

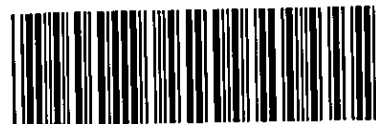
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**ABBNEY NATIONAL NORTH AMERICA LLC**  
**BRANCH ACCOUNTS**

**FOR THE YEAR ENDED**  
**31 DECEMBER 2008**

**Registered in England and Wales No. BR006622**

TUESDAY



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COMPANIES HOUSE

**ABBEY NATIONAL NORTH AMERICA LLC**

**Income Statement**

For the year ended 31 December 2008

	NOTES	2008 US\$	2007 US\$
Net income	2	-	2
Fees and commissions		20,030	(46,432)
Foreign Exchange Losses		(2,800)	
Profit / (Loss) before tax		17,230	(46,430)
Tax	3	(4,911)	13,929
<b>Profit / (Loss) for the year</b>		<b>12,319</b>	<b>(32,501)</b>

**Balance Sheet**

At 31 December 2008

	NOTES	2008 US\$	2007 US\$
<b>Current Assets</b>			
Financial assets held at fair value through profit and loss	4	6,132,768,427	12,170,847,950
Other receivables	5	8,850,571	35,808,678
Cash at bank		18,371	1,000
<b>Total assets</b>		<b>6,141,637,369</b>	<b>12,206,657,628</b>
<b>Current liabilities</b>			
Financial liabilities held at fair value through profit and loss	6	(6,136,793,399)	(12,203,788,084)
Other payables	7	(4,982,087)	(3,022,052)
Bank overdraft		-	(2,839)
Tax		(4,911)	-
<b>Total liabilities</b>		<b>(6,141,780,397)</b>	<b>(12,206,812,975)</b>
<b>Net current liabilities</b>		<b>(143,028)</b>	<b>(155,347)</b>
<b>Net liabilities</b>		<b>(143,028)</b>	<b>(155,347)</b>
<b>Equity</b>			
Capital contribution	8	1,000	1,000
Retained earnings	9	(144,028)	(156,347)
<b>Total equity</b>		<b>(143,028)</b>	<b>(155,347)</b>

The financial statements were approved by the board of directors on 1<sup>st</sup> April 2009.  
They were signed on its behalf by: Brian Morrison

Director



## ABBEY NATIONAL NORTH AMERICA LLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Accounting Policies

##### Basis of preparation and presentation

These summary financial statements have been prepared so as to fairly present the results of the Branch for the financial period and the state of affairs of the Branch at the end of the year. The accounting policies adopted are consistent with those used in the preparation of the financial statements of Abbey National Treasury Services plc for the year ended 31 December 2008.

The management of the Branch are responsible for keeping the accounting records which are sufficient to show and explain the transactions and disclose with reasonable accuracy the financial position of the Branch at any time.

The management are also responsible for safeguarding the assets of the Branch and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

##### Revenue recognition

###### a) Fees and commissions

Fees and commissions receivable or payable in respect of services provided are taken to the profit and loss account when the services related are performed.

###### b) Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held for trading are recorded at fair value. Changes in fair value of assets and liabilities held for trading are recognised in the income statement as net income or expense together with dividends and interest receivable and payable.

##### Financial assets and liabilities held at fair value through profit or loss

###### a) Financial assets held at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit taking or it is a derivative financial instrument (derivative).

The assets are derecognised when the rights to receive cash flows have expired or the Branch has transferred substantially all the risks and rewards of ownership.

###### b) Financial liabilities held at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if they are held for trading. A financial liability is classified as held for trading if it is a derivative or is incurred principally for the purpose of selling or being unwound in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit taking.

#### 2. Net income

	31 December 2008 US\$	31 December 2007 US\$
Interest receivable from group undertakings	170,429,893	555,766,885
Interest paid on deposits placed by banks	(170,429,893)	(555,766,883)
	-	2

NOTES TO THE FINANCIAL STATEMENTS

3. Tax

	2008 US\$	2007 US\$
UK corporation tax	(4,911)	13,929

Corporation tax is calculated at 28.5% (2007: 30%) of the assessable profit/(loss) for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The (charge) / credit for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2008 US\$	2007 US\$
Profit / (Loss) before tax	17,230	(46,430)
Tax at the UK corporation tax rate of 28.5% (2007: 30%)	(4,911)	13,929
<b>Tax (charge) / credit for the year</b>	<b>(4,911)</b>	<b>13,929</b>

4. Financial assets held at fair value through profit or loss

	2008 US\$	2007 US\$
<b>Amounts due in less than one year</b>		
Amounts due from group undertakings	6,132,768,427	12,170,847,950

5. Other receivables

	2008 US\$	2007 US\$
<b>Amounts due in less than one year</b>		
Amounts due from group entities	-	13,930
Trade receivables	8,850,571	35,794,748
	<b>8,850,571</b>	<b>35,808,678</b>

The Directors consider that the carrying amount of trade receivables and amounts due from group entities approximates to their fair value.

Trade receivables of US\$8,850,571 (2007 US\$35,794,748) is expected to be recovered or settled within 1 month.

6. Financial liabilities held at fair value through profit or loss

	2008 US\$	2007 US\$
<b>Amounts due in less than one year</b>		
Deposits by banks	6,136,793,399	12,203,788,084

7. Other payables

	2008 US\$	2007 US\$
<b>Amounts due in less than one year</b>		
Amounts due to group undertakings	4,982,087	3,022,052

The Directors consider that the carrying amount of amounts due to group undertakings approximates to their fair value.

**ABBAY NATIONAL NORTH AMERICA LLC****NOTES TO THE FINANCIAL STATEMENTS****8. Capital contribution**

	2008 US\$	2007 US\$
Capital contribution	1,000	1,000

**9. Retained earnings**

	US\$
Balance at 1 January 2007	(123,846)
Net loss attributable to the parent	(32,501)
Balance at 1 January 2008	(156,347)
Net profit attributable to the parent	12,319
Balance at 31 December 2008	(144,028)

**10. Parent undertaking and controlling party**

The Company's ultimate UK parent company is Abbey National plc.

The Company's ultimate parent undertaking and controlling party is Banco Santander S.A., a company incorporated 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. Abbey National Treasury Services plc is the immediate 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 Abbey Secretariat, Abbey National House, 2 Triton Square, Regents Place, London, NW1 3AN.