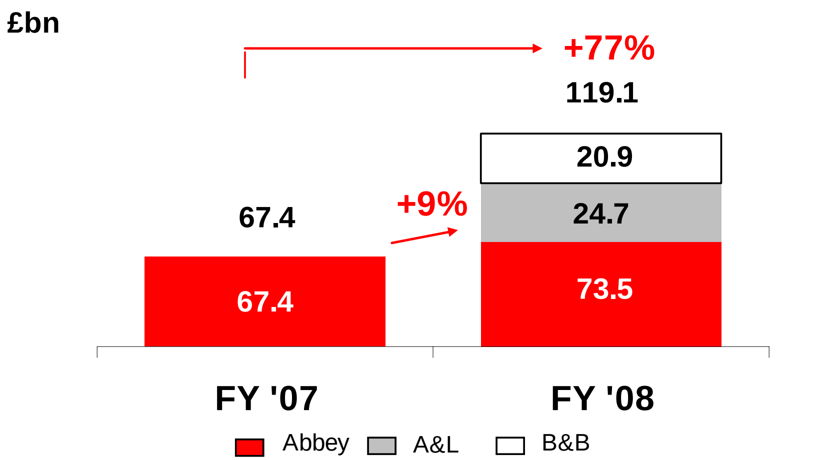
Mortgages



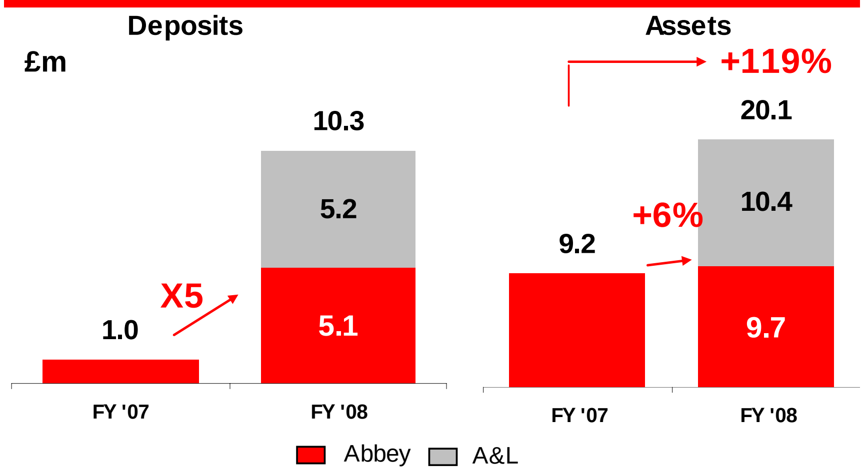
Personal Loans



Retail Deposits and Investments [1]



Corporate Banking



(1) Stock excludes FUM

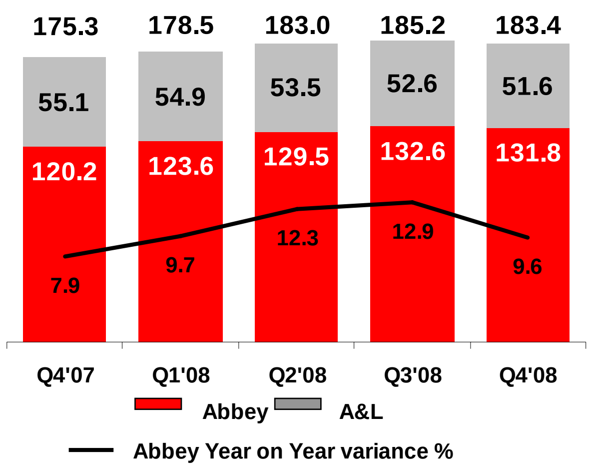
Business: Lending trends / growth

Mortgage stock share of 13% with the addition of A&L

Total Residential mortgages (£bn)

104.9	107.8	113.0	115.4	115.5	Abbey residential retail mortgage stock (£bn)
5.5	5.5	5.7	5.8	6.0	Social Housing stock (£bn)
110.4	113.3	118.7	121.2	121.5	Total Residential mortgages - Abbey
42.7	41.8	40.5	39.2	37.7	A&L residential retail mortgage stock (£bn)
153.0	155.1	159.2	160.4	159.2	Total Residential mortgages
9.3%	9.4%	9.7%	9.9%	13.0%	Santander UK market share (%)

Lending trends / growth £bn



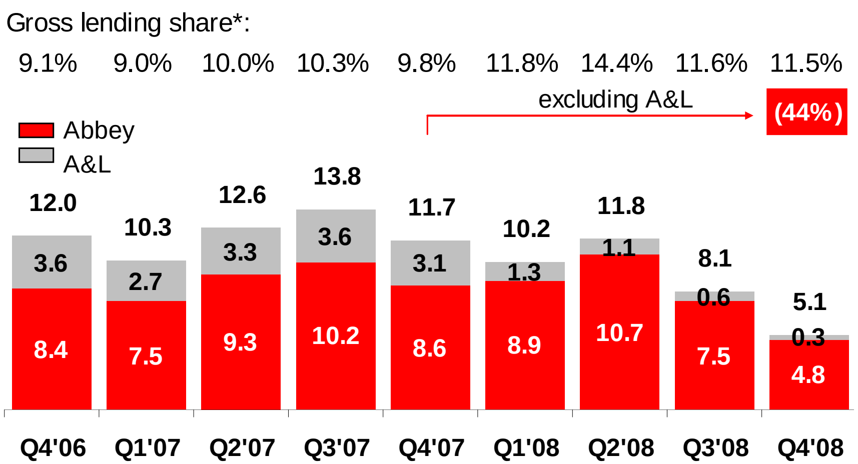
	Abbey FY'08 £bn	A&L FY'08 £bn	Combined FY'08 £bn	(Abbey) FY'08 vs FY'07
Residential Retail mortgage	115.5	37.7	153.2	10.2%
Commercial mortgage	3.7	-	3.7	28.1%
UPLs	2.3	3.4	5.7	(16.9)%
Overdraft & Other	0.6	0.1	0.7	8.6%
Total retail loans	**122.1**	**41.2**	**163.3**	**10.0%**
Corporate Banking [(1)]	9.7	10.4	20.1	5.7%
Total commercial loans	**131.8**	**51.6**	**183.4**	**9.6%**

(1) Abbey Corporate Banking includes Social Housing and A&L Corporate Banking includes £1.4bn of commercial property mortgages

