SANTANDER BANK LIMITED
(formerly Abbey National Properties (2) Limited)

Registered in England and Wales
No. 2343426

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2009

SANTANDER BANK LIMITED (formerly Abbey National Properties (2) Limited)

Report of the directors

The Directors submit their report together with the financial statements for the year ended 31 December 2009

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 415(A)(1)&(2) of the Companies Act 2006

Principal activity and review of the year

The principal activity of Santander Bank Limited, Company Number 2343426 (the "Company") was to hold leasehold land and property and to lease this land and property to Santander UK plc Currently no property is held

Although the Company remains in a net liability position, the continued financial support of the parent company will ensure that it can continue in operational existence for the foreseeable future However, consideration is being given to winding up some or all of the Company's existing activities during the next financial year

Results and dividends

The loss for the year on ordinary activities after tax amounted to £15,631 (2008 loss £89,982)

The Directors do not recommend the payment of a final dividend (£2008 £nil)

Directors

The Directors who served throughout the year and to the date of this report, except as noted, were

Mr R V Jones	(resigned on 10 September 2009)
Mr J F O'Mahoney	(resigned on 10 September 2009)
Mr S P Coles	(appointed on 8 July 2009)
Mr D M Green	(appointed on 10 September 2009)
Mr S Linsley	(appointed on 10 September 2009)

Statement of directors' responsibilities

The directors are responsible for preparing the report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Report of the directors (continued)

Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements In addition, notes 13, 1 and 2 to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk

The Company is part of the Santander UK Group The Company has net liabilities and is reliant on other companies in the Santander UK Group for a significant proportion of its funding The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries The board of Santander UK Plc has confirmed that it will provide funding to the Company for the foreseeable future

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future However, there is an intention to wind up some or all of the Company's existing activities during the next financial year IAS 1 requires that financial statements for any Company that has ceased to trade, or substantially reduced trading, or where there is an intention for the Company to cease to trade, or substantially reduce trading in the next twelve months, are prepared on an "other than going concern" basis Accordingly the financial statements have been prepared on an "other than going concern" basis as there is the intention for trade to cease in the next twelve months Preparation of the financial statements on an "other than going concern" basis has had no material impact on the amounts reported

Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Company by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Company All of the indemnities remain in force as at the date of this Report and Accounts A copy of each of the indemnities is kept at the registered office address of Santander UK plc

Auditors

Each of the Directors as at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

In accordance with Sections 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditors of the Company

By Order of the Board

For and on behalf of
Abbey National Nominees Limited, Secretary

30 March 2010

Registered Office Address 2 Triton Square, Regent's Place, London, NW1 3AN

Independent auditors' report to the members of Santander Bank Limited

We have audited the financial statements of Santander Bank Limited (the "Company") for the year ended 31 December 2009 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter - Financial statements prepared on a basis other than that of a going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern

Separate opinion in relation to IFRSs as issued by the IASB
As explained in Note 1 to the financial statements, the company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit,
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

Caroline Britton

Caroline Britton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London,United Kingdom
30 March 2010

SANTANDER BANK LIMITED (formerly Abbey National Properties (2) Limited)

Statement of Comprehensive Income

For the year ended 31 December 2009

Continuing operations	Notes	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Finance costs	5	**(21,709)**	(125,844)
Loss before tax		**(21,709)**	(125,844)
Tax	6	**6,078**	35,862
Loss for the year		**(15,631)**	(89,982)
Other comprehensive income for the year			
Total net comprehensive income for the year attributable to the equity holders of the company		**(15,631)**	(89,982)

The accompanying notes form an integral part of the accounts

Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital £	Retained earnings £	Total £
At 1 January 2008	100	(2,247,941)	(2,247,841)
Loss for the year		(89,982)	(89,982)
At 31 December 2008 and 1 January 2009	**100**	**(2,337,923)**	**(2,337,823)**
Loss for the year		(15,631)	(15,631)
At 31 December 2009	**100**	**(2,353,554)**	**(2,353,454)**

