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ISDA Master Agreement  
25 May 2005

(Multicurrency — Cross Border)

# ISDA®

International Swap Dealers Association, Inc.

## MASTER AGREEMENT

dated as of 25 May, 2005

(1) Abbey National Treasury Services plc ("Party A")

(2) Abbey Covered Bonds LLP and (3) Deutsche Trustee Company Limited  
("Party B") ("Security Trustee")

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows: —

### 1. Interpretation

- (a) **Definitions.** The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.
- (b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.
- (c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

### 2. Obligations

#### (a) General Conditions.

- (i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.
- (ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.
- (iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) *Change of Account.* Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) *Netting.* If on any date amounts would otherwise be payable:—

- (i) in the same currency; and
- (ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) *Deduction or Withholding for Tax.*

(i) *Gross-Up.* All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required 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, then that party ("X") will:—

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay 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 additional amount 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) 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 such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:—

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) 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 (II) a Change in Tax Law.

(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 in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);
- (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 Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

(c) **Default Interest; Other Amounts.** Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

### 3. Representations

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement) that:—

(a) **Basic Representations.**

- (i) **Status.** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;
- (ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;
- (iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
- (v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) **Payer Tax Representation.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) **Payee Tax Representations.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

#### 4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) **Furnish Specified Information.** It will deliver to the other party or, in certain cases under subparagraph (iii) below, to such government or taxing authority as the other party reasonably directs:—

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorisations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply with Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) **Tax Agreement.** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) **Payment of Stamp Tax.** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated,

organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction") and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

#### 5. **Events of Default and Termination Events**

(a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:—

(i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) **Breach of Agreement.** Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) **Credit Support Default.**

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) **Misrepresentation.** A representation (other than a representation under Section 3(e) or (f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) **Default under Specified Transaction.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross Default.** If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however

described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party: —

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer: —

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, a Tax Event if the event is specified in (ii) below or a Tax Event Upon Merger if the event is specified in (iii) below, and, if specified to be applicable, a Credit Event



Upon Merger if the event is specified pursuant to (iv) below or an Additional Termination Event if the event is specified pursuant to (v) below:—

(i) **Illegality.** Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party): —

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) **Tax Event.** Due to (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) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iii) **Tax Event Upon Merger.** The party (the “Burdened Party”) on the next succeeding Scheduled Payment Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Indemnifiable Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to, another entity (which will be the Affected Party) where such action does not constitute an event described in Section 5(a)(viii);

(iv) **Credit Event Upon Merger.** If “Credit Event Upon Merger” is specified in the Schedule as applying to the party, such party (“X”), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(v) **Additional Termination Event.** If any “Additional Termination Event” is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) **Event of Default and Illegality.** If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

## 6. Early Termination

(a) **Right to Terminate Following Event of Default.** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) **Right to Terminate Following Termination Event.**

(i) **Notice.** If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) **Transfer to Avoid Termination Event.** If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) **Two Affected Parties.** If an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iv) **Right to Terminate.** If: —

(1) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality under Section 5(b)(i)(2), a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

either party in the case of an Illegality, the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then

continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) **Effect of Designation.**

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(e) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) **Calculations.**

(i) **Statement.** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) **Payment Date.** An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment) in the Termination Currency, from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) **Payments on Early Termination.** If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. 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.

(i) **Events of Default.** If the Early Termination Date results from an Event of Default: —

(1) **First Method and Market Quotation.** If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party over (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party.

(2) **First Method and Loss.** If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) **Second Method and Market Quotation.** If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the

Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) *Second Method and Loss.* If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) **Termination Events.** If the Early Termination Date results from a Termination Event: --

(1) *One Affected Party.* If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) *Two Affected Parties.* If there are two Affected Parties: --

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (II) the Termination Currency Equivalent of the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) **Adjustment for Bankruptcy.** In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) **Pre-Estimate.** The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

## 7. Transfer

Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that: —

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(c).

Any purported transfer that is not in compliance with this Section will be void.

## 8. Contractual Currency

(a) **Payment in the Contractual Currency.** Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the “Contractual Currency”). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in a reasonable manner and in good faith in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) **Judgments.** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purposes of such judgment or order and the rate of exchange at which such party is able, acting in a reasonable manner and in good faith in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term “rate of exchange” includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

(c) **Separate Indemnities.** To the extent permitted by applicable law, these indemnities constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) **Evidence of Loss.** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

## 9. Miscellaneous

- (a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.
- (b) **Amendments.** No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.
- (c) **Survival of Obligations.** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.
- (d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.
- (e) **Counterparts and Confirmations.**
- (i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.
  - (ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.
- (f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.
- (g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

## 10. Offices; Multibranch Parties

- (a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to the other party that, notwithstanding the place of booking office or jurisdiction of incorporation or organisation of such party, the obligations of such party are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by such party on each date on which a Transaction is entered into.
- (b) Neither party may change the Office through which it makes and receives payments or deliveries for the purpose of a Transaction without the prior written consent of the other party.
- (c) If a party is specified as a Multibranch Party in the Schedule, such Multibranch Party may make and receive payments or deliveries under any Transaction through any Office listed in the Schedule, and the Office through which it makes and receives payments or deliveries with respect to a Transaction will be specified in the relevant Confirmation.

## 11. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document

to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

## 12. Notices

(a) *Effectiveness.* Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated: --

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or
- (v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) *Change of Addresses.* Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

## 13. Governing Law and Jurisdiction

(a) *Governing Law.* This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) *Jurisdiction.* With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:--

- (i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and
- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) *Service of Process.* Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any

reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12. Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.

(d) **Waiver of Immunities.** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

#### 14. Definitions

As used in this Agreement:—

**"Additional Termination Event"** has the meaning specified in Section 5(b).

**"Affected Party"** has the meaning specified in Section 5(b).

**"Affected Transactions"** means (a) with respect to any Termination Event consisting of an Illegality, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

**"Affiliate"** means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Applicable Rate"** means:—

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

**"Burdened Party"** has the meaning specified in Section 5(b).

**"Change in Tax Law"** means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date on which the relevant Transaction is entered into.

**"consent"** includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

**"Credit Event Upon Merger"** has the meaning specified in Section 5(b).

**"Credit Support Document"** means any agreement or instrument that is specified as such in this Agreement.

**"Credit Support Provider"** has the meaning specified in the Schedule.

**"Default Rate"** means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.



**"Defaulting Party"** has the meaning specified in Section 6(a).

**"Early Termination Date"** means the date determined in accordance with Section 6(a) or 6(b)(iv).

**"Event of Default"** has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

**"Illegality"** has the meaning specified in Section 5(b).

**"Indemnifiable Tax"** means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

**"law"** includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority) and **"lawful"** and **"unlawful"** will be construed accordingly.

**"Local Business Day"** means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

**"Loss"** means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, the Termination Currency Equivalent of an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 11. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

**"Market Quotation"** means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party 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 Section 2(a)(i) 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. For this purpose, 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. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

**"Non-default Rate"** means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

**"Non-defaulting Party"** has the meaning specified in Section 6(a).

**"Office"** means a branch or office of a party, which may be such party's head or home office.

**"Potential Event of Default"** means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

**"Reference Market-makers"** means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

**"Relevant Jurisdiction"** means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

**"Scheduled Payment Date"** means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

**"Set-off"** means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

**"Settlement Amount"** means, with respect to a party and any Early Termination Date, the sum of: —

(a) the Termination Currency Equivalent of the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

**"Specified Entity"** has the meanings specified in the Schedule.

**"Specified Indebtedness"** means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

**"Specified Transaction"** means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

**"Stamp Tax"** means any stamp, registration, documentation or similar tax.

**"Tax"** means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

**"Tax Event"** has the meaning specified in Section 5(b).

**"Tax Event Upon Merger"** has the meaning specified in Section 5(b).

**"Terminated Transactions"** means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

**"Termination Currency"** has the meaning specified in the Schedule.

**"Termination Currency Equivalent"** means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Market Quotation or Loss (as the case may be), is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

**"Termination Event"** means an Illegality, a Tax Event or a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

**"Termination Rate"** means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

**"Unpaid Amounts"** owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market

value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(c) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

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

Abbey National Treasury Services plc

(Name of Party)

By: ..

Name:

Title:

Date:

Abbey Covered Bonds LLP

(Name of Party)

By: ..

Name:

Title:

Date:

Deutsche Trustee Company Limited

(Name of Party)

By: ..

Name:

Title:

Date:

# AMENDED AND RESTATED ISDA MASTER AGREEMENT

Amended and Restated on 24 December 2012  
Interest Rate Swap

## SCHEDULE to the Master Agreement

dated as of 25 May 2005

between

- (1) **ABBHEY NATIONAL TREASURY SERVICES plc (Party A);**
- (2) **ABBHEY 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 (q) and assuming the obligations (if any) under Part 5(f) of the Schedule to this Agreement).

### 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), noneand 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.
- (c) The "**Cross Default**" provisions of Section 5(a)(vi), 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) will not apply to Party A and will not apply to Party B.

- (e) The "***Automatic Early Termination***" provision of Section 6(a) 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.
- (g) "***Termination Currency***" means Sterling.

**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:

None.

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

None.

**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 the ISDA Master Agreement dated as of 25 May 2005	Yes
Party B	Certified copy of management board resolution of Party B approving the entry into, execution and performance of its obligations under this Agreement and each Transaction	On signing the ISDA Master Agreement dated as of 25 May 2005	Yes
Party A	Legal opinion in form and substance satisfactory to Party B	On signing the ISDA Master Agreement dated as of 25 May 2005	No
Party B	Legal opinion in form and substance satisfactory to Party A	On signing the ISDA Master Agreement dated as of 25 May 2005	No



**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: Abbey National Treasury Services plc  
Abbey National House  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

Attention: Mortgage Backed Funding (TS1C)

Facsimile No.: +44 20 7756 5862

With a copy to: c/o Santander UK plc  
Abbey House (AAM 129)  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

Attention: Securitisation Team, Retail Credit Risk

**Address for notices or communications to Party B:-**

Address: Abbey Covered Bonds LLP  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

Attention: Mortgage Backed Funding (TS1C)

Facsimile No.: +44 20 7756 5862

With a copy to: Abbey Covered Bonds LLP  
c/o Santander UK plc  
Abbey House (AAM 129)  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

Attention: Securitisation Team, Retail Credit Risk

Fax: +44 1908 343 019

With a copy to the Security Trustee:-

Name: Deutsche Trustee Company Limited

Address: Winchester House

1 Great Winchester Street  
London  
EC2N 2DB

Attention: Managing Director

Facsimile No.: +44 20 7547 5919

(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) will apply to this Agreement.

(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.

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

In respect of Party A: The guarantee by way of deed poll executed by Santander UK plc dated 24 January 2004 and any Eligible Guarantee and any other guarantee obtained pursuant to Part 5(f) (Rating Events) of the Schedule to this Agreement.

In respect of Party B: none.

(g) **Credit Support Provider.** Credit Support Provider means, in relation to Party A, Santander UK plc and any other guarantor under any Eligible Guarantee and under any other guarantee obtained pursuant to Part 5(f) (*Rating Events*) of the Schedule to this Agreement..

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.

## Part 5. Other Provisions

### (a) *No Set-Off*

- (i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6 or Section 2(c) or in this Schedule.
- (ii) Section 6(e) 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, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests 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*

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

Section 5(a)(vii)(8) will not apply to Party B to the extent that it applies to Section 5(a)(vii)(2), (5),(6),(7) and (9) and applies to Sections 5(a)(vii)(3) and 5(a)(vii)(4) only as amended above.

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

The "Tax Event" and "Tax Event Upon Merger" provisions of Section 5(b)(ii) and 5(b)(iii) will not apply to Party A or to Party B.

### (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)."

### (f) *Rating Events*

#### (i) *Initial S&P Rating Event*

In the event that neither Party A (or its successor or permitted transferee) nor any Credit Support Provider from time to time in respect of Party A has the Initial S&P Required Rating (an **Initial S&P Rating Event**), then:

- (a) Party A will, within the Initial Remedy Period, post collateral at its own cost and expense if required in accordance with the provisions of the Credit Support Annex; and
- (b) at any time, at its own discretion and at its own cost and expense, Party A may:

- (x) subject to Part 5(u) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party that has the Subsequent S&P Required Rating (provided that if the replacement third party does not have the Initial S&P Required Rating at the time such transfer occurs, such replacement third party will provide collateral under the provisions of the Credit Support Annex or obtain a guarantee of its rights and obligations with respect to this Agreement from an Eligible Guarantor that has the Initial S&P Required Rating); or
- (y) procure a guarantee in respect of its obligations under this Agreement from an Eligible Guarantor that has the Initial S&P Required Rating; or
- (z) take such other action (which may, for the avoidance of doubt, include taking no action or taking no action other than procuring that the then current Asset Percentage (as defined in the Master Definitions and Construction Agreement) is reduced) (as confirmed by S&P) as will result in the ratings of the Covered Bonds then outstanding following the taking of such action, inaction or combination thereof being maintained at, or restored to, the level they were at immediately prior to such Initial S&P 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.

(ii) ***Subsequent S&P Rating Event***

In the event that neither Party A (or its successor or permitted transferee) nor any Credit Support Provider from time to time in respect of Party A has the Subsequent S&P Required Rating (a **Subsequent S&P Rating Event**) then Party A will, at its own cost and expense:

- (a) within the Replacement Option 3 Collateral Remedy Period if Replacement Option 3 applies or otherwise as required by the Credit Support Annex post collateral under the provisions of the Credit Support Annex (or if, at the time such Subsequent S&P Rating Event occurs, Party A has provided collateral (and Party B has not transferred the same amount of equivalent collateral back to Party A) under the Credit Support Annex pursuant to Part 5(f)(i)(a) of this Schedule following an Initial S&P Rating Event, continue to provide collateral if required under the provisions of the Credit Support Annex); and
- (b) within the Subsequent Remedy Period use reasonable efforts to:
  - (x) subject to Part 5(u) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party that has the Subsequent S&P Required Rating (provided that if the replacement third party does not have the Initial S&P Required Rating at the time such transfer occurs, such replacement third party will provide collateral if required under the provisions of the Credit Support Annex or obtain a guarantee of its rights and obligations with respect to this Agreement from an Eligible Guarantor that has the Initial S&P Required Rating); or
  - (y) obtain a guarantee in respect of its obligations under this Agreement from an Eligible Guarantor that has the Subsequent S&P Required Rating; or
  - (z) take such other action (which may, for the avoidance of doubt, include taking no action or taking no action other than procuring that the then current Asset Percentage (as defined in the Master Definitions and Construction Agreement) is reduced) (as confirmed by S&P) as will result in the ratings of the Covered Bonds then outstanding following the taking of such action, inaction or combination thereof being maintained at, or restored to, the level they were at immediately prior to such Subsequent S&P Rating Event,

provided also that, in all cases, such action (or inaction, as applicable) does not result in any requirement for deduction or withholding for or on account of Tax.

(iii) ***S&P Definitions***. For the purposes of this Agreement:

**"Eligible Guarantor"** means a party that has agreed to guarantee the obligations of Party A under this Agreement, where such guarantee complies with S&P's applicable guarantee criteria as set out in "Structured Finance Ratings: European Legal Criteria 2005" (or such other guarantee criteria as amend or replace "Structured Finance Ratings: European Legal Criteria 2005" prior to the entry of the guarantor into such guarantee).

**"Initial Remedy Period"** means, in respect of an Initial S&P Rating Event, the period from (but excluding) the date on which such Initial S&P Rating Event occurs to (and including) the later of: (i) the 10th London Business Day following the date on which such Initial S&P Rating Event occurs; and (ii) if Party A has, on or before the 10th London Business Day following the date on which such Initial S&P Rating Event occurs submitted a detailed written proposal for collateral posting to S&P and S&P have confirmed that they will not take negative rating action as a result of such proposal, the 20th London Business Day following the date on which such Initial S&P Rating Event occurs. If the Initial S&P Rating Event occurs as a result of Party A being a replacement third party or Transferee pursuant to sub-paragraphs Part 5(f)(i)(b)(x) or Part 5(f)(ii)(b)(x) above or Part 5(u) below, where neither the replacement third party or Transferee, nor any Credit Support Provider in respect of the replacement third party or Transferee has the Initial S&P Required Rating at the time such replacement or transfer occurs, there will be no Initial Remedy Period in respect of such Initial S&P Rating Event.

An entity will have the **"Initial S&P Required Rating"** if the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "A" (or its equivalent) by S&P.

**"London Business Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

**"Replacement Option 3 Collateral Remedy Period"** means, in respect of a Subsequent S&P Rating Event where Replacement Option 3 applies, the period from (but excluding) the date on which such Subsequent S&P Rating Event occurs to (and including) the later of: (i) the 10th London Business Day following the date on which such Subsequent S&P Rating Event occurs; and (ii) if Party A has, on or before the 10th London Business Day following the date on which such Subsequent S&P Rating Event occurs submitted a detailed written proposal for collateral posting to S&P and S&P have confirmed that they will not take negative rating action as a result of such proposal, the 20th London Business Day following the date on which such Subsequent S&P Rating Event occurs.

**"S&P"** means Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited.

**"Subsequent Remedy Period"** means, in respect of a Subsequent S&P Rating Event, the period from (but excluding) the date on which such Subsequent S&P Rating Event occurs to (and including) the later of: (i) the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs; and (ii) if Party A has, on or before the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs submitted a detailed written proposal for a remedy to S&P and S&P have confirmed that they will not take negative rating action as a result of such proposal, the 90th calendar day following the date on which such Subsequent S&P Rating Event occurs.

An entity will have the **"Subsequent S&P Required Rating"** (A) for so long as Replacement Option 1 applies, if the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "BBB+" (or its equivalent) by S&P; (B) for so long as Replacement Option 2 applies, if the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "A-" (or its equivalent) by S&P; and (C) for so long as Replacement Option 3 applies, if the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "A" (or its equivalent) by S&P.

(iv) **Replacement Option**

Replacement Option 1 will apply on and from the date of this Agreement, except that Party A may at any time elect for Replacement Option 2 or Replacement Option 3 to apply (or for Replacement Option 1 to apply if Replacement Option 2 or Replacement Option 3 applies at such time) (the "**New Replacement Option**") on and from a particular date (the "**Option Change Effective Date**"), in which case the New Replacement Option shall apply on and from the Option Change Effective Date provided the following conditions have been met:

- (a) Party A is not a Defaulting Party or an Affected Party under this Agreement at such time;
- (b) Party A has given at least one London Business Day's notice to the Security Trustee and to S&P specifying that it wishes to elect for the New Replacement Option to apply on and from the Option Change Effective Date;
- (c) such election would not result in Party A ceasing to have the Subsequent S&P Required Rating (as if the New Replacement Option applied at such time); and
- (d) such Option Change Effective Date occurs before any Initial Remedy Period or Subsequent Remedy Period has expired (disregarding limb (ii) of the definitions of Initial Remedy Period and Subsequent Remedy Period for the purpose of calculating such Initial Remedy Period or Subsequent Remedy Period).

(v) **Moody's Rating Event**

"**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.

An entity shall have the "**Required Rating**" if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's.

So long as no Relevant Entity has the Required Rating (a "**Moody's Rating Event**"), 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 its present and future obligations under this Agreement by a guarantor which has the Required Rating or (B) a transfer in accordance with Part 5(u) below or (C) take such other action (which may, for the avoidance of doubt, include no action, but in any case, if actions taken under subparagraph (A) or (B) above are not taken, Moody's confirmation is required in respect of the other action or inaction that is taken) as will result in the ratings of the Covered Bonds then outstanding following the taking of such action (or inaction) being maintained at, or restored to, the level at which they were at immediately prior to the Moody's Rating Event applying.

(vi) **Initial Fitch Rating Event**

In the event that:

- (a) the long-term, issuer default rating ("**IDR**") of Party A (or its successor or permitted transferee) or any Credit Support Provider from time to time in respect of Party A ceases to be rated at least as high as "A" (or its equivalent) by Fitch Ratings Ltd ("**Fitch**"); or
- (b) the short-term IDR of Party A (or its successor or permitted transferee) or any Credit Support Provider from time to time in respect of Party A ceases to be rated at least as high as "F1" (or its equivalent) by Fitch

(each of (a) and (b) an "**Initial Fitch Rating Event**") then Party A will, on a reasonable efforts basis at its own cost and expense, either:

- (x) within 14 days of the occurrence of such Initial Fitch Rating Event, provide collateral under the Credit Support Annex;
- (y) within 30 days of the occurrence of such Initial Fitch Rating Event:

- (A) subject to Part 5(u) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that such replacement third party is a person with the Fitch Ratings;
- (B) procure another person to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement, provided that such co-obligor or guarantor is a person with the Fitch Ratings; or
- (C) take any other action (which may, for the avoidance of doubt, include taking no action) which 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 and further provided that, pending the taking of any such action referred to in sub-paragraphs (A), (B) or (C) above, Party A will, on a reasonable efforts basis and at its own expense within 14 days of the occurrence of such Initial Fitch Rating Event, post collateral as provided in sub-paragraph (i) above.