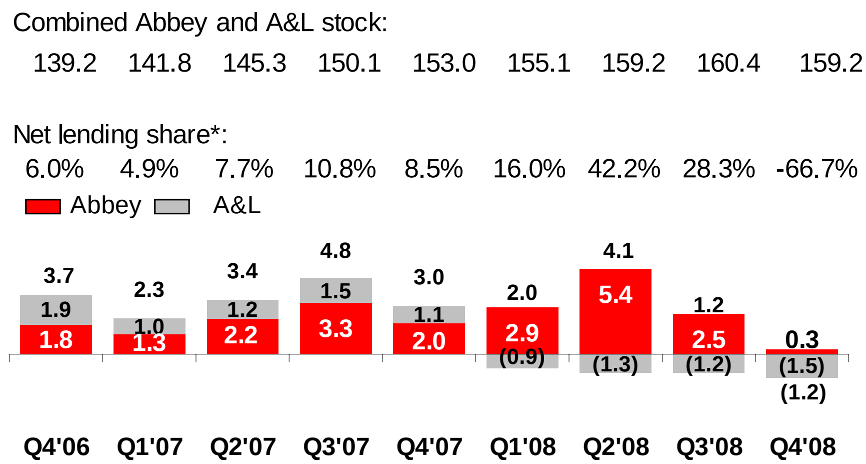
Business Update

Maintained strong retention and focus on longer term, lower LTV business

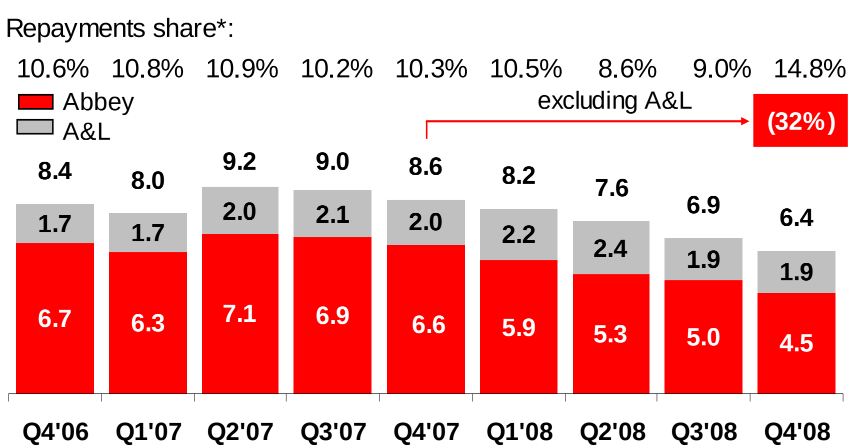
Total residential mortgage gross lending (£bn)



Residential mortgage stock and net lending (£bn)



Total residential mortgage repayments (£bn)



Comment

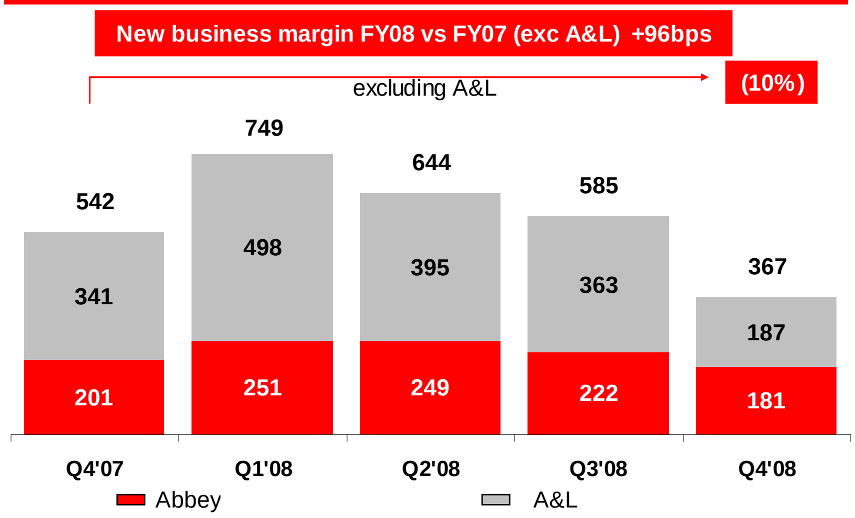
- Abbey gross lending estimated market share (full year) over 12% compared to c. 10% in 2007
- managed profitability of mortgage business, carefully maintaining a balance between new business margin, prudent lending criteria and market share aspirations
- net lending estimated market share (full year) improved significantly to c. 29% boosting stock share to c.10% and over 13% including A&L
- excellent retention activities minimising capital repayments, down 23% (full year) compared to 2007

* Market share for Abbey only with the exception of Q4 which includes A&L

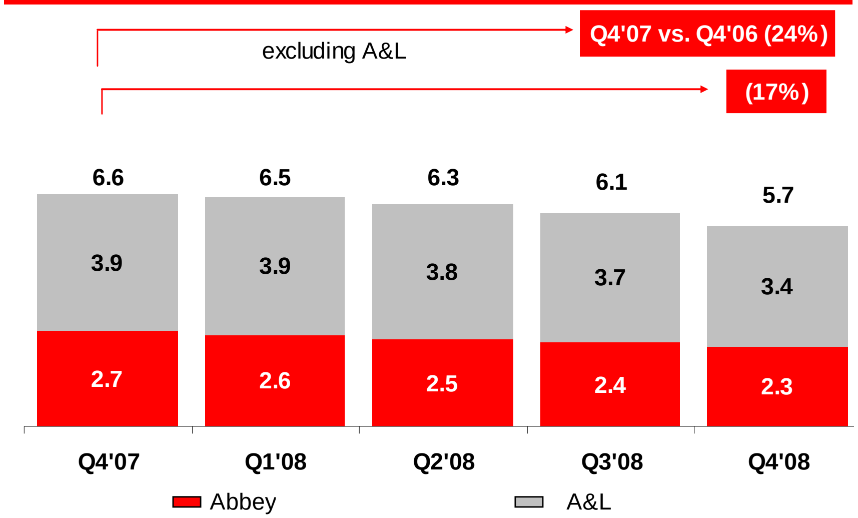
Business Update

UK franchise focused on existing customers and margin management

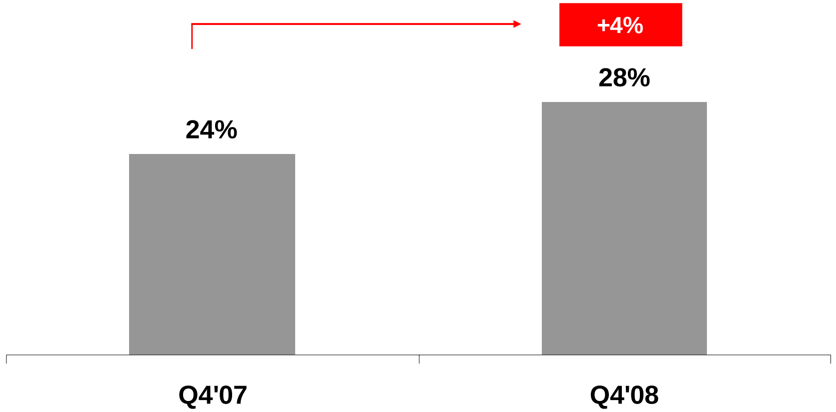
Total UPL gross lending (£m)



Total UPL stock (£bn)