SANTANDER BANK LIMITED (formerly Abbey National Properties (2) Limited)

Balance Sheet
As at 31 December 2009

	Notes	2009 £	2008 £
Current assets			
Trade and other receivables	7	41,940	35,862
Total current assets		41,940	35,862
Current liabilities			
Trade and other payables	8	(2,395,394)	(2,373,685)
Net current liabilities		(2,395,394)	(2,373,685)
Net liabilities		(2,353,454)	(2,337,823)
Equity			
Share capital	9	100	100
Accumulated losses	10	(2,353,554)	(2,337,923)
Total equity shareholders' deficit		(2,353,454)	(2,337,823)

The accompanying notes form an integral part of the accounts

The financial statements were approved by the board of directors and authorised for issue on 30 March 2010 They were signed on its behalf by S A. LINSLEY

Director

SANTANDER BANK LIMITED (formerly Abbey National Properties (2) Limited)

Cash Flow Statement

For the Year ended 31 December 2009

	Note	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Net cash flow used in operating activities	11	-	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

The accompanying notes form an integral part of the accounts

SANTANDER BANK LIMITED (formerly Abbey National Properties (2) Limited)

Notes to the financial statements for the year ended 31 December 2009

1. Accounting Policies

The principal accounting policies that have been applied to Santander Bank Limited (the "Company") in the preparation of financial statements are set out below These policies have been consistently applied to all years presented, unless otherwise stated

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective or available for early adoption at the company's reporting date The company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board

There is an intention to wind up some or all of the Company's existing activities during the next financial year Accordingly, the financial statements have been prepared under the historical cost convention and on an 'other than going concern' basis as disclosed in the directors' statement of going concern set out in the report of the directors This includes, where appropriate, writing down the entity's assets to net realisable value Provision has also been made for any contractual commitments that have become onerous at the end of the reporting period The financial statements do not include any provision for the future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting period

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

Finance Costs

Finance costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred

Income taxes, including deferred income taxes

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised, or prior to be being utilised as part of Group Relief

Deferred income tax is provided in full, using the Balance Sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Currently enacted tax rates are used in the determination of deferred income tax

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short term investments in securities

Financial Instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition

Notes to the financial statements for the year ended 31 December 2009

1 Accounting Policies (continued)

Impairment of financial assets

At each balance sheet date, the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as available for sale or loans and receivables have become impaired Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Recent developments

In 2009, the Company adopted the following new or revised IFRS

1) IAS 1 'Presentation of Financial Statements' – On 6 September 2007, the IASB issued an amendment to IAS 1 'Presentation of Financial Statements' which changes the way in which non-owner changes in equity are required to be presented As a result, a 'Statement of Changes in Equity' has been included as a separate primary financial statement showing changes in equity during the periods presented In addition, the Statement of Recognised Income and Expenses has been replaced with a 'Statement of Comprehensive Income' The adoption of the amendment to IAS 1 did not have any impact on the Company's profit or loss or financial position
2) IFRS 7 'Financial Instruments Disclosures - Improving Disclosures about Financial Instruments' On 5 March 2009, the IASB issued an amendment to IFRS 7 'Financial Instruments Disclosures' which requires enhanced disclosures about fair value measurements and liquidity risk Among other things, the amendment (1) requires disclosure of any change in the method for determining fair value and the reasons for the change, (2) establishes a three-level hierarchy for making fair value measurements, (3) requires disclosure for each fair value measurement in the balance sheet of which level in the hierarchy was used and any transfers between levels, with additional disclosures whenever level 3 of the hierarchy is used including a measure of sensitivity to a change in input data, (4) clarifies that the current maturity analysis for non-derivative financial instruments should include issued financial guarantee contracts, and (5) requires disclosure of a maturity analysis for derivative financial liabilities The disclosures required by the amendment to IFRS 7 may be found on page 9