A person will have the "**Fitch Ratings**" where the long-term IDR of such person or any Credit Support Provider from time to time in respect of such person is rated at least as high as "A" (or its equivalent) by Fitch and the short-term IDR of such person or Credit Support Provider from time to time in respect of such person is rated at least as high as "F1" (or its equivalent) by Fitch.

(vii) **Subsequent Fitch Rating Event**

If:

- (a) the long-term IDR of Party A (or its successor or permitted transferee) and each Credit Support Provider from time to time in respect of Party A ceases to be rated at least as high as "BBB -" (or its equivalent) by Fitch; or
- (b) the short-term IDR of Party A (or its successor or permitted transferee) and each Credit Support Provider from time to time in respect of Party A ceases to be rated at least as high as "F3" (or its equivalent) by Fitch

(each of (a) and (b) a **Subsequent Fitch Rating Event**),

Party A will:

- (x) at its own cost and expense, use its best endeavours to take any of the actions set out in Part 5(f)(vi)(y)(A) (B) or (C) above within 30 calendar days of the occurrence of such Subsequent Fitch Rating Event; and
- (y) pending taking any of the actions set out in Part 5(f)(vi)(y)(A) (B) or (C) above, Party A will, at its own cost and expense, within 10 calendar days of the occurrence of such Subsequent Fitch Rating Event, post collateral in the form of cash or securities or both in support of its obligations under this Agreement in accordance with the terms of the Credit Support Annex.

(viii) **Implications of Rating Events**

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

**S&P Implications**

- (A) If, Party A fails to post collateral as required by Part 5(f)(i)(a) or Part 5(f)(ii)(a) of this Schedule 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 which will be deemed to have occurred on (x) the next London Business Day following the last day of the Initial Remedy Period or the Replacement Option 3 Collateral Remedy Period or (y) the occurrence of such failure in accordance with the terms of the Credit Support Annex in respect of a failure to post collateral as required by Part 5(f)(ii)(a) other than where Replacement Option 3 applies (as applicable) with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (B) If Party A does not take any of the measures described in Part 5(f)(ii)(b) of this Schedule above (irrespective of whether Party A continues to post collateral as required by Part 5(f)(i)(a) or Part 5(f)(ii)(a) of this Schedule above, and notwithstanding Section 5(a)(ii) and regardless of whether commercially reasonable efforts have been made), such failure shall 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 London Business Day following the last day of the Subsequent Remedy Period with Party A as the sole Affected Party and all Transactions as Affected Transactions.

### **Moody's Implications**

- (C) Any failure by Party A to comply with or perform any obligation to be complied with or performed by Party A under the Credit Support Annex in accordance with the Moody's provisions shall not be an Event of Default unless (A) no Relevant Entity has the Required Ratings and at least 30 or more Local Business Days have elapsed since the last time a Relevant Entity had the Required Rating and (B) such failure is not remedied on or before the third Local Business Day after notice of such failure is given to Party A.
- (D) Further, it shall constitute an Additional Termination Event with respect to Party A if, even after satisfying the requirement to post collateral where no Relevant Entity has the Required Rating, Party A has failed, irrespective of whether or not Party A has applied reasonable efforts, to either transfer, find a co-obligor or guarantor as described in Part 5(f)(v).

Such Additional Termination Event shall be deemed to have occurred on the thirtieth day following the last day on which a Relevant Entity had the Required Ratings with Party A as the sole Affected Party and all Transactions as Affected Transactions.

### **Fitch Implications**

- (E) If an Initial Fitch Rating Event occurs and Party A does not take any of the measures described in Part 5(f)(vi) above (and regardless of whether reasonable efforts have been used to implement any of those measures) 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 (i) where Party A fails to post collateral in accordance with Part 5(f)(vi) above, the fourteenth calendar day following the Initial Fitch Rating Event; or (ii) in any other case, the thirtieth calendar day following the Initial Fitch Rating Event, with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (F) If, at the time a Subsequent Fitch Rating Event occurs, Party A has provided collateral under the Credit Support Annex pursuant to Part 5(f)(vi) and fails to continue to post collateral pending compliance with Part 5(f)(vii)(x) 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 Business Day after the fourteenth 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 Part 5(f)(vii)(y) above, and notwithstanding Section 5(a)(ii), Party A does not take the measures described in Part 5(f)(vii)(x) above (and regardless of whether best endeavours have been used to implement any of those measures). Such Additional Termination Event will be deemed to have occurred on the next 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***

(1) Section 3 is amended by the addition at the end thereof of the following additional representations:

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

(2) 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 FMSA."

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

Each party to this Agreement acknowledges and agrees to the tape recording of conversations between the parties to this Agreement whether by one or other or both of the parties.

(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."

(j) **Tax**

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, 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 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; 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 relevant member of Party B) the amount of such liability (the **Liability Amount**) (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) Without prejudice to this paragraph 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 obligations of Party A only.

(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 only.

(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 24 December 2012 (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 Constructions Agreement, the definitions in this Agreement shall prevail. The rules of interpretation set out in the Master Definitions and Constructions Agreement shall apply to this Agreement.

**Eligible Guarantee** means (a) for so long as Party A is Abbey National Treasury Services plc, the guarantee by way of deed poll executed by Santander UK plc dated 24 January 2004 or (b) 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 will use its best endeavours to procure that Party A takes such action (II) either (A) a reputable international law firm has given a legal opinion confirming that none of the guarantor's payments to Party B under such guarantee will be subject to deduction or withholding for tax and such opinion has been disclosed to Moody's, (B) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to deduction or withholding for 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 tax) will equal the full amount Party B would have received had no such deduction or withholding been required, or (C) in the event that any payment (the **Primary Payment**) under such guarantee is made net of deduction or withholding for 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 the Additional Payment will equal the full amount Party B would have received had no such deduction or withholding been required (assuming 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) with the Required Ratings whose present and future obligations owing to Party B under this Agreement or its replacement (as applicable) are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with the Required Ratings.

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

(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, an amount (as determined by Party B) equal to the Termination Currency Equivalent of the amount (whether positive or negative) of any Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions that is accepted by Party B so as to become legally binding, provided that:

- (1) If, on the 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 Settlement Amount shall equal 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); and

(2) If, on the Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding and no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Settlement Amount shall equal 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 a Firm Offer satisfies the condition in sub-paragraph (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) ***Change of Account***

Section 2(b) of the Agreement is hereby amended by the addition of the following at the end thereof:

"provided that such new account shall be in the same legal and tax jurisdiction as the original account."

(q) ***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.

(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, permitted transferee, or assign thereof.

(s) ***Partial Termination or Novation***

In the event that Party B is required to sell Selected Loans in the Portfolio in accordance with the LLP Deed, then, to the extent that such Selected Loans include Fixed Rate Loans, Party B may either (a) by notice to Party A require that the Transactions will partially terminate in respect of a Notional Amount equal to the relevant Fixed Rate Loans that have been sold and on terms to be agreed with Party A, and the provisions of Section 6 shall apply *mutatis mutandis* in connection with such partial termination, or (b) require such Transactions to be partially novated to the purchaser of such Fixed Rate Loans, which novation (including any related amendments to the relevant Confirmations) shall be documented in such form as Party A, Party B and the purchaser may agree (which may be based on the novation documentation published by ISDA).

For the avoidance of doubt, no termination payment will be due and payable pursuant to (b) above.

(t) ***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.

(u) ***Transfer***

Section 7 of this Agreement shall apply to Party B (save in respect of any security granted by Party B under the Transaction Documents and subject to this Part 5(u) to the extent it applies to transfers by Party B in respect of transfers effected by or pursuant to the Transaction Documents) but shall not apply to Party A, who shall be required to comply with, and shall be bound by, the following:

Without prejudice to Section 6(b)(ii), Party A may transfer its interest and obligations in and under this Agreement upon providing five Local Business Days' prior written notice to the Security Trustee and Party B to any other entity (a **Transferee**) provided that:

- (a) (i) the Transferee has the Subsequent S&P Required Rating (provided that if the Transferee does not have the Initial S&P Required Rating at the time such transfer occurs, such Transferee will provide collateral under the provisions of the Credit Support Annex or obtain a guarantee of its rights and obligations with respect to this Agreement from an Eligible Guarantor that has the Initial S&P Required Rating) and the Transferee's short-term IDR is rated at least as high as "F1" by Fitch (or its equivalent by any substitute rating agency) and its long-term IDR is then rated not less than "A" by Fitch (or its equivalent by any substitute

rating agency) or (ii) such Transferee's obligations under this Agreement are guaranteed by an Eligible Guarantor which has the Subsequent S&P Required Rating (provided that if such Eligible Guarantor does not have the Initial S&P Required Rating at the time such transfer occurs, such Transferee will provide collateral under the provisions of the Credit Support Annex) and whose short-term IDR is then rated at least as high as "F1" by Fitch (or its equivalent by any substitute rating agency) and whose long-term IDR is then rated not less than "A" by Fitch (or its equivalent by any substitute rating agency);

- (b) the Transferee is an Eligible Replacement;
- (c) a Termination Event or an Event of Default will not occur under this Agreement as a result of such transfer;
- (d) if the Transferee is domiciled in a different jurisdiction from both Party A and Party B, notice of such transfer has been given to Fitch and S&P;
- (e) the Transferee contracts with Party B on terms that (I) 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; (II) 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; and
- (f) unless such transfer is effected at a time when (x) Party A is the Affected Party for the purpose of Section 6(b)(ii) or (y) no Relevant Entity has the Required Ratings or (z) 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 (e)(II) above is satisfied and has communicated such determination to Party A in writing.

If Party B elects to determine whether or not a transfer satisfies the condition in paragraph (e)(II) above, it shall do so in a commercially reasonable manner.

Following such transfer all references to Party A shall be deemed to be references to the Transferee and the Transferee shall be deemed to have made each of the representations made by Party A pursuant to this Agreement.

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 (for the avoidance of doubt, including but not limited to this Agreement).

# ISDA®

International Swaps and Derivatives Association, Inc.

## CREDIT SUPPORT ANNEX

to the Schedule to the

### ISDA Master Agreement

dated as of ~~June 2012~~ 25 May 2005

between

**ABBEY NATIONAL TREASURY SERVICES**

**PLC**

(“Party A”)

**DEUTSCHE TRUSTEE COMPANY**

**LIMITED**

(the “Security Trustee”)

**ABBEY COVERED BONDS LLP**

and

(“Party B”)

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

#### Paragraph 1. Interpretation

Capitalised terms not otherwise defined in this Annex or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 10, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 11 and the other provisions of this Annex, Paragraph 11 will prevail. For the avoidance of doubt, references to “transfer” in this Annex mean, in relation to cash, payment and, in relation to other assets, delivery.

#### Paragraph 2. Credit Support Obligations

(a) **Delivery Amount.** Subject to Paragraphs 3 and 4, upon a demand by the Transferee on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Transferor’s Minimum Transfer Amount, then the Transferor will transfer to the Transferee Eligible Credit Support having a Value as of the date of transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 11(b)(iii)(D)). Unless otherwise specified in Paragraph 11(b), the “Delivery Amount” applicable to the Transferor for any Valuation Date will equal the amount by which:

- (i) the Credit Support Amount

exceeds



(ii) the Value 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).

(b) **Return Amount.** Subject to Paragraphs 3 and 4, upon demand made by the Transferor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds the Transferee's Minimum Transfer Amount, then the Transferee will transfer to the Transferor Equivalent Credit Support specified by the Transferor in that demand having a Value as of the date of transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 11(b)(iii)(D)) and the Credit Support Balance will, upon such transfer, be reduced accordingly. Unless otherwise specified in Paragraph 11(b), the "Return Amount" applicable to the Transferee for any Valuation Date will equal the amount by which:

(i) the Value 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

(ii) the Credit Support Amount.

### **Paragraph 3. Transfers, Calculations and Exchanges**

(a) **Transfers.** All transfers under this Annex of any Eligible Credit Support, Equivalent Credit Support, Interest Amount or Equivalent Distributions shall be made in accordance with the instructions of the Transferee or Transferor, as applicable, and shall be made:

(i) in the case of cash, by transfer into one or more bank accounts specified by the recipient;

(ii) in the case of certificated securities which cannot or which the parties have agreed will not be delivered by book-entry, by delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, transfer tax stamps and any other documents necessary to constitute a legally valid transfer of the transferring party's legal and beneficial title to the recipient; and

(iii) in the case of securities which the parties have agreed will be delivered by book-entry, by the giving of written instructions (including, for the avoidance of doubt, instructions given by telex, facsimile transmission or electronic messaging system) to the relevant depository institution or other entity specified by the recipient, together with a written copy of the instructions to the recipient, sufficient, if complied with, to result in a legally effective transfer of the transferring party's legal and beneficial title to the recipient.

Subject to Paragraph 4 and unless otherwise specified, if a demand for the transfer of Eligible Credit Support or Equivalent Credit Support is received by the Notification Time, then the relevant transfer will be made not later than the close of business on the Settlement Day relating to the date such demand is received; if a demand is received after the Notification Time, then the relevant transfer will be made not later than the close of business on the Settlement Day relating to the day after the date such demand is received.

(b) **Calculations.** All calculations of Value and Exposure for purposes of Paragraphs 2 and 4(a) will be made by the relevant Valuation Agent as of the relevant Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later

than the Notification Time on the Local Business Day following the applicable Valuation Date (or, in the case of Paragraph 4(a), following the date of calculation).

(c) **Exchanges.**

(i) Unless otherwise specified in Paragraph 11, the Transferor may on any Local Business Day by notice inform the Transferee that it wishes to transfer to the Transferee Eligible Credit Support specified in that notice (the "New Credit Support") in exchange for certain Eligible Credit Support (the "Original Credit Support") specified in that notice comprised in the Transferor's Credit Support Balance.

(ii) If the Transferee notifies the Transferor that it has consented to the proposed exchange, (A) the Transferor will be obliged to transfer the New Credit Support to the Transferee on the first Settlement Day following the date on which it receives notice (which may be oral telephonic notice) from the Transferee of its consent and (B) the Transferee will be obliged to transfer to the Transferor Equivalent Credit Support in respect of the Original Credit Support not later than the Settlement Day following the date on which the Transferee receives the New Credit Support, unless otherwise specified in Paragraph 11(d) (the "Exchange Date"); *provided* that the Transferee will only be obliged to transfer Equivalent Credit Support with a Value as of the date of transfer as close as practicable to, but in any event not more than, the Value of the New Credit Support as of that date.

**Paragraph 4. Dispute Resolution**

(a) **Disputed Calculations or Valuations.** If a party (a "Disputing Party") reasonably disputes (I) the Valuation Agent's calculation of a Delivery Amount or a Return Amount or (II) the Value of any transfer of Eligible Credit Support or Equivalent Credit Support, then:

(1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following, in the case of (I) above, the date that the demand is received under Paragraph 2 or, in the case of (II) above, the date of transfer;

(2) in the case of (I) above, the appropriate party will transfer the undisputed amount to the other party not later than the close of business on the Settlement Day following the date that the demand is received under Paragraph 2;

(3) the parties will consult with each other in an attempt to resolve the dispute; and

(4) if they fail to resolve the dispute by the Resolution Time, then:

(i) in the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 11(e), the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilising any calculations of that part of the Exposure attributable to the Transactions that the parties have agreed are not in dispute;

(B) calculating that part of the Exposure attributable to the Transactions in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; *provided* that if four quotations are not available for a particular Transaction, then fewer than four quotations may be used for that Transaction, and if no quotations are available for a particular Transaction, then the Valuation Agent's original calculations will be used for the Transaction; and

(C) utilising the procedures specified in Paragraph 11(e)(ii) for calculating the Value, if disputed, of the outstanding Credit Support Balance;

(ii) in the case of a dispute involving the Value of any transfer of Eligible Credit Support or Equivalent Credit Support, the Valuation Agent will recalculate the Value as of the date of transfer pursuant to Paragraph 11(e)(ii).

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) as soon as possible but in any event not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following such notice given by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraph 3(a), make the appropriate transfer.

(b) **No Event of Default.** The failure by a party to make a transfer of any amount which is the subject of a dispute to which Paragraph 4(a) applies will not constitute an Event of Default for as long as the procedures set out in this Paragraph 4 are being carried out. For the avoidance of doubt, upon completion of those procedures, Section 5(a)(i) of this Agreement will apply to any failure by a party to make a transfer required under the final sentence of Paragraph 4(a) on the relevant due date.

#### **Paragraph 5. Transfer of Title, No Security Interest, Distributions and Interest Amount**

(a) **Transfer of Title.** Each party agrees that all right, title and interest in and to any Eligible Credit Support, Equivalent Credit Support, Equivalent Distributions or Interest Amount which it transfers to the other party under the terms of this Annex shall vest in the recipient free and clear of any liens, claims, charges or encumbrances or any other interest of the transferring party or of any third person (other than a lien routinely imposed on all securities in a relevant clearance system).

(b) **No Security Interest.** Nothing in this Annex is intended to create or does create in favour of either party any mortgage, charge, lien, pledge, encumbrance or other security interest in any cash or other property transferred by one party to the other party under the terms of this Annex.

(c) **Distributions and Interest Amount.**

(i) **Distributions.** The Transferee will transfer to the Transferor not later than the Settlement Day following each Distributions Date cash, securities or other property of the same type, nominal value, description and amount as the relevant Distributions (“Equivalent Distributions”) to the extent that a Delivery Amount would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

(ii) **Interest Amount.** Unless otherwise specified in Paragraph 11(f)(iii), the Transferee will transfer to the Transferor at the times specified in Paragraph 11(f)(ii) the relevant Interest Amount to the extent that a Delivery Amount would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

#### **Paragraph 6. Default**

If an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to a party, an amount equal to the Value of the Credit Support Balance, determined as though the Early Termination Date were a Valuation Date, will be deemed to be an Unpaid Amount due to the Transferor (which may or may not be the Defaulting Party) for purposes of Section 6(e). For the avoidance of doubt, if Market Quotation is the applicable payment measure for purposes of Section 6(e), then the Market Quotation determined under Section 6(e) in relation to the Transaction constituted

by this Annex will be deemed to be zero, and, if Loss is the applicable payment measure for purposes of Section 6(e), then the Loss determined under Section 6(e) in relation to the Transaction will be limited to the Unpaid Amount representing the Value of the Credit Support Balance.

#### **Paragraph 7. Representation**

Each party represents to the other party (which representation will be deemed to be repeated as of each date on which it transfers Eligible Credit Support, Equivalent Credit Support or Equivalent Distributions) that it is the sole owner of or otherwise has the right to transfer all Eligible Credit Support, Equivalent Credit Support or Equivalent Distributions it transfers to the other party under this Annex, free and clear of any security interest, lien, encumbrance or other restriction (other than a lien routinely imposed on all securities in a relevant clearance system).

#### **Paragraph 8. Expenses**

Each party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer it is required to make under this Annex) in connection with performing its obligations under this Annex, and neither party will be liable for any such costs and expenses incurred by the other party.

#### **Paragraph 9. Miscellaneous**

(a) **Default Interest.** Other than in the case of an amount which is the subject of a dispute under Paragraph 4(a), if a Transferee fails to make, when due, any transfer of Equivalent Credit Support, Equivalent Distributions or the Interest Amount, it will be obliged to pay the Transferor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value on the relevant Valuation Date of the items of property that were required to be transferred, from (and including) the date that the Equivalent Credit Support, Equivalent Distributions or Interest Amount were required to be transferred to (but excluding) the date of transfer of the Equivalent Credit Support, Equivalent Distributions or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(c) **Demands and Notices.** All demands and notices given by a party under this Annex will be given as specified in Section 12 of this Agreement.

(d) **Specifications of Certain Matters.** Anything referred to in this Annex as being specified in Paragraph 11 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

#### **Paragraph 10. Definitions**

As used in this Annex:

“**Base Currency**” means the currency specified as such in Paragraph 11(a)(i).

“**Base Currency Equivalent**” means, with respect to an amount on a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the “Other Currency”), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate determined by the Valuation Agent for value on such Valuation Date.

**“Credit Support Amount”** means, with respect to a Transferor on a Valuation Date, (i) the Transferee’s Exposure plus (ii) all Independent Amounts applicable to the Transferor, if any, minus (iii) all Independent Amounts applicable to the Transferee, if any, minus (iv) the Transferor’s Threshold; *provided, however*, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

**“Credit Support Balance”** means, with respect to a Transferor on a Valuation Date, the aggregate of all Eligible Credit Support that has been transferred to or received by the Transferee under this Annex, together with any Distributions and all proceeds of any such Eligible Credit Support or Distributions, as reduced pursuant to Paragraph 2(b), 3(c)(ii) or 6. Any Equivalent Distributions or Interest Amount (or portion of either) not transferred pursuant to Paragraph 5(c)(i) or (ii) will form part of the Credit Support Balance.

**“Delivery Amount”** has the meaning specified in Paragraph 2(a).

**“Disputing Party”** has the meaning specified in Paragraph 4.

**“Distributions”** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would be entitled from time to time.

**“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 of such Eligible Credit Support is entitled to receive Distributions or, if that date is not a Local Business Day, the next following Local Business Day.

**“Eligible Credit Support”** means, with respect to a party, the items, if any, specified as such for that party in Paragraph 11(b)(ii) including, in relation to any securities, if applicable, the proceeds of any redemption in whole or in part of such securities by the relevant issuer.

**“Eligible Currency”** means each currency specified as such in Paragraph 11(a)(ii), if such currency is freely available.

**“Equivalent Credit Support”** means, in relation to any Eligible Credit Support comprised in the Credit Support Balance, Eligible Credit Support of the same type, nominal value, description and amount as that Eligible Credit Support.

**“Equivalent Distributions”** has the meaning specified in Paragraph 5(c)(i).

**“Exchange Date”** has the meaning specified in Paragraph 11(d).

**“Exposure”** means, with respect to a party on a Valuation Date and subject to Paragraph 4 in the case of a dispute, the amount, if any, that would be payable to that party by the other party (expressed as a positive number) or by that party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(1) of this Agreement if all Transactions (other than the Transaction constituted by this Annex) were being terminated as of the relevant Valuation Time, on the basis that (i) that party is not the Affected Party and (ii) the Base Currency is the Termination Currency; *provided* that Market Quotations will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of “Market Quotation”).

**“Independent Amount”** means, with respect to a party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 11(b)(iii)(A); if no amount is specified, zero.

**“Interest Amount”** means, with respect to an Interest Period, the aggregate sum of the Base Currency Equivalents of the amounts of interest determined for each relevant currency and calculated for each date in that Interest Period on the principal amount of the portion of the Credit Support Balance comprised of cash in such currency, determined by the Valuation Agent for each such day as follows:

- (x) the amount of cash in such currency on that day; multiplied by
- (y) the relevant Interest Rate in effect for that day; divided by
- (z) 360 (or, in the case of pounds sterling, 365).

**“Interest Period”** means the period from (and including) the last Local Business Day on which an Interest Amount was transferred (or, if no Interest Amount has yet been transferred, the Local Business Day on which Eligible Credit Support or Equivalent Credit Support in the form of cash was transferred to or received by the Transferee) to (but excluding) the Local Business Day on which the current Interest Amount is transferred.

**“Interest Rate”** means, with respect to an Eligible Currency, the rate specified in Paragraph 11(f)(i) for that currency.

**“Local Business Day”**, unless otherwise specified in Paragraph 11(h), means:

- (i) in relation to a transfer of cash or other property (other than securities) under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment;
- (ii) in relation to a transfer of securities under this Annex, a day on which the clearance system agreed between the parties for delivery of the securities is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the parties for this purpose;
- (iii) in relation to a valuation under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of location of the Valuation Agent and in the place(s) agreed between the parties for this purpose; and
- (iv) in relation to any notice or other communication under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place specified in the address for notice most recently provided by the recipient.

**“Minimum Transfer Amount”** means, with respect to a party, the amount specified as such for that party in Paragraph 11(b)(iii)(C); if no amount is specified, zero.

**“New Credit Support”** has the meaning specified in Paragraph 3(c)(i).

**“Notification Time”** has the meaning specified in Paragraph 11(c)(iv).

**“Recalculation Date”** means the Valuation Date that gives rise to the dispute under Paragraph 4; *provided however*, that if a subsequent Valuation Date occurs under Paragraph 2 prior to the resolution of the dispute, then the **“Recalculation Date”** means the most recent Valuation Date under Paragraph 2.

**“Resolution Time”** has the meaning specified in Paragraph 11(e)(i).

“**Return Amount**” has the meaning specified in Paragraph 2(b).

“**Settlement Day**” means, in relation to a date, (i) with respect to a transfer of cash or other property (other than securities), the next Local Business Day and (ii) with respect to a transfer of securities, the first Local Business Day after such date on which settlement of a trade in the relevant securities, if effected on such date, would have been settled in accordance with customary practice when settling through the clearance system agreed between the parties for delivery of such securities or, otherwise, on the market in which such securities are principally traded (or, in either case, if there is no such customary practice, on the first Local Business Day after such date on which it is reasonably practicable to deliver such securities).

“**Threshold**” means, with respect to a party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 11(b)(iii)(B); if no amount is specified, zero.

“**Transferee**” means, in relation to each Valuation Date, the party in respect of which Exposure is a positive number and, in relation to a Credit Support Balance, the party which, subject to this Annex, owes such Credit Support Balance or, as the case may be, the Value of such Credit Support Balance to the other party.

“**Transferor**” means, in relation to a Transferee, the other party.

“**Valuation Agent**” has the meaning specified in Paragraph 11(c)(i).

“**Valuation Date**” means each date specified in or otherwise determined pursuant to Paragraph 11(c)(ii).

“**Valuation Percentage**” means, for any item of Eligible Credit Support, the percentage specified in Paragraph 11(b)(ii).

“**Valuation Time**” has the meaning specified in Paragraph 11(c)(iii).

“**Value**” means, for any Valuation Date or other date for which Value is calculated, and subject to Paragraph 4 in the case of a dispute, with respect to:

- (i) Eligible Credit Support comprised in a Credit Support Balance that is:
  - (A) an amount of cash, the Base Currency Equivalent of such amount multiplied by the applicable Valuation Percentage, if any; and
  - (B) a security, the Base Currency Equivalent of the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any; and
- (ii) items that are comprised in a Credit Support Balance and are not Eligible Credit Support, zero.

**FORM OF AMENDED AND RESTATED CREDIT SUPPORT ANNEX (ELECTIONS AND VARIABLES)**

**To the Schedule to the**

**ISDA MASTER AGREEMENT**

**dated as of 25 May 2005**

**Between**

**Abbey National Treasury Services plc**

**("Party A")**

**Abbey Covered Bonds LLP**

**("Party B")**

**and**

**Deutsche Trustee Company Limited**

**("Security Trustee")**

**Paragraph 11. Elections and Variables**

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

(i) **"Base Currency"** means Sterling.

(ii) **"Eligible Currency"** means the Base Currency, Euro and U.S. Dollars.

**(b) Credit Support Obligations.**

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

(A) **"Delivery Amount"** has the meaning specified in Paragraph 2(a), as amended (I) by deleting the words "upon a demand made by the transferee on or promptly following a Valuation Date" and replacing the word "that" on the second line of Paragraph 2(a) with the word "a" and (II) 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 Fitch Credit Support Amount exceeds (b) the Value (determined using the Fitch Valuation Percentages in Appendix A) 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 each 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 applicable Moody's Valuation Percentages in the table in Appendix B) 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 each 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 S&P Credit Support Amount exceeds (b) the Value (determined using the S&P's Valuation Percentages in Appendix C) 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 each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date).

Provided that, if, on any Valuation Date, the Delivery Amount equals or exceeds the Transferor's Minimum Transfer Amount, the Transferor will transfer to the Transferee sufficient Eligible Credit Support to ensure that, immediately following such transfer, the Delivery Amount shall be zero."

- (B) "Return Amount" has the meaning as specified in Paragraph 2(b) as amended by deleting in its entirety 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 Fitch Valuation Percentages in Appendix A) 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 each 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;
- (2) the amount by which (a) the Value (determined using the Moody's Valuation Percentages in the table in Appendix B) 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 each 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 S&P Valuation Percentages in Appendix C) 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 each 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,

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, the Delivery Amount would be greater than zero."

(C) "**Credit Support Amount**" means the Moody's Credit Support Amount, S&P Credit Support Amount or Fitch Credit Support Amount as applicable.

(ii) **Eligible Credit Support.** On any date:

(A) for the purpose of Fitch the collateral specified in the table in Appendix A will qualify as "Eligible Credit Support" for Party A and the Fitch Valuation Percentages shall apply as set out in such table;

(B) for the purpose of Moody's the collateral specified in the table in Appendix B will qualify as "Eligible Credit Support" for Party A and the Moody's Valuation Percentages shall apply as set out in such table; and

(C) for the purpose of S&P the collateral specified in the table in Appendix C will qualify as "Eligible Credit Support" for Party A and S&P Valuation Percentages shall apply as set out in such table.

"**Valuation Percentage**" means Moody's Valuation Percentage, Fitch Valuation Percentage or S&P Valuation Percentage, as the context requires. Notwithstanding anything herein to the contrary, the Valuation Percentage with respect to all Eligible Credit Support shall be deemed to be 100% with respect to a Valuation Date which is an Early Termination Date.

(iii) **Thresholds.**

(A) "**Independent Amount**" means, with respect to Party A and Party B with respect to each Transaction, zero

(B) "**Threshold**" means, with respect to Party A: infinity, unless (1) the Fitch Threshold is zero, (2) the Moody's Threshold is zero, or (3) the S&P Threshold is zero, in which case "Threshold" means, with respect to Party A: zero; and with respect to Party B: infinity.

"**Fitch Threshold**" means, (1) for so long as any of an Initial Fitch Rating Event, or a Subsequent Fitch Rating Event has occurred and is continuing and Party A has not taken remedial action as contemplated by Part 5(f)(vi)(y) or Part 5(f)(vii)(x) of the Schedule to the Agreement, zero and (2) at any other time, infinity.

"**Moody's Threshold**" means, (1) for so long as no Relevant Entity has the Required Rating and either (i) no Relevant Entity has had the Required Rating since this Annex was executed or (ii) at least 30 Local Business Days have elapsed since the last time a Relevant Entity had the Required Ratings, zero and (2) at any other time, infinity.

"**S&P Threshold**" means, (1) for so long as (i) an Initial S&P Rating Event or a Subsequent S&P Rating Event has occurred and is continuing and (ii) the Initial Remedy Period or the Replacement Option 3 Collateral Remedy Period has expired (if applicable) and (iii) either Party A has not taken remedial action as contemplated by Part 5(f)(i)(b) or Part 5(f)(ii)(b) of the Schedule to the Agreement (as applicable) or, if Party A has taken such remedial action, the terms of Part 5(f)(i)(b) or Part 5(f)(ii)(b) (as applicable) provide that Party A is required to provide collateral in accordance with the terms of this Annex, zero and (2) at any other time, infinity.

(C) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP 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, "Minimum Transfer Amount" means, with respect to the Defaulting Party and/or the Affected Party, as applicable, zero.

(D) "**Rounding**". The Delivery Amount will be rounded up to the nearest integral multiple of GBP 10,000 and the Return Amount will be rounded down to the nearest integral multiple of GBP 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 Local 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.

(iii) "**Valuation Time**" means the close of business in the city of the Valuation Agent 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, as far as practicable, 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.

(v) **Calculations.** Paragraph 3(b) shall be amended by inserting the words "Credit Support Amount" after the word "Value".

(vi) **Value.** Paragraph (i)(B) of the definition of "Value" shall be deleted in its entirety and replaced with the following: "(i)(B) a security, the Base Currency Equivalent of the bid price obtained by the Valuation Agent (or, if the Valuation Agent is a Defaulting Party and the Transferee has, by way of written notice to the Valuation Agent, nominated another entity to calculate the Value of securities, such entity) multiplied by the applicable Valuation Percentage, if any; and".

(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 Paragraphs 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, on the relevant date, will be calculated as follows:

(A) with respect to any cash, the Base Currency Equivalent of the amount thereof, multiplied by the applicable Valuation Percentage; and

(B) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities (**Securities**), 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 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; and (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 subparagraph (a) above) as of such date multiplied by the applicable Valuation Percentage with respect to such Securities.

(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 the 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 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.

(iv) **Interest Amount.** The definition of "**Interest Amount**" in Paragraph 10 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 consisting of securities, all principal, interest and other payments and distributions of cash or other property received (net of any deduction or withholding for or on account of any tax) by the Transferee from time to time, and for the avoidance of doubt, has been actually received by the Transferee.

(vi) "**Distributions Date**" means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which the Transferee receives 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).

(viii) **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).

(g) **Addresses for Transfers.**

Party A:

Details to be obtained from: Abbey National Treasury Services plc  
Abbey National House  
2 Triton Square  
Regent's Place  
London NW1 3AN

Attention: Mortgage Backed Funding (TS1C)

Facsimile No.: +44 (0)20 7756 5862

With a copy to: c/o Abbey House (AAM 129)  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

Attention: Securitisation Team, Retail Credit Risk

Facsimile No.: +44 1908 343 019

Party B:

Details to be obtained from: Abbey Covered Bonds LLP  
Abbey National House  
2 Triton Square  
Regent's Place  
London NW1 3AN

Attention: Mortgage Backed Funding (TS1C)

Facsimile No.: +44 (0)20 7756 5862

With a copy to: Abbey Covered Bonds LLP  
c/o Abbey House (AAM 129)  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

Attention: Securitisation Team, Retail Credit Risk

Facsimile No.: +44 1908 343 019

(h) **Other Provisions.**

(i) **Transfer Timing**

- (1) 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."

- (2) 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

- (3) 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 (assuming 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 purposes of Paragraph 2 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.

- (4) Paragraph 3(b) shall be amended by: (i) the deletion of the words "the Local Business Day following" in the fourth line thereof; and (ii) the addition of the words "on the Local Business Day" before the word "following" in the fifth line thereof.

(ii) **Early Termination**

The heading for Paragraph 6 shall be deleted and replaced with "Early Termination" and the following amendments shall be made to Paragraph 6:

- (A) the words "or a Termination Event where all Transactions are Affected Transactions" shall be added immediately after the word "party" in the second line of Paragraph 6; and
- (B) the words "or an Affected Party" shall be added immediately after the words "Defaulting Party" in the fourth line of Paragraph 6.

(iii) **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).

(iv) **Costs of Transfer**

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 from the Transferor to the Transferee or in the transfer of Equivalent Credit Support from the Transferee to the Transferor hereto.

(v) **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 this 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.

(vi) **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, and (c) only Party A will be required to make Transfers of Eligible Credit Support hereunder.

(vii) **Ratings Criteria**

The criteria used by S&P (as set out in S&P's "Counterparty Risk Framework Methodology and Assumptions" criteria dated 29 November 2012 and "Covered Bonds Counterparty And Supporting Obligations Methodology And Assumptions" criteria dated 31 May 2012) is the "S&P Criteria".

***Fitch Criteria***

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

- (A) for so long as the Fitch Threshold for Party A is infinity, zero;
- (B) for so long as the Fitch Threshold for Party A is zero, either:
  - (i) if (A) an Initial Fitch Rating Event has occurred and is continuing but the long-term IDR of Party A (or its successor or assignee) or any Credit Support Provider from time to time in respect of Party A (any such entity, a "**Fitch Relevant Entity**") is rated at least as high as "A-" (or its equivalent) by Fitch and the short-term IDR of such Fitch Relevant Entity is rated at least as high as "F2" (or its equivalent) by Fitch (such ratings the "**Fitch Formula 1 Ratings**") and (B) either such Initial Fitch Rating Event has continued since this Credit Support Annex was executed or 14 or more calendar days have elapsed since such Initial Fitch Rating Event first occurred, an amount calculated in accordance with the following formula:

Max [MV plus LA multiplied by VC multiplied by 70% multiplied by N;0]

- (ii) if (A) no Fitch Relevant Entity has the Fitch Formula 1 Ratings but the long-term IDR of a Fitch Relevant Entity is rated at least as high as "BBB+" (or its equivalent) by Fitch and the short-term IDR of such Fitch Relevant Entity is rated at least as high as "F2" (or its equivalent) by Fitch (such ratings the "**Fitch Formula 2 Ratings**") and (B) either this has been the case since this Credit Support Annex was executed or 14 or more calendar days have elapsed since any Fitch Relevant Entity had the Fitch Formula 1 Ratings, an amount calculated in accordance with the following formula:

$\max [MV \text{ plus } (LA \text{ multiplied by } VC \text{ multiplied by } N); 0]$

- (iii) (I)(A) if no Fitch Relevant Entity has the Fitch Formula 2 Ratings and (B) 14 or more calendar days have elapsed since any Fitch Relevant Entity had the Fitch Formula 2 Ratings, or (II)(A) a Subsequent Fitch Rating Event has occurred and is continuing and (B) 10 or more calendar days have elapsed since such Subsequent Fitch Rating Event first occurred, an amount calculated in accordance with the following formula:

$\text{Max } [MV \text{ plus } (LA \text{ multiplied by } VC \text{ multiplied by } 125\% \text{ multiplied by } N); 0]$ ,

where:

"**BLA**" means 25%;

"**LA**" is equal to  $(1 + \text{BLA}) \times (1 + \max (0\%; 5\% \times (\text{WAL} - 20))$ ;

"**max**" means maximum;

"**MV**" means the Transferee's Exposure (which may be negative);

"**VC**" means an amount equal to the sum of:

- (i) an amount equal to the product of:

- (I) the Tracker Rate Ratio (disregarding the Average Variable Rate Loan Balance for the purpose of calculating the Average Loan Balance and the Tracker Rate Ratio in accordance with paragraph 11(h)(xi) below); and
- (II) 0.75%,

and

- (ii) an amount equal to the product of:

- (I) the Fixed Rate Ratio (disregarding the Average Variable Rate Loan Balance for the purpose of calculating the Average Loan Balance and the Fixed Rate Ratio in accordance with paragraph 11(h)(xi) below); and
- (II) the relevant fixed to floating rate swaps percentage specified in the table below ( for a weighted average life that is equal to (or closest to) the remaining term of the Fixed Rate Loans);



<b>VCs for Interest Rate Swaps</b>							
<b>Basis Swaps</b>	Fixed/floating interest rate swaps depending on the WAL (years) (%)						
	<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>
0.75	0.75	2.25	3.50	4.50	5.50	7.50	9.50

and

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

"**N**" means the Transaction Notional Amount for the Calculation Period which includes such Valuation Date (disregarding the portion of the Transactions relating to the Variable Rate Loans, the GIC Account and Substitution Assets in accordance with paragraph 11(h)(xi) below).

***Moody's Criteria***

"**Credit Support Amount**" means at any time for the purposes of the Moody's Criteria with respect to a Transferor on a Valuation Date:

- (A) unless the Moody's Threshold for Party A is zero, zero;
- (B) for so long as the Moody's Threshold for Party A is zero, with respect to a Valuation Date, the greater of:
  - (1) zero;
  - (2) the aggregate amount of the Next Payments (each determined based on the rates prevailing on such Valuation Date) for all Next Payment Dates provided that to the extent that any Next Payment (or portion thereof) cannot be determined with certainty on such Valuation Date due to variables that are to be determined on a date following such Valuation Date, it shall be calculated by reference to the Valuation Agent's prediction of what such variables will be and such prediction shall be made by the Valuation Agent in a commercially reasonable manner using the information then available to it; and
  - (3) the sum of (x) the Transferee's Exposure (which may be negative) and (y) the aggregate of the Moody's Trigger Additional Amounts for all Transactions (other than the Transaction constituted by this Annex),

"**Moody's Trigger Additional Amount**" means, for any Valuation Date:

- (A) in respect of any Transaction that is both a cross-currency hedge and an Optionality Hedge, the lesser of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Trigger Cross Currency Notional Amount Lower Multiplier and (2)

the product of the Moody's Trigger Cross Currency DV01 Multiplier (Optionality) and the Transaction Cross Currency DV01 for such Transaction and (y) the product of the Moody's Trigger Cross Currency Notional Amount Higher Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;

- (B) in respect of any Transaction that is a cross-currency hedge and is not an Optionality Hedge, the lesser of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and Moody's Trigger Cross Currency Notional Amount Lower Multiplier and (2) the Moody's Trigger Cross Currency DV01 Multiplier and the Transaction Cross Currency DV01 for such Transaction and (y) the product of the Moody's Trigger Cross Currency Notional Amount Higher Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (C) in respect of any Transaction that is not a cross-currency hedge and is an Optionality Hedge, the lesser of (x) the product of the Moody's Trigger Single Currency DV01 Multiplier (Optionality) and the Transaction Single Currency DV01 for such Transaction and (y) the product of the Moody's Trigger Single Currency Notional Amount Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date; and
- (D) in respect of any Transaction that is neither a cross-currency hedge nor an Optionality Hedge, the lesser of (x) the product of the Moody's Trigger Single Currency DV01 Multiplier and the Transaction Single Currency DV01 for such Transaction and (y) the product of the Moody's Trigger Single Currency Notional Amount Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date.

**"Moody's Trigger Cross Currency DV01 Multiplier"** means, (A) if each Local Business Day is a Valuation Date, 15 and (B) otherwise, 25.

**"Moody's Trigger Cross Currency DV01 Multiplier (Optionality)"** means, (A) if each Local Business Day is a Valuation Date, 30 and (B) otherwise, 40.

**"Moody's Trigger Cross Currency Notional Amount Higher Multiplier"** means, (A) if each Local Business Day is a Valuation Date, 0.09 and (B) otherwise, 0.1.

**"Moody's Trigger Cross Currency Notional Amount Higher Multiplier (Optionality)"** means, (A) if each Local Business Day is a Valuation Date, 0.11 and (B) otherwise, 0.12.

**"Moody's Trigger Cross Currency Notional Amount Lower Multiplier"** means, (A) if each Local Business Day is a Valuation Date, 0.06 and (B) otherwise, 0.07.

**"Moody's Trigger Single Currency DV01 Multiplier"** means, (A) if each Local Business Day is a Valuation Date, 50 and (B) otherwise, 60.

**"Moody's Trigger Single Currency DV01 Multiplier (Optionality)"** means, (A) if each Local Business Day is a Valuation Date, 65 and (B) otherwise, 75.

**"Moody's Trigger Single Currency Notional Amount Multiplier"** means, (A) if each Local Business Day is a Valuation Date, 0.08 and (B) otherwise, 0.09.

**"Moody's Trigger Single Currency Notional Amount Multiplier (Optionality)"** means, (A) if each Local Business Day is a Valuation Date, 0.10 and (B) otherwise, 0.11.

**"Next Payment"** means, in respect of each Next Payment Date, the greater of (i) the Base Currency Equivalent of any payments due to be made by Party A under Section 2(a) on such Next Payment Date less the Base Currency Equivalent of any payments due to be made by Party B under Section 2(a) on such Next Payment Date and (ii) zero.

**"Next Payment Date"** means each date on which the next scheduled payment by Party A under any Transaction (other than the Transaction constituted by this Annex) is due to be paid or would be paid but for the application of netting.

**"Optionality Hedge"** means any Transaction that is a cap, floor, swaption, or a Transaction-Specific Hedge.

**"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 (A) in respect of any Transaction that is a cross currency hedge, the Base Currency Equivalent of the Currency Amount applicable to Party A's payment obligations and (B) in respect of any other Transaction, the Base Currency Equivalent of the Notional Amount.

**"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-Specific Hedge"** means a Transaction in respect of which the Transaction Notional Amount for each Calculation Period is "balance guaranteed" or otherwise not an amount that is fixed at the inception of the Transaction.

### ***S&P Criteria***

**"S&P Credit Support Amount"** shall mean for the purposes of the S&P Criteria with respect to a Transferor on a Valuation Date:

- (1) If an Initial S&P Rating Event has occurred and is continuing but a Subsequent S&P Rating Event has not occurred or is not continuing and the S&P Threshold for such Valuation Date is zero:

- (i) for so long as Replacement Option 1 applies, an amount equal to the greater of (a) zero and (b) the sum of (x) the Transferee's Exposure (which may be negative) and (y) the Volatility Buffer; and
  - (ii) for so long as Replacement Option 2 applies, an amount equal to the greater of (a) zero and (b) an amount equal to (x) the Transferee's Exposure (which may be negative) multiplied by (y) 1.25,
- (2) If a Subsequent S&P Rating Event has occurred and is continuing and the S&P Threshold for such Valuation Date is zero:
- (i) for so long as Replacement Option 1 applies, an amount equal to the greater of (a) zero and (b) the sum of (x) the Transferee's Exposure (which may be negative) and (y) the Volatility Buffer;
  - (ii) for so long as Replacement Option 2 applies, the greater of
    - (a) an amount equal to the sum of (x) the Transferee's Exposure (which may be negative) and (y) the Volatility Buffer; or
    - (b) an amount equal to (x) the Transferee's Exposure (which may be negative) multiplied by (y) 1.3, or
    - (c) zero; and
  - (iii) for so long as Replacement Option 3 applies, an amount equal to the greater of (a) zero and (b) an amount equal to (x) the Transferee's Exposure (which may be negative) multiplied by (y) 1.25.
- (3) If the S&P Threshold is infinity (irrespective of whether the Threshold is infinity or zero), the S&P Credit Support Amount shall be zero.

For the purpose of the S&P Criteria:

**“Replacement Option 1”** means the replacement option 1 requirements in relation to collateral posting as detailed in the S&P Criteria in accordance with Part 5(f)(iv) of the Schedule.

**“Replacement Option 2”** means the replacement option 2 requirements in relation to collateral posting as detailed in the S&P Criteria in accordance with Part 5(f)(iv) of the Schedule.

**“Replacement Option 3”** means the replacement option 3 requirements in relation to collateral posting as detailed in the S&P Criteria in accordance with Part 5(f)(iv) of the Schedule.

**“Volatility Buffer”** means the sum of the amounts calculated in respect of each Transaction under the Agreement (other than the Transaction constituted by this Annex), equal to the sum of:

- (i) an amount equal to the product of:

- (I) the Transaction Notional Amount (disregarding any portion of the Transaction Notional Amount relating to the GIC Account and Substitution Assets) multiplied by the Variable Rate Ratio; and
  - (II) the relevant floating to floating rate swaps percentage specified in the table below under the column entitled (A) “Option 1” if Replacement Option 1 applies and (B) “Option 2” if Replacement Option 2 applies corresponding to the remaining WAL of the Variable Rate Loans in the Portfolio,
- (ii) an amount equal to the product of:
- (I) the Transaction Notional Amount (disregarding any portion of the Transaction Notional Amount relating to the GIC Account and Substitution Assets) multiplied by the Tracker Rate Ratio; and
  - (II) the relevant floating to floating rate swaps percentage specified in the table below under the column entitled (A) “Option 1” if Replacement Option 1 applies and (B) “Option 2” if Replacement Option 2 applies corresponding to the remaining WAL of the Tracker Rate Loans in the Portfolio, and
- (ii) an amount equal to the product of:
- (I) the Transaction Notional Amount (disregarding any portion of the Transaction Notional Amount relating to the GIC Account and Substitution Assets) multiplied by the Fixed Rate Ratio; and
  - (II) the relevant fixed to floating rate swaps percentage specified in the table below under the column entitled (A) “Option 1” if Replacement Option 1 applies and (B) “Option 2” if Replacement Option 2 applies corresponding to the remaining WAL of the Fixed Rate Loans in the Portfolio.

“WAL” means, in relation to the S&P Criteria, the weighted average life (in years, rounded upwards to the next integer) determined on the basis of a prepayment rate of 0.0%, or such other stressed low prepayment rate as indicated in the relevant criteria for the hedged asset or liability.

<b>Volatility Buffers for Cover Pool and Interest Rate Swaps (% of Transaction Notional Amount) for Covered Bonds rated AAA</b>				
<b>WAL of Loans comprising the Portfolio (years)</b>	<b>Fixed-to floating rate swaps (%)</b>		<b>Floating-to-floating rate swaps (%)</b>	
	<b>Option 1</b>	<b>Option 2</b>	<b>Option 1</b>	<b>Option 2</b>
3 or less	8.5	3	4	2
More than 3 but less than or equal to 5	12.5	4	5	2.5

More than 5 but less than or equal to 10	15	5	6	3
More than 10 but less than or equal to 15	18	6	7	3.5
More than 15	21	7	8	4

Volatility buffers applying on a downgrade of the rating of the Covered Bonds are detailed in the S&P Criteria as set out in S&P's "Counterparty Risk Framework Methodology and Assumptions" criteria dated 29 November 2012.

(viii) **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.

- (ix) "**Exposure**" has the meaning specified in Paragraph 10, except that (1) after the word "Agreement" the words "(assuming, for this purpose only, that Part 5(n) (Modifications to close out provisions) of the Schedule is deleted)" shall be inserted and (2) at the end of the definition of Exposure, the words "without assuming that the terms of such Replacement Transactions are materially less beneficial for the Transferee than the terms of this Agreement" shall be added.

- (x) **Definitions.** As used in this Annex, the following terms shall mean:

"**Average Fixed Rate Loan Balance**" means in respect of a Portfolio Calculation Period, the average daily aggregate outstanding current balance of the Fixed Rate Loans in the Portfolio during the relevant Portfolio Calculation Period as notified by the Cash Manager in the Cash Management Agreement.

"**Average Loan Balance**" means, in respect of a Portfolio Calculation Period, the average daily aggregate outstanding current balance of the Loans in the Portfolio during the relevant Portfolio Calculation Period as notified by the Cash Manager in accordance with the Cash Management Agreement.

"**Average Tracker Rate Loan Balance**" means in respect of a Portfolio Calculation Period, the average daily aggregate outstanding current balance of the Tracker Loans in the Portfolio during the relevant Portfolio Calculation Period as notified by the Cash Manager in the Cash Management Agreement.

"**Average Variable Rate Loan Balance**" means in respect of a Portfolio Calculation Period, the average daily aggregate outstanding current balance of the Variable Rate Loans in the Portfolio during the relevant Portfolio Calculation Period as notified by the Cash Manager in the Cash Management Agreement.

"**Fixed Rate Ratio**" means in respect of a Portfolio Calculation Period, the Average Fixed Rate Loan Balance divided by the Average Loan Balance.

**"Portfolio"** means, at any time, the Loans that, at such time, have been acquired by Party B from the Seller pursuant to the Mortgage Sale Agreement, but excluding Loans which have been redeemed in full or repurchased by the Seller or otherwise sold by Party B.

**"Portfolio Calculation Period"** has the meaning given to it in the Transactions other than the Transaction constituted by this Credit Support Annex.

**"S&P"** means Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited.

**"Tracker Rate Ratio"** means in respect of a Portfolio Calculation Period, the Average Tracker Rate Loan Balance divided by the Average Loan Balance.

**"Transaction Notional Amount"** means (A) in respect of any Transaction that is a cross-currency hedge, the Base Currency Equivalent of the Currency Amount applicable to Party A's payment obligations and (B) in respect of any other Transaction, the Base Currency Equivalent of the Notional Amount.

**"Variable Rate Ratio"** means in respect of a Portfolio Calculation Period, the Average Variable Rate Loan Balance divided by the Average Loan Balance.

(xi) **Variable Rate Loans.**

Notwithstanding any other provision of this Credit Support Annex, if on any date (a **"Notice Date"**), Party B serves an irrevocable notice pursuant to Clause 4.8 of the Servicing Agreement instructing the Servicer to set the reference rate of the Variable Rate Loans to a rate linked to 3 month LIBOR, from and including the Notice Date the Transaction Notional Amount of each Transaction will be reduced for the purposes of all calculations hereunder including calculations of Exposure, Fitch Credit Support Amount, Moody's Credit Support Amount, S&P Credit Support Amount and Credit Support Amount by excluding the portion of the Notional Amount of the Transaction that relates to the Variable Rate Loans.

For the purposes of calculating "VC" and "N" in respect of the Fitch Credit Support Amount, the portion of the Transaction(s) relating to Variable Rate Loans, the GIC Account and Substitution Assets will be disregarded for all purposes.

(xii) **Calculation Periods and Portfolio Calculation Periods**

In respect of each Calculation Period which includes the Valuation Date, all calculations relating to the Loans for the purpose of this Credit Support Annex should be made with reference to the Portfolio Calculation Period ending immediately prior to the end of the Calculation Period which relates to such Calculation Period.

## APPENDIX A

The applicable Valuation Percentage in respect of Fitch shall be equal to the relevant Fitch Advance Rate 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, Party B and Fitch from time to time:

Cash in an Eligible Currency: 100 per cent.

Government bonds denominated in an Eligible Currency: as set out in the table below and provided they are rated AA-/F1+ or higher by Fitch.

### Fitch's Advance Rates (ARs) for Government Bonds and Currency Risk

Region *	Maturity	Highest Covered Bond rated 'AA-' or higher	Highest Covered Bond rated 'A+' or below
Australia and New Zealand	<1 year	99.0%	99.0%
Australia and New Zealand	1-3 years	96.5%	98.0%
Australia and New Zealand	3-5 years	94.0%	96.0%
Australia and New Zealand	5-7 years	91.5%	94.5%
Australia and New Zealand	7-10 years	89.0%	92.5%
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	93.0%	95.5%
Denmark and Sweden	5-7 years	91.5%	94.5%
Denmark and Sweden	7-10 years	89.0%	93.0%
Eurozone	<1 year	99.0%	99.5%
Eurozone	1-3 years	97.0%	98.0%
Eurozone	3-5 years	94.0%	96.0%
Eurozone	5-7 years	93.0%	95.5%
Eurozone	7-10 years	90.0%	93.5%
Eurozone	10-30 years	83.5%	89.0%
Japan	<1 year	98.5%	99.0%
Japan	1-3 years	97.0%	98.0%
Japan	3-5 years	94.0%	96.0%



Japan	5-7 years	91.5%	94.5%
Japan	7-10 years	87.0%	91.5%
Japan	10-30 years	69.0%	79.5%
Switzerland	<1 year	98.5%	99.0%
Switzerland	1-3 years	97.0%	98.0%
Switzerland	3-5 years	95.5%	97.0%
Switzerland	5-7 years	94.0%	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	91.5%	94.5%
UK	5-7 years	90.5%	93.5%
UK	7-10 years	89.0%	93.0%
UK	10-30 years	83.0%	88.5%
US and Canada	<1 year	97.5%	98.0%
US and Canada	1-3 years	96.0%	96.5%
US and Canada	3-5 years	93.5%	94.5%
US and Canada	5-7 years	92.5%	94.0%
US and Canada	7-10 years	91.0%	92.5%
US and Canada	10-30 years	87.0%	89.0%
<b>FX Risk</b>			
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%

\* Fitch does not publish advance rates (AR) for instruments, jurisdictions and maturities not listed in this table, but Fitch may consider providing ARs for additional instruments in the future if, in Fitch's view, sufficient information is available.

\*\* The FX AR will apply whenever a currency mismatch is present. In case foreign currency government bonds are provided, 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.

## APPENDIX B

### Moody's Eligible Credit Support and Valuation Percentages

Valuation Percentage	
<b>INSTRUMENT</b>	
Sterling Cash	100%
Euro Cash	96%
U.S. Dollar Cash	94%
U.S. Dollar Denominated Fixed-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department 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	89%
7 to 10 years	88%
10 to 20 years	84%
> 20 years	82%
U.S. Dollar Denominated Floating-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department	
All Maturities	93%
U.S. Dollar Denominated Fixed-Rate U.S. Agency Debentures with Remaining Maturity	
< 1 Year	93%
1 to 2 years	92%
2 to 3 years	91%
3 to 5 years	90%
5 to 7 years	88%
7 to 10 years	87%
10 to 20 years	83%
> 20 years	81%
U.S. Dollar Denominated Floating-Rate U.S. Agency Debentures	
All Maturities	92%
Euro Denominated Fixed-Rate Euro-Zone Government Bonds Rated Aa3 or Above with Remaining Maturity	
< 1 Year	96%
1 to 2 years	95%
2 to 3 years	94%
3 to 5 years	92%
5 to 7 years	90%
7 to 10 years	89%
10 to 20 years	84%
> 20 years	83%
Euro Denominated Floating-Rate Euro-Zone Government Bonds Rated Aa3 or Above	
All Maturities	95%
Sterling Denominated Fixed-Rate United Kingdom Gilts with Remaining Maturity	
< 1 Year	99%

1 to 2 years	98%
2 to 3 years	97%
3 to 5 years	96%
5 to 7 years	95%
7 to 10 years	94%
10 to 20 years	89%
> 20 years	87%
<b>Sterling Denominated Floating-Rate United Kingdom Gilts</b>	
All Maturities	99%
<b>All Other Instruments</b>	
All Maturities	zero or such other percentage in respect of which Moody's has delivered a written ratings affirmation in relation to all Covered Bonds rated by Moody's

"**Moody's Valuation Percentages**" means, in respect of each instrument in the above table, so long as the Moody's Threshold for Party A is zero the corresponding percentage in the column headed "Valuation Percentage".

**APPENDIX C**  
**S&P Eligible Credit Support and S&P Valuation Percentages**

<b>Eligible Credit Support</b>	<b>S&amp;P Valuation Percentage</b>
(A) Cash in an Eligible Currency.	100 per cent. x ACAR
(B) Government securities denominated in an Eligible Currency with a rating at least equal to the S&P Eligible Rating	100 per cent. x ACAR
(C) Government securities denominated in an Eligible Currency with a rating below the S&P Eligible Rating	100 per cent. x ACAR x AMVAR
(D) Any other type of security, denominated in an Eligible Currency and listed in the market value criteria that, on the relevant Valuation Date, has been most recently published by S&P (the " <b>Relevant Market Value Criteria</b> "), as being eligible collateral in respect of market value securities of the type and then-current rating of the Covered Bonds (a " <b>S&amp;P ECS Security</b> ").	100 per cent. x ACAR x AMVAR

"**S&P Eligible Rating**" means, in respect of any security, a rating assigned to such security by S&P and being at least equal to (i) the then-current rating of the Covered Bonds or (ii) in the event that the Covered Bonds have been downgraded by S&P as a result of a failure by Party A to perform any of its obligations under this Agreement, then the rating of the Covered Bonds immediately prior to such downgrade.

With respect to S&P, "**Valuation Percentage**" means, with respect to a Valuation Date and each instrument in the above table, so long as the S&P Threshold for the purposes of such Valuation Date is zero, the corresponding percentage for such instrument in the column headed "S&P Valuation Percentage".

"**ACAR**" means the applicable currency advance rate specified below:

<b>Currency of Eligible Credit Support</b>	<b>Currency Advance Rate</b>
GBP	100%
EUR	94.0%
U.S. Dollars	94.0%

"**AMVAR**" means the applicable market value advance rate listed as being applicable to the relevant government security or S&P ECS Security in the Relevant Market Value Criteria to support an "AA" rating.

## COVER POOL SWAP TRANSACTION

From: Abbey National Treasury Services plc (**Party A**)  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

To: Abbey Covered Bonds LLP (**Party B**)  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

Attention: Securitisation Team, Retail Credit Risk

To: Deutsche Trustee Company Limited (the **Security Trustee**)  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

Attention: Managing Director (ABS/MBS Group)

Dear Sirs,

**Cover Pool Swap Confirmation in relation to the €35 billion Global Covered Bond Programme (the "Covered Bond Programme") of Abbey National Treasury Services plc unconditionally guaranteed by Santander UK plc and unconditionally and irrevocably guaranteed as to payments of interest and principal by Abbey Covered Bonds LLP**

The purpose of this letter (this **Confirmation**) is to confirm the terms and conditions of the Swap Transaction entered into between us, you and the Security Trustee on the Trade Date specified below.

This Confirmation constitutes a **Confirmation** as referred to in the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated as of 25 May 2005 entered into between us, you and the Security Trustee as amended and restated and as further amended and supplemented from time to time (the **Agreement**).

The definitions and provisions contained in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the **Definitions**) are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation shall prevail. Any terms not otherwise defined herein or in the Definitions shall have the meanings given to them in the Amended and Restated Master Definitions and Construction Agreement made between, inter alios, the parties to the Agreement on 24 December 2012 (as the same may be amended, varied or supplemented from time to time with the consent of certain parties thereto). The rules of interpretation set out in the Master Definitions and Constructions Agreement shall apply to this Confirmation.