Abbey branch stock as % of total

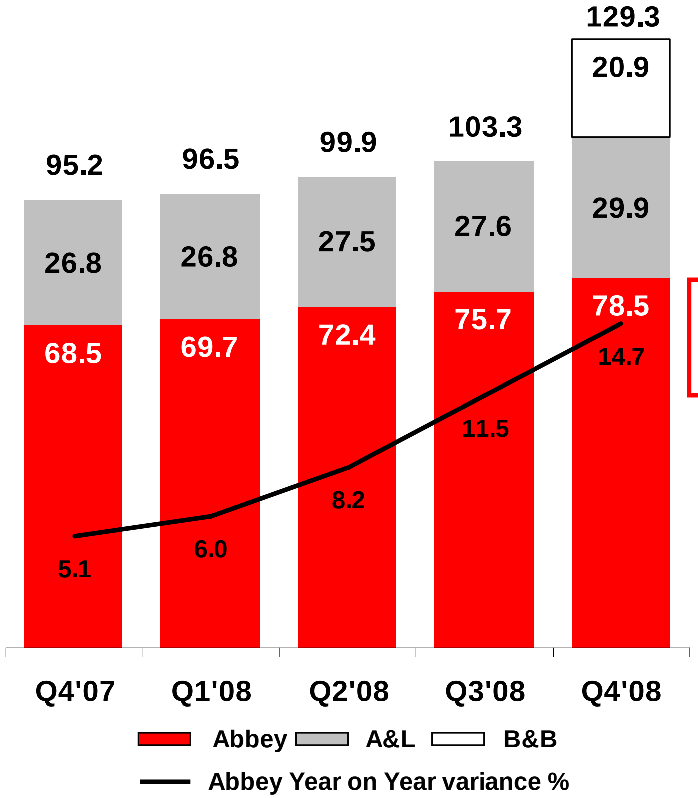


Comment

- Abbey gross lending down 18% year on year
- continued focus on margin management with Q4 new business margins up 176bps compared to Q3.
- reduced the level of new lending, preferring to make this available only to existing customers which make up c.94% of new lending.

Business: Liability trends / growth

Overall growth supported by innovative product range and strong Santander brand and further strengthened through recent acquisitions



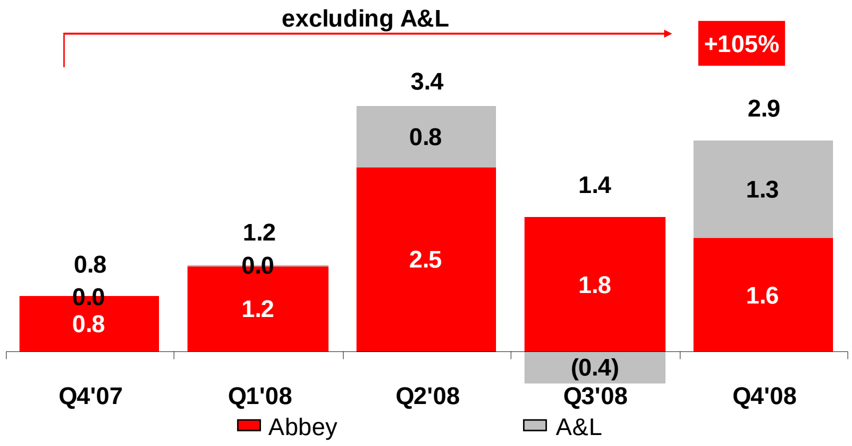
	Abbey FY'08 £bn	B&B FY'08 £bn	A&L FY'08 £bn	Combined FY'08 £bn	Abbey incl Q4 B&B FY'08 vs FY'07
Branded savings	49.0	19.4	18.6	87.0	12.1%
Bank accounts	5.5	-	4.2	9.7	1.4%
Private Banking	10.0	1.5	1.9	13.4	11.6%
Structured Product deposits	3.3	-	-	3.3	92.7%
Other (1)	5.7	-	-	5.7	(14.6)%
Total retail customer deposits	**73.5**	**20.9**	**24.7**	**119.1**	**10.6% (4)**
Corporate banking deposits	5.1	-	5.2	10.3	387.9%
Total commercial deposits	**78.5**	**20.9**	**29.9**	**129.3**	**16.3%**
Retail FUM (2)	3.3	-	-	3.3	(36.5)% (3)
Total funds under management	**81.9**	**20.9**	**29.9**	**132.7**	**12.6%**

(1) other businesses including Abbey business and cahoot
(2) managed through Santander Asset Management
(3) growth excluding market movement was -15%
(4) excluding the additional B&B net flows in Q4, customer deposit growth is 9%

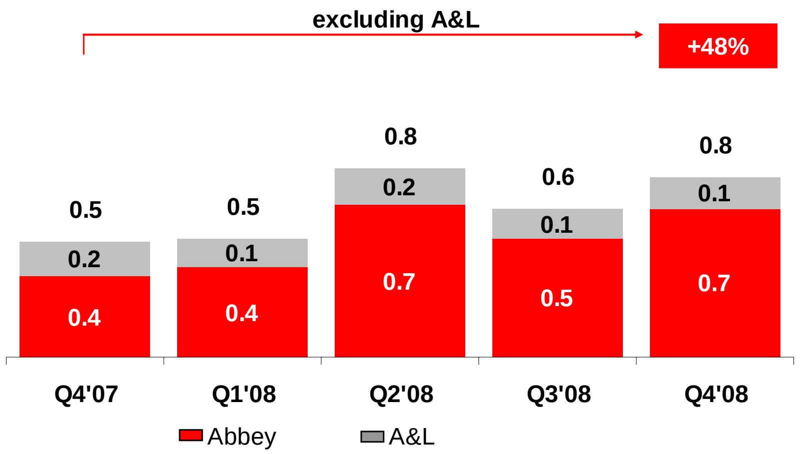
Business Update

Growth in retail deposits boosted further by both B&B and A&L's strong performance since acquisition

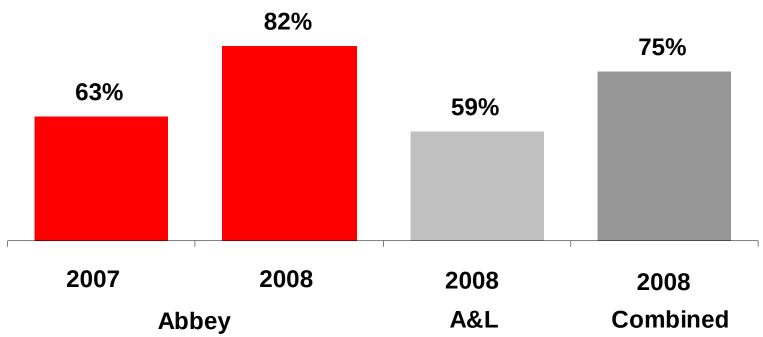
Customer deposit flows (£bn)



Investment new business sales - API (1) (£bn)



Funding ratios



Comment

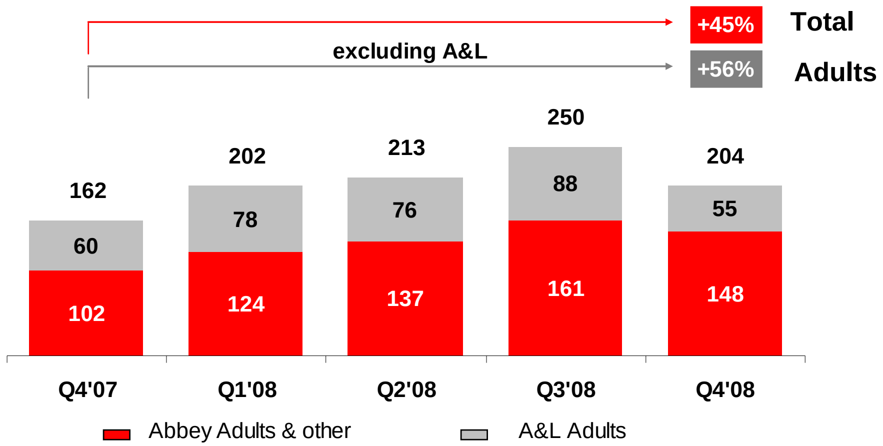
- Abbey almost doubled the level of deposit account openings to over 1million in 2008 compared to 600,000 last year
- strong performance from B&B, attracting deposit flows of over £1.1bn since acquisition by Abbey, contributing to year on year growth of 80%
- Santander's UK franchise is now the third largest Retail deposit taker in the UK
- innovative product range including the market leading super saver and capital guaranteed products

(1) API: Annual Premium Income measures the new business flows that impact revenue and commissions, excluding redemptions and market movements

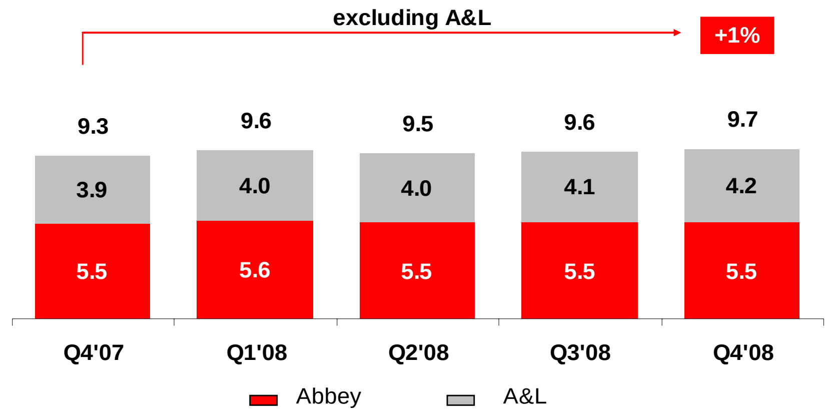
Business Update

Uplift in the level of Abbey Adult account openings …up over 50%

Bank account openings (000)

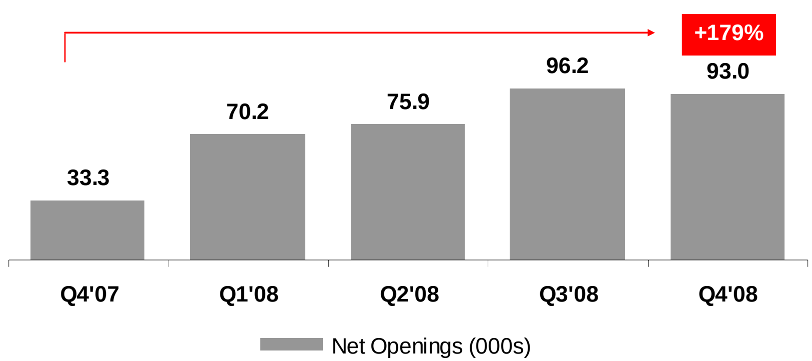


Branded current a/c liability (£bn)



Abbey branded accounts

Stock (m):					
	4.20	**4.27**	**4.35**	**4.44**	**4.54**
Adullt openings '000					
	65	**86**	**93**	**107**	**101**



Comment

- 2008 quarterly bank account openings higher than each comparative quarter in 2007 and up 33% in total
- adult account openings up over 50% (full year) compared to 2007
- to help facilitate new business growth, internet and telephone sales process and propositions have been enhanced resulting in over a 200% increase in openings via these channels
- best buy banking range has been the primary driver of performance, with market leading 8% in credit rates offered on adult and youth accounts.

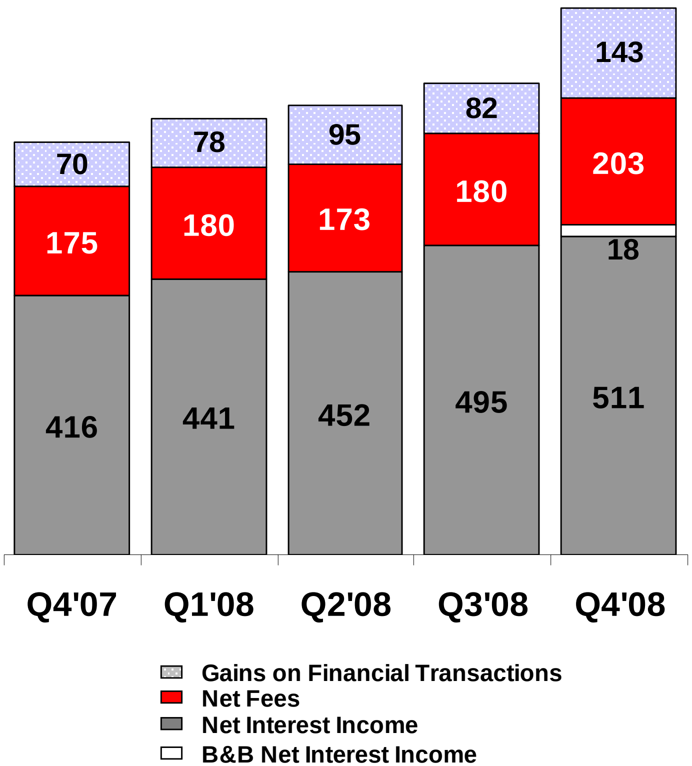
Agenda

- Market Environment
- FY 2008
  - Business Update
  - **Results**

Results: Gross operating income

Strong performance drives income growth of over 17%

	Q4'07	Q1'08	Q2'08	Q3'08	Q4'08
Total £m	661	698	720	756	874
Total Commercial margin £m	591	621	625	674	732



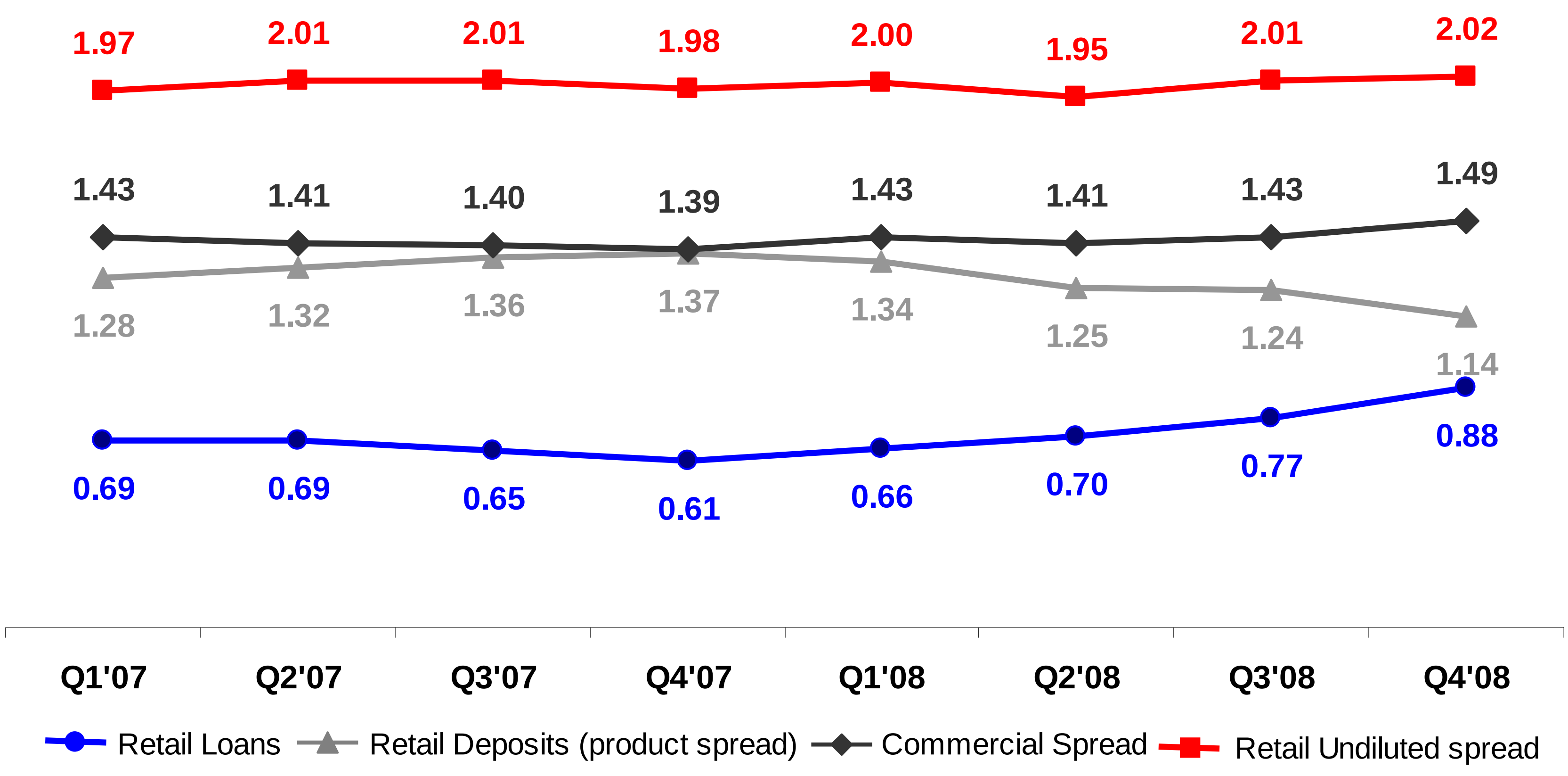
£m	FY '08	FY '07	Var.% 08/07	Exc B&B Var.% 08/07
Net Interest Income	1,916	1,597	20.0%	18.9%
Net Fees	735	689	6.7%	6.4%
Total Commercial Margin	2,651	2,286	16.0%	15.1%
Gains on Financial Transactions	397	298	33.4%	33.4%
Gross Operating Income	**3,049**	**2,584**	**18.0%**	**17.2%**

Commercial revenues:

- robust commercial asset growth of 10% in challenging market conditions
- continued focus on effective margin management for both mortgages and customer deposits contributed to the increase of 20% in net interest income

Results: Commercial banking spreads (excluding B&B)

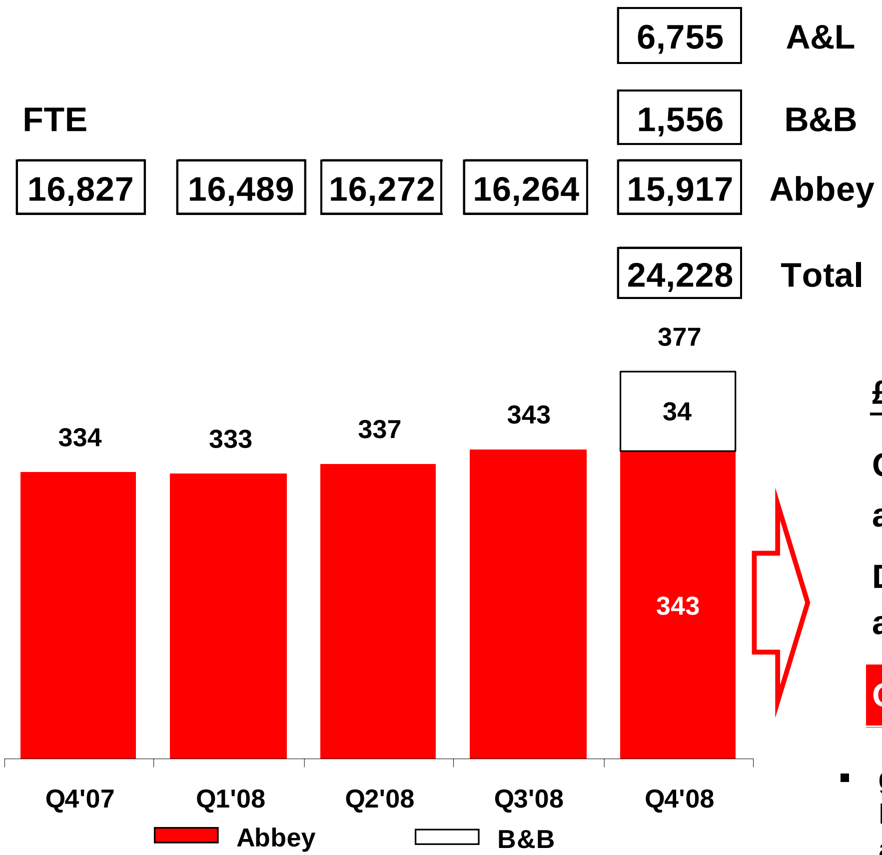
Tightening of deposit spreads more than offset by loan widening



Note: Commercial spreads include Wealth Management and Corporate Banking. Previously, only Retail Banking spreads were disclosed. Trends remain largely consistent.

Results: Costs

Underlying costs impacted by B&B acquisition and investment in growth businesses



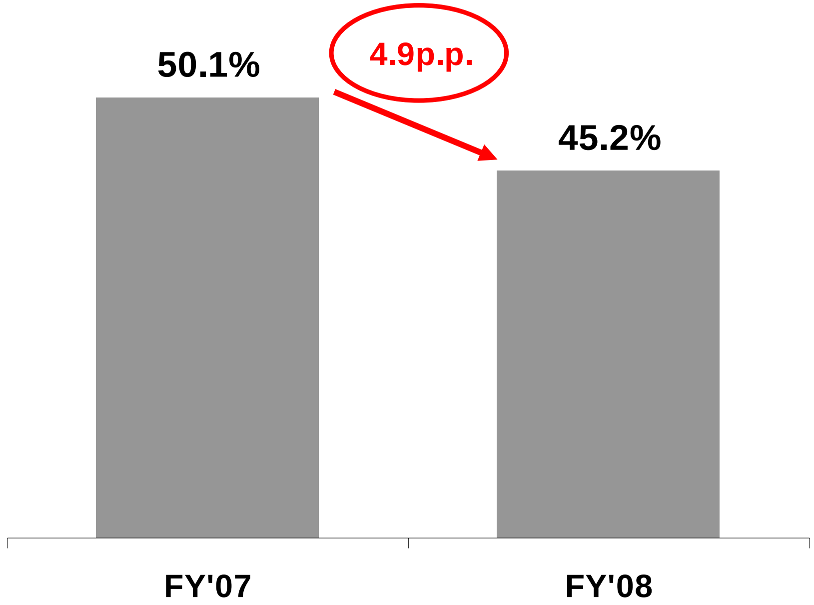
£m	FY '08	FY '07	Var.% 08/07	Exc B&B Var.% 08/07
General and administrative expenses	1,266	1,242	1.9%	(0.8%)
Depreciation and amortisation	125	70	78.4%	77.3%
Operating expenses	**1,391**	**1,312**	**6.0%**	**3.4%**

- growth in expenses was in line with inflation before the impact of B&B, despite significant investment in customer facing operations and growth businesses such as Corporate Banking and Private Banking all of which contributed to robust income growth and the fourth consecutive year of double digit operating jaws.