Future developments

The Group has not yet adopted the following new or revised IFRS or IFRIC interpretations, which have been issued but which are not yet effective for the Group

1) IFRS 9 'Financial Instruments' - On November 12, 2009, the IASB issued IFRS 9 'Financial Instruments' which significantly overhauls the accounting requirements for financial instruments under IFRS IFRS 9 is mandatory for annual periods beginning on or after January 1, 2013, with early application permitted IFRS 9 requires that a financial asset be classified into one of three categories for measurement and income recognition (1) Amortised cost, (2) Fair value through profit or loss (FVTPL) and (3) Fair value through other comprehensive income The standard requires reclassification between amortised cost and FVTPL (or vice versa) if a financial asset no longer meets the criteria for its original classification IFRS 9 replaces the existing classification and measurement requirements in IAS 39 for financial assets It changes the manner in which entities classify and measure investments in debt and equity securities, loan assets, trade receivables, and derivative financial assets by requiring entities to classify financial assets as being measured at either amortized cost or fair value depending on the entity's business model and the contractual cash flow characteristics of the asset The Company is currently evaluating the requirements of IFRS 9

2 Financial Risk Management

The Company's risk management focuses on the major areas of credit risk and liquidity risk Risk management is carried out by the central risk management function of the Santander UK plc Group Santander UK plc's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK plc Group's regulators Effective and efficient risk governance and oversight provide management with assurance that the Santander UK plc Group's business activities will not be adversely impacted by risks that could have been reasonably foreseen This in turn reduces the uncertainty of achieving the Santander UK plc Group's strategic objectives Authority flows from the Santander UK plc Board to the Chief Executive Officer and from him to his direct reports Delegation of authority is to individuals Formal standing committees are maintained for effective management of oversight

The Santander UK plc Group has three tiers of risk governance

Notes to the financial statements for the year ended 31 December 2009

2 Financial Risk Management (continued)

The first is provided by the Santander UK plc Board which approves Santander UK plc's Risk Appetite for each of the risks below, in consultation with Banco Santander, S A as appropriate, and approves the strategy for managing risk and is responsible for the Santander UK plc Group's system of internal control Within this tier, there is a process for transaction review and approval within certain thresholds, discharged by the Credit Approval Committee Transactions reviewed which exceed the threshold limits set are subject to prior review by Banco Santander, S A Risk before final approval by the Credit Approval Committee

The second comprises the Santander UK plc Board and is supported by the Risk Division The role of the Chief Risk Officers and Risk Division include development of risk measurement methodologies, risk approval, risk monitoring, risk reporting and escalation of risk issues in line with the relevant risk policies for all risks in the Santander UK plc Group The Santander UK plc Group's central risk function provides services to the Company, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which ensure compliance with Group policies and limits, including risk policies, limits and parameters, an approval process relating to transactions that exceed local limits and the systematic review of exposures to large clients, sectors, geographical areas and different risk types

The third tier comprises Risk Assurance, who provides independent objective assurance on the effectiveness of the management and control of risk across all of the Santander UK plc Group This is provided through the Non-Executive Directors, Internal Audit function and the Audit and Risk Committee

(a) Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held It occurs in intercompany assets held by the Company

Maximum exposure to credit risk without taking into account collateral or credit enhancements can be found in note 7 and 12 to the accounts

Impaired financial assets

A description of how impairment is measured can be found in the accounting policies on page 8

(b) Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due

The Company manages liquidity risk with the support of its parent company, ensuring that the Company will have sufficient liquid resources to ensure it can meet its obligations as they fall due

Maturities of financial liabilities

All liabilities are repayable on demand

3 Revenue

The leases held by Santander Bank Limited have been reassigned to Santander UK plc

4. Result from operations

No Directors were remunerated for their services to the Company Directors' emoluments are borne by the immediate parent company, Santander UK plc No emoluments were paid by the Company to Directors during the year (2008 £nil)

The Company had no employees in the current or previous financial year

The audit fee for the current and prior year has been paid on the Company's behalf by its ultimate UK parent undertaking, Santander UK plc, in accordance with company policy, for which no recharge has been made The audit fee payable to the company's auditors for the audit of the company's accounts for the current year is £5,000 (2008 £6,500)

SANTANDER BANK LIMITED (formerly Abbey National Properties (2) Limited)

Notes to the financial statements for the year ended 31 December 2009

5 Finance costs

	2009 £	2008 £
Interest payable to immediate parent company	21,709	125,844
Bank interest payable	-	-
	21,709	125,844

6 Tax

	2009 £	2008 £
Current tax		
UK corporation tax		
Current year	6,078	35,862
	6,078	35,862
Deferred tax		
Prior Year adjustments	-	-
	6,078	35,862

Corporation tax is calculated at 28% (2008 28 5%) of the estimated loss for tax purposes for the year

The credit for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows

	2009 £	2008 £
Loss before tax		
Discontinued operations	(21,709)	(125,844)
Tax at the UK corporation tax rate of 28% (2008 28 5%)	6,078	35,862
Tax credit for the year	6,078	35,862

7 Trade and other receivables

	2009 £	2008 £
Amounts due from group companies – group relief receivable	41,940	35,862
Amounts due from group companies		-
	41,940	35,862

The directors consider that the carrying amount of trade and other receivables approximates to their fair value

8 Trade and other payables

	2009 £	2008 £
Amounts due to group companies	2,395,394	2,373,685
	2,395,394	2,373,685

The directors consider that the carrying amount of trade and other payables approximates to their fair value

9 Share capital

	2009 £	2008 £
Issued and fully paid		
100 ordinary shares of £1 each	100	100

Notes to the financial statements for the year ended 31 December 2009

10 Accumulated losses

	£
Balance at 1 January 2008	(2,247,941)
Loss for the year	(89,982)
Balance at 31 December 2008 and 1 January 2009	(2,337,923)
Loss for the year	(15,631)
Balance at 31 December 2009	(2,353,554)

11. Notes to the cash flow statement

	2009 £	2008 £
Result from operations	-	-
Operating cash flows before movements in working capital	-	-
(Increase)/decrease in receivables	(6,078)	96,914
Increase in payables	21,709	28,930
Cash generated by operations	15,631	125,844
Interest paid	(21,709)	(125,844)
Income tax repaid	6,078	-
Net cash flow from operating activities	-	-

Cash and cash equivalents comprise cash at bank with maturity of three months or less

12 Related party transactions

The following were the transactions with related parties throughout the year and as at 31 December 2009 and 31 December 2008

Amounts due from group companies	2009 £	2008 £
Santander UK plc	41,940	35,862

Amounts due to group companies	2009 £	2008 £
Santander UK plc	2,395,394	2,373,685

Finance costs	2009 £	2008 £
Santander UK plc	21,709	125,844

Transactions with related parties are primarily for the settlement of group relief balances with the Company's immediate parent company and the interest charged by the Company's immediate parent company on the balances owed by the Company

There were no related party transactions during the year, or existing at the balance sheet date, with the Company's or parent company's key management personnel

13 Capital management and resources

The Company's parent, Santander UK plc adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK plc Group Disclosures relating to the Company's capital management can be found in Santander UK plc Annual Report and Accounts

Capital held by the Company and managed centrally as part of the Santander Group, comprises share capital and reserves which can be found in the Balance Sheet on page 5

SANTANDER BANK LIMITED (formerly Abbey National Properties (2) Limited)

Notes to the financial statements for the year ended 31 December 2009

14. Parent undertaking and controlling party

The Company's immediate parent company is Santander UK plc, a company registered in England and Wales

The Company's ultimate parent undertaking and controlling party is Banco Santander S A , a company registered in Spain Banco Santander, S A is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member Santander UK plc is the parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the Company is a member

Copies of all sets of group accounts, which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN