

## Covered Bond Swap Agreement (Series 72)

ISDA Schedule and CSA  
14 May 2019

**SCHEDULE  
to the  
Master Agreement**

dated as of 14 May 2019

between

- (1) SANTANDER UK PLC ("**Party A**");
- (2) ABBEY COVERED BONDS LLP ("**Party B**"); and
- (3) DEUTSCHE TRUSTEE COMPANY LIMITED (the "**Security Trustee**", which expression shall include its successors and assigns and which has agreed to become a party to this Agreement solely for the purpose of taking the benefit of Parts 5(b) and (p).

Part 1. Termination Provisions.

- (a) "**Specified Entity**" means in relation to Party A for the purpose of:

Section 5(a)(v), none  
Section 5(a)(vi), none  
Section 5(a)(vii), none  
Section 5(b)(iv), none

and in relation to Party B for the purpose of:

Section 5(a)(v), none  
Section 5(a)(vi), none  
Section 5(a)(vii), none  
Section 5(b)(iv), none

- (b) "**Specified Transaction**" will have the meaning specified in Section 14 of this Agreement.
- (c) The "**Cross Default**" provisions of Section 5(a)(vi) of this Agreement will not apply to Party A and will not apply to Party B.
- (d) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) of this Agreement will not apply to Party A and will not apply to Party B.
- (e) The "**Automatic Early Termination**" provision of Section 6(a) of this Agreement will not apply to Party A and will not apply to Party B.
- (f) "**Payments on Early Termination**". For the purposes of Section 6(e) of this Agreement:
- (i) Market Quotation will apply.
  - (ii) The Second Method will apply.

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- (g) "**Termination Currency**" means Euro.
- (h) **Additional Termination Events.** Each of the following events shall constitute an Additional Termination Event (in whole or, as the case may be, in part):
- (i) **Rating Event.** An Additional Termination Event occurs pursuant to Part 5(f)(v), in which case Party A shall be the sole Affected Party and all Transactions shall be Affected Transactions.
- (ii) **Redemption and Prepayment of the Covered Bonds.**

The Covered Bonds are redeemed in whole pursuant to Conditions 6.2 (*Redemption for taxation reasons*), 6.4 (*Redemption at the option of the Issuer*) or 6.6 (*Redemption due to illegality or invalidity*) of the Terms and Conditions of the Covered Bonds and Party A was notified of such redemption no later than three days prior to the relevant redemption date, in which case:

- (1) Party B shall be the sole Affected Party;
- (2) the Transaction or Transactions related to the Covered Bonds shall be the Affected Transactions; and
- (3) the Early Termination Date in respect of such Affected Transactions shall be the due date for redemption of the Covered Bonds.

Any amount payable pursuant to Section 6(e) of this Agreement will be payable on the Early Termination Date.

- (iii) **Amendment to the Priorities of Payments.** If any of (1) the Pre-Acceleration Revenue Priority of Payments, (2) the Pre-Acceleration Principal Priority of Payments, (3) the Guarantee Priority of Payments or (4) the Post-Enforcement Priority of Payments (each as set out in the LLP Deed or Deed or Charge, as applicable) is amended (in any case, other than in accordance with the Deed of Charge), such that Party B's obligations to Party A under this Agreement are further contractually subordinated to Party B's obligations to any other Secured Creditor (other than as a result of subordination which occurs as a result of an issuance of a new Series of Covered Bonds), in which case Party B shall be the sole Affected Party and all Transactions shall be Affected Transactions.
- (iv) **Purchase and cancellation of the Covered Bonds.**

The Covered Bonds are purchased and surrendered in whole or in part for cancellation pursuant to Condition 6.10 (*Purchases*) of the Terms and Conditions of the Covered Bonds and Party A was notified of such purchase and surrender no later than three days prior to the relevant purchase date, in which case:

- (1) Party B shall be the sole Affected Party, provided that for purposes of Section 6(b)(iv) of this Agreement both parties will be Affected Parties;
- (2) the Transaction or Transactions related to the Covered Bonds shall be Affected Transactions; and
- (3) the Early Termination Date in respect of the Affected Transactions shall be the due date for redemption of the Covered Bonds,

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provided that, in the event of a purchase and cancellation of the Covered Bonds in part, the Transaction or Transactions related to the Covered Bonds will partially terminate in respect of a Notional Amount equal to a pro rata proportion of the relevant amount of Covered Bonds purchased and surrendered for cancellation, and the provisions of Section 6 shall apply *mutatis mutandis* in connection with such partial termination. For the avoidance of doubt, the remaining part of such Transaction or Transactions will not be terminated as a result of such partial termination, and an Early Termination Date will only occur in respect of the terminated part of the Transaction or Transactions. Any amount payable pursuant to Section 6(e) of this Agreement will be payable on the Early Termination Date.

(v) ***Redemption and Prepayment in part of the Covered Bonds at the option of the Issuer.***

The Covered Bonds are redeemed in part pursuant to Condition 6.4 (*Redemption at the option of the Issuer*) of the Terms and Conditions of the Covered Bonds and Party A was notified of such redemption no later than three days prior to the relevant redemption date, in which case:

- (1) Party B shall be the sole Affected Party;
- (2) the Transaction or Transactions related to the Covered Bonds shall be Affected Transactions; and
- (3) the Early Termination Date in respect of the Affected Transactions shall be the due date for redemption of the Covered Bonds,

provided that, in the event of a purchase and cancellation of the Covered Bonds in part, the Transaction or Transactions related to the Covered Bonds will only partially terminate in respect of a Notional Amount equal to a pro rata proportion of the relevant amount of Covered Bonds so redeemed, and the provisions of Section 6 shall apply *mutatis mutandis* in connection with such partial termination. For the avoidance of doubt, the remaining part of such Transaction or Transactions will not be terminated as a result of such partial termination, and an Early Termination Date will only occur in respect of the terminated part of the Transaction or Transactions. Any amount payable pursuant to Section 6(e) of this Agreement will be payable on the Early Termination Date.

(vi) ***Second Rating Trigger Replacement.*** (A) The Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Second Rating Trigger Requirements did not apply and (B) at least one Eligible Replacement has made a Firm Offer that would, assuming the occurrence of an Early Termination Date, qualify as a Market Quotation (on the basis that paragraphs (i) and (iii) of Part 5(n) (*Modifications to close-out provisions*) below apply and which remains capable of becoming legally binding upon acceptance. For the purposes of this Additional Termination Event, Party A shall be the sole Affected Party and all Transactions shall be Affected Transactions.

***Moody's Ratings Events***

- (i) For the purpose of this Agreement:

"**Eligible Guarantee**" means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by Party B, where (I) such guarantee provides that if a guaranteed obligation cannot be performed without an action being taken by Party A, the guarantor shall use its best endeavours to procure that Party A takes such action, (II)(A) a law firm has given a legal opinion, disclosed to Moody's on a non-reliance basis, subject to usual qualifications and assumptions,

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confirming that none of the guarantor's payments to Party B under such guarantee will be subject to withholding or deduction for or on account of tax, (B) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to withholding or deduction for or on account of tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by Party B (free and clear of any withholding or deduction for or on account of tax) will equal the full amount Party B would have received had no such withholding or deduction been required or (C) in the event that any payment (the "**Primary Payment**") under such guarantee is made net of deduction or withholding for or on account of tax, Party A is required under this Agreement, to make such additional payment (the "**Additional Payment**") as is necessary to ensure that the net amount actually received by Party B from the guarantor (free and clear of any tax) in respect of the Primary Payment and Additional Payment will equal the full amount Party B would have received had no such deduction or withholding been required (assuming that the guarantor will be required to make a payment under such guarantee in respect of the Additional Payment) and (III) the guarantor waives any right of set-off in respect of payments under such guarantee.

"**Eligible Replacement**" means an entity that could lawfully perform the obligations owing to Party B under this Agreement or its replacement (as applicable) (A) with at least the Second Trigger Required Ratings or (B) whose present and future obligations owing to Party B under this Agreement are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with at least the Second Trigger Required Ratings.

"**Firm Offer**" means an offer which, when made, was capable of becoming legally binding upon acceptance.

The "**First Rating Trigger Requirements**" shall apply so long as no Relevant Entity has the First Trigger Required Ratings.

An entity shall have the "**First Trigger Required Ratings**" if (A) it has a long-term counterparty risk assessment ("**CR Assessment**") of "A3(cr)" or above by Moody's or (B) its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's.

"**Relevant Entities**" means Party A and any guarantor under an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement and "**Relevant Entity**" means any one of them.

The "**Second Rating Trigger Requirements**" shall apply if no Relevant Entity has the Second Trigger Required Ratings.

An entity shall have the "**Second Trigger Required Ratings**" if (A) it has a CR Assessment of "Baa1(cr)" or above by Moody's or (B) its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "Baa1" or above by Moody's.

- (ii) So long as the Second Rating Trigger Requirements apply, Party A will at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, procure either (A) an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement to be provided by a guarantor with the First Trigger Required Ratings and/or the Second Trigger Required Ratings or (B) a transfer to an Eligible Replacement in accordance with Part 5(q) (*Transfers*) below.

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### Part 2. Tax Representations

- (a) **Payer Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) **Payee Representations.**

For the purposes of Section 3(f) of the Agreement, Party A makes the representation specified below (the **Additional Tax Representation**):

Party A represents, warrants and undertakes to Party B (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that:

It is, and will be throughout the course of each Transaction, resident in the United Kingdom for United Kingdom tax purposes.

For the purposes of Section 3(f) of the Agreement, Party B makes the following representation:

None.

- (c) **Additional Termination Event.** The Additional Tax Representation proves to have been incorrect or misleading in any material respect with respect to one or more Transactions (each, an "Affected Transaction" for the purposes of this Additional Termination Event) when made or repeated or deemed to have been made or repeated. The Affected Party shall be Party A only.

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### Part 3. Agreement to Deliver Documents

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

- (a) Tax forms, documents or certificates to be delivered are:

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>
	None	

- (b) Other documents to be delivered are:

<b>Party required To deliver Document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>	<b>Covered by Section 3(d) Representation</b>
Party A and Party B	Appropriate evidence of its signatory's authority	On signing of this Agreement	Yes



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### Part 4. Miscellaneous

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

Address for notices or communications to Party A:

Address: 2 Triton Square  
Regent's Place  
London  
NW1 3AN

Attention: Medium Term Funding and Treasury Legal

Telephone: +44 (0) 20 7756 7100

Email: MTF@santander.co.uk; treasurylegal@santander.co.uk

Address for notices or communications to Party B:

Address: 2 Triton Square  
Regent's Place  
London  
NW1 3AN

Attention: Medium Term Funding and Treasury Legal

Telephone: +44 (0) 20 7756 7100

Email: MTF@santander.co.uk; treasurylegal@santander.co.uk

With a copy to the Security Trustee:

Address: Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

Attention: Managing Director (ABS/MBS Group)

- (b) **Process Agent.** For this purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: none.

Party B appoints as its Process Agent: none.

- (c) **Offices.** The provisions of Section 10(a) of this Agreement will apply.

- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

- (e) **Calculation Agent.** The Calculation Agent is Party A. Any failure by Party A, (as determined by the Security Trustee, acting reasonably and in good faith), to perform its role as Calculation Agent shall entitle Party B, by

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notice to the other parties hereto, to nominate itself or a third party reasonably selected by it as Calculation Agent and, upon such nomination, Party B or such third party shall become the Calculation Agent.

(f) **Credit Support Document.** Details of any Credit Support Document:

In respect of Party A: Any Eligible Guarantee or any other guarantee delivered pursuant to Part 5(f) (*Rating Events*) (other than the Credit Support Annex hereto) by Party A.

In respect of Party B: None

(g) **Credit Support Provider.**

Credit Support Provider means in relation to Party A, any guarantor under an Eligible Guarantee or any other guarantee delivered pursuant to Part 5(f) (other than the Credit Support Annex hereto).

Credit Support Provider means in relation to Party B, none.

(h) **Governing Law.** This Agreement, and any non-contractual obligations arising out of or in connection with it, will be governed by and construed in accordance with English law.

(i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply to Transactions entered into under this Agreement unless otherwise specified in a Confirmation.

(j) "**Affiliate**" will have the meaning specified in Section 14 of this Agreement.

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### Part 5. **Other Provisions**

(a) ***No Set-off***

All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6 and Section 2(c) of this Agreement.

Section 6(e) of this Agreement shall be amended by the deletion of the following sentence: "The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off."

(b) ***Security Interest***

Notwithstanding Section 7 of this Agreement, Party A hereby agrees and consents to the assignment by way of security by Party B of its right, title and interest under this Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in this Agreement) to the Security Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge and acknowledges notice of such assignment. Each of the parties hereby confirms and agrees that the Security Trustee shall not be liable for any of the obligations of Party B hereunder.

(c) ***Disapplication of Certain Events of Default***

Section 5(a)(ii), Section 5(a)(iii), Section 5(a)(iv), Section 5(a)(vii)(2), (3) (to the extent it refers to any assignment, arrangement or composition that is effected by or pursuant to the Transaction Documents), (4) (to the extent that it relates to proceedings or petitions instituted or presented by Party A or its Affiliates), (5), (6), (7) and (9) and Section 5(a)(viii) shall not apply in respect of Party B. Section 5(a)(v) shall not apply to Party A and Party B.

Section 5(a)(vii)(8) will apply to Party B only to the extent that it applies to Section 5(a)(vii)(1), (3) and (4) (as amended above).

(d) ***Disapplication of Certain Termination Events***

Section 5(b)(iii) of this Agreement will apply to Party A and will apply to Party B, provided that Party A shall not be entitled to designate an Early Termination Date or effect a transfer pursuant to Section 6(b)(ii) by reason of a Tax Event Upon Merger in respect of which it is the Affected Party.

The Tax Event provisions of Section 5(b)(ii) will apply to Party A and will apply to Party B, provided that the words "(x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y)" shall be deleted.

(e) ***Additional Event of Default***

The following shall constitute an additional Event of Default with respect to Party B:

**"LLP Acceleration Notice.** The Bond Trustee serves an LLP Acceleration Notice on Party B (which shall be the Defaulting Party)."

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### (f) *Rating Events*

#### S&P

- (i) This Agreement sets out four options for establishing certain of the definitions set out in Part 5(f)(i)(2) below and in the Credit Support Annex hereto of Initial S&P Rating Event, Subsequent S&P Rating Event and Credit Support Amount (in each case, being “**S&P Strong**”, “**S&P Adequate**”, “**S&P Moderate**” and “**S&P Weak**” respectively and each a “**S&P Framework**”). On the date of this Agreement, the provisions relating to S&P Adequate shall apply to this Agreement. After the date of this Agreement, the S&P Framework may be amended in accordance with Part 5(f)(i)(1) (*Replacement Framework*) below.

#### (1) Replacement Framework

Party A may, by notice in substantially the form set out in the Exhibit to this Schedule (a “**S&P Classification Switch Notice**”), inform Party B, the Issuer Security Trustee and S&P that it wishes to elect (A) that S&P Strong, S&P Adequate, S&P Moderate or S&P Weak, as applicable (the “**New S&P Framework**”), shall apply, and (B) any previous election in respect of an S&P Framework shall cease to apply.

With effect from the Local Business Day following S&P’s confirmation that the New S&P Framework will not adversely impact the rating of the Covered Bonds (such date, the “**Substitution Effective Date**”), the definitions of “Initial S&P Required Rating” and “Subsequent S&P Required Rating” shall be deemed to have been amended to the equivalent definitions as set out below corresponding to the relevant New S&P Framework elected.

The right of Party A to make an election pursuant to this Part 5(f)(i)(1) (*Replacement Framework*) is subject to the following conditions being satisfied on the Substitution Effective Date:

- (a) no Event of Default or Termination Event has occurred with respect to which Party A is the Defaulting Party or the sole Affected Party, as the case may be; and
- (b) the Substitution Effective Date may not occur during any extension to the Collateral Remedy Period pursuant to sub-paragraph (B) of the definition thereof.

#### (2) Definitions

“**Collateral Remedy Period**” means the period that commences on (and excludes) the date on which an Initial S&P Rating Event or Subsequent S&P Rating Event (as applicable) occurs and ends on (and includes) the later of (A) the tenth Local Business Day following the date on which such event occurs or (B) if Party A has, on or before the tenth Local Business Day following the date on which such event occurs, submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the tenth Local Business Day following the date on which such event occurs.

An entity will have the “**Initial S&P Required Rating**” in respect of the applicable S&P Framework, if either (1) the issuer credit rating or (2) the resolution counterparty rating assigned by S&P to the entity is at least as high as the S&P Minimum Counterparty Rating corresponding to the then current rating of the Covered Bonds and the applicable S&P Framework as specified in the table below under the column “Initial S&P Rating Event”.

“**Non Collateral Remedy Period**” means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs and ends on (and includes) the ninetieth calendar day following the date on which such event occurs.

“**S&P Eligible Replacement**” means, for the purposes of the below and Part 5(q) (*Transfers*), either (A) an entity with at least the Subsequent S&P Required Rating or (B) an entity whose obligations under this Agreement are guaranteed by an entity with at least the Subsequent S&P Required Rating pursuant to a guarantee which satisfies the S&P guarantee criteria as set out in *General Criteria: Guarantee Criteria*,

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published by S&P on 21 October 2016, provided that in all cases such S&P Eligible Replacement complies with the provisions of Part 5(f)(i)(3) (*Initial S&P Rating Event*) below (if applicable) with respect to its own obligations under the Agreement.

**"S&P Minimum Counterparty Rating"** means, in respect of S&P Strong, S&P Adequate, S&P Moderate and S&P Weak, the rating as specified in the table below and corresponding to the rating of the Covered Bonds (as it would have been, but for the fact that Party A does not have the S&P Minimum Counterparty Rating) under the columns "Initial S&P Rating Event" and "Subsequent S&P Rating Event", as applicable.

An entity will have the **"Subsequent S&P Required Rating"** in respect of the applicable S&P Framework, if either (1) the issuer credit rating or (2) the resolution counterparty rating assigned by S&P to the entity is at least as high as the S&P Minimum Counterparty Rating corresponding to the then current rating of the Covered Bonds (as it would have been, but for the fact that Party A does not have the S&P Minimum Counterparty Rating) and the applicable S&P Framework, as specified in the table below under the column "Subsequent S&P Rating Event".

Rating of the Covered Bonds	"S&P Strong"		"S&P Adequate"		"S&P Moderate"		"S&P Weak"	
	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
AAA	A-	BBB+	A-	A-	A	A	NA	A+
AA+	A-	BBB+	A-	A-	A-	A-	NA	A+
AA	A-	BBB	BBB+	BBB+	A-	A-	NA	A
AA-	A-	BBB	BBB+	BBB+	BBB+	BBB+	NA	A-
A+	A-	BBB-	BBB	BBB	BBB+	BBB+	NA	A-
A	A-	BBB-	BBB	BBB	BBB	BBB	NA	BBB+
A-	A-	BBB-	BBB	BBB-	BBB	BBB	NA	BBB+
BBB+	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB
BBB	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB
BBB-	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB-
BB+ and below	A-	At least as high as 3 notches below the Covered Bonds rating	BBB	At least as high as 2 notches below the Covered Bonds rating	BBB	At least as high as 1 notch below the Covered Bonds rating	NA	At least as high as the Covered Bonds rating

### (3) Initial S&P Rating Event

In the event that neither Party A nor any Credit Support Provider from time to time of Party A has the Initial S&P Required Rating (an **"Initial S&P Rating Event"**), then:

- (A) Party A shall, within the Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless the applicable S&P Framework is S&P Weak, in which case this subparagraph (A) shall not apply); and
- (B) Party A may, at any time following the occurrence of such Initial S&P Rating Event, at its own discretion and at its own cost:
  - (I) subject to Part 5(q) (*Transfers*), transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or

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- (II) procure, subject to confirmation by S&P, another person that has at least the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or
- (III) take such other action (which may, for the avoidance of doubt, include taking no action) as notified to S&P as will result in (x) the rating of the Covered Bonds being maintained at, or restored to, the level it would have been but for such Initial S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Covered Bonds; and (y) the Covered Bonds not being placed on credit watch by S&P as a result of the Initial S&P Rating Event.

(4) Subsequent S&P Rating Event

In the event that neither Party A nor any Credit Support Provider from time to time of Party A has the Subsequent S&P Required Rating (a "**Subsequent S&P Rating Event**"), then:

- (A) Party A shall, within the Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless the applicable S&P Framework is S&P Weak, in which case this sub-paragraph (A) shall not apply); and
- (B) Party A shall use commercially reasonable efforts to, as soon as reasonably practicable, at its own cost:
  - (I) subject to Part 5(q) (*Transfers*), transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
  - (II) procure, subject to confirmation by S&P, an entity that has at least the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or
  - (III) take such other action (which may, for the avoidance of doubt, include taking no action) as notified to S&P as will result in (a) the rating of the Covered Bonds being maintained at, or restored to, the level it would have been but for such Subsequent S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Covered Bonds; and (b) the Covered Bonds not being placed on credit watch by S&P as a result of the Subsequent S&P Rating Event.

The actions set out in sub-paragraphs 5(h)(i)(4)(B)(I), (II) and (III) above shall be "**Remedial Actions**". Without prejudice to any replacement third party's or Party A's obligations to post collateral or take other action if it (or its Credit Support Provider) does not have the Initial S&P Required Rating, if any of sub-paragraphs 5(h)(i)(4)(B)(I), (II) and (III) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Subsequent S&P Rating Event pursuant to sub-paragraph 5(h)(i)(4)(A) above following the satisfaction of the provisions in sub-paragraphs 5(h)(i)(4)(B)(I), (II) or (III) above and the Credit Support Balance shall be transferred to Party A subject to, and in accordance with, the terms of the Credit Support Annex.

- (ii) If, at any time neither Party A (nor its successor or assignee) nor any Credit Support Provider (that is a Fitch Eligible Guarantor) from time to time in respect of Party A have an Unsupported Minimum Counterparty Rating (such event being an "**Initial Fitch Rating Event**") then:
  - (1) Party A will, on a reasonable efforts basis and at its own cost, within 14 calendar days of the occurrence of such Initial Fitch Rating Event (or, if the Initial Fitch Rating Event has continued since the date this Agreement was executed, on such date), transfer collateral in accordance with the Credit Support Annex; or

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- (2) Party A may, on a reasonable efforts basis and at its own cost, within 30 calendar days of the occurrence of such Initial Fitch Ratings Event:
- I. subject to Part 5(q) (*Transfers*) above, transfer all of its rights and obligations under this Agreement to a replacement third party that is a Fitch Eligible Counterparty or Fitch otherwise confirms that such transfer would maintain the rating of the Covered Bonds by Fitch at, or restore the rating of the Covered Bonds by Fitch to, the level at which it was immediately prior to such Initial Fitch Rating Event; or
  - II. procure a Fitch Eligible Guarantor to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement whose Long-Term Fitch Rating or short-term IDR is rated not less than the corresponding Unsupported Minimum Counterparty Ratings or Fitch otherwise confirms that procuring such co-obligor or guarantor would maintain the rating of the Covered Bonds by Fitch at, or restore the rating of the Covered Bonds by Fitch to, the level at which it was immediately prior to such Initial Fitch Rating Event, provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any Tax; or
  - III. take such other action (which may, for the avoidance of doubt, include taking no action) as will result in the rating of the Covered Bonds by Fitch following the taking of such action (or inaction) being maintained at, or restored to, the level at which it was immediately prior to such Initial Fitch Rating Event, provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any Tax.

If any of sub-paragraphs (ii)(2)(I), (ii)(2)(II) or (ii)(2)(III) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to sub-paragraph (ii)(1) will, unless otherwise required by virtue of the operation of sub-paragraph (ii)(2)(III) above, be transferred to Party A subject to, and in accordance with, the terms of the Credit Support Annex, and, for so long as no other Initial Fitch Rating Event occurs, Party A will not be required to transfer any additional collateral pursuant to this Part 5(f)(ii).

- (iii) In the event that the Long-Term Fitch Rating and the short-term IDR of Party A (or its successor or assignee) or any Credit Support Provider (that is a Fitch Eligible Guarantor) from time to time in respect of Party A cease to be rated at least as high as the corresponding Supported Minimum Counterparty Rating (such event being a "**Subsequent Fitch Rating Event**"):
- (1) Party A will on a reasonable efforts basis within 30 calendar days of the occurrence of such Subsequent Fitch Rating Event, at its own cost, attempt to take any of the measures set out in sub-paragraphs (ii)(2)(I), (ii)(2)(II) or (ii)(2)(III) of this Part 5(f); and
  - (2) pending taking any of the measures set out in sub-paragraphs (ii)(2)(I), (ii)(2)(II) or (ii)(2)(III) of this Part 5(f) above, Party A will within 10 calendar days of the occurrence of the Subsequent Fitch Rating Event and at its own cost, in accordance with this Agreement, post collateral in accordance with the provisions of the Credit Support Annex.

If any of sub-paragraphs (ii)(2)(I), (ii)(2)(II) or (ii)(2)(III) of this Part 5(f) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to sub-paragraph (iii)(2) above will, unless otherwise required by virtue of the operation of sub-paragraph (ii)(2)(III) of this Part 5(f), be transferred to Party A subject to, and in accordance with, the terms of the Credit Support Annex, and, for so long as no other Subsequent Fitch Rating Event occurs, Party A will not be required to transfer any additional collateral pursuant to this Part 5(f)(iii).

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(iv) For purposes of this Agreement:

**"Fitch Eligible Counterparty"** means an entity (A) whose Long-Term Fitch Rating or short-term issuer default rating ("**IDR**") is rated not less than the corresponding Unsupported Minimum Counterparty Rating or (B) whose obligations under this Agreement are guaranteed by an entity that is a Fitch Eligible Guarantor whose Long-Term Fitch Rating or short-term IDR is rated not less than the corresponding Unsupported Minimum Counterparty Rating.

**"Fitch Eligible Guarantor"** means an entity that is incorporated or domiciled (or their equivalent) in a jurisdiction where the applicable subordination provision would be enforceable against such entity.

**"Long-Term Fitch Rating"** means, in respect of an entity, the Derivative Counterparty Rating ("**DCR**") assigned to such entity by Fitch or, if a DCR has not been assigned to such entity by Fitch, the long-term IDR assigned to such entity by Fitch.

**"Unsupported Minimum Counterparty Rating"** and **"Supported Minimum Counterparty Rating"** shall mean the, Long-Term Fitch Rating or the Fitch short-term IDR from Fitch corresponding to the then-current rating of the Covered Bonds as set out in the following table

<b>Current rating of Covered Bonds</b>	<b>Unsupported Minimum Counterparty Rating</b>	<b>Supported Minimum Counterparty Rating</b>	<b>Supported Minimum Counterparty Rating (adjusted)</b>
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAAsf, AA-sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3
BB+sf, BBsf, BB-sf	At least as high as the Covered Bonds rating	B+	BB-
B+sf or below or Covered Bonds are not rated by Fitch	At least as high as the Covered Bonds rating	B-	B-

If an entity is not incorporated in the same jurisdiction as Party B and, following a request from Fitch, has not provided to Fitch a legal opinion, in a form acceptable to Fitch, confirming the enforceability of the subordination provisions against it in its jurisdiction, references in this Agreement to "Supported Minimum Counterparty Rating" shall be deemed to refer to "Supported Minimum Counterparty Rating (adjusted)" in respect of such entity.

For the purposes of the above table, if the Covered Bonds are downgraded by Fitch as a result of Party A's failure to perform any obligation under this Agreement, then the then current rating of the Covered Bonds will be deemed to be the rating the Covered Bonds would have had but for such failure.

(v) ***Consequences of Rating Events***

Each of the following provisions (A) to (D) (inclusive) is without prejudice to the consequences of Party A (a) breaching any provision of this Agreement other than the subparagraph of Part 5(f) to which each such provision refers or (b) failing to post collateral under the Credit Support Annex or to take any other action, in each case, in accordance with the requirements of any rating agency other than the rating agency to which



## EXECUTION VERSION

each such provision refers, or otherwise failing to post collateral in accordance with the Credit Support Annex.

- (A) If Party A does not provide collateral as required under Part 5(f)(i)(3)(A), such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A which shall be deemed to have occurred on the next Local Business Day following the last day of the Collateral Remedy Period (as applicable) unless at such time Party A has taken one of the measures described in sub paragraph 5(f)(i)(3)(B), with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (B) If Party A does not take the measures described in sub-paragraph 5(f)(i)(4)(B) above following a Subsequent S&P Rating Event, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A which will be deemed to have occurred on the next Local Business Day following the last day of the Non-Collateral Remedy Period with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (C) If an Initial Fitch Rating Event occurs and is continuing and Party A fails to take at least one of the relevant measures described in subparagraph (ii) of this Part 5(f) above, irrespective of whether it has applied reasonable efforts to do so, such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A which shall be deemed to have occurred on the next Local Business Day after the thirtieth calendar day following such Initial Fitch Rating Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (D) If, at the time a Subsequent Fitch Rating Event occurs and is continuing, Party A has provided collateral under the Credit Support Annex pursuant to subparagraph (ii)(1) of this Part 5(f) above and fails to continue to post collateral pending compliance with subparagraph (iii)(1) of this Part 5(f) above, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A and will be deemed to have occurred on the later of the next Local Business Day after the tenth calendar day following such Subsequent Fitch Rating Event and the next Local Business Day after the thirtieth calendar day following any prior Initial Fitch Rating Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.

Further, an Additional Termination Event with respect to Party A shall be deemed to have occurred if, even if Party A continues to post collateral as required by subparagraph (iii)(2) of this Part 5(f) above, and notwithstanding Section 5(a)(ii), Party A does not take the measures described in subparagraph (iii)(1) of this Part 5(f) above (and regardless of whether reasonable endeavours have been used to implement any of those measures). Such Additional Termination Event will be deemed to have occurred on the next Local Business Day after the thirtieth calendar day following the Subsequent Fitch Rating Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.

(g) ***Additional Representations***

- (i) Section 3 is amended by the addition at the end thereof of the following additional representation:

"(g) ***No Agency.*** It is entering into this Agreement and each Transaction as principal and not as agent of any person."

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(ii) The following additional representations shall be given by Party A only:

"(h) ***Pari Passu.*** Its obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law.

(i) ***Authorised Person.*** Party A represents to Party B (which representation will be deemed to be repeated by Party A on each date on which a Transaction is entered into) that, to the extent that entering into this Agreement, including any Transaction, constitutes regulated activity in the United Kingdom, Party A is an authorised person permitted to carry on that regulated activity or an exempt person in respect of that regulated activity under the FSMA."

(h) ***Recording of Conversations***

Each party to this Agreement consents to the recording of the telephone conversations of its personnel or any personnel employed by any Affiliate or third party acting on its behalf in connection with this Agreement or any potential Transaction and (i) agrees to obtain any necessary consent of and give notice of such recording to such personnel and (ii) agrees that recordings may be submitted in evidence in any proceedings relating to this Agreement.

(i) ***Relationship Between the Parties***

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

"15. **Relationship between the parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

(a) ***Non Reliance.*** It is acting for its own account, and it has made its own decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. It has not received from the other party any assurance or guarantee as to the expected results of that Transaction.

(b) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the financial and other risks of that Transaction.

(c) ***Status of Parties.*** The other party is not acting as a fiduciary or an adviser for it in respect of that Transaction."

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(j) **Tax.**

(i) Notwithstanding the definition of Indemnifiable Tax in Section 14 of this Agreement, any Tax will be an Indemnifiable Tax in relation to payments by Party A under this Agreement and no Tax will be an Indemnifiable Tax in relation to payments by Party B under this Agreement.

(ii) The Agreement is amended by deleting Section 2(d) in its entirety and replacing it with the following:

"(d) ***Deduction or Withholding for Tax***

(i) ***Requirement to Withhold***

All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax (including a deduction or withholding by any of the members of Party B in respect of a payment made by Party B) unless such deduction or withholding is required (including, for the avoidance of doubt, if such deduction or withholding is required in order for the payer to obtain relief from Tax) by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold (or, in the case of Party B, any member of Party B is required to deduct or withhold), then that party (**X**):

- (1) will promptly notify the other party (**Y**) of such requirement;
- (2) will pay or procure payment to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any Gross Up Amount (as defined below) paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) will promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and
- (4) if X is Party A and such Tax is an Indemnifiable Tax, Party A will promptly pay, in addition to the payment to which Party B is otherwise entitled under this Agreement, such additional amount (the "**Gross Up Amount**") as is necessary to ensure that the net amount actually received by Party B will equal the full amount which Party B (free and clear of Indemnifiable Taxes whether assessed against Party A or Party B) would have received had no such deduction or withholding been required.

(ii) ***Liability***

If:

- (1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding for or on account of any Tax in respect of payments under this Agreement; and
- (2) X does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent that Y has satisfied or then satisfies the liability resulting from such Tax, (A) where X is Party B (or any member of Party B), Party A will promptly pay to Party B (or the

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relevant member of Party B) the amount of such liability (including any related liability for interest and together with an amount equal to the Tax payable by Party B (or the relevant member of Party B) on receipt of such amount but including any related liability for penalties only if Party A has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)) and Party B (or the relevant member of Party B) will promptly pay to the relevant government revenue authority the amount of such liability (including any related liability for interest and penalties) and (B) where X is Party A and Party A would have been required to pay a Gross Up Amount to Party B, Party A will promptly pay to the relevant government revenue authority the amount of such liability (including any related liability for interest and penalties).

(iii) ***Tax Credit etc.***

Where Party A pays a Gross Up Amount in accordance with Section 2(d)(i)(4) above, Party B undertakes as follows:

- (1) to the extent that Party B (or any member of Party B) obtains, retains and utilises any Tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to such payment (a "**Tax Credit**"), Party B shall pay to Party A, as soon as practical after receipt of the same, so much of the cash benefit (as calculated below) relating thereto which Party B (or any member of Party B) has received as will leave Party B (or any member of Party B) in substantially the same (but in any event no worse) position as Party B (or any member of Party B) would have been in if no such deduction or withholding had been required;
- (2) the "cash benefit" shall, in the case of a Tax Credit, be the additional amount of Tax which would have been payable by Party B (or any member of Party B) in the relevant jurisdiction referred to in (1) above but for the obtaining and utilisation by it of the said Tax Credit and, in the case of a repayment, shall be the amount of the repayment together with any related interest or similar payment obtained by Party B (or any member of Party B) from the relevant tax authority; and
- (3) it will use all reasonable endeavours to obtain any Tax Credit, as soon as is reasonably practicable provided that it shall be the sole judge of the amount of any such Tax Credit and of the date on which the same is received and shall not be obliged to disclose to Party A any information regarding its tax affairs or tax computations save that Party B shall (and will procure that its members shall), upon request by Party A, supply Party A with a reasonably detailed explanation of its calculation of the amount of any such Tax Credit and of the date on which the same is received."

Without prejudice to this Part 5(j), nothing contained in this Schedule shall interfere with the right of Party B (or any of its members) or Party A to arrange its tax and other affairs in whatever manner it thinks fit and, in particular, neither Party B (nor any of its members) nor Party A shall be under any obligation to claim relief from Tax on its corporate profits, or from any similar Tax liability, in respect of the Tax, or to claim relief in priority to any other claims, reliefs, credits or deductions available to it. Neither Party B (or any of its members) nor Party A shall be obliged to disclose any confidential information relating to the organisation of its affairs.

(k) ***Condition Precedent***

Section 2(a)(iii) shall be amended by the deletion of the words "or Potential Event of Default" in respect of the obligations of Party A only.

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- (l) **Representations.** Section 3(b) shall be amended by the deletion of the words "or Potential Event of Default" in respect of the representation given by Party B.

(m) **Additional Definitions**

Words and expressions defined in the Amended and Restated Master Definitions and Construction Agreement made between, *inter alios*, the parties to this Agreement on 1 June 2016 (as the same may be amended, varied or supplemented from time to time) (the "**Master Definitions and Construction Agreement**") shall, except so far as the context otherwise requires, have the same meaning in this Agreement. In the event of any inconsistency between the definitions in this Agreement and in the Master Definitions and Construction Agreement the definitions in this Agreement shall prevail. The rules of interpretation set out in the Master Definitions and Construction Agreement shall apply to this Agreement.

In addition, "**EMIR**" means Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.

(n) **Modifications to close-out provisions**

Notwithstanding Section 6 of this Agreement, if an Early Termination Date is designated at a time when Party A is (A) the Affected Party in respect of an Additional Termination Event or (B) the Defaulting Party in respect of any Event of Default, paragraphs (i) to (vi) below shall apply:

- (i) The definition of "Market Quotation" shall be deleted in its entirety and replaced with the following:

""**Market Quotation**" means, with respect to one or more Terminated Transactions, a Firm Offer which is (1) made by an Eligible Replacement, (2) for an amount, if any, that would be paid to Party B (expressed as a negative number) or by Party B (expressed as a positive number) in consideration of an agreement between Party B and such Eligible Replacement to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for Party B the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under this Agreement in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date, (3) made on the basis that Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included, (4) made in respect of a Replacement Transaction with terms that are, in all material respects, no less beneficial for Party B than those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions) as determined by Party B and (5) obtained by Party A or Party B."

- (ii) The definition of "Settlement Amount" shall be deleted in its entirety and replaced with the following:

""**Settlement Amount**" means, with respect to any Early Termination Date,

- (1) if, on or prior to such Early Termination Date, a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B

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so as to become legally binding, an amount equal to the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation

- (2) if on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and one or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations; (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value).
- (3) if on such Early Termination Date, (x) no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and (y) no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B's Loss (whether positive or negative and without reference to any Unpaid Amounts) for the relevant Terminated Transaction or group of Terminated Transactions."

- (iii) If Party B elects to determine whether or not a Firm Offer satisfies the condition in subparagraph (4) of the definition of "Market Quotation" it shall do so in a commercially reasonable manner.
- (iv) At any time on or before the Early Termination Date at which two or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value).
- (v) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use its reasonable efforts to do so before the Early Termination Date.
- (vi) Any amount owed to Party B under Section 6(e) will be payable on the day that notice, given in accordance with Section 6(d), of the amount payable is effective.

(o) ***Contracts (Rights of Third Parties) Act 1999***

A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

(p) ***Deed of Charge.***

Party B undertakes to Party A and the Security Trustee that its obligations to Party A pursuant to this Agreement shall at all times be secured by the Deed of Charge.

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### (q) *Transfers*

- (i) Subject to this Part 5(q), neither party may transfer (whether by way of security or otherwise) any interest or obligation in or under this Agreement without the prior written consent of the other party.
- (ii) Subject to giving five Local Business Days' prior written notice to Party B and the Security Trustee, Party A may (at its own cost) transfer its rights and obligations with respect to this Agreement to any other entity (a "**Transferee**") that is an Eligible Replacement if:
  - (1) the Transferee contracts with Party B on terms that (x) have the same effect as the terms of this Agreement in respect of any obligation (whether absolute or contingent) to make payment or delivery after the effective date of such transfer and (y) insofar as they do not relate to payment or delivery obligations, are, in all material respects, no less beneficial for Party B than the terms of this Agreement immediately before such transfer;
  - (2) unless such transfer is effected at a time when the First Rating Trigger Requirements apply or the Transferee contracts with Party B on terms that are identical to the terms of this Agreement (save for any amendments that are necessary to reflect, or are a natural consequence of, the fact that the Transferee is to be substituted for Party A), Party B has determined that the condition in (1)(y) above is satisfied and communicated such determination to Party A in writing;
  - (3) the Transferee is an entity who (i) is a Fitch Eligible Counterparty and (ii) has at least the Subsequent S&P Required Rating or such Transferee's obligations under the Agreement are guaranteed pursuant to a guarantee which satisfies the S&P guarantee criteria as set out in *General Criteria; Guarantee Criteria*, published by S&P on 21 October 2016, by an entity who has at least the Subsequent S&P Required Rating;
  - (4) if the Transferee is domiciled in a different jurisdiction from both Party A and Party B, notice is given to Fitch and S&P;
  - (5) (except where the Transferee is required to pay additional amounts pursuant to Section 2(d)(i) of this Agreement or an equivalent provision in the replacement agreement, as applicable, as of the date of such transfer) as of the date of such transfer, the Transferee will not, as a result of such transfer, be required to make any withholding or deduction for or on account of any Tax in respect of payments made under this Agreement and the Transferee makes the Additional Tax Representation;
  - (6) as judged immediately prior to the proposed transfer, a Termination Event or Event of Default will not occur as a direct result of such transfer; and
  - (7) no additional amount will be payable by Party B to Party A or the Transferee on the next succeeding Scheduled Payment Date as a result of such transfer.
- (iii) If Party B elects to determine whether or not a transfer satisfies the condition in (ii)(1)(y) above, Party B shall act in a commercially reasonable manner.
- (iv) If an entity has made a Firm Offer (which remains capable of becoming legally binding upon acceptance) to be the transferee of a transfer to be made in accordance with Part 5(q)(ii) above, Party B shall, at Party A's written request and cost, take any reasonable steps required to be taken by it to effect such transfer.

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- (vi) Following a transfer in accordance with Part 5(q)(ii), all references to Party A shall be deemed to be references to the Transferee.
- (vii) Party B may transfer (whether by way of security or otherwise) any interest or obligation in or under this Agreement, provided that such transfer is effected by or pursuant to the Transaction Documents.
- (r) **Successors.** References in this Agreement to the parties hereto, Party A and Party B shall (for the avoidance of doubt) include, where appropriate, any permitted successor or assign thereof.
- (s) **Security Trustee**
  - (i) If there is any change in the identity of the Security Trustee in accordance with the Deed of Charge, the parties to this Agreement shall execute such documents and take such action as the successor Security Trustee and the outgoing Security Trustee may reasonably require for the purpose of vesting in the successor Security Trustee the rights and obligations of the outgoing Security Trustee under this Agreement and releasing the outgoing Security Trustee from any future obligations under this Agreement.
  - (ii) The Security Trustee has agreed to become a party to this Agreement for the better preservation and enforcement of its rights under this Agreement but shall not assume any obligations or liabilities to Party A or Party B hereunder. Any liberty or right which may be exercised or any determination which may be made under this Agreement by the Security Trustee may be exercised or made in the Security Trustee's absolute discretion without any obligation to give reasons therefor and the Security Trustee shall not be responsible for any liability occasioned by so acting but subject always to the terms of the Deed of Charge.
- (t) **No Enforcement.**

Party A agrees with Party B and the Security Trustee that:

- (i) only the Security Trustee may enforce the Security in accordance with the provisions of the Deed of Charge; and
- (ii) it shall not take any steps for the purpose of:
  - (A) recovering any of the Secured Obligations (including, without limitation, by exercising any rights of set-off); or
  - (B) enforcing any rights arising out of the Transaction Documents against Party B or procuring the winding up, administration or liquidation of Party B in respect of any of its liabilities whatsoever,

unless the Security Trustee, having become bound to take any steps or proceedings to enforce the said Security under or pursuant to the Deed of Charge, fails to do so within a reasonable period and such failure is continuing (in which case Party A shall be entitled to take any such steps and proceedings as it shall deem necessary other than the presentation of a petition for the winding up of, or for an administration in respect of, Party B.

- (u) **Limited Recourse**

Party A agrees with Party B and the Security Trustee that, notwithstanding any other provision of any Transaction Document, all obligations of Party B to Party A in respect of the Secured Obligations owing to



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Party A are limited in recourse to the Charged Property and upon the Security Trustee giving written notice to the Secured Creditors that:

- (i) it has determined in its sole opinion that there is no reasonable likelihood of there being any further realisations in respect of the Charged Property (whether arising from enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents; and
- (ii) all amounts available to be applied to pay amounts owing under the Transaction Documents have been so applied in accordance with the provisions of the Deed of Charge,

the Secured Creditors shall have no further claim against the LLP in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full.

(v) ***Scope of Agreement***

It is hereby understood and agreed that: (a) the provisions of this Agreement shall only apply to the Covered Bond Swaps entered into between Party A and Party B (and, for the avoidance of doubt, the Credit Support Annex attached hereto) in respect of the EUR 1,000,000,000 Series 72 Covered Bonds due 12 May 2024 (the "**Covered Bonds**") issued by Santander UK plc pursuant to the €35 billion global covered bond programme; (b) this Agreement constitutes a Covered Bond Swap Agreement; and (c) that no other Transaction may be entered into pursuant hereto.

(w) ***ISDA 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol***

Both parties agree that the amendments set out in the attachment to the ISDA 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol published by ISDA on 19 July 2013 and available on the ISDA website ([www.isda.org](http://www.isda.org)) (the **PDD Protocol**) shall be made to this Agreement. In respect of the attachment to the PDD Protocol, (i) the definition of "Adherence Letter" shall be deemed to be deleted and references to "Adherence Letter" shall be deemed to be to this Part 5(w), (ii) references to "Protocol Covered Agreement" shall be deemed to be references to this Agreement, and (iii) references to "Implementation Date" shall be deemed to be references to the date of this Agreement. For the purposes of this Part 5(w):

(A) Portfolio reconciliation process status:

Party A confirms that it is a Portfolio Data Sending Entity.

Party B confirms that it is a Portfolio Data Receiving Entity.

(B) Local Business Days:

Party A specifies the following places for the purposes of the definition of Local Business Day as it applies to it: London.

Party B specifies the following places for the purposes of the definition of Local Business Day as it applies to it: London.

(C) Use of an agent:

For the purposes of Part I(3) of the PDD Protocol:

Party B appoints Santander UK plc to act as its agent.

(D) Contact details for Portfolio Data, discrepancy notices and Dispute Notices:

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Party A agrees to deliver the following items to Party B at the contact details shown below:

Portfolio Data: [PortRec\\_ANTTS@gruposantander.com](mailto:PortRec_ANTTS@gruposantander.com)

With a copy to:

(i) [cmanage.antl@gruposantander.com](mailto:cmanage.antl@gruposantander.com)

(ii) [UK-EMIR@sfmeurope.com](mailto:UK-EMIR@sfmeurope.com)

Dispute Notice: [PortRec\\_ANTTS@gruposantander.com](mailto:PortRec_ANTTS@gruposantander.com)

With a copy to:

(i) [cmanage.antl@gruposantander.com](mailto:cmanage.antl@gruposantander.com)

(ii) [FMOManagementOffice@santander.co.uk](mailto:FMOManagementOffice@santander.co.uk)

(iii) [UK-EMIR@sfmeurope.com](mailto:UK-EMIR@sfmeurope.com)

Party B agrees to deliver the following items to Party A at the contact details shown below:

Notice of a discrepancy: [PortRec\\_ANTTS@gruposantander.com](mailto:PortRec_ANTTS@gruposantander.com)

With a copy to:

(i) [cmanage.antl@gruposantander.com](mailto:cmanage.antl@gruposantander.com)

(ii) [UK-EMIR@sfmeurope.com](mailto:UK-EMIR@sfmeurope.com)

Dispute Notice: [PortRec\\_ANTTS@gruposantander.com](mailto:PortRec_ANTTS@gruposantander.com)

With a copy to:

(i) [cmanage.antl@gruposantander.com](mailto:cmanage.antl@gruposantander.com)

(ii) [FMOManagementOffice@santander.co.uk](mailto:FMOManagementOffice@santander.co.uk)

(iii) [UK-EMIR@sfmeurope.com](mailto:UK-EMIR@sfmeurope.com)

**EXECUTION VERSION**

**Exhibit**

**FORM OF S&P CLASSIFICATION SWITCH NOTICE**

To: **Standard & Poor's**

[address]

Copy to: Abbey Covered Bonds LLP

[address]

Deutsche Trustee Company Limited

[address]

From: Santander UK plc

[address]

[date]

Dear Sirs

**Abbey Covered Bonds LLP – S&P Classification Switch Notice**

We refer to the ISDA Master Agreement between Santander UK plc as Party A and Abbey Covered Bonds LLP as Party B, dated as of 14 May 2019 (the "**Agreement**").

All terms capitalised but not defined herein shall have the meaning given to such terms in the Agreement.

This is an S&P Classification Switch Notice.

As at the date hereof, we request that the classification changes to [S&P Strong]/[S&P Adequate]/[S&P Moderate]/[S&P Weak].

We kindly request that you confirm at your earliest convenience, within [five] Local Business Days that the new S&P Framework will not adversely impact the rating of the Covered Bonds. Such new classification shall apply as of the day that is the first Local Business Day after the day such notice by you becomes effective pursuant to Section 12 (*Notices*) of the Agreement.

This S&P Classification Switch Notice shall form part of the Agreement as of such date.

Yours faithfully

Santander UK plc

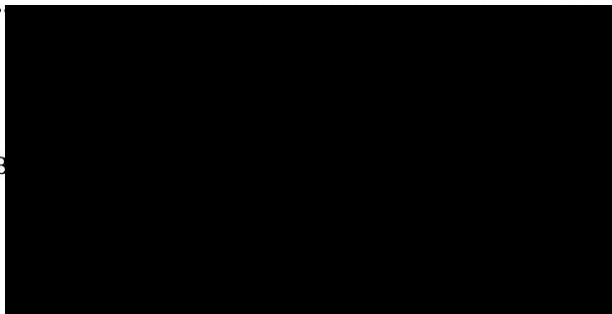
By:

Title:

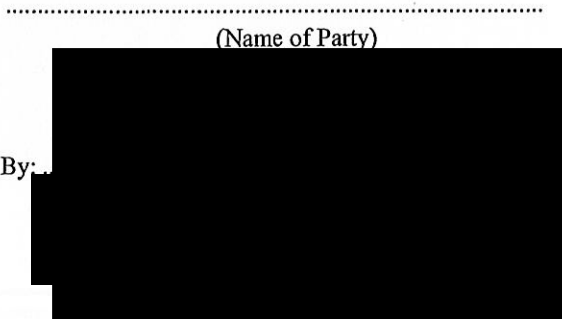
**EXECUTION VERSION**

IN WITNESS WHEREOF the parties have signed this Agreement on the respective dates specified below with effect from the date specified on the first page of this Agreement.

SANTANDER UK PLC



ABBEY COVERED BONDS LLP



DEUTSCHE TRUSTEE COMPANY LIMITED

.....

(Name of Party)

By: .....

Name:

Title:

Date:

**EXECUTION VERSION**

IN WITNESS WHEREOF the parties have signed this Agreement on the respective dates specified below with effect from the date specified on the first page of this Agreement.

SANTANDER UK PLC

ABBHEY COVERED BONDS LLP

.....  
(Name of Party)

.....  
(Name of Party)

By: .....  
Name:  
Title:  
Date:

By: .....  
Name:  
Title:  
Date:

DEUTSCHE TRUSTEE COMPANY LIMITED



CREDIT SUPPORT ANNEX

Elections and Variables dated as of 14 May 2019

Between

**Santander UK plc**  
("Party A")

**Abbey Covered Bonds LLP**  
("Party B")

and

**Deutsche Trustee Company Limited**  
(the "Security Trustee")

**Paragraph 11. Elections and Variables**

(a) **Base Currency and Eligible Currency.**

- (i) "Base Currency" means Euro.
- (ii) "Eligible Currency" means the Base Currency.

(b) **Credit Support Obligations.**

(i) **Delivery Amount, Return Amount and Credit Support Amount.**

- (A) **"Delivery Amount"**: Paragraph 2(a) shall apply, except that the words, "upon a demand made by the Transferee", shall be deleted and the word "that" on the second line of Paragraph 2(a) shall be replaced with the word "a". Further, for so long as the Rating Agency Collateralisation Provisions apply, Paragraph 2(a) shall be deemed to be amended by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The **"Delivery Amount"** applicable to the Transferor for any Valuation Date will equal the greatest of:

- (1) the amount by which (a) the S&P Credit Support Amount, exceeds (b) the Value (determined using the S&P Valuation Percentages) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date);
- (2) the amount by which (a) the Moody's Credit Support Amount, exceeds (b) the Value (determined using the Moody's Valuation Percentages) as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to

include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date); and

- (3) the amount by which (a) the Fitch Credit Support Amount, exceeds (b) the Value (determined using the Fitch Valuation Percentages) as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date)."

Provided that if, in respect of any Valuation Date falling on a day on which the Rating Agency Collateralisation Provisions apply, the Delivery Amount is greater than the Minimum Transfer Amount, the Transferor will transfer to the Transferee sufficient Eligible Credit Support to ensure that, immediately following such transfer, none of the amounts calculated under (1), (2) and (3) of this Paragraph 11(b)(i)(A) shall be greater than zero.

- (B) "**Return Amount**" has the meaning as specified in Paragraph 2(b), provided that, for so long as the Rating Agency Collateralisation Provisions apply, Paragraph 2(b) shall be deemed to be amended by deleting the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "**Return Amount**" applicable to the Transferee for any Valuation Date will equal the least of:

- (1) the amount by which (a) the Value (determined using the S&P Valuation Percentages) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the S&P Credit Support Amount; and
- (2) the amount by which (a) the Value (determined using the Moody's Valuation Percentages) as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Moody's Credit Support Amount; and
- (3) the amount by which (a) the Value (determined using the Fitch Valuation Percentages) as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Fitch Credit Support Amount. "

Provided that in no event shall the Transferee be required to transfer any Equivalent Credit Support under Paragraph 2(b) if, immediately following such transfer, any of the amounts calculated under Paragraph 2(a) (as amended pursuant to Paragraph 11(b)(i)(A) above) would be greater than zero.

- (C) "**Credit Support Amount**" has the meaning specified in Paragraph 10, provided that, for so long as the Rating Agency Collateralisation Provisions apply, "Credit Support Amount" means for the purpose of S&P, the S&P Credit Support Amount (as defined in Paragraph 11(h)(vi)(C)), for the purpose of Moody's, the Moody's Credit Support Amount (as defined in Paragraph 11(h)(vi)(A) (and for the purpose of Fitch, the Fitch Credit Support Amount (as defined in Paragraph 11(h)(vi)(B)).

For the purposes of determining the Credit Support Amount at any time on or prior to the Final Maturity Date of the Covered Bonds, the Transaction that is a Cross Currency Swap and the Transaction that is an Interest Rate Swap shall constitute a single Transaction that is a Fixed to Floating Cross Currency Swap.

(ii) **Eligible Credit Support.**

- (A) For so long as the Rating Agency Collateralisation Provisions apply, the following items will qualify as "Eligible Credit Support" for Party A:
- (1) in respect of Moody's, the items specified in Appendix A of this Annex will qualify as Eligible Credit Support for Party A;
  - (2) in respect of Fitch, the items specified in Appendix B of this Annex will qualify as Eligible Credit Support for Party A; and
  - (3) for the purpose of S&P the items specified in Appendix C of this Annex will qualify as "Eligible Credit Support" for Party A; and
- (B) otherwise, the items specified in Appendix D of this Annex will qualify as "Eligible Credit Support" for Party A.

**Valuation Percentage.**

- (A) For so long as the Rating Agency Collateralisation Provisions apply, "Valuation Percentage" means Moody's Valuation Percentage, Fitch Valuation Percentage or S&P Valuation Percentage, as applicable; and
- (B) otherwise, the percentage specified in the column headed "Valuation Percentage" of the table set out in Appendix D of this Annex.

(iii) **Thresholds.**

- (A) "**Independent Amount**" means, for Party A and Party B, with respect to each Transaction, zero.
- (B) "**Threshold**" means, for Party A:
- (1) for so long as the Rating Agency Collateralisation Provisions do not apply, infinity; and
  - (2) otherwise, zero;
- "**Threshold**" means, for Party B: infinity.
- (C) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, EUR 50,000; provided, that if (1) an Event of Default has occurred and is continuing in respect of which Party A or Party B is the Defaulting Party, or (2) an Additional



Termination Event has occurred in respect of which Party A or Party B is an Affected Party, the Minimum Transfer Amount with respect to Party A or Party B, as applicable, shall be zero.

- (D) **"Rounding"** The Delivery Amount will be rounded up to the nearest integral multiple of EUR 10,000 and the Return Amount will be rounded down to the nearest integral multiple of EUR 10,000, subject to the maximum Return Amount being equal to the Credit Support Balance.

(c) **Valuation and Timing.**

- (i) **"Valuation Agent"** means Party A in all circumstances.
- (ii) **"Valuation Date"** means the first Business Day of each calendar week; provided that if such day is not a Local Business Day then the Valuation Date shall be the preceding day that is a Local Business Day and provided that for so long as the Second Rating Trigger Requirements apply, Valuation Date shall mean each Local Business Day.
- (iii) **"Valuation Time"** means the close of business on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.
- (iv) **"Notification Time"** means by 5.00 p.m., London time, on a Local Business Day.

(d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).

(e) **Dispute Resolution.**

- (i) **"Resolution Time"**. means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.
- (ii) **"Value"**. For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

For Eligible Credit Support or Equivalent Credit Support that is:

- (A) an amount of case, the Base Currency Equivalent of such amount multiplied by the applicable Valuation Percentage; and
- (B) a security, the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such securities on the principal national securities exchange on which such securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any securities are not listed on a national securities exchange, the bid price for such securities quoted as at the close of business on such date by any principal market maker (which shall not be, and shall be independent from, the Valuation Agent) for such securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such securities (except to the extent that such interest shall have been paid to the

Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in sub-paragraph (a) above) as of such date.

(iii) "**Alternative**". The provisions of Paragraph 4 will apply.

(f) **Distribution and Interest Amount.**

(i) "**Interest Rate**". Not applicable.

(ii) "**Transfer of Interest Amount**". The transfer of any Interest Amount will be made on the first Local Business Day following the end of each calendar month in which it is received, or if that date is not a Valuation Date, the next following Valuation Date, provided that the Transferee shall only be obliged to transfer an Interest Amount to the extent that the Valuation Agent has confirmed in writing that a Delivery Amount would not be created or increased by that transfer.

(iii) "**Alternative to Interest Amount**". The provisions of Paragraph 5(c)(ii) will apply. For the purposes of calculating the Interest Amount the amount of interest calculated for each day of the Interest Period shall, with respect to any Eligible Currency, be compounded daily.

(iv) "**Interest Amount**". The definition of "*Interest Amount*" shall be deleted and replaced with the following:

*"Interest Amount"* means, with respect to an Interest Period and each portion of the Credit Support Balance comprised of cash in an Eligible Currency, any amounts of interest received (net of any deduction or withholding, for or on account of any tax) by the Transferee during such Interest Period on the principal amount of the portion of the Credit Support Balance comprised of Cash.

(v) "**Distributions**" means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder (with the same tax residency as the Transferee) of such Eligible Credit Support would have received Distributions and for the avoidance of doubt, has been actually received by the Transferee, or, if that date is not a Local Business Day, the next following Local Business Day.

(vi) "**Distributions Date**" means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder (with the same tax residency as the Transferee) of such Eligible Credit Support would have received Distributions and for the avoidance of doubt, has been actually received by the Transferee, or, if that date is not a Local Business Day, the next following Local Business Day.

(vii) *Transfer of Distributions*. The Transferee shall only be obliged to transfer Equivalent Distributions under Paragraph 5(c)(i) if the Valuation Agent has confirmed in writing that no Delivery Amount would be created or increased by the transfer (and the date of calculation will be deemed a Valuation Date for this purpose).

(g) **Addresses for Transfers.**

Party A:

To be confirmed.

Party B:

To be confirmed.

(h) **Other Provisions.**

(i) ***Transfer Timing.***

- (A) The final paragraph of Paragraph 3(a) shall be deleted and replaced with the following:

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

The definition of Settlement Day shall be deleted and replaced with the following:

"***Settlement Day***" means the next Local Business Day after the Demand Date".

For the purposes of this Paragraph 11(h)(i):

"***Demand Date***" means, with respect to a transfer by a party:

- (i) in the case of a transfer pursuant to Paragraph 2, Paragraph 3 or Paragraph 4(a)(2), the relevant Valuation Date (provided that, in the case of any transfer to be made by the Transferee, the Transferee has received a demand on such date from the Transferor). For the avoidance of doubt, for the purposes of Paragraph 2, Paragraph 3 and Paragraph 4(a)(2), the Transferor will be deemed to receive notice of the demand by the Transferee to make a transfer of Eligible Credit Support; and
- (ii) in the case of a transfer pursuant to Paragraph 3(c)(ii)(A), the date on which the Transferee has given its consent to the proposed exchange.

For the avoidance of doubt, on each Demand Date the Transferor shall deliver to the Transferee and the Security Trustee a statement showing the amount of Eligible Credit Support to be delivered.

- (B) Paragraph 3(b) shall be amended by: (i) the deletion of the words "the Local Business Day following" in the fourth line thereof; (ii) the addition of the words "on the Local Business Day" before the word "following" in the fifth line thereof; and (iii) the addition of the words ", Moody's Credit Support Amount" after the word "Value" in the first line thereof.

(ii) ***Early Termination.***

The heading for Paragraph 6 shall be deleted and replaced with "Early Termination" and the following shall be added after the word "Default" in the first line of Paragraph 6, "or a Termination Event in relation to all (but not less than all) Transactions" and the following shall be added after the words "Defaulting Party" in the fourth line of Paragraph 6, "or an Affected Party".

(iii) ***Costs of Transfer on Exchange.***

Notwithstanding Paragraph 8, the Transferor will be responsible for, and will reimburse the Transferee for, all transfer and other taxes and other costs involved in the transfer of Eligible Credit Support or Equivalent Credit Support either from the Transferor to the Transferee or from the Transferee to the Transferor hereto.

(iv) ***Cumulative Rights.***

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

(v) ***Single Transferor and Single Transferee.***

Party A and Party B agree that, notwithstanding anything to the contrary in this Annex, (including, without limitation, the recital hereto, Paragraph 2 or the definitions in Paragraph 10), (a) the term "*Transferee*" as used in this Annex means only Party B, (b) the term "*Transferor*" as used in this Annex means only Party A, (c) only Party A will be required to make Transfers of Eligible Credit Support hereunder and (d) in the calculation of any Credit Support Amount, where the Transferee's Exposure would be expressed as a negative number, such Exposure shall be deemed to be zero.

(vi) ***Rating Agency Requirement.***

**"Rating Agency Requirement"** means the Moody's Requirements, the Fitch Requirements and the S&P Requirements, as defined below.

(A) ***Moody's Requirements.***

**"Moody's Credit Support Amount"** shall mean with respect to a Transferor on a Valuation Date:

- (i) if the Moody's Threshold for Party A is infinity (irrespective of whether the Threshold is infinity or zero), zero;
- (ii) for so long as (1) the Moody's Threshold for Party A is zero with respect to a Valuation Date, the greater of:
  - (I) zero; and
  - (II) the sum of (x) the Transferee's Exposure and (y) the aggregate of the Additional Trigger Collateral Amounts in respect of such Valuation Date for all Transactions (other than the Transaction constituted by this Annex).

**"Additional Trigger Collateral Amount"** means, for any Valuation Date:

- (x) in respect of a Transaction that is a Cross-Currency Swap, the lesser of:
  - (a) the product of the Moody's Cross Currency Notional Amount Higher Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;

- (b) the sum of:
  - (i) the product of the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier; and
  - (ii) the product of the Moody's Cross Currency DV01 Multiplier and the Transaction Cross Currency DV01 for such Transaction; and
- (c) the product of the percentage specified in the column headed "Cross Currency Swaps" (in the table set out in Appendix A headed "Additional Trigger Collateral Amount Table") in respect of cross currency swaps with a Swap Tenor that is equal to WAL and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date.
- (y) in respect of a Transaction that is an Interest Rate Swap, the lesser of:
  - (a) the product of the Moody's Single Currency Notional Amount Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
  - (b) the product of the Moody's Single Currency DV01 Multiplier and the Transaction Single Currency DV01 for such Transaction; and
  - (c) the product of the percentage specified in the column headed "Single Currency Swaps" (in the table set out in Appendix A headed "Additional Trigger Collateral Amount Table") in respect of single currency swaps with a Swap Tenor that is equal to WAL and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date.

For the purposes of determining the Moody's Credit Support Amount at any time on or prior to the Final Maturity Date of the Covered Bonds, the Transaction that is a Cross Currency Swap and the Transaction that is an Interest Rate Swap shall constitute a single Transaction that is a fixed to floating Cross Currency Swap.

**(B) Fitch Requirements.**

"**Fitch Credit Support Amount**" shall mean at any time for the purposes of the Fitch Requirements with respect to a Transferor on a Valuation Date:

- (1) for so long as the Fitch Threshold for Party A is infinity (irrespective of whether the Threshold is infinity or zero), zero; and
- (2) for so long as the Fitch Threshold for Party A is zero, the amount determined in accordance with the formula specified in the applicable Fitch Credit Support Amount Matrix, for the applicable combination of:
  - (i) the rating assigned by Fitch to the Issuer; and

- (ii) the highest Long-Term Fitch Rating or short-term IDR assigned by Fitch to a Fitch Relevant Entity,

provided, however, that where more than one formula may apply by virtue of the application of the above rules, the following priority rules shall apply for the purposes of selecting the applicable formula: (A) the Base Formula shall be selected ahead of Fitch Formula 1 or Fitch Formula 2 and (B) Fitch Formula 1 shall be selected ahead of Fitch Formula 2.

For the purposes of determining the Fitch Credit Support Amount at any time on or prior to the Final Maturity Date of the Covered Bonds, the Transaction that is a Cross Currency Swap and the Transaction that is an Interest Rate Swap shall constitute a single Transaction that is a fixed to floating Cross Currency Swap.

where:

“**Issuer**” means Santander UK plc;

“**Base Formula**” means  $\max [0; MV]$ ;

“**Fitch Formula 1**” means,  $\max [MV \text{ plus } (LA \text{ multiplied by } VC \text{ multiplied by } 60\% \text{ multiplied by } N); 0]$ ;

“**Fitch Formula 2**” means,  $\max [MV \text{ plus } (LA \text{ multiplied by } VC \text{ multiplied by } N); 0]$ ;

“**Fitch Credit Support Amount Matrix**” means:

- (1) in the event the Covered Bonds are rated at least ‘AAA’ by Fitch, the table set out in Appendix B headed “Fitch Credit Support Amount Matrix 1”;
- (2) in the event the Covered Bonds are rated ‘AA+’ to ‘AA-’ by Fitch, the table set out in Appendix B headed “Fitch Credit Support Amount Matrix 2”;
- (3) in the event the Covered Bonds are rated ‘A+’ to ‘A-’ by Fitch, the table set out in Appendix B headed “Fitch Credit Support Amount Matrix 3”; and
- (4) in the event the Covered Bonds are rated ‘BBB+’ or below by Fitch, the table set out in Appendix B headed “Fitch Credit Support Amount Matrix 4”;

“**Fitch Relevant Entity**” means Party A (or its successor or assignee) or any Credit Support Provider (that is a Fitch Eligible Guarantor) from time to time in respect of Party A; “**BLA**” means zero;

“**LA**” is equal to  $(1 + BLA) \times (1 + \max (0\%; 5\% \times (WAL - 20)))$ ;

“**max**” means maximum;

“**MV**” means the Transferee's Exposure;

“**VC**” means the percentage as determined by the Valuation Agent by reference to the table below in respect of cross currency swaps for a weighted average life that is equal to WAL; and

<b>VCs for Cross-Currency Swaps</b>							
<b>Fixed-floating, fixed-fixed or floating-floating FX swaps at weighted average life (years) (%)</b>							
<b>Current Covered Bonds Rating</b>	<b>&lt;1</b>	<b>1-3</b>	<b>3-5</b>	<b>5-7</b>	<b>7-10</b>	<b>10-20</b>	<b>20-50</b>
<b>‘AA-sf’ or higher</b>							
- Floating/floating	11.75	11.75	11.75	11.75	11.75	11.75	11.75
- Fixed/floating	11.75	12.5	13.0	13.5	14.0	15.0	16.0
- Fixed/fixed	12.0	13.5	14.75	15.75	16.75	18.75	20.75
<b>Below ‘AA-sf’</b>							
- Floating/floating	7.75	7.75	7.75	7.75	7.75	7.75	7.75
- Fixed/floating	7.75	8.25	8.75	9.00	9.25	9.75	10.25
- Fixed/fixed	8.00	9.00	10.00	10.50	11.00	12.00	13.00
Note: The VCs for FX Options are reduced by 30%, eg for an FX Option with a WAL of up to one year the rate would be 11.75% * 70% = 8.2%							
Source: Fitch							

"N" means the Transaction Notional Amount for the Calculation Period which includes such Valuation Date.

**(C) S&P Requirements.**

"**S&P Credit Support Amount**" shall mean at any time for the purposes of the S&P Requirements contained in the S&P "Counterparty Risk Framework: Methodology and Assumptions" criteria dated 8 March 2019 (the "**S&P Criteria**") with respect to a Transferor on a Valuation Date:

- (A) if the S&P Threshold is zero, an amount equal to the greater of (a) zero and (b) S&P Posting Amount; and
- (B) if the S&P Threshold for Party A is infinity (irrespective of whether the Threshold is infinity or zero), zero.

where:

"**S&P Posting Amount**" means:

- (A) if Party A's S&P Framework is S&P Strong or S&P Adequate and the S&P Rating Event has occurred and been continuing for 10 or more Local Business Days, an amount equal to the sum of (i) the Transferee's Exposure plus (ii) the aggregate of, with respect to each Transaction, the product of the applicable S&P Volatility Buffer multiplied by the Transaction Notional Amount, determined on such Valuation Date, of the applicable Transaction; or
- (B) if Party A's S&P Classification is S&P Moderate and the S&P Rating Event has occurred and been continuing for 10 or more Local Business Days, an amount equal to the Transferee's Exposure determined on such Valuation Date.

where:

**"S&P Volatility Buffer"** means the applicable volatility buffer at that time determined (i) by reference to the related S&P Framework as set out in the tables entitled "S&P Volatility Buffers" in Appendix C below.

For the purposes of determining the S&P Posting Amount at any time on or prior to the Final Maturity Date of the Covered Bonds, the Transaction that is a Cross Currency Swap and the Transaction that is an Interest Rate Swap shall constitute a single Transaction that is a fixed to floating Cross Currency Swap.

(vii) **Calculations**

Paragraph 3(b) of this Annex shall be amended by inserting the words "and shall provide each party (or the other party, if the Valuation Agent is a party) with a description in reasonable detail of how such calculations were made, upon request" after the word "calculations" in the third line thereof.

(viii) **Exposure.**

For the purpose of calculating "Exposure" in Paragraph 10 of the Annex,

(A) in the fourth line of the definition of Exposure the words "(assuming, for this purpose only, that Part 5(m) (Modifications to close out provisions) of the Schedule is deleted)" shall be inserted immediately following the word "Agreement"; and

(B) at the end of the definition of Exposure the words "without assuming that the terms of the Replacement Transaction are materially less beneficial for the Transferee than the terms of this Agreement" shall be added.

(ix) **Paragraph 6**

For the purposes of determining the Credit Support Balance pursuant to Paragraph 6, the definition of Value in Paragraph 10 shall be amended by deleting the words "multiplied by the applicable Valuation Percentage, if any" from sub-paragraphs (i)(A) and (i)(B).

(x) **Exchange.** The Transferee shall only be obliged to transfer Equivalent Credit Support under Paragraph 3(c)(ii) if the Valuation Agent has confirmed in writing that no Delivery Amount would be created or increased by the transfer (and the date of calculation will be deemed a Valuation Date for this purpose).

(xi) **Definitions.**

As used in this Annex, the following terms shall mean:

**"Cross-Currency Swap"** means any Transaction that is a cross-currency hedge as evidenced by a Confirmation;

**"Fitch"** means Fitch Ratings Ltd and includes any successors thereto;

**"Fitch Threshold"** means: (a) for so long as (i) an Initial Fitch Rating Event or a Subsequent Fitch Rating Event has occurred and is continuing, (ii)(A) the Initial Fitch Rating Event has continued since this Annex was executed or 14 or more calendar days have elapsed since such Initial Fitch Rating Event first occurred or (B) 10 or more calendar days have elapsed since the Subsequent Fitch Rating Event first occurred, and (iii) Party A has not taken



remedial action as contemplated by paragraphs (h)(ii)(2)(I), (h)(ii)(2)(II), (h)(ii)(2)(III) or (h)(iii)(1) (as applicable) of Part 5 of the Schedule to the Agreement, zero; and (b) at any other time, infinity;

**"Interest Rate Swap"** means any Transaction that is an interest rate hedge as evidenced by a Confirmation;

**"Moody's"** means Moody's Investors Service Limited and includes any successors thereto;

**"Moody's Cross Currency DV01 Multiplier"** means 15;

**"Moody's Cross Currency Notional Amount Higher Multiplier"** means 0.09;

**"Moody's Cross Currency Notional Amount Lower Multiplier"** means 0.06;

**"Moody's Single Currency DV01 Multiplier"** means 50;

**"Moody's Single Currency Notional Amount Multiplier"** means 0.08;

**"Moody's Threshold"** means: (a) for so long as no Relevant Entity has the First Trigger Required Ratings and either (i) no Relevant Entity has had the First Trigger Required Ratings since this Annex first became part of the Agreement or (ii) at least 30 Local Business Days have elapsed since the last time a Relevant Entity had the First Trigger Required Ratings, zero; and (b) at any other time, infinity;

**"Rating Agencies"** means Moody's, S&P and Fitch;

The **"Rating Agency Collateralisation Provisions"** shall apply for so long as one or more of the Fitch Threshold, the Moody's Threshold or the S&P Threshold is zero.

**"S&P Threshold"** means: (a)(i) for so long as an Initial S&P Rating Event or a Subsequent S&P Rating Event has occurred and is continuing, (ii) the Collateral Remedy Period has expired, and (iii) Party A has not taken remedial action as contemplated by sub-paragraphs (i)(3)(B)(I), (i)(3)(B)(II), (i)(3)(B)(III) or (i)(4)(B) (as applicable) of Part 5(h) of the Schedule to the Agreement, zero, and; (b) at any other time, infinity;

**"Transaction Single Currency DV01"** means, with respect to a Transaction and any date of determination the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve on such date, as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent;

**"Transaction"** means a Transaction entered into pursuant to this Agreement;

**"Transaction Cross Currency DV01"** means, with respect to a Transaction and any date of determination, the greater of (i) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party A's payment obligations under such Transaction) on such date and (ii) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party B's payment obligations under such Transaction) on such date, in each case as determined by the Valuation Agent in good faith and in a

commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent;

**"Transaction Notional Amount"** means in respect of a Valuation Date:

- (a) in respect of a Transaction that is a Cross-Currency Swap, the Party A Floating Rate Payer Currency Amount (as defined in the Confirmation relating to the relevant Cross Currency Swap governed by this Agreement); and
- (b) in respect of a Transaction that is an Interest Rate Swap, the Party A Fixed Rate Payer Notional Amount or the Party A Floating Rate Payer Notional Amount (as applicable) (as each term is defined in the Confirmation relating to the relevant Interest Rate Swap governed by this Agreement); and

**"WAL"** means the weighted average life in years of the Covered Bonds, rounded upwards to the nearest whole year assuming a zero prepayment rate and zero default rate in relation to the Covered Bonds.

### Appendix A

## Moody's Eligible Credit Support, Moody's Valuation Percentages and Additional Trigger Collateral Amount Table

"Moody's Valuation Percentage" means, the percentage in respect of each instrument in the table below.