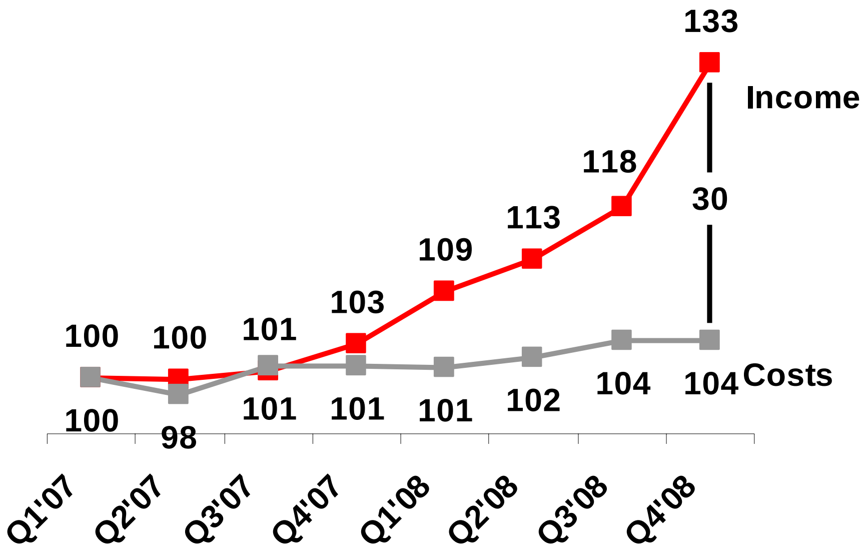
Results: Ratios

Cost:income ratio better than the average of the sector, and accelerating Abbey's progress to becoming best in class

Cost:Income ratio (1), %



Operating Jaws (2), %

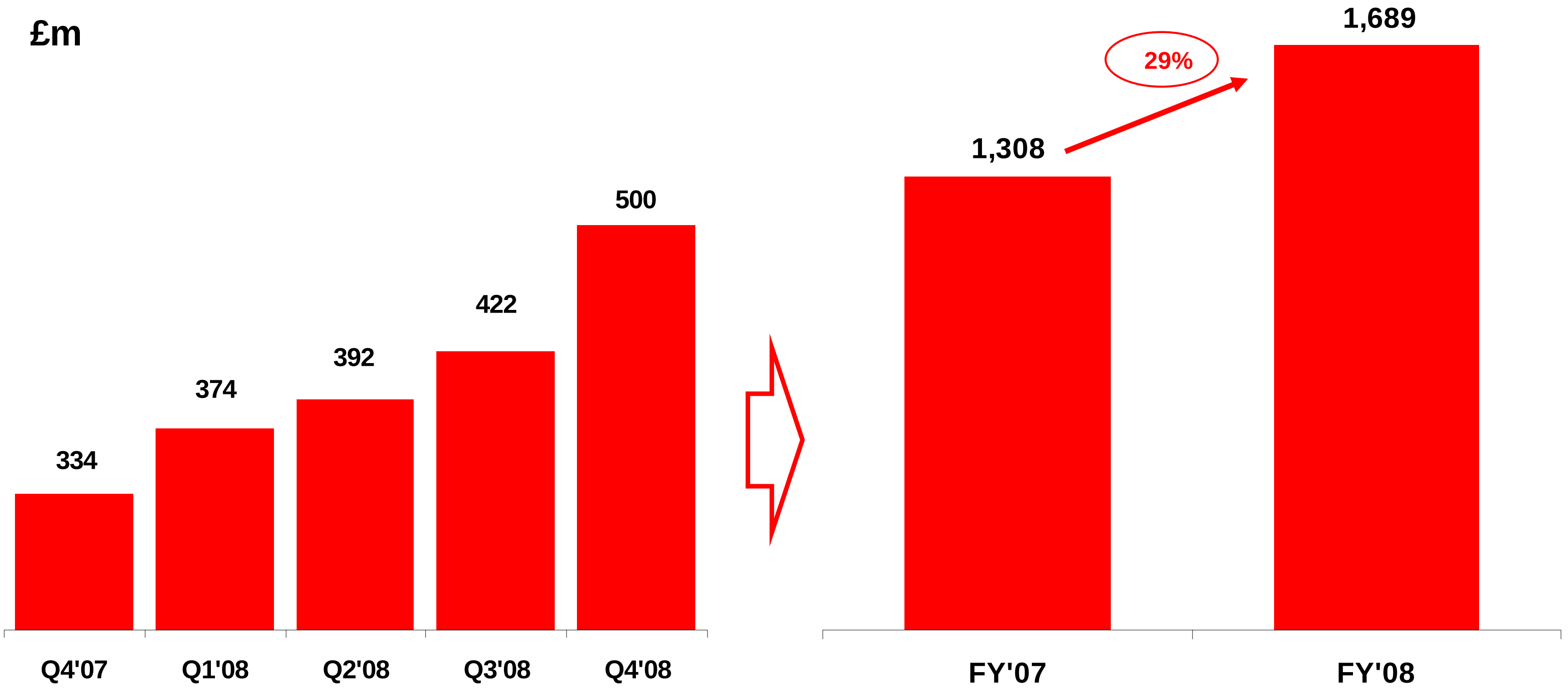


(1) Includes depreciation & amortisation and B&B. Excluding B&B, the cost:income ratio is 44.3%