The term **Transaction** as used herein shall, for the purposes of the Definitions, have the same meaning as **Swap Transaction**.

**Asset Coverage Test** has the meaning specified in the Master Definitions and Construction Agreement.

**Average Loan Balance** means, in respect of a Portfolio Calculation Period, the average daily aggregate outstanding current balance of the Loans in the Portfolio during the relevant Portfolio Calculation Period as notified by the Cash Manager in accordance with the Cash Management Agreement.

**Average Loan Balance Performance**, means in respect of any Portfolio Calculation Period, the quotient of (i) the total amount of interest paid to Party B on the outstanding balance of the Loans in the Portfolio during the Portfolio Calculation Period and (ii) the total amount of interest due and payable to Party B on the outstanding balance of the Loans in the Portfolio during the Portfolio Calculation Period.

**Calculation Date** has the meaning specified in the Master Definitions and Construction Agreement.

**Cash Manager** and **Cash Management Agreement** have the meaning specified in the Master Definitions and Construction Agreement

**Covered Bond Swap** has the meaning specified in the Master Definitions and Construction Agreement.

**GIC Account** has the meaning specified in the Master Definitions and Construction Agreement.

**GIC Account Performance** means the quotient of (i) the Relevant GIC Account Interest Received attributable to the calendar month ending immediately prior to the relevant LLP Payment Date and (ii) the Relevant GIC Account Interest Due attributable to the calendar month ending immediately prior to the relevant LLP Payment Date.

**GIC Balance** has the meaning specified in the Master Definitions and Construction Agreement.

**GIC Swap Balance** means the lesser of:

- (a) an amount equal to the greater of :
  - (i) the sum of the Reserve Fund Balance and the Sale of Selected Loans Proceeds; and
  - (ii) the total amount which would need to be deposited in the GIC Account such that if such date was a day on which the Asset Coverage Test was tested, the Asset Coverage Test would be satisfied, and
- (b) the GIC Balance.

**LLP Deed** has the meaning specified in the Master Definitions and Construction Agreement.

**LLP Payment Date** has the meaning specified in the Master Definitions and Construction Agreement.

**LLP Payment Period** has the meaning specified in the Master Definitions and Construction Agreement.

**Mortgage Sale Agreement** has the meaning specified in the Master Definitions and Construction Agreement.

**Portfolio** means, at any time, the Loans that, at such time, have been acquired by Party B from the Seller pursuant to the Mortgage Sale Agreement, but excluding Loans which have been redeemed in full or repurchased by the Seller or otherwise sold by Party B.

**Portfolio Calculation Period** means the period from (and including) one Calculation Date to (but excluding) the next following Calculation Date, except that (i) the first Portfolio Calculation Period shall commence on (and include) the Effective Date and end on (but exclude) the next following Calculation Date and (ii) the final Portfolio Calculation Period shall end on, but exclude, the Termination Date.

**Relevant GIC Account Interest Received** means the total amount of interest received by Party B in respect of the GIC Swap Balance.

**Relevant GIC Account Interest Due** means the total amount of interest due to Party B in respect of the GIC Swap Balance.

**Reserve Fund Balance** means, on any day, the amount noted on the Reserve Ledger as at the opening of business in London on such day, or where no Reserve Ledger is required to be kept, the last recorded amount on the Reserve Ledger plus any additional amount which has been added to the Reserve Fund in the period since the Reserve Ledger was last maintained as at the opening of business on such day.

**Reserve Fund** has the meaning specified in the Master Definitions and Construction Agreement.

**Reserve Ledger** has the meaning specified in the Master Definitions and Construction Agreement.

**Sale of Selected Loans Proceeds** means, on any day, any amount that has been credited to the GIC Account which represents the proceeds of the sale of Selected Loans following a sale of Selected Loans made pursuant to clause 19 (*Sale of Selected Loans*) of the LLP Deed, as at the opening of business in London on such day.

**Seller** has the meaning specified in the Master Definitions and Construction Agreement.

**Substitution Assets** has the meaning specified in the Master Definitions and Construction Agreement.

**Substitution Asset Performance** means in respect of any Portfolio Calculation Period the quotient of (i) the total amount of interest received by Party B during a Portfolio Calculation Period in relation to any Substitution Assets and (ii) the total amount of interest due and payable to Party B during a Portfolio Calculation Period in relation to any Substitution Assets.

**Term Advance** has the meaning specified in the Master Definitions and Construction Agreement.

The terms of the Transaction to which this Confirmation relates are as follows:

1. **General Terms**

<b>Party A:</b>	Abbey National Treasury Services plc
<b>Party B:</b>	Abbey Covered Bonds LLP
<b>Trade Date:</b>	The Effective Date
<b>Effective Date:</b>	Has the meaning given to such term in the Amendment Agreement dated 24 December 2012 between us, you and the Security Trustee.
<b>Termination Date:</b>	The earlier of:  (i) the Swap Reversion Date or  (ii) the date on which all Covered Bonds issued under the Covered Bond Programme have been repaid or redeemed in full; and  (iii) the date on which the Average Loan Balance is reduced to

zero.

**Business Day:** London  
**Business Day Convention:** Modified Following  
**Calculation Agent:** Party A

2. **Party A Floating Amounts**

**Floating Rate Payer:** Party A.

**Floating Rate Payer Calculation Periods:** Each LLP Payment Period except that (i) the first period shall commence on (and include) the Effective Date and end on (but exclude) the next following LLP Payment Date and (ii) the final period shall end on, but exclude, the Termination Date.

**Floating Rate Payer Payment Dates:** In respect of each Floating Rate Payer Calculation Period, the LLP Payment Date falling at the end of that period to and including the Termination Date, commencing with the first LLP Payment Date following the Effective Date.

**Floating Rate Payer Calculation Amount:** In respect of an LLP Payment Period an amount (in Sterling) equal to the sum of:

- (i) the product of the Average Loan Balance during the Portfolio Calculation Period ending immediately prior to the relevant LLP Payment Period and the Average Loan Balance Performance;
- (ii) the product of the average GIC Swap Balance during the calendar month ending immediately prior to the relevant LLP Payment Date and the GIC Account Performance; and
- (iii) the product of the average aggregate nominal amount of any Substitution Assets during the Portfolio Calculation Period ending immediately prior to the relevant LLP Payment Period and the Substitution Asset Performance.

**Floating Rate Payer Day Count Fraction:** Actual/365

**Floating Rate:** In respect of each day within the Floating Rate Calculation Period, the Calculation Agent shall determine the weighted average (calculated by reference to the notional amount of each Covered Bond Swap and the amount outstanding in respect of each Term Advance) of:

- (a) in respect of each then outstanding Series of Covered Bonds in respect of which a Covered Bond Swap has been entered into by Party B, the Floating Rate for such date used to calculate the Floating Amount payable by Party B under each relevant Covered Bond Swap (or in the case of the early termination of such Covered Bond Swap prior to its scheduled maturity where no replacement transaction has been entered into, the Floating Rate that would have been used to calculate the



Floating Amounts payable by Party B but for the early termination of such swap); and

- (b) in respect of each then outstanding Series of Covered Bonds in respect of which a Covered Bond Swap has not been entered into by Party B, the rate of interest (not including the margin) payable by Party B in respect of such date under the Term Advances in respect of such Series of Covered Bonds.

The Calculation Agent shall then divide the sum of the weighted average rates determined in respect of each date within the Floating Rate Calculation Period by the actual number of days in the relevant Floating Rate Calculation Period to determine the Floating Rate.

**Floating Rate Payer Spread:** 2.65 per cent. per annum until further notice.

Such Floating Rate Payer Spread may be amended at the sole discretion of Party A by way of written notice provided that the Rating Agencies have confirmed to the Security Trustee in writing, that such other rate will not cause the then current rating of the Covered Bonds to be downgraded or placed under review for possible downgrade.

**Reset Dates:** Not Applicable

3. **Cover Pool Payments** Party B shall pay the Cover Pool Payer Amounts to Party A on the Cover Pool Payer Payment Dates

**Cover Pool Payer:** Party B

**Cover Pool Payer Amount:** In respect of each Cover Pool Payer Payment Date, an amount in Sterling equivalent to the sum of:

(i) the total amount of interest paid to Party B on the outstanding balance of the Loans in the Portfolio for the Portfolio Calculation Period ending immediately prior to the relevant Cover Pool Payer Payment Date;

(ii) the Relevant GIC Account Interest Received attributable to the calendar month ending immediately prior to the relevant Cover Pool Payer Payment Date; and

(iii) the total amount of interest paid to Party B during such Portfolio Calculation Period in respect of any Substitution Assets.

**Cover Pool Payer Payment Dates:** In respect of a Portfolio Calculation Period, the LLP Payment Date falling immediately after the end of that Portfolio Calculation Period to and including the Termination Date commencing with the first LLP Payment Date following the Effective Date.

4. **Account Details**

**Payments to Party A:** To be advised.

**Payments to Party B:** To be advised.

5. **Notice Details**

**Party A:**

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

**Attention:** Mortgage Backed Funding (TS1C)  
**Fax:** +44 20 7756 5862

**With a copy to:** c/o Santander UK plc  
Abbey House (AAM 129)  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

**Attention:** Securitisation Team, Retail Credit Risk

**Party B:**

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

**Attention:** Mortgage Backed Funding (TS1C)

**Fax:** +44 20 7756 5862

**With a copy to:** Abbey Covered Bonds LLP  
c/o Santander UK plc  
Abbey House (AAM 129)  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

**Attention:** Securitisation Team, Retail Credit Risk

**Fax:** +44 1908 343 019

**With a copy to the Security  
Trustee:**

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

**Attention:** Managing Director (ABS/MBS Group)

**Fax:** +44 20 7547 5919

Amendment Agreement  
24 December 2012

**AMENDMENT AGREEMENT**

**dated 24 December 2012**

**in relation to the**

**TO THE**

**1992 ISDA MASTER AGREEMENT**

dated as of 25 May 2005

between

**Abbey National Treasury Services plc**

**("Party A")**

**Abbey Covered Bonds LLP**

**("Party B")**

and

**Deutsche Trustee Company Limited**

**("Security Trustee")**

The parties have previously entered into:

- (1) an ISDA Master Agreement dated as of 25 May 2005 including the Schedule thereto (the "**Original Master Agreement**");
- (2) a Credit Support Annex to the Schedule to the Original Master Agreement dated as of 25 May 2005 (entered into on 1 June 2012) (the "**Original Credit Support Annex**"); and
- (3) the Original Interest Rate Swap Transactions.

The parties have now agreed to:

- (A) amend and restate the Schedule to the Original Master Agreement in the form set out in Schedule;
- (B) amend and restate paragraph 11 of the Original Credit Support Annex in the form set out in Schedule 2; and
- (C) suspend the effectiveness of the terms and conditions of the Original Interest Rate Swap Transactions entered into between Party A, Party B and the Security Trustee and previously confirmed in the Original Confirmations until the occurrence of a Swap Reversion Date and enter into the Cover Pool Swap.

Accordingly, the parties agree as follows:

## 1. DEFINITIONS

**Cover Pool Swap** means the interest rate and cover pool swap transaction documented by a confirmation in the form set out in Schedule 3.

**Effective Date** means any Local Business Day as designated by Party A in its sole discretion as the Effective Date on five Local Business Days notice to each of Party B and the Security Trustee;

**Effective Date Payment** means

(a) the sum of the Party A Original Interest Rate Swap Transaction Accrued Amounts in respect of each Original Interest Rate Swap Transaction; minus

(b) the sum of the Party B Original Interest Rate Swap Transaction Accrued Amounts,

except that where such number is negative Party B shall pay the absolute value of the negative number to Party A;

**Effective Date Payer** means Party A where the Party A Original Interest Rate Swap Transaction Accrued Amounts minus the Party B Original Interest Rate Swap Transaction Accrued Amounts equals a positive number and means Party B where it equals a negative number (or would equal a negative number but for the saving provisions providing that Party B shall pay the absolute value of the negative number to Party A in such circumstances);

**Future Interest Rate Swap Transactions** means each interest rate swap transaction in respect of each series of Covered Bonds issued following the date of this Amendment Agreement or each additional tranche of an existing series of Covered Bonds issued following the date of this Amendment Agreement;

**Master Definitions Agreement** means the Amended and Restated Master Definitions and Construction Agreement made between, inter alios, the parties to this Agreement on 24 December 2012;

**Original Confirmations** means the confirmations of the Original Interest Rate Swap Transactions;

**Original Interest Rate Swap Transactions** means the interest rate swap transactions entered into between Party A, Party B and the Security Trustee under the Original Master Agreement prior to the date of this Amendment Agreement which are still in full force and effect and have not been terminated;

**Party A Original Interest Rate Swap Transaction Accrued Amounts** means the amount that would have been payable in respect of each Original Interest Rate Swap Transaction by Party A if the final Interest Period of such Original Interest Rate Swap Transaction had ended on (but excluded) the Effective Date of the Cover Pool Swap;

**Party B Original Interest Rate Swap Transaction Accrued Amounts** means the amount that would have been payable in respect of each Original Interest Rate Swap Transaction by Party B if the final Interest Period of such Original Interest Rate Swap Transaction had ended on (but excluded) the Effective Date of the Cover Pool Swap;

**S&P** means Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited;

**Swap Reversion Date** means a date designated by Party A by 30 Local Business Days notice to each of Party B and the Security Trustee; and

Capitalised terms used in this Amendment Agreement and not otherwise defined herein shall have the meanings specified for such terms in the Master Agreement (as defined below) or, as the context requires, the Credit Support Annex (as defined below) or the confirmations relating to the Original Interest Rate Swap Transactions. Terms not defined in the Master Agreement, the Credit Support Annex or the Original Interest Rate Swap Transactions have the meaning given to them in the Master Definitions Agreement.

## **2. AMENDMENT AND RESTATEMENT OF THE MASTER AGREEMENT**

Upon execution of this Amendment Agreement by the parties, the Schedule to the Original Master Agreement shall be amended and restated so that it shall be read and construed thereafter for all purposes as set out in the form attached as Schedule 1 to this Amendment Agreement (to be read together with pages 1 to 18 of the existing Original Master Agreement, the **Master Agreement**).

## **3. AMENDMENT AND RESTATEMENT OF THE CREDIT SUPPORT ANNEX**

Upon execution of this Amendment Agreement by the parties, paragraph 11 to the Original Credit Support Annex shall be amended and restated so that it shall be read and construed thereafter for all purposes as set out in the form attached as Schedule 2 to this Amendment Agreement (to be read together with pages 1 to 8 of the existing Original Credit Support Annex except that the reference to an ISDA Master Agreement dated 1 June 2012 is corrected to an ISDA Master Agreement dated 25 May 2005) (the **Credit Support Annex**).

## **4. SUSPENSION OF THE ORIGINAL INTEREST RATE SWAP TRANSACTIONS AND ACTIVATION OF COVER POOL SWAP**

4.1 Upon the Effective Date, the Effective Date Payer shall pay to the other party the Effective Date Payment.

4.2 From the Effective Date until the Swap Reversion Date, no further payments or deliveries will be required to be made under Section 2(a) of the Master Agreement in respect of the Original Interest Rate Swap Transactions or under the terms of the Original Interest Rate Swap Transactions and the parties shall instead comply with their obligations under the Cover Pool Swap.

4.3 Notwithstanding any of the terms of the Credit Support Annex:

- (a) from the Effective Date until and excluding the Swap Reversion Date only the Cover Pool Swap will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex;
- (b) on the Swap Reversion Date, each of the Cover Pool Swap and the Original Interest Rate Swap Transactions and Future Interest Rate Swap Transactions will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex; and
- (c) from and excluding the Swap Reversion Date, each of the Original Interest Rate Swap Transactions and Future Interest Rate Swap Transactions will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex.

4.4 Upon the occurrence of a Swap Reversion Date:

- (a) the Cover Pool Swap will terminate in accordance with its terms;
- (b) payments and deliveries to be made under each of the Original Interest Rate Swap Transactions shall resume on the basis that:
  - (i) the first Interest Period under each of the Original Interest Rate Swap Transactions following the occurrence of a Swap Reversion Date shall commence on the Swap Reversion Date and end on (but exclude) the first Payment Date following the Swap Reversion Date;
  - (ii) the first Portfolio Calculation Period under each of the Original Interest Rate Swap Transactions following the occurrence of a Swap Reversion Date shall commence on (and include) the Swap Reversion Date and end on (but exclude) the next following Calculation Date;
  - (iii) no payment or delivery shall be due from either Party A or Party B under the Original Interest Rate Swap Transactions in respect of the period from the Effective Date to but excluding the Swap Reversion Date, and
- (c) the Effective Date will occur under each of the Future Interest Rate Swap Transactions on the Swap Reversion Date.

4.5 Where the Termination Date of the relevant Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction has occurred prior to the Swap Reversion Date, such Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction shall be extinguished and no amounts shall be payable following such Termination Date or in respect of the period from (and including) the Effective Date to (and including) such Termination Date in respect of such Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction (other than any portion of the Effective Date Payment relating to an Original Interest Rate Swap Transaction in respect of which the Termination Date has occurred).

## 5. REPRESENTATIONS

Each party hereto (other than the Security Trustee) represents to the other parties hereto that all representations contained in the Master Agreement are true and accurate as of the date of this Amendment Agreement and that such representations are deemed to be given or repeated by each party, as the case may be, on the date of this Amendment Agreement.

## 6. MISCELLANEOUS

- (a) **Entire Agreement.** 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.
- (b) **Counterparts.** This Amendment Agreement may be executed and delivered in a number of counterparts (including by facsimile transmission), each of which will be deemed an original for all purposes and all such counterparts together shall constitute one and the same instrument.
- (c) **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.



- (d) **Governing Law.** This Agreement Amendment and any non-contractual obligations arising out of or connected with it will be governed by and construed in accordance with the laws of England.
- (e) **Jurisdiction.** The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Amendment Agreement (including a dispute regarding the existence, validity or termination of this Amendment Agreement). The parties hereto agree that the courts of England are the most appropriate and convenient courts to settle disputes and accordingly no party shall argue to the contrary.
- (f) **Third Party Rights.** A person who is not a party to this Amendment Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Amendment Agreement.

IN WITNESS WHEREOF the parties have executed this Amendment Agreement by their duly authorised officers on the respective dates specified below with effect from the date specified on the first page of this Amendment Agreement.

**ABBHEY NATIONAL TREASURY  
SERVICES PLC**

.....

Name: [REDACTED]  
Title: [REDACTED]  
Date: [REDACTED]

**ABBHEY COVERED BONDS LLP**

.....

Name: [REDACTED]  
Title: [REDACTED]  
Date: [REDACTED]

**DEUTSCHE TRUSTEE COMPANY  
LIMITED**

.....

Name:  
Title:  
Date:

.....

Name:  
Title:  
Date:

IN WITNESS WHEREOF the parties have executed this Amendment Agreement by their duly authorised officers on the respective dates specified below with effect from the date specified on the first page of this Amendment Agreement.

**ABBHEY NATIONAL TREASURY SERVICES PLC**

**ABBHEY COVERED BONDS LLP**

.....

.....

Name:  
Title:  
Date:

Name:  
Title:  
Date:

**DEUTSCHE TRUSTEE COMPANY LIMITED**

[Redacted]

.....

.....

Name:  
Title:  
Date:

[Redacted]

Name:  
Title:  
Date:

[Redacted]

Amendment Agreement  
26 November 2013



International Swaps and Derivatives Association, Inc.

**AMENDMENT**

dated as of 26 November 2013 to the

**ISDA MASTER AGREEMENT**

dated as of 25 May 2005

between

(1) Abbey National Treasury Services plc ("Party A") and (2) Abbey Covered Bonds LLP ("Party B") and  
(3) Deutsche Trustee Company Limited ("Security Trustee")

as amended from time to time (the "Agreement")

The parties have previously entered into the Agreement and have now agreed to amend the Agreement by the terms of this amendment (this "Amendment").

The specific modifications that the parties wish to incorporate in the Agreement are set forth in the Attachment to this Amendment (the "Attachment"). The purpose of this Amendment is to amend the Agreement on the terms set forth in the Attachment.

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

**1. Amendment of the Agreement**

The Agreement is amended in accordance with the amendments set forth in the Attachment.

**2. Representations**

Party A and Party B represent to each other in respect of the Agreement, as amended pursuant to this Amendment, that all representations made by it pursuant to the Agreement are true and accurate as of the date of this Amendment.

**3. Miscellaneous**

**(a) Entire Agreement; Restatement.**

(i) This Amendment 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.

(ii) Except for any amendment to the Agreement made pursuant to this Amendment, all terms and conditions of the Agreement will continue in full force and effect in accordance with its provisions on the date of this Amendment. References to the Agreement will be to the Agreement, as amended by this Amendment.

(b) **Amendments.** No amendment, modification or waiver in respect of the matters contemplated by this Amendment will be effective unless made in accordance with the terms of the Agreement.

(c) **Counterparts.** This Amendment may be executed and delivered in counterparts (including transmission by facsimile, electronic messaging system or e-mail), each of which will be deemed an original.

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

(e) **Governing Law.** This Amendment will be governed by and construed in accordance with English law.

(f) **Security Trustee.** It is hereby acknowledged and agreed that by its execution of this Agreement the Security Trustee shall not assume or have any obligations or liabilities to the other Parties under the Agreement and that the Security Trustee has agreed to become a party to the Agreement for the purpose only of taking the benefit thereof and agreeing to amendments to this Agreement pursuant to Clause 1. The exercise of any of the Security Trustee's rights and/or discretions hereunder will be subject to the same protections and immunities (mutatis mutandis) as are conferred upon the Security Trustee and contained in the Deed of Charge (as the same may have been amended and/or supplemented from time to time).

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

[Redacted Signature Block]  
Abbey National Treasury Services pro

[Redacted Signature Block]  
Abbey Covered Bonds LLP

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

By: ..  
Name:  
Title:  
Date:

.....  
Deutsche Trustee Company Limited

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

(b) Except for any amendment to the Agreement made pursuant to this Amendment, all terms and conditions of the Agreement will continue in full force and effect in accordance with its provisions on the date of this Amendment. References to the Agreement will be to the Agreement, as amended by this Amendment.

(b) **Amendments.** No amendment, modification or waiver in respect of the matters contemplated by this Amendment will be effective unless made in accordance with the terms of the Agreement.

(c) **Counterparts.** This Amendment may be executed and delivered in counterparts (including transmission by facsimile, electronic messaging system or e-mail), each of which will be deemed an original.

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

(e) **Governing Law.** This Amendment will be governed by and construed in accordance with English law.

(f) **Security Trustee.** It is hereby acknowledged and agreed that by its execution of this Agreement the Security Trustee shall not assume or have any obligations or liabilities to the other Parties under the Agreement and that the Security Trustee has agreed to become a party to the Agreement for the purpose only of taking the benefit thereof and agreeing to amendments to this Agreement pursuant to Clause 1. The exercise of any of the Security Trustee's rights and/or discretions hereunder will be subject to the same provisions and immunities (mutatis mutandis) as are conferred upon the Security Trustee and contained in the Deed of Charge (as the same may have been amended and/or supplemented from time to time).

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

Abbey National Treasury Services plc

Abbey Covered Bonds LLP

By: .....

By: .....

Name:

Name:

Title:

Title:

Date:

Date:

Date:

By: .....

Name:

Title:

Date:





## ATTACHMENT

### Amendments to the Agreement

The following provisions are added to Part 5 of the Schedule to the Agreement.

**(v) Portfolio Reconciliation and Dispute Resolution**

**(1) Agreement to Reconcile Portfolio Data**

Party A and Party B agree to reconcile portfolios as required by the Portfolio Reconciliation Risk Mitigation Techniques.

**(a) One-way Delivery of Portfolio Data.** If one party is a Portfolio Data Sending Entity and the other party is a Portfolio Data Receiving Entity:

(i) on each Data Delivery Date, the Portfolio Data Sending Entity will provide Portfolio Data to the Portfolio Data Receiving Entity;

(ii) on each PR Due Date, the Portfolio Data Receiving Entity will perform a Data Reconciliation;

(iii) if the Portfolio Data Receiving Entity identifies one or more discrepancies which such party determines, acting reasonably and in good faith, are material to the rights and obligations of Party A and Party B in respect of one or more Relevant Transaction(s), it will notify the other party in writing as soon as reasonably practicable and Party A and Party B will consult with each other in an attempt to resolve such discrepancies in a timely fashion for so long as such discrepancies remain outstanding, using, without limitation, any applicable updated reconciliation data produced during the period in which such discrepancy remains outstanding; and

(iv) if the Portfolio Data Receiving Entity does not notify the Portfolio Data Sending Entity that the Portfolio Data contains discrepancies by 4p.m. local time in the place of business of the Portfolio Data Sending Entity on the fifth Joint Business Day following the later of the PR Due Date and the date on which the Portfolio Data Sending Entity provided such Portfolio Data to the Portfolio Data Receiving Entity, the Portfolio Data Receiving Entity will be deemed to have affirmed such Portfolio Data.

**(b) Exchange of Portfolio Data.** If both Party A and Party B are Portfolio Data Sending Entities:

(i) on each Data Delivery Date, each party will provide Portfolio Data to the other party;

(ii) on each PR Due Date, each party will perform a Data Reconciliation; and

(iii) if Party A or Party B identifies one or more discrepancies which such party determines, acting reasonably and in good faith, are material to the rights and obligations of the parties in respect of one or more Relevant Transaction(s), it will notify the other party in writing as soon as reasonably practicable and Party A and Party B will consult with each other in an attempt to resolve any such discrepancies in a timely fashion for so long as such discrepancies remain outstanding, using, without limitation, any applicable updated

reconciliation data produced during the period in which such discrepancy remains outstanding.

**(2) Change of Status**

(a) Party A and Party B may change their own designation with the written agreement of the other party (such agreement not to be unreasonably withheld or delayed). No change of designation will be permitted where the result would be that both Party A and party B are Portfolio Data Receiving Entities unless they also agree a process for reconciling Portfolio Data in order to meet the requirements of the Portfolio Reconciliation Risk Mitigation Techniques.

(b) If Party A or Party B believes, acting reasonably and in good faith, that the parties are required to perform Data Reconciliation at a greater or lesser frequency than that being used by the parties at such time, it will notify the other party of such in writing, providing evidence on request. From the date such notice is effectively delivered, such greater or lesser frequency will apply and the first following PR Due Date will be the earlier of the date agreed between the parties and the last Joint Business Day in the PR Period starting on the date on which the immediately preceding Data Reconciliation occurred (or, if no Joint Business Day occurs which is within such PR Period and is on or following the date such notice is effective, the first Joint Business Day following the later of the end of such PR Period and the date such notice is effective).

**(3) Use of agents and third party service providers**

For the purposes of performing all or part of the actions under Parts 5(v)(1) and 5(v)(2), each party may appoint:

- (i) an Affiliate to act as agent, immediately on written notice to the other party; and/or
- (ii) subject to the other party's agreement (such agreement not to be unreasonably withheld or delayed and which may include any such agreement existing prior to 27 November 2013), (1) an entity other than an Affiliate as agent and/or (2) a qualified and duly mandated third party service provider.

**(4) Dispute Identification and Resolution Procedure**

Party A and Party B agree that they will use the following procedure to identify and resolve Disputes between them:

- (a) either party may identify a Dispute by sending a Dispute Notice to the other party;
- (b) on or following the Dispute Date, the parties will consult in good faith in an attempt to resolve the Dispute in a timely manner, including, without limitation, by exchanging any relevant information and by identifying and using any Agreed Process which can be applied to the subject of the Dispute or, where no such Agreed Process exists or the parties agree that such Agreed Process would be unsuitable, determining and applying a resolution method for the Dispute; and
- (c) with respect to any Dispute that is not resolved within five Joint Business Days of the Dispute Date, refer issues internally to appropriately senior members of staff of such party or of its Affiliate, adviser or agent in addition to actions under (b) immediately above (including actions under any Agreed Process identified and used under (b) immediately above) and to the extent such referral has not occurred as a result of action under (b) immediately above (including any Agreed Process).

**(5) Internal processes for recording and monitoring Disputes**

Each party agrees that, to the extent the Dispute Resolution Risk Mitigation Techniques apply to each party, it will have internal procedures and processes in place to record and monitor any Dispute for as long as the Dispute remains outstanding.

**(6) Relationship to other portfolio reconciliation and dispute resolution processes**

This Part 5(v) and any action or inaction of either party in respect of it are without prejudice to any rights or obligations the parties may possess in respect of each other under any Agreed Process or other contractual agreement, by operation of law or otherwise. Action or inaction by a party in respect of this Part 5(v) will not be presumed to operate as an exercise or waiver, in whole or part, of any right, power or privilege such party may possess in respect of each other under any Agreed Process or other contractual agreement, by operation of law or otherwise. In particular, but without limitation, (a) any valuation in respect of one or more Relevant Transactions for the purposes of this Part 5(v) will be without prejudice to any other valuation with respect to such Relevant Transaction(s) made for collateral, close out, dispute or other purpose; (b) the parties may seek to identify and resolve issues and discrepancies between themselves before either party delivers a Dispute Notice; and (c) nothing in this Part 5(v) obliges a party to deliver a Dispute Notice following the identification of any such issue or discrepancy (notwithstanding that such issue or discrepancy may remain unresolved) or limits the rights of the parties to serve a Dispute Notice, to commence or continue an Agreed Process (whether or not any action under Part 5(v)(4) has occurred) or otherwise to pursue any dispute resolution process in respect of any such issue or discrepancy (whether or not any action under Part 5(v)(4) has occurred).

**(w) Confidentiality Waiver**

Notwithstanding anything to the contrary in this Agreement or in any non-disclosure, confidentiality or other agreement between the parties, each party hereby consents to the disclosure of information:

(1) to the extent required or permitted under, or made in accordance with, the provisions of EMIR and any applicable supporting law, rule or regulation ("*EMIR and Supporting Regulation*") which mandate reporting and/or retention of transaction and similar information or to the extent required or permitted under, or made in accordance with, any order or directive in relation to (and including) EMIR and Supporting Regulation regarding reporting and/or retention of transaction and similar information issued by any authority or body or agency in accordance with which the other party is required or accustomed to act ("*Reporting Requirements*"); or

(2) to and between the other party's head office, branches or Affiliates, or any persons or entities who provide services to such other party or its head office, branches or Affiliates, in each case, in connection with such Reporting Requirements.

Each party acknowledges that pursuant to EMIR and Supporting Regulation, regulators require reporting of trade data to increase market transparency and enable regulators to monitor systemic risk to ensure safeguards are implemented globally.

Each party further acknowledges that disclosures made pursuant hereto may include, without limitation, the disclosure of trade information including a party's identity (by name, address, corporate affiliation, identifier or otherwise) to any trade repository registered in accordance with Article 55 of EMIR or recognised in accordance with Article 77 of EMIR or one or more systems or services operated by any such trade repository ("*TR*") and any relevant regulators (including without limitation, the European Securities and Markets Authority and national regulators in the European Union) under EMIR and Supporting Regulation and that such disclosures could result in certain anonymous transaction and pricing data becoming available

to the public. Each party further acknowledges that, for purposes of complying with regulatory reporting obligations, a party may use a third party service provider to transfer trade information into a TR and that a TR may engage the services of a global trade repository regulated by one or more governmental regulators. Each party also acknowledges that disclosures made pursuant hereto may be made to recipients in a jurisdiction other than that of the disclosing party or a jurisdiction that may not necessarily provide an equivalent or adequate level of protection for personal data as the counterparty's home jurisdiction. For the avoidance of doubt, (i) to the extent that applicable non-disclosure, confidentiality, bank secrecy, data privacy or other law imposes non-disclosure requirements on transaction and similar information required or permitted to be disclosed as contemplated herein but permits a party to waive such requirements by consent, the consent and acknowledgements provided herein shall be a consent by each party for purposes of such law; (ii) any agreement between the parties to maintain confidentiality of information contained in this Agreement or in any non-disclosure, confidentiality or other agreement shall continue to apply to the extent that such agreement is not inconsistent with the disclosure of information in connection with the Reporting Requirements as set out herein; and (iii) nothing herein is intended to limit the scope of any other consent to disclosure separately given by each party to the other party.

The consenting party represents and warrants that any third party to whom it owes a duty of confidence in respect of the information disclosed has consented to the disclosure of that information.

**(x) Remedies for Breach**

Without prejudice to the rights, powers, remedies and privileges provided by law, failure by a party to take any actions required by or to otherwise comply with Part 5(v) or any inaccuracy of the representation and warranty in Part 5(w), in either case, will not constitute an Event of Default or Termination Event in respect of such party.

**(y) Local Business Day.** The definition of Local Business Day in Section 14 shall be amended by replacing the last "and" with a comma and inserting the following before the full stop at the end of the definition:

“, and (e) in relation to portfolio reconciliation and dispute resolution under Parts 5(v) and 5(z), unless otherwise agreed between the parties in writing, a day on which commercial banks and foreign exchange markets settle payments and are open for general business in, in respect of Party A, London; and, in respect of Party B, London.”

**(z) Definitions**

For the purposes of Parts 5(v), 5(w), 5(x) and 5(z):

**"agent"** means an entity appointed to act solely on the appointing party's behalf to deal with the other party in relation to all or part of the actions under the relevant provision.

**"Agreed Process"** means any process agreed between the parties in respect of a Dispute other than the Dispute Resolution Procedure including, without limitation, the process in Section 13 of this Agreement and Paragraph 4 of the Credit Support Annex of the Agreement in each case as may be amended between the parties.

**"Data Delivery Date"** means each date agreed as such between the parties provided that, in the absence of such agreement, the Data Delivery Date will be the Joint Business Day immediately prior to the PR Due Date.

**"Data Reconciliation"** means, in respect of a party receiving Portfolio Data, a comparison of the Portfolio Data provided by the other party against such party's own books and records of all outstanding Relevant Transactions between the parties in order to identify promptly any misunderstandings of Key Terms.

**"Dispute"** means any dispute between the parties (a) which, in the sole opinion of the party delivering the relevant Dispute Notice, is required to be subject to the Dispute Resolution Procedure (or other Agreed Process) pursuant to the Dispute Resolution Risk Mitigation Techniques; and (b) in respect of which a Dispute Notice has been effectively delivered.

**"Dispute Date"** means, with respect to a Dispute, the date on which a Dispute Notice is effectively delivered by one party to the other party save that if, with respect to a Dispute, both parties deliver a Dispute Notice, the date on which the first in time of such notices is effectively delivered will be the Dispute Date. Each Dispute Notice will be effectively delivered if delivered in the manner agreed between the parties for the giving of notices in respect of this Agreement.

**"Dispute Notice"** means a notice in writing which states that it is a dispute notice for the purposes of Part 5(v) and which sets out in reasonable detail the issue in dispute (including, without limitation, the Relevant Transaction(s) to which the issue relates).

**"Dispute Resolution Procedure"** means the identification and resolution procedure set out in Part 5(v)(4).

**"Dispute Resolution Risk Mitigation Techniques"** means the dispute resolution risk mitigation techniques for OTC derivative transactions set out in Article 11(1)(b) of EMIR as supplemented by Article 15 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 and published on 23 February 2013 in the Official Journal of the European Union.

**"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.

**"EMIR and Supporting Regulation"** has the meaning given to it in Part 5(w)(1).

**"European Union"** means the economic and political union established in 1993 by the Maastricht Treaty, with the aim of achieving closer economic and political union between member states that are primarily located in Europe.

**"Joint Business Day"** means a day that is a Local Business Day in respect of each party.

**"Key Terms"** means, with respect to a Relevant Transaction and a party, the valuation of such Relevant Transaction and such other details the relevant party deems relevant from time to time which may include the effective date, the scheduled maturity date, any payment or settlement dates, the notional value of the contract and currency of the Relevant Transaction, the underlying instrument, the position of the counterparties, the business day convention and any relevant fixed or floating rates of the Relevant Transaction. For the avoidance of doubt, "Key Terms" does not include details of the calculations or methodologies underlying any term.

**"Portfolio Data"** means, in respect of a party providing or required to provide such data, the Key Terms in relation to all outstanding Relevant Transactions between the parties in a form and standard that is capable of being reconciled, with a scope and level of detail that would be reasonable to the Portfolio Data Sending Entity if it were the receiving party. Unless otherwise agreed between the parties, the information comprising the Portfolio Data to be provided by a party on a Data Delivery Date will be prepared as at the close of business on the immediately preceding Local Business Day of, and as specified in writing by, the party providing the Portfolio Data.

**"Portfolio Data Receiving Entity"** means neither Party A nor Party B, subject to Part 5(v)(2)(a) above.

**"Portfolio Data Sending Entity"** means Party B and Party A, subject to Part 5(v)(2)(a) above.

**"Portfolio Reconciliation Requirements"** means the requirements one or both parties are subject to in accordance with the Portfolio Reconciliation Risk Mitigation Techniques.

**"Portfolio Reconciliation Risk Mitigation Techniques"** means the portfolio reconciliation risk mitigation techniques for OTC derivative transactions set out in Article 11(1)(b) of EMIR as supplemented by Article 13 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 and published on 23 February 2013 in the Official Journal of the European Union.

**"PR Due Date"** means each date agreed as such between the parties provided that the PR Due Date will be the PR Fallback Date where either (a) no date is agreed or (b) the agreed date occurs after the PR Fallback Date.

**"PR Fallback Date"** means: (a) in respect of the PR Period starting on the PR Requirement Start Date, the last Joint Business Day in such PR Period; and, otherwise, (b) the last Joint Business Day in the PR Period starting on the calendar day immediately following the last calendar day of the immediately preceding PR Period. If there is no Joint Business Day in a PR Period, the PR Due Date will be the first Joint Business Day following the end of the PR Period.

**"PR Period"** means, with respect to the parties:

- (a) if the Portfolio Reconciliation Requirements require Data Reconciliation to occur each business day, one Joint Business Day;
- (b) if the Portfolio Reconciliation Requirements require Data Reconciliation to occur once per week, one calendar week;
- (c) if the Portfolio Reconciliation Requirements require Data Reconciliation to occur once per quarter, three calendar months; or
- (d) if the Portfolio Reconciliation Requirements require Data Reconciliation to occur once per year, one calendar year.

**"PR Requirement Start Date"** means the first calendar day on which the Portfolio Reconciliation Requirements apply to one or both of the parties and Part 5(v) applies to the parties.

**"Relevant Transaction"** means any Transaction which is subject to the Portfolio Reconciliation Risk Mitigation Techniques and/or the Dispute Resolution Risk Mitigation Techniques.

**"Reporting Requirement"** has the meaning given to it in Part 5(w)(1).

**"third party service provider"** refers to an entity that the parties agree will perform all or part of the actions under the relevant provision for both parties.

**"TR"** has the meaning given to it in Part 5(w).

Novation Agreement  
30 March 2016

# ISDA<sup>®</sup>

International Swaps and Derivatives Association, Inc.

## NOVATION AGREEMENT

dated as of 30 March 2016 among:

**Abbey Covered Bonds LLP** (the "**LLP**"), **Deutsche Trustee Company Limited** (the "**Security Trustee**" and, together with the LLP, the "**Remaining Parties**"), **Abbey National Treasury Services plc** (the "**Transferor**")

AND

**Santander UK plc** (the "**Transferee**").

The Transferor and the Remaining Parties have entered into (i) one or more Transactions as identified in Part I of Annex A hereto (each an "**Old Non-Contingent Transaction**"), and (ii) one or more Transactions as identified in Part II of Annex A hereto (each an "**Old Contingent Transaction**", together with the Old Non-Contingent Transactions, each an "**Old Transaction**") each evidenced by a Confirmation (an "**Old Confirmation**") subject to a 1992 ISDA Master Agreement (including the Schedule thereto (the "**Old Schedule**")) as supplemented by a Credit Support Annex (the "**Old CSA**"), dated as of 25 May 2005, as amended and restated pursuant to an amendment agreement dated 24 December 2012 between the Transferor, the LLP and the Security Trustee (the "**Amendment Agreement**") and as further amended on 26 November 2013 and subject to the terms of the Amendment Agreement, and as otherwise amended, restated and/or supplemented from time to time (the "**Old Agreement**").

With effect from and including 30 March 2016 (the "**Novation Date**"), the Transferor wishes to transfer by novation to the Transferee, and the Transferee wishes to accept the transfer by novation of, all the rights, liabilities, duties and obligations of the Transferor under and in respect of the Old Agreement and each Old Transaction, with the effect that the Remaining Parties and the Transferee enter into a new agreement, having terms identical to those of the Old Agreement except as set out in Part I of Annex B hereto (the "**New Agreement**") and a new transaction (each a "**New Transaction**") between them having terms identical to those of each Old Transaction except as set out in Part II and Part III of Annex B hereto, as more particularly described below.

The Remaining Parties wish to accept each other and the Transferee as their sole counterparties with respect to the New Agreement and the New Transactions.

The Transferor and the LLP wish to have released and discharged, as a result and to the extent of the transfer described above, their respective obligations under and in respect of the Old Agreement and the Old Transactions.

Accordingly, the parties agree as follows: ---

### 1. Definitions.

Terms defined in the ISDA Master Agreement (Multicurrency-Cross Border) as published in 1992 by the International Swaps and Derivatives Association, Inc., (the "**1992 ISDA Master Agreement**") are used herein as so defined, unless otherwise provided herein.



## EXECUTION VERSION

### 2. Transfer, Release, Discharge and Undertakings.

With effect from and including the Novation Date and in consideration of the mutual representations, warranties and covenants contained in this Novation Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties):

- (a) the LLP and the Transferor are each released and discharged from further obligations to each other with respect to the Old Agreement and each Old Transaction and their respective rights against each other thereunder are cancelled, provided that such release and discharge shall not affect any rights, liabilities or obligations of the LLP or the Transferor with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Date, and all such payments and obligations shall be paid or performed by the LLP or the Transferor in accordance with the terms of the Old Agreement and the Old Transaction;
- (b) in respect of the New Agreement and each New Transaction, the LLP and the Transferee each undertake liabilities and obligations (if any) towards the other and acquire rights against each other identical in their terms to the Old Agreement and each corresponding Old Transaction (in each case, except as set out in Annex B hereto and, for the avoidance of doubt, as if the Transferee were the Transferor and with the Remaining Parties remaining the Remaining Parties, save for any rights, liabilities or obligations of the LLP or the Transferor with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Date); and
- (c) each New Transaction shall be governed by and form part of the New Agreement and the relevant Old Confirmation (which, in conjunction and as deemed modified to be consistent with this Novation Agreement (and in particular, Annex B hereto), shall be deemed to be a Confirmation between the Remaining Parties and the Transferee) (each, a "**New Confirmation**"), and the offices of the Remaining Parties and the Transferee for purposes of each New Transaction shall in each case be London and the office of the Transferor for purposes of the Old Transaction shall have been London.

### 3. Amendment Agreement

With effect from and including the Novation Date and in consideration of the mutual representations, warranties and covenants contained in this Novation Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the LLP and the Transferor are each released and discharged from further obligations to each other with respect to paragraph 4 of the Amendment Agreement and their respective rights against each other thereunder are cancelled, provided that such release and discharge shall not affect any rights, liabilities or obligations of the LLP or the Transferor with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Date, and all such payments and obligations shall be paid or performed by the LLP or the Transferor in accordance with the terms of paragraph 4 of the Amendment Agreement.

### 4. Representations and Warranties.

- (a) On the date of this Novation Agreement and on each Novation Date:
    - (i) Each of the parties hereto (other than the Security Trustee) makes to each of the other parties those representations and warranties set forth in Section 3(a) of the 1992 ISDA Master Agreement with references in such Section to "this Agreement" or "any Credit Support Document" being deemed references to this Novation Agreement alone.
    - (ii) The LLP and the Transferor each makes to the other and the Security Trustee, and the LLP and the Transferee each makes to the other and the Security Trustee, the representation set forth in Section 3(b) of the 1992 ISDA Master Agreement, in each case with respect to the Old Agreement or the New Agreement, as the case may be, and taking into account the parties entering into and performing their obligations under this Novation Agreement.
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- (iii) Each of the Transferor and the LLP represents and warrants to each other and to the Transferee and the Security Trustee that:
  - (A) except for the assignment by way of security of the LLP's interests under the Old Agreement under and in accordance with the deed of charge between, amongst others, the LLP and the Security Trustee originally dated 3 June 2005 as most recently modified and restated on 9 September 2011 (as the same may be amended, restated, supplemented and/or modified from time to time), it has made no prior transfer (whether by way of security or otherwise) of the Old Agreement or any interest or obligation in or under the Old Agreement or in respect of any Old Transaction; and
  - (B) as of the Novation Date, all obligations of the Transferor and the LLP under the Old Agreement and each Old Transaction required to be performed on or before the Novation Date have been fulfilled.
- (b) The Transferor makes no representation or warranty and does not assume any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of any New Transaction or the New Agreement or any documents relating thereto and assumes no responsibility for the condition, financial or otherwise, of the Remaining Parties, the Transferee or any other person or for the performance and observance by the LLP, the Transferee or any other person of any of its obligations under any New Transaction or the New Agreement or any document relating thereto and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

#### **5. Counterparts.**

This Novation Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

#### **6. The Security Trustee**

The parties acknowledge that the Security Trustee is a party to this Novation Agreement solely for the purposes of (i) the enforcement and preservation of its rights hereunder, and (ii) acknowledging the terms hereof.

#### **7. Costs and Expenses.**

The parties will each pay their own costs and expenses (including legal fees) incurred in connection with this Novation Agreement and as a result of the negotiation, preparation and execution of this Novation Agreement except that the costs and expenses (including legal fees) of the Security Trustee shall be borne by the Transferee.

#### **8. Amendments.**

No amendment, modification or waiver in respect of this Novation Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

#### **9. (a) Governing Law.**

This Novation Agreement, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with the laws of England.

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(b) **Jurisdiction.**

The terms of Section 13(b) of the 1992 ISDA Master Agreement shall apply to this Novation Agreement with references in such Section to "this Agreement" being deemed references to this Novation Agreement alone.

IN WITNESS WHEREOF the parties have executed this Novation Agreement on the respective dates specified below with effect from and including the Novation Date.

[Redacted]  
Abbey [Redacted]

.....  
**Deutsche Trustee Company Limited**

By: .....  
Name: [Redacted]  
Title: [Redacted]  
Date: [Redacted]

By: .....  
Name: [Redacted]  
Title: [Redacted]  
Date: [Redacted]

[Redacted]

[Redacted]

By: .....  
Name: [Redacted]  
Title: [Redacted]  
Date: [Redacted]

By: .....  
Name: [Redacted]  
Title: [Redacted]  
Date: [Redacted]

(b) **Jurisdiction.**

The terms of Section 13(b) of the 1992 ISDA Master Agreement shall apply to this Novation Agreement with references in such Section to "this Agreement" being deemed references to this Novation Agreement alone.

IN WITNESS WHEREOF the parties have executed this Novation Agreement on the respective dates specified below with effect from and including the Novation Date.

.....  
**Abbey Covered Bonds LLP**

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

.....  
  
Title:  
Date:

30 March 2016

.....  
**Abbey National Treasury Services plc**

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

.....  
**Santander UK plc**

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

**ANNEX A**

**Identification of Old Transactions to be discharged**

**Part I**

**Old Non-Contingent Transactions**

1. The interest rate and cover pool swap transaction with a Trade Date of the Effective Date (as defined in the Amendment Agreement), entered into between the Transferor and the Remaining Parties under the Old Agreement.
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**Part II****Old Contingent Transactions**

1. Each interest rate swap transaction entered into between the Transferor and the Remaining Parties under the Old Agreement in respect of each of the following Series of Covered Bonds issued by the Transferor:
    - (i) EUR 1,500,000,000 Series 3 Fixed Rate Covered Bonds due April 2021;
    - (ii) EUR 250,000,000 Series 3 Tranche 2 Fixed Rate Covered Bonds due April 2021;
    - (iii) EUR 250,000,000 Series 3 Tranche 3 Fixed Rate Covered Bonds due April 2021;
    - (iv) EUR 600,000,000 Series 3 Tranche 4 Fixed Rate Covered Bonds due April 2021;
    - (v) EUR 1,750,000,000 Series 11 Fixed Rate Covered Bonds due October 2016;
    - (vi) EUR 606,060,000 Series 11 Tranche 2 Fixed Rate Covered Bonds due October 2016;
    - (vii) EUR 1,250,000,000 Series 17 Fixed Rate Covered Bonds due October 2017;
    - (viii) EUR 500,000,000 Series 17 Tranche 2 Fixed Rate Covered Bonds due October 2017;
    - (ix) EUR 320,000,000 Series 17 Tranche 3 Fixed Rate Covered Bonds due October 2017;
    - (x) EUR 100,000,000 Series 18 Fixed Rate Covered Bonds due November 2025;
    - (xi) EUR 125,000,000 Series 19 Fixed Rate Covered Bonds due November 2030;
    - (xii) NOK 1,600,000,000 Series 20 Fixed Rate Covered Bonds due December 2020;
    - (xiii) EUR 100,000,000 Series 21 Fixed Rate Covered Bonds due January 2024;
    - (xiv) EUR 750,000,000 Series 22 Fixed Rate Covered Bonds due January 2018;
    - (xv) EUR 350,000,000 Series 22 Tranche 2 Fixed Rate Covered Bonds due January 2018;
    - (xvi) EUR 300,000,000 Series 22 Tranche 3 Fixed Rate Covered Bonds due January 2018;
    - (xvii) EUR 117,500,000 Series 22 Tranche 4 Fixed Rate Covered Bonds due January 2018;
    - (xviii) GBP 1,000,000,000 Series 23 Fixed Rate Covered Bonds due March 2026;
    - (xix) GBP 1,250,000,000 Series 24 Fixed Rate Covered Bonds due April 2021;
    - (xx) EUR 100,000,000 Series 25 Fixed Rate Covered Bonds due May 2021;
    - (xxi) EUR 1,000,000,000 Series 27 Fixed Rate Covered Bonds due September 2016;
    - (xxii) EUR 312,500,000 Series 27 Tranche 2 Fixed Rate Covered Bonds due September 2016;
    - (xxiii) EUR 53,000,000 Series 28 Fixed Rate Covered Bonds due December 2026;
    - (xxiv) EUR 100,000,000 Series 29 Fixed Rate Covered Bonds due December 2026;
    - (xxv) EUR 30,000,000 Series 30 Fixed Rate Covered Bonds due January 2027;
    - (xxvi) EUR 30,000,000 Series 31 Fixed Rate Covered Bonds due January 2027;
    - (xxvii) EUR 88,000,000 Series 32 Fixed Rate Covered Bonds due February 2032;
    - (xxviii) GBP 750,000,000 Series 37 Fixed Rate Covered Bonds due February 2029;
    - (xxix) EUR 47,000,000 Series 41 Fixed Rate Covered Bonds due March 2027;
    - (xxx) GBP 75,000,000 Series 42 Floating Rate Covered Bonds due March 2027;
    - (xxxi) GBP 750,000,000 Series 43 Floating Rate Covered Bonds due April 2017;
    - (xxxii) EUR 127,000,000 Series 44 Fixed Rate Covered Bonds due April 2022;
    - (xxxiii) EUR 75,000,000 Series 45 Fixed Rate Covered Bonds due April 2023;
    - (xxxiv) EUR 108,000,000 Series 46 Fixed Rate Covered Bonds due April 2030;
    - (xxxv) EUR 50,000,000 Series 47 Fixed Rate Covered Bonds due April 2028;
    - (xxxvi) EUR 45,000,000 Series 48 Fixed Rate Covered Bonds due May 2027;
    - (xxxvii) EUR 35,000,000 Series 49 Fixed Rate Covered Bonds due June 2028;
    - (xxxviii) EUR 40,000,000 Series 50 Fixed Rate Covered Bonds due June 2029;
    - (xxxix) EUR 76,000,000 Series 51 Fixed Rate Covered Bonds due June 2024;
    - (xl) GBP 200,000,000 Series 52 Floating Rate Covered Bonds due June 2018;
    - (xli) EUR 100,000,000 Series 53 Fixed Rate Covered Bonds due July 2025;
    - (xlii) EUR 50,000,000 Series 54 Fixed Rate Covered Bonds due August 2025;
    - (xliii) EUR 50,000,000 Series 55 Fixed Rate Covered Bonds due August 2025;
    - (xliv) EUR 1,000,000,000 Series 56 Fixed Rate Covered Bonds due November 2020;
    - (xlv) EUR 80,000,000 Series 57 Floating Rate Covered Bonds due June 2018;
    - (xlvi) GBP 750,000,000 Series 58 Floating Rate Covered Bonds due January 2017;
    - (xlvii) GBP 250,000,000 Series 58 Tranche 2 Floating Rate Covered Bonds due January 2017;
    - (xlviii) EUR 1,000,000,000 Series 59 Fixed Rate Covered Bonds due September 2019;
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- (xlix) EUR 500,000,000 Series 60 Fixed Rate Covered Bonds due September 2024;
  - (l) EUR 1,000,000,000 Series 61 Fixed Rate Covered Bonds due April 2022;
  - (li) GBP 500,000,000 Series 62 Floating Rate Covered Bonds due May 2018;
  - (lii) GBP 100,000,000 Series 62 Tranche 2 Floating Rate Covered Bonds due May 2018;
  - (liii) GBP 50,000,000 Series 62 Tranche 3 Floating Rate Covered Bonds due May 2018; and
  - (liv) EUR 1,000,000,000 Series 63 Fixed Rate Covered Bonds due August 2021.
-

**ANNEX B**

**Amendments**

**Part I**

**The Old Agreement**

The parties agree that the New Agreement shall be on identical terms to the Old Agreement, subject to the following amendments:

- (a) Part 4(a) of the Old Schedule shall be amended by deleting the paragraphs beginning with "Address: Abbey National Treasury Services plc" up to (but excluding) "Address for notices or communications to Party B:-", and replacing them with the following:

"Address: Santander UK plc  
2 Triton Square  
Regent's Place  
London NW1 3AN

Attention: Medium Term Funding

Telephone: +44 207 756 7100

Email: [MTF@santander.co.uk](mailto:MTF@santander.co.uk)"

- (b) Part 4(f) of the Old Schedule shall be deleted in its entirety and replaced with the following:

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

In respect of Party A: none.

In respect of Party B: none."

- (c) Part 4(g) of the Old Schedule shall be deleted in its entirety and replaced with the following:

"(g) **Credit Support Provider.** Details of any Credit Support Provider:-

In respect of Party A: none.

In respect of Party B: none.

- (d) Part 5(m) of the Old Agreement shall be amended by:

(i) deleting the words "the parties to this Agreement on 24 December 2012" and replacing them with "the parties to this Agreement on 23 June 2015";

(ii) in the definition of "Eligible Guarantee", deleting the words "Abbey National Treasury Services plc, the guarantee by way of deed poll executed by Santander UK plc dated 24 January 2004" and replacing them with "Santander UK plc, the guarantee by way of deed poll executed by Abbey National Treasury Services plc dated 5 June 2015"; and

(iii) inserting the following definitions:

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**"Cover Pool Swap** means the interest rate and cover pool swap transaction entered into between Party A, Party B and the Security Trustee under this Agreement.

**Future Interest Rate Swap Transactions** means each interest rate swap transaction in respect of each series of Covered Bonds issued following 24 December 2012 or each additional tranche of an existing series of Covered Bonds issued following 24 December 2012.

**Novation Date** means 30 March 2016

**Original Interest Rate Swap Transactions** means the interest rate swap transactions entered into between Party A, Party B and the Security Trustee under this Agreement with a Trade Date on or prior to 24 December 2012 which are still in full force and effect and have not been terminated as at the Novation Date.

**Swap Reversion Date** means a date designated by Party A by 30 Local Business Days' notice to each of Party B and the Security Trustee."

(e) A new Part 5(v) shall be inserted in the Old Agreement as follows:

"(v) *Suspension of the Original Interest Rate Swap Transactions and Activation of the Cover Pool Swap*

- (i) From the Novation Date until the Swap Reversion Date, no payments or deliveries will be required to be made under Section 2(a) of this Agreement in respect of the Original Interest Rate Swap Transactions or under the terms of the Original Interest Rate Swap Transactions and the parties shall instead comply with their obligations under the Cover Pool Swap.
  - (ii) Notwithstanding any of the terms of the Credit Support Annex:
    - (A) from the Novation Date until and excluding the Swap Reversion Date only the Cover Pool Swap will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex;
    - (B) on the Swap Reversion Date, each of the Cover Pool Swap and the Original Interest Rate Swap Transactions and Future Interest Rate Swap Transactions will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex; and
    - (C) from and excluding the Swap Reversion Date, each of the Original Interest Rate Swap Transactions and Future Interest Rate Swap Transactions will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex.
  - (iii) Upon the occurrence of a Swap Reversion Date:
    - (A) the Cover Pool Swap will terminate in accordance with its terms;
    - (B) payments and deliveries to be made under each of the Original Interest Rate Swap Transactions shall commence on the basis that:
      - (x) the first Interest Period under each of the Original Interest Rate Swap Transactions following the occurrence of a Swap Reversion Date shall commence on the Swap Reversion Date and end on (but exclude) the first Payment Date following the Swap Reversion Date;
-

- (y) the first Portfolio Calculation Period under each of the Original Interest Rate Swap Transactions following the occurrence of a Swap Reversion Date shall commence on (and include) the Swap Reversion Date and end on (but exclude) the next following Calculation Date; and
  - (z) no payment or delivery shall be due from either Party A or Party B under the Original Interest Rate Transactions in respect of the period from the Novation Date to but excluding the Swap Reversion Date; and
- (C) the Effective Date will occur under each of the Future Interest Rate Swap Transactions on the Swap Reversion Date.
- (iv) Where the Termination Date of the relevant Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction has occurred prior to the Swap Reversion Date, such Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction shall be extinguished and no amounts shall be payable following such Termination Date or in respect of the period from (and including) the Novation Date to (and including) such Termination Date in respect of such Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction."
- (f) Paragraph 11(g) of the Old CSA shall be amended by deleting the paragraphs beginning with "Details to be obtained from" up to (but excluding) Party B", and replacing them with the following:

"Address: Santander UK plc  
2 Triton Square  
Regent's Place  
London NW1 3AN

Attention: Medium Term Funding

Telephone: +44 207 756 7100

Email: [MTF@santander.co.uk](mailto:MTF@santander.co.uk)"

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**Part II**

**Old Confirmations in respect of the Old Non-Contingent Transactions**

The parties agree that the New Confirmations (the "**Non-Contingent New Confirmations**") corresponding to the Old Confirmations in respect of the Old Non-Contingent Transactions (the "**Non-Contingent Old Confirmations**") shall be on identical terms to the Non-Contingent Old Confirmations subject to the following amendments:

- (a) Any details throughout the Non-Contingent Old Confirmations which are personal to the Transferor shall be replaced with the following (where applicable):

"Address: Santander UK plc  
2 Triton Square  
Regent's Place  
London NW1 3AN

Attention: Medium Term Funding

Telephone: +44 207 756 7100

Email: [MTF@santander.co.uk](mailto:MTF@santander.co.uk)".

- (b) The definition of "Effective Date" in the Non-Contingent Old Confirmations shall be amended by deleting the word "us" and replacing it with "Abbey National Treasury Services plc".
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### Part III

#### Old Confirmations in respect of the Old Contingent Transactions

The parties agree that the New Confirmations (the "**Contingent New Confirmations**") corresponding to the Old Confirmations in respect of the Old Contingent Transactions (the "**Contingent Old Confirmations**") shall be on identical terms to the Contingent Old Confirmations subject to the following amendments:

- (a) Any details throughout the Contingent Old Confirmations which are personal to the Transferor shall be replaced with the following (where applicable):

"Address: Santander UK plc  
2 Triton Square  
Regent's Place  
London NW1 3AN

Attention: Medium Term Funding

Telephone: +44 207 756 7100

Email: [MTF@santander.co.uk](mailto:MTF@santander.co.uk)".

- (b) Paragraph 5 of the Contingent Old Confirmations shall be amended by deleting the words "the parties to this Agreement on 3 June 2005 (as amended and restated on 20 May 2008, 8 September 2009, 8 November 2010, 9 September 2011 and 24 December 2012 and as further amended on 12 July 2013" and replacing them with "Party B and the Security Trustee on 23 June 2015".
- (c) In respect of the Contingent Old Confirmations in respect of Future Interest Rate Swap Transactions only:
- (i) the word "Amendment" in the definition of "Transaction" shall be deleted; and
  - (ii) the word "Amendment" in the definition of "Effective Date" shall be deleted.
-

Cover Pool Swap Amendment Agreement  
16 June 2020

**EXECUTION VERSION**

**COVER POOL SWAP  
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 COVER POOL SWAP 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)**.

### WHEREAS:

- (A) The parties have previously entered into a 1992 ISDA Master Agreement (Multicurrency-Cross Border) including the Schedule thereto dated as of 25 May 2005, entered into between Abbey National Treasury Services plc, Party B and the Security Trustee, as amended and restated by the Amendment Agreement (as defined below) and as novated from Abbey National Treasury Services plc to Party A pursuant to the Novation Agreement (as defined below) and as further amended and supplemented from time to time (the **Interest Rate Swap Agreement**), including the interest rate swap transaction (the **Cover Pool Swap**) entered into pursuant to the terms of the Amendment Agreement and evidenced by the confirmation set out in Schedule 3 of the Amendment Agreement (the **Cover Pool Swap Confirmation**).
- (B) The parties have now agreed to amend the Cover Pool Swap Confirmation pursuant to this Cover Pool Swap Amendment Agreement.

**IT IS HEREBY AGREED**, in consideration of the mutual agreements and representations set forth herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

## 1. DEFINITIONS

Capitalised terms used, but not defined, in this Cover Pool Swap 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 Cover Pool Swap Amendment Agreement on 8 September 2009, as the same may be amended, varied or supplemented from time to time.

In this Cover Pool Swap Amendment Agreement:

**Amendment Agreement** means the amendment agreement between Abbey National Treasury Services plc, Party B and the Security Trustee dated 24 December 2012;

**Amendment Effective Date** means 12 June 2020; and

**Novation Agreement** means the novation agreement between Abbey National Treasury Services plc, Party A, Party B and the Security Trustee dated as of 30 March 2016.

## 2. AMENDMENT OF THE INTEREST RATE SWAP AGREEMENT

Without prejudice to the terms of the Amendment Agreement, with effect from and including the Amendment Effective Date, the Cover Pool Swap Confirmation shall be amended and restated in the manner set out in the Annex to this Cover Pool Swap Amendment Agreement.

## **EXECUTION VERSION**

### **3. REPRESENTATIONS**

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

### **4. MISCELLANEOUS**

#### **4.1 Entire Agreement, Restatement**

This Cover Pool Swap 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.

#### **4.2 Amendments**

No amendment, modification or waiver in respect of matters contemplated by this Cover Pool Swap Amendment Agreement will be effective unless made in accordance with the terms of the Interest Rate Swap Agreement.

#### **4.3 Counterparts**

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

#### **4.4 Headings**

The headings used in this Cover Pool Swap 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 Cover Pool Swap Amendment Agreement.

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

A person who is not party to this Cover Pool Swap 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 Cover Pool Swap Amendment Agreement.

#### **4.6 Governing Law**

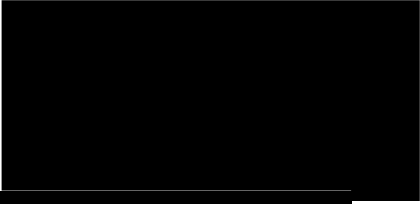
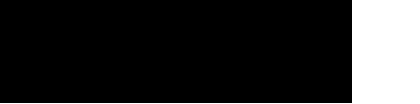


This Cover Pool Swap Amendment Agreement and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.



**EXECUTION VERSION**

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

**ANNEX**

*AMENDED AND RESTATED COVER POOL SWAP CONFIRMATION*

## COVER POOL SWAP CONFIRMATION

From: Santander UK plc (**Party A**)  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

To: Abbey Covered Bonds LLP (**Party B**)  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

Attention: Medium Term Funding and Treasury Legal

To: Deutsche Trustee Company Limited (the **Security Trustee**)  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

Attention: Managing Director (ABS/MBS Group)

Dear Sirs,

**Cover Pool Swap Confirmation in relation to the €35 billion Global Covered Bond Programme (the "Covered Bond Programme") of Santander UK plc and unconditionally and irrevocably guaranteed as to payments of interest and principal by Abbey Covered Bonds LLP**

The purpose of this amended and restated letter (this **Confirmation**) is to confirm the terms and conditions of the Swap Transaction entered into between us, you and the Security Trustee on the Trade Date specified below, as amended as of 12 June 2020, and it amends and restates the confirmation dated as of the Trade Date.

This Confirmation constitutes a **Confirmation** as referred to in the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated as of 25 May 2005 entered into between Abbey National Treasury Services plc, you and the Security Trustee as amended and restated by the Amendment Agreement (as defined below) and as novated from Abbey National Treasury Services plc to Party A pursuant to the Novation Agreement (as defined below) and as further amended and supplemented from time to time (the **Agreement**).

The definitions and provisions contained in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the **Definitions**) are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation shall prevail. Any terms not otherwise defined herein or in the Definitions shall have the meanings given to them in the Amended and Restated Master Definitions and Construction Agreement made between, inter alios, the parties to the Agreement on 24 April 2018 (as the same may be amended, varied or supplemented from time to time with the consent of certain parties thereto) (the **Master Definitions and Construction Agreement**). The rules of interpretation set out in the Master Definitions and Constructions Agreement shall apply to this Confirmation.

The term **Transaction** as used herein shall, for the purposes of the Definitions, have the same meaning as **Swap Transaction**.

**Amendment Agreement** means the amendment agreement between Abbey National Treasury Services plc, Abbey Covered Bonds LLP and Deutsche Trustee Company Limited dated 24 December 2012.

**Asset Coverage Test** has the meaning specified in the Master Definitions and Construction Agreement.

**Average Loan Balance** means, in respect of a Portfolio Calculation Period, the average daily aggregate outstanding current balance of the Loans in the Portfolio during the relevant Portfolio Calculation Period as notified by the Cash Manager in accordance with the Cash Management Agreement.

**Average Loan Balance Performance**, means in respect of any Portfolio Calculation Period, the quotient of (i) the total amount of interest paid to Party B on the outstanding balance of the Loans in the Portfolio during the Portfolio Calculation Period and (ii) the total amount of interest due and payable to Party B on the outstanding balance of the Loans in the Portfolio during the Portfolio Calculation Period.

**Calculation Date** has the meaning specified in the Master Definitions and Construction Agreement.

**Cash Manager** and **Cash Management Agreement** have the meaning specified in the Master Definitions and Construction Agreement

**Covered Bond Swap** has the meaning specified in the Master Definitions and Construction Agreement.

**GIC Account** has the meaning specified in the Master Definitions and Construction Agreement.

**GIC Account Performance** means the quotient of (i) the Relevant GIC Account Interest Received attributable to the calendar month ending immediately prior to the relevant LLP Payment Date and (ii) the Relevant GIC Account Interest Due attributable to the calendar month ending immediately prior to the relevant LLP Payment Date.

**GIC Balance** has the meaning specified in the Master Definitions and Construction Agreement.

**GIC Swap Balance** means the lesser of:

- (a) an amount equal to the greater of :
  - (i) the sum of the Reserve Fund Balance and the Sale of Selected Loans Proceeds; and
  - (ii) the total amount which would need to be deposited in the GIC Account such that if such date was a day on which the Asset Coverage Test was tested, the Asset Coverage Test would be satisfied, and
- (b) the GIC Balance.

**LLP Deed** has the meaning specified in the Master Definitions and Construction Agreement.

**LLP Payment Date** has the meaning specified in the Master Definitions and Construction Agreement.

**LLP Payment Period** has the meaning specified in the Master Definitions and Construction Agreement.

**Mortgage Sale Agreement** has the meaning specified in the Master Definitions and Construction Agreement.

**Novation Agreement** means the novation agreement between Abbey Covered Bonds LLP, Deutsche Trustee Company Limited, Abbey National Treasury Services plc and Santander UK plc dated as of 30 March 2016.

**Portfolio** means, at any time, the Loans that, at such time, have been acquired by Party B from the Seller pursuant to the Mortgage Sale Agreement, but excluding Loans which have been redeemed in full or repurchased by the Seller or otherwise sold by Party B.

**Portfolio Calculation Period** means the period from (and including) one Calculation Date to (but excluding) the next following Calculation Date, except that (i) the first Portfolio Calculation Period shall commence on (and include) the Effective Date and end on (but exclude) the next following Calculation Date and (ii) the final Portfolio Calculation Period shall end on, but exclude, the Termination Date.

**Relevant GIC Account Interest Received** means the total amount of interest received by Party B in respect of the GIC Swap Balance.

**Relevant GIC Account Interest Due** means the total amount of interest due to Party B in respect of the GIC Swap Balance.

**Reserve Fund Balance** means, on any day, the amount noted on the Reserve Ledger as at the opening of business in London on such day, or where no Reserve Ledger is required to be kept, the last recorded amount on the Reserve Ledger plus any additional amount which has been added to the Reserve Fund in the period since the Reserve Ledger was last maintained as at the opening of business on such day.

**Reserve Fund** has the meaning specified in the Master Definitions and Construction Agreement.

**Reserve Ledger** has the meaning specified in the Master Definitions and Construction Agreement.

**Sale of Selected Loans Proceeds** means, on any day, any amount that has been credited to the GIC Account which represents the proceeds of the sale of Selected Loans following a sale of Selected Loans made pursuant to clause 19 (*Sale of Selected Loans*) of the LLP Deed, as at the opening of business in London on such day.

**Seller** has the meaning specified in the Master Definitions and Construction Agreement.

**Substitution Assets** has the meaning specified in the Master Definitions and Construction Agreement.

**Substitution Asset Performance** means in respect of any Portfolio Calculation Period the quotient of (i) the total amount of interest received by Party B during a Portfolio Calculation Period in relation to any Substitution Assets and (ii) the total amount of interest due and payable to Party B during a Portfolio Calculation Period in relation to any Substitution Assets.

**Swap Reversion Date** means a date designated by Party A by 30 Local Business Days' notice to each of Party B and the Security Trustee.

**Term Advance** has the meaning specified in the Master Definitions and Construction Agreement.

The terms of the Transaction to which this Confirmation relates are as follows:

1. **General Terms**

**Party A:** Santander UK plc

**Party B:** Abbey Covered Bonds LLP

<b>Trade Date:</b>	The Effective Date
<b>Effective Date:</b>	Has the meaning given to such term in the Amendment Agreement.
<b>Termination Date:</b>	The earlier of: <ul style="list-style-type: none"> <li>(i) the Swap Reversion Date or</li> <li>(ii) the date on which all Covered Bonds issued under the Covered Bond Programme have been repaid or redeemed in full; and</li> <li>(iii) the date on which the Average Loan Balance is reduced to zero.</li> </ul>

<b>Business Day:</b>	London
<b>Business Day Convention:</b>	Modified Following
<b>Calculation Agent:</b>	Party A

## 2. Party A Floating Amounts

<b>Floating Rate Payer:</b>	Party A.
<b>Floating Rate Payer Calculation Periods:</b>	Each LLP Payment Period except that (i) the first period shall commence on (and include) the Effective Date and end on (but exclude) the next following LLP Payment Date and (ii) the final period shall end on, but exclude, the Termination Date.
<b>Floating Rate Payer Payment Dates:</b>	In respect of each Floating Rate Payer Calculation Period, the LLP Payment Date falling at the end of that period to and including the Termination Date, commencing with the first LLP Payment Date following the Effective Date.
<b>Floating Rate Payer Calculation Amount:</b>	In respect of an LLP Payment Period an amount (in Sterling) equal to the sum of: <ul style="list-style-type: none"> <li>(i) the product of the Average Loan Balance during the Portfolio Calculation Period ending immediately prior to the relevant LLP Payment Period and the Average Loan Balance Performance;</li> <li>(ii) the product of the average GIC Swap Balance during the calendar month ending immediately prior to the relevant LLP Payment Date and the GIC Account Performance; and</li> <li>(iii) the product of the average aggregate nominal amount of any Substitution Assets during the Portfolio Calculation Period ending immediately prior to the relevant LLP Payment Period and the Substitution Asset Performance.</li> </ul>
<b>Floating Rate Payer Day Count Fraction:</b>	Actual/365

**Floating Rate:**

In respect of each day within the Floating Rate Payer Calculation Period, the Calculation Agent shall determine the weighted average (calculated by reference to the notional amount of each Covered Bond Swap and the amount outstanding in respect of each Term Advance) of:

- (a) in respect of each then outstanding Series of Covered Bonds in respect of which a Covered Bond Swap has been entered into by Party B, the Floating Rate that would be determined in accordance with the terms of such relevant Covered Bond Swap for a Party B Calculation Period (as defined in the relevant Covered Bond Swap Confirmation) which is the same as the Floating Rate Payer Calculation Period;
- (b) in respect of each then outstanding Series of Covered Bonds in respect of which a Covered Bond Swap has not been entered into by Party B and the Term Advance relating to such Series of Covered Bonds bears interest based on LIBOR, the rate of interest (not including the margin) payable by Party B in respect of such date under the Term Advances in respect of such Series of Covered Bonds; and
- (c) in respect of all other then outstanding Series of Covered Bonds, the Floating Rate Option.

The Calculation Agent shall then divide the sum of the weighted average rates determined in respect of each date within the Floating Rate Payer Calculation Period by the actual number of days in the relevant Floating Rate Payer Calculation Period to determine the Floating Rate.

**Floating Rate Option:**

GBP-SONIA-COMPOUND

**GBP-SONIA-COMPOUND:**

Means that the rate for a Floating Rate Payer Calculation Period 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 Floating Rate Payer Reset Date in respect such Floating Rate Payer 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 Floating Rate Payer 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:



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

Where:

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

$d_o$  for any Floating Rate Payer 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;

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

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

**SONIA reference rate**, in respect of any London banking day, is a reference rate equal to the 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

$SONIA_i$  means, in respect of any London banking day 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 Floating Rate Payer 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.

Notwithstanding the paragraph above, in the event (a) the Bank of England publishes guidance as to (i) how the SONIA reference rate is to be determined; or (ii) any rate that is to replace the SONIA reference rate, and/or (b) the SONIA reference rate cannot be determined in accordance with the foregoing provisions, the Calculation Agent shall adopt the same methodology to determine the SONIA reference rate in respect of the relevant Floating Rate Payer Calculation Period, as is used to determine the SONIA reference rate for the purposes of the relevant Term Advance in respect of such Floating Rate Payer Calculation Period (in the case of (a) above, for so long as the SONIA reference rate is not available or has not been published by the authorised distributors).

**Floating Rate Payer Spread:** 1.86 per cent. per annum until further notice.

Such Floating Rate Payer Spread may be amended at the sole discretion of Party A by way of written notice provided that the Rating Agencies have confirmed to the Security Trustee in writing, that such other rate will not cause the then current rating of the Covered Bonds to be downgraded or placed under review for possible downgrade.

**Floating Rate Payer Reset Dates** In respect of each Floating Rate Payer Calculation Period, the *p* London banking day prior to the Floating Rate Payer Payment Date immediately following the last day of such Floating Rate Payer Calculation Period.

3. **Cover Pool Payments** Party B shall pay the Cover Pool Payer Amounts to Party A on the Cover Pool Payer Payment Dates

**Cover Pool Payer:** Party B

**Cover Pool Payer Amount:** In respect of each Cover Pool Payer Payment Date, an amount in Sterling equivalent to the sum of:

- (i) the total amount of interest paid to Party B on the outstanding balance of the Loans in the Portfolio for the Portfolio Calculation Period ending immediately prior to

the relevant Cover Pool Payer Payment Date;

- (ii) the Relevant GIC Account Interest Received attributable to the calendar month ending immediately prior to the relevant Cover Pool Payer Payment Date; and
- (iii) the total amount of interest paid to Party B during such Portfolio Calculation Period in respect of any Substitution Assets.

**Cover Pool Payer Payment Dates:**

In respect of a Portfolio Calculation Period, the LLP Payment Date falling immediately after the end of that Portfolio Calculation Period to and including the Termination Date commencing with the first LLP Payment Date following the Effective Date.

4. **Account Details**

**Payments to Party A:** To be advised.

**Payments to Party B:** To be advised.

5. **Notice Details**

**Party A:**

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

**Telephone:** +44 (0) 20 7756 7100

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

**Attention:** Medium Term Funding and Treasury Legal

**Party B:**

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

**Telephone:** +44 (0) 20 7756 7100

**Email:** MTF@santander.co.uk;  
[treasurylegal@santander.co.uk](mailto:treasurylegal@santander.co.uk)

**Attention:** Medium Term Funding and Treasury Legal

**With a copy to the Security  
Trustee:**

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

**Attention:** Managing Director (ABS/MBS Group)

Amendment Agreement  
29 April 2022

**AMENDMENT AGREEMENT**

dated as of 29 April 2022

**TO THE  
ISDA MASTER AGREEMENT**

**Dated as of 25 May 2005**

**Between**

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

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

**and**

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

THIS AMENDMENT AGREEMENT is entered into as of 29 April 2022 and is supplemental to the ISDA Master Agreement, including the Schedule and the Credit Support Annex thereto, dated as of 25 May 2005 between Abbey National Treasury Services plc, Party B and the Security Trustee, as amended and restated pursuant to the terms of an amendment agreement dated 24 December 2012, as novated from Abbey National Treasury Services plc to Party A pursuant to a novation agreement dated 30 March 2016, and as the same may be otherwise further supplemented, amended and/or restated from time to time (the "**Master Agreement**"). Party A, Party B and the Security Trustee together are the "**Parties**".

**WHEREAS**, the Parties have now agreed to amend the Master Agreement.

**NOW THEREFORE**, in consideration of the mutual agreements herein contained, the Parties agree as follows:-

1. **Certain Definitions**

Unless otherwise defined herein, capitalised terms used herein have the meanings specified in or pursuant to the Master Agreement.

2. **Amendment to the Credit Support Annex**

Paragraph 11(a) of the Credit Support Annex shall be deleted in its entirety and replaced by the following:

**"(a) Base Currency and Eligibly Currency.**

(i) **"Base Currency"** means Sterling.

- (ii) "**Eligible Currency**" means the Base Currency.”.

3. **Representations**

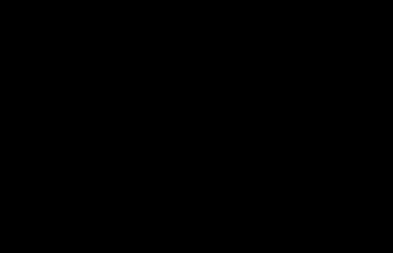
Each Party (other than the Security Trustee) repeats on the date of this Amendment Agreement the representations set out in Section 3 (*Representations*) of the Master Agreement as if references therein to “this Agreement” were to “this Amendment Agreement”.

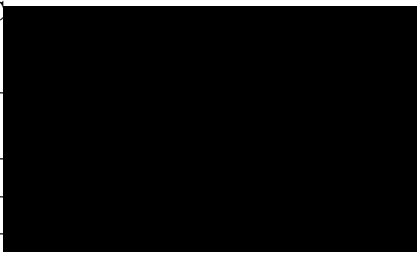
Each Party (other than the Security Trustee) represents to the others that the representations made by such Party as set forth in the Master Agreement are true and accurate in every material respect as of the date of this Amendment Agreement, except that all references in the Master Agreement to “this Agreement” shall be deemed to be references to the Master Agreement as amended hereby.

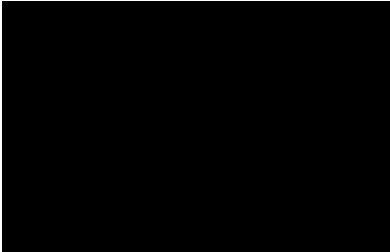
4. **Miscellaneous**

- (a) **Entire Agreement.** 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.
- (b) **Amendments.** No amendment, modification or waiver in respect of this Amendment Agreement will be effective unless in writing and executed by each of the Parties.
- (c) **Counterparts.** This Amendment Agreement may be executed and delivered in counterparts, each of which will be deemed an original.
- (d) **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.
- (e) **Governing Law.** This Amendment Agreement, and any non-contractual obligations arising out of or in relation to it, shall be governed by and construed in accordance with the laws of England and Wales.
- (f) **Survival.** Except as specifically and explicitly amended hereby in this Amendment Agreement, the Master Agreement shall continue in full force and effect in accordance with the provisions on the date hereof and nothing herein contained shall be construed as a waiver or modification of existing rights under the Master Agreement, except as such rights are expressly modified hereby.

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.

**SANTAN**   
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ABBEY C**   
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**DEUTSCHE TRUSTEE COMPANY LIMITED**   
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

  
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_