



Challenges posed by the crisis affecting the Euro and Greece

Ongoing economic challenges affecting Greece and other Eurozone countries, including Spain, have prompted speculation on whether or not this is something that will affect Cater Allen Private Bank and Santander in the UK.

As part of the global Santander group, we at Cater Allen would like to reassure our customers that they need not be worried, as both Santander group globally, and Santander UK, are strong businesses focused on retail banking, with no exposure to toxic assets such as sub-prime mortgages.

Santander's UK business is strong, and has a credit rating of AA (Standard and Poor's) – one of the highest credit ratings of any UK bank – and it has just announced very strong first quarter financial results, with profit before tax up by more than 15% to £426m. This strong performance by Santander UK is highly relevant to Cater Allen clients, because all Cater Allen deposits are fully and unconditionally guaranteed by Santander UK. Additionally, Cater Allen has its own banking licence, so is regulated by the Financial Services Authority, and is covered by the Financial Services Compensation Scheme. Most depositors, including most individuals and small businesses, are covered by the scheme.

Furthermore, Santander group operates under a subsidiary model; this means that Santander UK plc is completely autonomous from its Spanish parent company (Santander group). This structure acts as a 'firewall' to stop problems within one part of the group spreading to other units in the event of financial difficulties. Santander group also operates a 'firewall' approach to borrowing and lending in the markets it operates in. This means that money raised in the UK stays in the UK.

Globally, 24% of Santander group profits come from Spain, 21% from Brazil and 16% from the UK (these being the three largest divisions of the group), which highlights how diversified the group is, across many global markets, thereby spreading risk. This, coupled with strong management, our focus on retail banking and our excellent financial performance, means that Santander UK benefits from one of the strongest credit ratings of any bank.

Santander group continues to gain momentum in the UK and we believe we are capable of weathering the most intense of financial storms, as demonstrated throughout the recent global credit crisis.

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