(2) Excludes B&B

Results: Net Operating Income

Improvement in net operating income reflecting exellent revenue growth

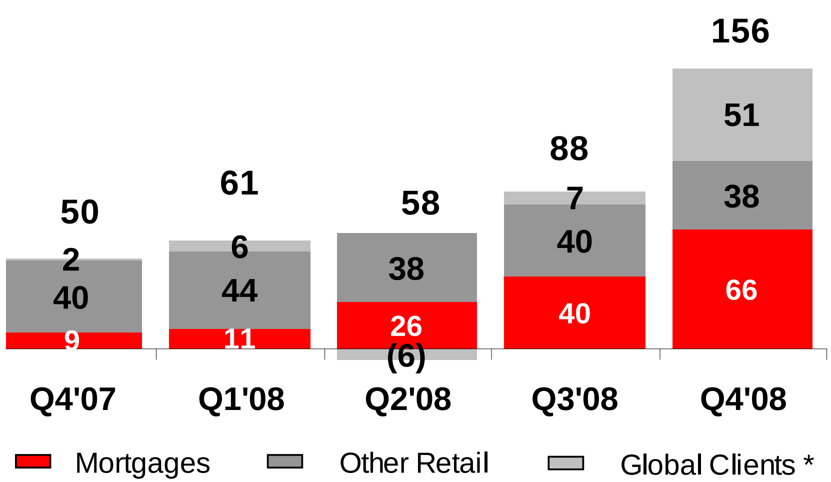


Note: Q4 and FY 08 includes -£15m relating to B&B

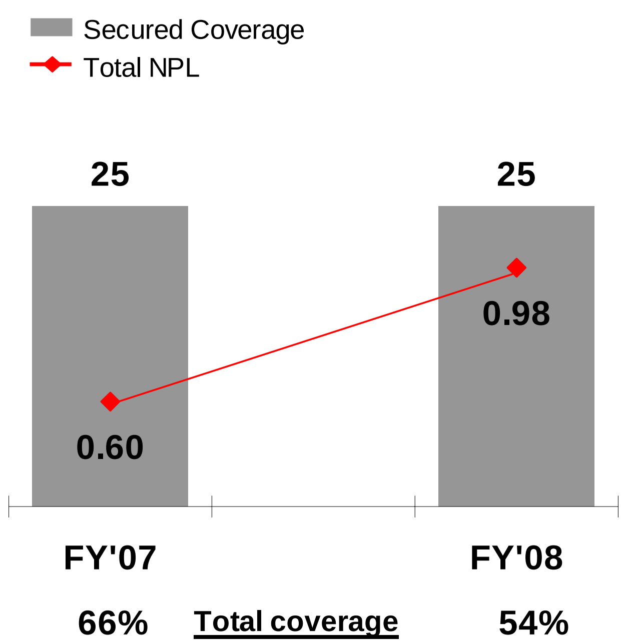
Results: Provisions and credit quality

Increase in secured provisions to maintain coverage

Net loan loss provisions £m



Coverage ratio and NPL,%**



*Generic provisions under Bank of Spain regulations, relating to global client corporate portfolios

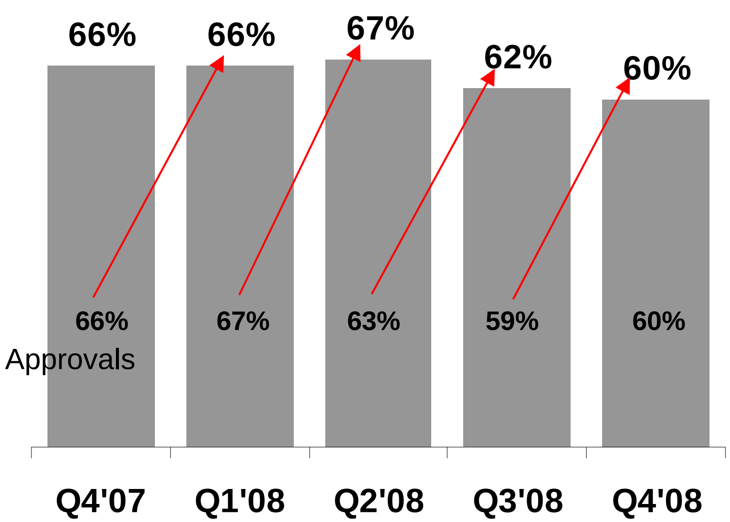
** NPL / Coverage ratios exclude A&L

The total coverage ratio has reduced largely due to the change in mix of arrears, with increase in secured arrears with lower coverage due to security held. Secured coverage benchmarks well ahead of the industry average and unsecured coverage, of over 100%, is also well above peer group. The NPL ratio has increased in part due to reduction in unsecured asset and an increase in secured arrears given market deterioration.

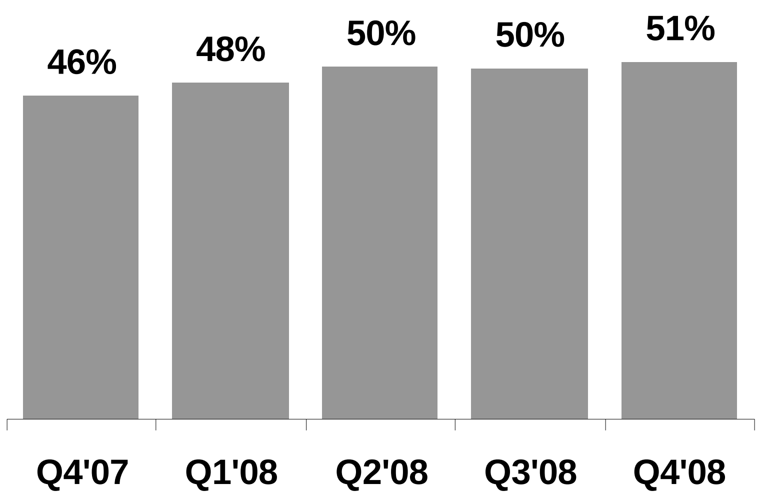
Results: Provisions and credit quality

Underlying credit quality has remained strong, with negligible lending at LTV greater than 90%

Average new business mortgage LTV (%)

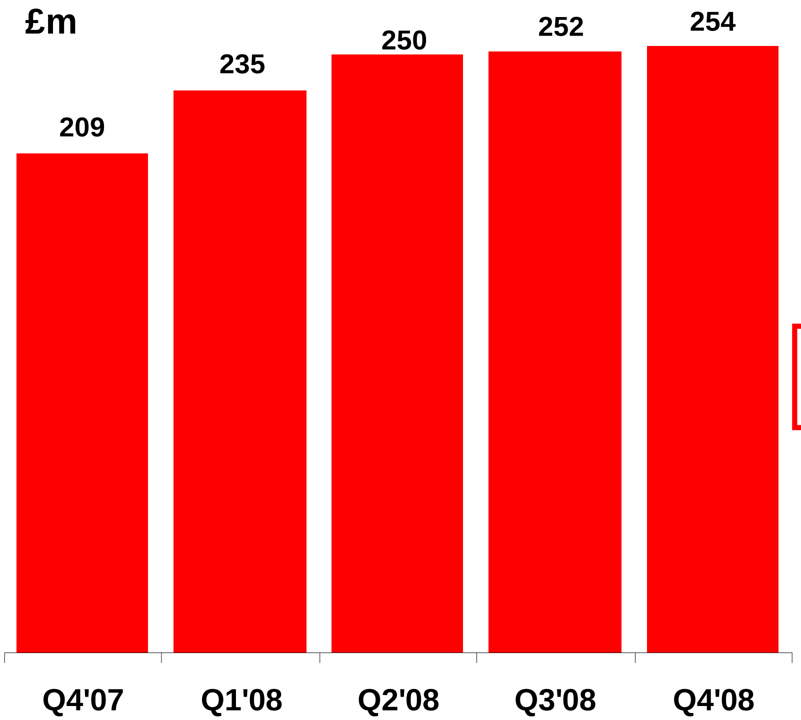


Average indexed mortgage LTV on stock (%)



Results: Net Income

Net Income up 20.5%



£m	FY '08	FY '07	Var.% 08/07	Exc B&B Var. exc.
PBT	1,329	1,110	19.8%	21.1%
Provisions for income tax	(339)	(288)	17.6%	18.9%
Net Income	**991**	**822**	**20.5%**	**21.8%**

Note: Q4 and FY 08 includes -£11m relating to B&B

Business summary

Positioned for sustainable growth

Becoming a fully fledged commercial bank

- acquisitions of B&B and A&L provide critical mass in UK, and accelerate plans by 2-3 years
- integration plans underway
- accelerating revenue growth underpinned by sales productivity and broader customer offering
- overall revenues supported by robust income growth across all four business divisions, with global business divisions providing specialist expertise and support
- fourth year of double digit operating jaws, and cost:income ratio of 45% - expecting to outperform UK peers, allowing Abbey to continue to offer better value for money offerings to customers
- strong balance sheet position, with increased presence as a key deposit taker in the UK funding profitable lending growth

APPENDIX

- Abbey - Financial results
- A&L - Financial results
- Balance sheet

Abbey - Financial Results

Financial results: Abbey Profit and loss United Kingdom

£ million	2008	2007	Variation Amount	Variation %
Net interest income*	**1,916**	**1,597**	**319**	**20.0**
Income from companies accounted for by the equity method	0	1	(1)	(82.3)
Net fees	735	689	46	6.7
Insurance activity	—	0	(0)	(100.0)
Commercial revenue	**2,652**	**2,288**	**364**	**15.9**
Gains (losses) on financial transactions	397	298	99	33.4
Gross operating income	**3,049**	**2,585**	**464**	**17.9**
Income from non-financial services (net) and other operating income	31	35	(4)	(10.2)
Operating expenses	(1,391)	(1,312)	(79)	6.0
General administrative expenses	(1,266)	(1,242)	(24)	1.9
Personnel	*(778)*	*(709)*	*(69)*	*9.7*
Other administrative expenses	*(489)*	*(533)*	*45*	*(8.4)*
Depreciation and amortisation	(125)	(70)	(55)	78.4
Net operating income	**1,689**	**1,308**	**381**	**29.1**
Net loan loss provisions	(362)	(214)	(149)	69.5
Other income	2	15	(13)	(87.6)
Profit before taxes	**1,329**	**1,110**	**219**	**19.8**
Tax on profit	(339)	(288)	(51)	17.6
Net profit from ordinary activity	**991**	**822**	**169**	**20.5**
Net profit from discontinued operations	—	—	—	—
Net consolidated profit	**991**	**822**	**169**	**20.5**
Minority interests	—	—	—	—
Attributable profit to the Group	**991**	**822**	**169**	**20.5**

(*).- Dividends included

Financial results: Abbey Profit and loss

United Kingdom

£ million

	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Net interest income*	**383**	**394**	**404**	**416**	**441**	**452**	**495**	**528**
Income from companies accounted for by the equity method	0	0	0	1	0	0	0	0
Net fees	169	177	169	175	180	173	180	203
Insurance activity	0	0	(0)	0	—	—	—	—
Commercial revenue	**552**	**571**	**573**	**592**	**621**	**625**	**674**	**732**
Gains (losses) on financial transactions	88	68	72	70	78	95	82	143
Gross operating income	**640**	**639**	**644**	**662**	**698**	**720**	**756**	**874**
Income from non-financial services (net) and other operating income	9	10	10	6	9	9	10	3
Operating expenses	(330)	(324)	(324)	(334)	(333)	(337)	(343)	(377)
General administrative expenses	(313)	(307)	(307)	(315)	(314)	(300)	(304)	(348)
Personnel	*(175)*	*(175)*	*(179)*	*(180)*	*(180)*	*(187)*	*(193)*	*(218)*
Other administrative expenses	*(138)*	*(131)*	*(129)*	*(135)*	*(134)*	*(113)*	*(111)*	*(130)*
Depreciation and amortisation	(17)	(17)	(17)	(19)	(19)	(37)	(39)	(29)
Net operating income	**319**	**325**	**330**	**334**	**374**	**392**	**422**	**500**
Net loan loss provisions	(55)	(54)	(54)	(50)	(61)	(58)	(88)	(156)
Other income	3	3	3	5	2	(1)	4	(3)
Profit before taxes	**268**	**274**	**278**	**289**	**316**	**333**	**339**	**342**
Tax on profit	(67)	(69)	(71)	(80)	(80)	(83)	(87)	(88)
Net profit from ordinary activity	**201**	**205**	**207**	**209**	**235**	**250**	**252**	**254**
Net profit from discontinued operations	—	—	—	—	—	—	—	—
Net consolidated profit	**201**	**205**	**207**	**209**	**235**	**250**	**252**	**254**
Minority interests	—	—	—	—	—	—	—	—
Attributable profit to the Group	**201**	**205**	**207**	**209**	**235**	**250**	**252**	**254**

(*).- Dividends included

A&L – Financial Results

Financial results: A&L

Alliance & Leicester Pro-Forma Underlying Earnings	2007 £m	2008 £m	Variance £m	 %
Income	1,332	1,101	(231)	(17.3%)
Expenses	(700)	(720)	(20)	2.9%
Provisions	(100)	(180)	(80)	80.0%
Profit Before Tax	**532**	**201**	**(331)**	(62.2%)
Tax/Minorities	(182)	(98)	84	(46.2%)
Profit After Tax	**350**	**103**	**(247)**	(70.6%)

2008 impacted by:

- **regulatory pressure on UPL related income**
- **strategic funding costs**
- **an increase in provisions**

2009 will benefit from:

- **an increase in mortgage income**
- **significant reduction in strategic funding costs**
- **cost synergies**

Balance Sheet

Financial Results: Combined Balance Sheet United Kingdom

£ million			Variation	
	31.12.08	31.12.07	Amount	%
Loans and credits*	192,638	134,999	57,639	42.7
Trading portfolio (w/o loans)	47,652	39,441	8,211	20.8
Available-for-sale financial assets	2,653	32	2,620	—
Due from credit institutions*	28,140	14,528	13,612	93.7
Intangible assets and property and equipment	1,153	3,436	(2,283)	(66.5)
Other assets	31,413	6,936	24,477	352.9
Total assets/liabilities & shareholders' equity	**303,647**	**199,372**	**104,275**	**52.3**
Customer deposits*	136,398	89,846	46,552	51.8
Marketable debt securities*	64,766	55,775	8,991	16.1
Subordinated debt	8,472	5,776	2,696	46.7
Insurance liabilities	3	4	(2)	(42.7)
Due to credit institutions*	57,210	28,371	28,838	101.6
Other liabilities	31,720	17,269	14,451	83.7
Shareholders' equity	5,078	2,330	2,749	118.0
Off-balance-sheet funds	**6,839**	**7,499**	**(660)**	**(8.8)**
Mutual funds	6,839	7,499	(660)	(8.8)
Pension funds	—	—	—	—
Managed portfolios	—	—	—	—
Savings-insurance policies	—	—	—	—
Customer funds under management	**216,475**	**158,896**	**57,579**	**36.2**

* Includes all stock of concept classified in the balance sheet

Investor Relations
Abbey House
Level 5
2 Triton Square
Regents Place
London NW1 3AN
e-mail: ir@abbey.com
www.abbey.com

Bruce Rush
Tel. +44 (0) 20 7756 4275
Simon Donovan
Tel. +44 (0) 20 7756 4476

Investor Relations
Ciudad Grupo Santander
Edificio Pereda, 1st floor
Avda de Cantabria, s/n
28660 Boadilla del Monte, Madrid (Spain)
Tel.: +34 91 259 65 14 - +34 91 259 65 20
Fax: +34 91 257 02 45
e-mail: investor@gruposantander.com
www.santander.com

Santander

Dow Jones Sustainability Indexes
Member 2007/08

FTSE4Good