<b>Instrument</b>	<b>Valuation Percentage</b>
EURO Cash	100%
Sterling Cash	97%
U.S. Dollar Cash	94%
US Dollar Denominated Fixed Rate Negotiable Debt issued by the US Treasury with Remaining Maturity	
≤ 1 Year	94%
>1 to ≤2 years	93%
>2 to ≤3 years	92%
>3 to ≤5 years	91%
>5 to ≤7 years	90%
>7 to ≤10 years	88%
>10 to ≤20 years	85%
> 20 years	83%
US Dollar Floating Rate Negotiable Debt issued by the US Treasury	
All Maturities	93%
US Dollar Denominated Fixed Rate US Agency Debentures with Remaining Maturity	
≤ 1 Year	93%
>1 to ≤2 years	93%
>2 to ≤3 years	92%
>3 to ≤5 years	90%
>5 to ≤7 years	89%
>7 to ≤10 years	87%
>10 to ≤20 years	84%
> 20 years	82%
US Dollar Denominated Floating-Rate US Agency Debentures	
All Maturities	92%
EURO Denominated Fixed Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's with Remaining Maturity	
≤1 Year	100%
>1 to ≤2 years	99%
>2 to ≤3 years	98%
>3 to ≤5 years	96%
>5 to ≤7 years	95%
>7 to ≤10 years	94%
>10 to ≤20 years	89%

> 20 years	87%
EURO Denominated Floating Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's	
All Maturities	99%
<hr/>	
Sterling Denominated Fixed Rate United Kingdom Gilts with Remaining Maturity	
≤1 Year	96%
>1 to ≤2 years	95%
>2 to ≤3 years	94%
>3 to ≤5 years	93%
>5 to ≤7 years	92%
>7 to ≤10 years	91%
>10 to ≤20 years	87%
> 20 years	85%
Sterling Denominated Floating Rated United Kingdom Gilts	
All Maturities	96%
<hr/>	

#### **Additional Trigger Collateral Amount Table**

<b>Swap Tenor (years)</b>	<b>Single Currency Swaps</b>	<b>Cross Currency Swaps</b>
≤1	0.50%	6.10%
>1 and ≤2	1.00%	6.30%
>2 and ≤3	1.50%	6.40%
>3 and ≤4	1.90%	6.60%
>4 and ≤5	2.40%	6.70%
>5 and ≤6	2.80%	6.80%
>6 and ≤7	3.20%	7.00%
>7 and ≤8	3.60%	7.10%
>8 and ≤9	4.00%	7.20%
>9 and ≤10	4.40%	7.30%
>10 and ≤11	4.70%	7.40%
>11 and ≤12	5.00%	7.50%
>12 and ≤13	5.40%	7.60%
>13 and ≤14	5.70%	7.70%

>14 and ≤15	6.00%	7.80%
>15 and ≤16	6.30%	7.90%
>16 and ≤17	6.60%	8.00%
>17 and ≤18	6.90%	8.10%
>18 and ≤19	7.20%	8.20%
>19 and ≤20	7.50%	8.20%
>20 and ≤21	7.80%	8.30%
>21 and ≤22	8.00%	8.40%
>22 and ≤23	8.00%	8.50%
>23 and ≤24	8.00%	8.60%
>24 and ≤25	8.00%	8.60%
>25 and ≤26	8.00%	8.70%
>26 and ≤27	8.00%	8.80%
>27 and ≤28	8.00%	8.80%
>28 and ≤29	8.00%	8.90%
>29	8.00%	9.00%

Source: Table 1 of Appendix B of the Moody's Criteria

**Appendix B**  
**Fitch Eligible Credit Support, Fitch Valuation Percentages and Fitch Credit Support Amount**  
**Matrices**

The applicable Valuation Percentages in respect of Fitch ("**Fitch Valuation Percentages**") shall be determined by reference to the table set out below or in relation to any type of Eligible Credit Support not listed in that table, such percentage as may be agreed between Party A and Party B from time to time provided that Fitch has confirmed that such percentage will not adversely affect the then current rating assigned to the Covered Bonds by Fitch:

Cash in the Base Currency: ..... 100%

Cash in an Eligible Currency other than the Base Currency..... 100% multiplied by the relevant FX AR  
(as set out below)

**Fitch's Advance Rates (ARs) for Government Bonds rated at least AA- and F1+**

<b>Sovereign Bond Issuer Region</b>	<b>Sovereign Bond Maturity</b>	<b>Covered Bonds rated "AA-sf" or higher</b>	<b>Covered Bonds rated "A+sf" or lower</b>
Australia and New Zealand	<1 year	98.5%	99.0%
Australia and New Zealand	1-3 years	97.0%	98.0%
Australia and New Zealand	3-5 years	94.5%	96.0%
Australia and New Zealand	5-7 years	92.0%	94.5%
Australia and New Zealand	7-10 years	89.0%	93.0%
Denmark and Sweden	<1 year	98.5%	99.0%
Denmark and Sweden	1-3 years	96.5%	97.5%
Denmark and Sweden	3-5 years	93.5%	95.5%
Denmark and Sweden	5-7 years	91.5%	94.5%
Denmark and Sweden	7-10 years	88.5%	92.5%
Eurozone	<1 year	98.5%	99.0%
Eurozone	1-3 years	96.5%	97.5%
Eurozone	3-5 years	93.5%	96.0%
Eurozone	5-7 years	91.5%	94.5%
Eurozone	7-10 years	89.5%	93.0%
Eurozone	10-30 years	75.0%	82.5%
Singapore	<1 year	97.5%	98.0%
Singapore	1-3 years	94.5%	95.5%
Singapore	3-5 years	91.5%	93.0%
Singapore	5-7 years	87.0%	89.0%
Singapore	7-10 years	81.5%	84.5%
Switzerland	<1 year	98.5%	99.0%
Switzerland	1-3 years	97.5%	98.0%
Switzerland	3-5 years	95.5%	97.0%
Switzerland	5-7 years	94.5%	96.0%
Switzerland	7-10 years	93.5%	95.5%
UK	<1 year	98.5%	99.0%
UK	1-3 years	96.5%	97.5%
UK	3-5 years	92.0%	94.5%
UK	5-7 years	91.0%	94.0%
UK	7-10 years	89.5%	93.0%

UK	10-30 years	80.0%	87.0%
US and Canada	<1 year	97.5%	98.0%
US and Canada	1-3 years	96.0%	97.0%
US and Canada	3-5 years	93.5%	94.5%
US and Canada	5-7 years	93.0%	94.0%
US and Canada	7-10 years	91.0%	92.5%
US and Canada	10-30 years	80.0%	87.0%

#### Fitch's ARs for Government Bonds rated at least A and F1

Sovereign Bond Issuer Region	Sovereign Bond Maturity	Covered Bonds rated "AA-sf" or higher	Covered Bonds rated "A+sf" or lower or lower
Eurozone	<1 year	95.0%	96.5%
Eurozone	1-3 years	88.0%	92.0%
Eurozone	3-5 years	83.0%	88.5%
Eurozone	5-7 years	78.0%	85.5%
Eurozone	7-10 years	78.0%	85.5%
Eurozone	10-30 years	77.5%	85.0%
Japan	<1 year	99.0%	99.0%
Japan	1-3 years	97.0%	98.0%
Japan	3-5 years	94.5%	96.5%
Japan	5-7 years	92.0%	94.5%
Japan	7-10 years	87.5%	92.0%
Japan	10-30 years	71.0%	81.0%

FX Risk – FXAR		
	Highest rated Covered Bond AA- or higher	Highest rated Covered Bond A+ or lower
FX risk for currency pairs involving AUD, CAD, CHF, CZK, DKK, EUR, GBP, NOK, NZD, JPY, KRW, SEK, SGD and USD**	86.0%	90.5%

\*\* The FX AR will apply whenever a currency mismatch is present. In case government bonds are not denominated in the Base Currency, both the AR for FX risk and the security AR will be multiplied. The FX ARs for currency pairs other than AUD, CAD, CHF, CZK, DKK, EUR, GBP, NOK, NZD, JPY, KRW, SEK, SGD and USD are not provided, but Fitch may publish these in the future.

## Fitch Credit Support Amount Matrices

### Fitch Credit Support Amount Matrix 1

Issuer rating	Long-Term Fitch Rating/short-term IDR of Fitch Relevant Entity		
	'A-' or 'F2' or above	'BBB-' or 'F3' or above	Lower than 'BBB-' and 'F3'
'BBB+' and 'F2' and above	Base Formula	Fitch Formula 1	Fitch Formula 1
'BBB' or 'F3' or below	Base Formula	Fitch Formula 2	Fitch Formula 2

### Fitch Credit Support Amount Matrix 2

Issuer rating	Long-Term Fitch Rating/short-term IDR of Fitch Relevant Entity		
	'BBB+' or 'F2' or above	'BBB-' or 'F3' or above	Lower than 'BBB-' and 'F3'
'BBB+' and 'F2' and above	Base Formula	Fitch Formula 1	Fitch Formula 1
'BBB' or 'F3' or below	Base Formula	Fitch Formula 2	Fitch Formula 2

### Fitch Credit Support Amount Matrix 3

Issuer rating	Long-Term Fitch Rating/short-term IDR of Fitch Relevant Entity		
	'BBB-' or 'F3' or above	'BB+' or above	Less than 'BB+'
'BBB+' and 'F2' and above	Base Formula	Fitch Formula 1	Fitch Formula 1
'BBB' or 'F3' or below	Fitch Formula 1	Fitch Formula 2	Fitch Formula 2



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**Fitch Credit Support Amount Matrix 4**

<b>Issuer rating</b>	<b>Rating of Fitch Relevant Entity</b>	
	<b>'BB-' or above</b>	<b>Lower than 'BB-'</b>
<b>'BBB'+ and 'F2' or above</b>		Fitch Formula 2
<b>'BBB' or 'F3' or below</b>		

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## Appendix C – S&P

### S&P Eligible Credit Support, S&P Valuation Percentages and S&P Volatility Buffers

#### S&P Eligible Credit Support and S&P Valuation Percentages:

Category Description	Eligible Credit Support	Valuation Percentage
<b>Cash</b>	Cash in the Base Currency Cash in an Eligible Currency other than the Base Currency	100% 100% <i>multiplied by</i> (100% minus the relevant percentage specified in the Applicable Haircuts Table.
<b>Category 1</b>	Negotiable debt obligations issued by the government of an Eligible Sovereign, in each case denominated in the local currency of the relevant Eligible Sovereign, provided that in the case of zero-coupon bonds, such bonds will have a remaining term to maturity of less than one year.	100% <i>multiplied by</i> (100% minus the relevant percentage specified in the Applicable Haircuts Table.

For purposes of the above:

- (i) "**Applicable Haircuts Table**" means the table entitled S&P Haircuts Table 1 and/or the table entitled S&P Haircuts Table 2 set out below in this Appendix C, as applicable, corresponding to the relevant S&P Framework applying on the relevant Valuation Date;
- (ii) "**Eligible Sovereign**" means each of the following sovereigns that has a local currency sovereign rating at least as high as A from S&P:
  - (a) Australia;
  - (b) Austria;
  - (c) Belgium;
  - (d) Canada;
  - (e) Denmark;
  - (f) Finland;
  - (g) France;
  - (h) Germany;
  - (i) Hong Kong;
  - (j) Japan;
  - (k) Netherlands;
  - (l) Norway;
  - (m) Singapore;
  - (n) South Korea;
  - (o) Sweden;

(p) Switzerland;

(q) the U.K.; and

(r) the U.S.; and

(iii) "**S&P Valuation Percentage**" means, the percentage with respect to a Valuation Date and each instrument in the above table.

## S&P Volatility Buffers

### Volatility Buffers For Interest Rate And Currency Derivatives

As a % of the derivative notional amount

Remaining Weighted-average life of swap (years)(i)	Volatility buffers supporting a “strong” collateral framework			Volatility buffers supporting an “adequate” collateral framework		
	Interest rate—fixed-floating	Interest rate—floating-floating	Cross-currency swap	Interest rate—fixed-floating	Interest rate swap—floating-floating	Cross-currency swap
[0;1]	2.0	2.0	14.0	1.0	1.0	6.0
(1;2]	4.0	2.5	14.5	2.0	1.0	6.0
(2;3]	6.0	2.5	14.5	2.5	1.0	6.0
(3;5]	8.5	3.0	15.0	3.5	1.5	7.0
(5;7]	10.0	3.5	16.5	4.0	2.0	7.5
(7;10]	12.0	4.0	18.0	5.0	2.0	7.5
(10;15]	14.0	4.5	21.0	6.0	3.0	8.0
(15;20]	14.5	5.0	22.5	6.5	3.5	9.0
Greater than 20	15.0	5.5	24.0	7.0	4.0	10.0

(i) The Symbol ‘(’ denotes exclusion of the first data point in the range, and the symbol ‘]’ denotes the inclusion of the last data point in the range.

### S&P Haircuts Table 1

#### Currency Haircuts Commensurate With Each Collateral Framework Assessment

"Strong"	"Adequate" or "moderate"
20%	8%

## S&P Haircuts Table 2

### Market Value Haircuts Commensurate With Each Collateral Framework Assessment

Remaining term to maturity (years)	[0; 1]	(1; 3]	(3; 5]	(5; 7]	(7; 10]	(10; 15]	(15; 20]	>20
<b>Haircuts for "strong" collateral assessment (%)</b>								
Sovereigns	8.0	10.0	12.0	14.0	18.0	19.0	20.0	21.0
<b>Haircuts for "adequate" collateral assessment (%)</b>								
Sovereigns	5.0	5.0	7.0	7.0	8.0	8.0	9.0	10.0
<b>Haircuts for "moderate" collateral assessment (%)</b>								
Sovereigns	0.5	2.0	2.0	4.0	4.0	4.5	5.0	5.5

(i) The symbol '(' denotes exclusion of the first data point in the range, and the symbol '[' denotes the inclusion of the last data point in the range.

**Appendix D**

**Eligible Credit Support and Valuation Percentages for so long as the Rating Agency Collateralisation Provisions do not apply**

<b>Eligible Credit Support</b>	<b>Valuation Percentage</b>
<b>Any Eligible Credit Support specified in Appendix B</b>	The applicable valuation percentage specified in Appendix B
<b>Such other items as agreed between Party A and Party B that will qualify as Eligible Credit Support</b>	To be agreed between Party A and Party B

IN WITNESS WHEREOF the parties have signed this Annex on the respective dates specified below with effect from the date specified on the first page of this Annex.

SANTANDER UK PLC

ABBEY COVERED BONDS LLP

.....  
[Redacted Signature]

.....  
(Name of Party)  
[Redacted Signature]

DEUTSCHE TRUSTEE COMPANY LIMITED

.....  
(Name of Party)

By: .....  
Name:  
Title:  
Date:

IN WITNESS WHEREOF the parties have signed this Annex on the respective dates specified below with effect from the date specified on the first page of this Annex.

SANTANDER UK PLC

ABBEY COVERED BONDS LLP


.....  
(Name of Party)

.....  
(Name of Party)

By: .....  
Name:  
Title:  
Date:

By: .....  
Name:  
Title:  
Date:

DEUTSCHE TRUSTEE COMPANY LIMITED

.....  




Amendment Agreement  
16 June 2020

**EXECUTION VERSION**

**AMENDMENT AGREEMENT**

**16 JUNE 2020**

**SANTANDER UK PLC**  
**as Party A**

**and**

**ABBEY COVERED BONDS LLP**  
**as Party B**

**and**

**DEUTSCHE TRUSTEE COMPANY LIMITED**  
**as Security Trustee**

## EXECUTION VERSION

**THIS AMENDMENT AGREEMENT** is made on 16 June 2020

**BETWEEN:**

- (1) **SANTANDER UK PLC (Party A)**;
- (2) **ABBEY COVERED BONDS LLP (Party B)**; and
- (3) **DEUTSCHE TRUSTEE COMPANY LIMITED (the Security Trustee)**.

The parties have previously entered into the Original Covered Bond Swap Agreements (as defined below) and have now agreed to amend the Original Covered Bond Swap Agreements pursuant to this amendment agreement (the **Amendment Agreement**).

Capitalised terms used, but not defined, in this Amendment Agreement shall have the meanings given thereto in the Amended and Restated Master Definitions and Construction Agreement made between, inter alios, the parties to this Amendment Agreement on 8 September 2009, as the same may be amended, varied or supplemented from time to time.

Prior to the date hereof, the parties to this Amendment Agreement have entered into:

- (a) a Covered Bond Swap Agreement dated as of 14 October 2009 in respect of:
  - (i) the Series 3, Tranche 2 Covered Bonds;
  - (ii) the Series 3, Tranche 3 Covered Bonds;
  - (iii) the Series 3, Tranche 4 Covered Bonds;
  - (iv) the Series 18 Covered Bonds;
  - (v) the Series 19 Covered Bonds;
  - (vi) the Series 20 Covered Bonds;
  - (vii) the Series 21 Covered Bonds;
  - (viii) the Series 23 Covered Bonds;
  - (ix) the Series 24 Covered Bonds;
  - (x) the Series 25 Covered Bonds;
  - (xi) the Series 28 Covered Bonds;
  - (xii) the Series 29 Covered Bonds;
  - (xiii) the Series 30 Covered Bonds;
  - (xiv) the Series 31 Covered Bonds;
  - (xv) the Series 32 Covered Bonds;
  - (xvi) the Series 37 Covered Bonds;

## EXECUTION VERSION

- (xvii) the Series 41 Covered Bonds;
  - (xviii) the Series 44 Covered Bonds;
  - (xix) the Series 45 Covered Bonds;
  - (xx) the Series 46 Covered Bonds;
  - (xxi) the Series 47 Covered Bonds;
  - (xxii) the Series 48 Covered Bonds;
  - (xxiii) the Series 49 Covered Bonds;
  - (xxiv) the Series 50 Covered Bonds;
  - (xxv) the Series 51 Covered Bonds;
  - (xxvi) the Series 53 Covered Bonds;
  - (xxvii) the Series 54 Covered Bonds;
  - (xxviii) the Series 55 Covered Bonds;
  - (xxix) the Series 56 Covered Bonds; and
  - (xxx) the Series 63, Covered Bonds;
- (b) a Covered Bond Swap Agreement dated as of 10 January 2018 in respect of:
- (i) the Series 67 Covered Bonds; and
  - (ii) the Series 69 Covered Bonds;
- (c) a Covered Bond Swap Agreement dated as of 14 May 2019 in respect of the Series 72 Covered Bonds (the **Series 72 CBS Agreement**);
- (d) a Covered Bond Swap Agreement dated as of 15 January 2020 in respect of the Series 74 Covered Bonds (the **Series 74 CBS Agreement**); and
- (e) a Covered Bond Swap Agreement dated as of 12 February 2020 in respect of the Series 76 Covered Bonds (the **Series 76 CBS Agreement**, together with the Series 72 CBS Agreement and the Series 74 CBS Agreement, **the SONIA CBS Agreements**),

in each case, as amended or supplemented from time to time, and together the **Original Covered Bond Swap Agreements** and any one of them, an **Original Covered Bond Swap Agreement**, and collectively, all confirmations in respect of each Original Covered Bond Swap Agreement, the **Original Confirmations** and any one of them, an **Original Confirmation**.

The parties have now agreed to amend, with effect from 12 June 2020 (the **Amendment Effective Date**), each Original Confirmation pursuant to this Amendment Agreement.

Accordingly, in consideration of the mutual agreements contained in this Amendment Agreement, the parties agree as follows:

**EXECUTION VERSION****1. AMENDMENT OF THE ORIGINAL COVERED BOND SWAP AGREEMENTS**

The parties hereby agree to amend:

- (a) each Original Confirmation by amending the definition of "Party B Payments Dates" therein by:
- (i) deleting the reference to "Final Maturity Date" in subparagraph (i) therein, and replacing it with "Amendment Effective Date (as defined in the Amendment Agreement)"; and
  - (ii) deleting subparagraph (ii) therein in its entirety and replacing it with the following:
    - "(ii) the 12th day of each calendar month from, and including, 12 July 2020 to, and including, the Final Maturity Date, subject to adjustment in accordance with the Following Business Day Convention; and
    - (iii) the 12th day of each calendar month from, but excluding, the Final Maturity Date to, and including, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

For the purposes of the above:

**Amendment Agreement** means the amendment agreement between Party A, Party B and the Security Trustee dated 16 June 2020, relating to, amongst other things, this Confirmation.";

- (b) each Original Confirmation in respect of the SONIA CBS Agreements by deleting the reference to "GBP- SONIA-COMPOUND" in its entirety and replacing it with the following:

"GBP- SONIA-COMPOUND

Means that the rate for a Party B Reset Date will be the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Party B Reset Date in respect of the relevant Party B Calculation Period by reference to the index administered by the administrator of the Sterling Overnight Index Average (**SONIA**) reference rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the Party B Reset Date, provided that if such index has not yet been published by such administrator, in accordance with the formula set forth below and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005% being rounded upwards:

$$\left[ \prod_{i=1}^{d_p} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

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Where:

$d$  is the number of calendar days in the relevant Reference Period;

$d_o$  for any Party B Calculation Period, is the number of London banking days in the relevant Reference Period;

$i$  is a series of whole numbers from one to  $d_o$ , each representing the relevant London banking day in chronological order from, and including, the first London banking day in the relevant Reference Period;

**London banking day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

$n_i$ , for any London banking day  $i$ , means the number of calendar days from and including such day  $i$  up to but excluding the following London banking day;

$p$  means for any Party B Calculation Period, five London banking days or such other period as otherwise agreed between Party A and Party B;

**Reference Period** means, in respect of a Party B Calculation Period, the period from and including the date falling  $p$  London banking days prior to the first day of the relevant Party B Calculation Period and ending on, but excluding, the date falling  $p$  London banking days prior to the Party B Payment Date for such Party B Calculation Period (or the date falling  $p$  London banking days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

**SONIA reference rate**, in respect of any London banking day, is a reference rate equal to the daily SONIA rate for such London banking day as provided by the administrator of SONIA to authorised distributors and as then published on the relevant screen page or, if the relevant screen page is unavailable, as otherwise published by such authorised distributors (on the London banking day immediately following such London banking day); and

**SONIA<sub>i</sub>** means, in respect of any London banking day  $i$  falling in the relevant Reference Period, the SONIA reference rate for such day.

If, in respect of any London banking day in the Reference Period in respect of the relevant Party B Calculation Period, the Calculation Agent determines

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that the SONIA reference rate is not available on the relevant screen page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London banking day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous *p* London banking days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate."

- (c) the Original Confirmation in respect of the Series 74 CBS Agreement by deleting the reference to "Party B Spread" in its entirety and replacing it with the following:

"Party B Spread: 0.6691 per cent. per annum."

- (d) each Original Confirmation in respect of an Original Covered Bond Swap Agreement other than the SONIA CBS Agreements by:

- (i) deleting the reference to "Party B Floating Rate Option" in its entirety and replacing it with the following:

"Party B Floating Rate GBP-SONIA-COMPOUND Option:

GBP-SONIA-COMPOUND Means that the rate for a Party B Reset Date will be the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Party B Reset Date in respect of the relevant Party B Calculation Period by reference to the index administered by the administrator of the Sterling Overnight Index Average (**SONIA**) reference rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the Party B Reset Date, provided that if such index has not yet been published by such administrator, in accordance with the formula set forth below and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005% being rounded upwards:

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$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

$d$  is the number of calendar days in the relevant Reference Period;

$d_o$  for any Party B Calculation Period, is the number of London banking days in the relevant Reference Period;

$i$  is a series of whole numbers from one to  $d_o$ , each representing the relevant London banking day in chronological order from, and including, the first London banking day in the relevant Reference Period;

**London banking day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

$n_i$ , for any London banking day  $i$ , means the number of calendar days from and including such day  $i$  up to but excluding the following London banking day;

$p$  means for any Party B Calculation Period, five London banking days or such other period as otherwise agreed between Party A and Party B;

**Reference Period** means, in respect of a Party B Calculation Period, the period from and including the date falling  $p$  London banking days prior to the first day of the relevant Party B Calculation Period and ending on, but excluding, the date falling  $p$  London banking days prior to the Party B Payment Date for such Party B Calculation Period (or the date falling  $p$  London banking days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

**SONIA reference rate**, in respect of any London banking day, is a reference rate equal to the daily SONIA rate for such London banking day as provided by the administrator of SONIA to authorised distributors and as then published on the relevant screen page or, if the relevant screen page is



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unavailable, as otherwise published by such authorised distributors (on the London banking day immediately following such London banking day); and

**SONIA<sub>i</sub>** means, in respect of any London banking day *i* falling in the relevant Reference Period, the SONIA reference rate for such day.

If, in respect of any London banking day in the Reference Period in respect of the relevant Party B Calculation Period, the Calculation Agent determines that the SONIA reference rate is not available on the relevant screen page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London banking day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous *p* London banking days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate."; and

- (ii) deleting the reference to "Designated Maturity" in its entirety;
- (iii) amending the "Party B Spread" specified thereto by increasing such spread by 0.168 per cent.;
- (iii) deleting the reference to "Reset Dates" in its entirety and replacing it with the following:

"Party B Reset Dates:	In respect of each Party B Calculation Period, the <i>p</i> London banking day prior to the Party B Payment Date immediately following the last day of such Party B Calculation Period."
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## 2. REPRESENTATIONS

Each party (other than the Security Trustee) represents to the other parties hereto with respect to the Original Covered Bond Swap Agreements, as amended pursuant to this Amendment Agreement, that all representations made by it pursuant to the Original Covered Bond Swap Agreements are true and accurate as of the date of this Amendment Agreement.

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### **3. MISCELLANEOUS**

#### **3.1 Entire Agreement, Restatement**

This Amendment Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings (except as otherwise provided herein) with respect thereto.

#### **3.2 Amendments**

No amendment, modification or waiver in respect of matters contemplated by this Amendment Agreement will be effective unless made in accordance with the terms of the Original Covered Bond Swap Agreements.

#### **3.3 Counterparts**

This Amendment Agreement may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

#### **3.4 Headings**

The headings used in this Amendment Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Amendment Agreement.

#### **3.5 Contracts (Rights of Third Parties) Act**

A person who is not party to this Amendment Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Amendment Agreement.

#### **3.6 Governing Law**

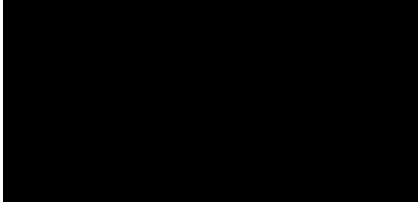
This Amendment Agreement and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.

**EXECUTION VERSION**

**IN WITNESS** whereof the parties have executed this Amendment Agreement on the respective dates specified below with effect from the date specified on the first page of this Amendment Agreement.

**SANTANDER UK PLC**

By:



Name:

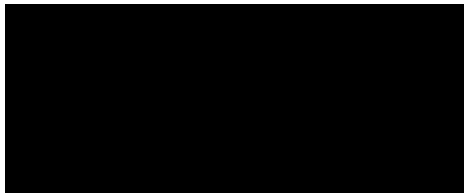
Title:

Date:



**ABBEY COVERED BONDS LLP**

By:



Name:

Title:

Date:



**DEUTSCHE TRUSTEE COMPANY LIMITED**

By:

Name:

Title:

Date:

**EXECUTION VERSION**

**IN WITNESS** whereof the parties have executed this Amendment Agreement on the respective dates specified below with effect from the date specified on the first page of this Amendment Agreement.

**SANTANDER UK PLC**

By:

Name:

Title:

Date:

**ABBEY COVERED BONDS LLP**

By:

Name:

Title:

Date:

**DEUTSCHE TRUSTEE COMPANY LIMITED**

By:

Name:

Title:

Date:

