

# Financial Security Update

In light of the recent global credit crunch, it is important to be aware that we are part of Grupo Santander, the most profitable bank in the world\*.

The recent market turmoil has been unprecedented. However, Santander Private Banking UK and Grupo Santander, unlike many of our competitors, are performing exceptionally well against both the backdrop of the credit crunch and the dramatically changing UK and global financial markets. The Group's recent acquisitions of Alliance & Leicester, Bradford & Bingley's savings and branch network and Sovereign Bank in the US are all testimony to our current strong performance, and all represent excellent low risk deals in the current market.

## Global Strength & Financial Performance

Grupo Santander is also one of the ten largest banks in the world by market capitalisation and we continue to be the leading bank in the Euro Zone\*. At the end of 2008 Santander delivered an attributable profit of 8,876 million euros, a 9.4% increase on 2007.

Santander holds a unique position in international banking, with a strong base of commercial business and a high degree of geographical diversification.

Commercial banking continues to be the Group's growth driver internationally, with a steady increase in profit. Our operating margin has grown by 16.2% and the efficiency ratio stands at 41.9%. This is the best in the world among the international banks\*.

## Consistent Credit Rating

Our credit rating, an excellent indicator of a company's health, continues to be consistent and positive. Moody's (Aa1), Standard & Poor's (AA), Fitch (AA) and DBRS (AA) all currently give Grupo Santander long term credit ratings of stable\*.

As you continue to work with us, you can be assured that we are backed and fully supported by a parent company that continues to be one of the most successful and profitable banks in the world.

Agency Rating Name	Download Report	Ratings Awarded
Fitch	October 2008	AA
Moody's	July 2008	Aa1
Standard & Poor's	October 2008	AA

We have a business model that enables us to generate good results and continue to grow recurrently, through good times and bad. We have a permanent focus on our customers, a prudent risk management policy and a sensible cost culture, with a technology platform that makes us one of the most efficient banks in the world.

## Prudent Lending Philosophy

Many financial brands have been significantly impacted by exposure to the sub-prime mortgage market. Santander has taken a prudent approach to lending, which means we have a lower risk profile compared to many other banks and therefore remain relatively unscathed by the sub prime issue.

\* correct as at 23/10/08.

### Exposure to the Collapse of Other Banks and Third Parties

None of the Santander Private Banking group of companies, which includes the provision of our SIPP and Wrap products through James Hay, have any significant direct exposure to Lehman Brothers, AIG or any other third party business which have been reported as experiencing financial difficulties. We are continuing to offer our full range of products and services at this current time.

On 27 January, Grupo Santander announced that it was offering a solution to its private banking clients who had invested in the Optimal Strategic US Equity fund (Optimal Strategic) which has been affected by the actions initiated against Bernard L. Madoff Investment Securities LLC (Madoff Securities) and the resulting liquidation of Madoff Securities.

The solutions consist of an exchange of assets by which the private banking clients will have the right to exchange their investments in Optimal Strategic for preferred securities to be issued by the Group.

Financial Advisers should be aware that whilst none of the Santander Private Banking group of companies has any exposure to financial services firms which are reputedly experiencing financial difficulties, individual clients may have had exposure in their SIPP or Wrap products, due to the nature of these products being 'self invested' by the clients.

Whilst we will notify any affected clients if we receive a notice from a fund provider which is exposed in this way, any clients who require clarification on this should speak to their Financial Adviser or directly to any Fund Provider which they are concerned about.

### Award Winning

Euromoney recently named Santander as the Best Bank in the World (Euromoney – July 2008).



\* Source: Santander Group Research

Santander Private Banking UK Limited (SPBUK) (Registered Number 02582000) comprises the following companies, which are all authorised and regulated by the Financial Services Authority: James Hay Administration Company Limited (JHAC) (Registered Number 4068398); James Hay Wrap Managers Limited (JHWM) (Registered Number 4773695); Cater Allen Limited (CAL) (Registered Number 383032); and Abbey Stockbrokers Limited (ASL) (Registered Number 02666793). ASL is also a member of the London Stock Exchange (LSE).

SPBUK also includes James Hay Pension Trustees Limited (JHPT) (Registered Number 1435887) and James Hay Insurance Company Limited (JHIC) (Jersey Registration Number 77318). JHIC is authorised and regulated by the Jersey Financial Services Commission.

The registered office for SPBUK, JHAC, JHWM, ASL and JHPT is at Abbey National House, 2 Triton Square, Regents Place, London NW1 3AN (Telephone 0870 607 6000). The registered office for ASL is at Kingfisher House, Radford Way, Billericay, Essex CM12 0GZ and for JHIC is at 19-21 Commercial Street, St Helier, Jersey, JE2 3RU.

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