

EXECUTION VERSION

DEED OF SUBSTITUTION, NOVATION AND AMENDMENT

26 APRIL 2016

relating to the €35 billion Global Covered Bond Programme

between

**ABBEY COVERED BONDS (HOLDINGS) LIMITED
ABBEY COVERED BONDS (LM) LIMITED
ABBEY COVERED BONDS LLP
SANTANDER UK PLC
ABBEY NATIONAL TREASURY SERVICES PLC
NATIONAL AUSTRALIA BANK LIMITED
DEUTSCHE BANK TRUST COMPANY AMERICAS
DEUTSCHE TRUSTEE COMPANY LIMITED
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
BARCLAYS BANK PLC
NATIXIS
DEUTSCHE BANK AKTIENGESELLSCHAFT
BNP PARIBAS
BANCO SANTANDER, S.A.
THE ROYAL BANK OF SCOTLAND PLC
DELOITTE LLP**

ALLEN & OVERY

Allen & Overy LLP

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CONTENTS

Clause	Page
1. Definitions and Interpretation.....	2
2. Substitution and novation	4
3. Substituted Covered Bonds	5
4. Group Guarantee	5
5. Amendment and Restatement.....	5
6. Deed of Charge.....	6
7. Continuity.....	6
8. The Security Trustee	6
9. Further Assurance.....	6
10. Exclusion of Third Party Rights	6
11. Counterparts	6
12. Governing Law.....	7
13. Submission to Jurisdiction.....	8

Schedules

1. Substituted Covered Bonds	14
2. Form of Amended and Restated Master Definitions and Construction Agreement.....	15
3. Form of Second Amended and Restated Intercompany Loan Agreement	16
4. Form of Amended and Restated LLP Deed.....	17

THIS DEED OF SUBSTITUTION, NOVATION AND AMENDMENT is made on 26 April 2016.

BETWEEN:

- (1) **ABBEY NATIONAL TREASURY SERVICES PLC**, a public limited company incorporated under the laws of England and Wales (with registered number 2338548) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **Original Issuer** and in its capacities as an **Account Bank**, an **Arranger** and a **Covered Bond Swap Provider**);
- (2) **SANTANDER UK PLC** (formerly **ABBEY NATIONAL PLC**), a public limited company incorporated under the laws of England and Wales (registered number 2294747) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **Substitute Issuer** and in its capacities as **Group Guarantor**, **Seller**, **Servicer**, **Cash Manager**, an **Account Bank**, **GIC Provider** and **Interest Rate Swap Provider**);
- (3) **ABBEY COVERED BONDS (HOLDINGS) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5407937) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (**Holdings**);
- (4) **ABBEY COVERED BONDS (LM) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5365645) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (the **Liquidation Member**);
- (5) **ABBEY COVERED BONDS LLP**, a limited liability partnership incorporated under the laws of England and Wales (with registered number OC312644) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **LLP**);
- (6) **NATIONAL AUSTRALIA BANK LIMITED**, acting through its office at Level 35, 500 Bourke Street, Melbourne, VIC 3000, Australia (in its capacity as a **Covered Bond Swap Provider**);
- (7) **DEUTSCHE BANK AG, LONDON BRANCH**, acting through its office at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as **Principal Paying Agent**);
- (8) **DEUTSCHE BANK TRUST COMPANY AMERICAS**, acting through its office at 1761 E. St. Andrew Place, Santa Ana, CA 92705 (in its capacity as **Registrar**, **Transfer Agent** and **Exchange Agent**);
- (9) **DEUTSCHE BANK AKTIENGESELLSCHAFT**, incorporated under the laws of Germany, whose registered office is at Frankfurt am Main, Germany (in its capacity as **N Covered Bond Paying Agent**, **N Covered Bond Registrar** and **N Covered Bond Transfer Agent**);
- (10) **DEUTSCHE TRUSTEE COMPANY LIMITED**, whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as **Security Trustee** and **Bond Trustee**);
- (11) **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED** acting through its office at Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as the **Corporate Services Provider** and the **Share Trustee**);

- (12) **BARCLAYS BANK PLC**, acting through its office at 5 The North Colonnade, Canary Wharf, London E14 4BB (in its capacity as a **Covered Bond Swap Provider**);
- (13) **NATIXIS**, acting through its office at Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA (in its capacity as a **Covered Bond Swap Provider**);
- (14) **BNP PARIBAS**, acting through its offices at 10 Harewood Avenue, London NW1 6AA, (in its capacity as a **Covered Bond Swap Provider**);
- (15) **THE ROYAL BANK OF SCOTLAND PLC**, acting through its offices at 135 Bishopsgate, London, EC2M 3UR (in its capacity as a **Covered Bond Swap Provider**);
- (16) **BANCO SANTANDER, S.A.**, (in its capacity as **Dealer**); and
- (17) **DELOITTE LLP** acting through its offices at 2 New Street Square, London EC4A 3BZ (in its capacity as **Asset Monitor**).

WHEREAS:

- (A) The Original Issuer established the Programme on the Programme Date and issued the Substituted Covered Bonds (as defined below).
- (B) The parties have agreed that, on the Substitution Effective Date (as defined below): (i) the Substitute Issuer shall, in accordance with Condition 14 and clause 20.3 (Substitution) of the Relevant Trust Deed, assume all the rights and obligations of the Original Issuer as principal obligor and issuer under the Programme, including under the Programme Agreement, the Relevant Trust Deed and all other Transaction Documents, in respect of all Series of Covered Bonds, replacing the Original Issuer as principal obligor and issuer under the Programme and (ii) the Substitute Issuer will be substituted in place of the Original Issuer as principal obligor under the Substituted Covered Bonds, in each case on the terms, and subject to the conditions, of this Deed.
- (C) The substitution under this Deed shall also extend to all N Covered Bonds which are outstanding in relation to which the applicable provisions of the Programme Conditions and the Relevant Trust Deed indicated under Recital (B) above are incorporated by way of clause 2(a) and (c) of the relevant N Covered Bond Agreement entered into in relation to the such N Covered Bond (as the case may be, in conjunction with clause 5 of any relevant N Covered Bond Assignment and Accession Agreement pursuant to which any new N Covered Bondholder has acceded to the relevant N Covered Bond Agreement).
- (D) Each party to each Relevant Transaction Document has agreed to amend such Relevant Transaction Document, in each case in accordance with the terms of this Deed. Each party to the Deed of Charge has separately agreed to supplement the Deed of Charge and each party to the Trust Deed has separately agreed to supplement the Trust Deed.

NOW THIS DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 The master definitions and construction agreement made between, *inter alios*, the parties to this Deed on 3 June 2005, as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 8 November 2010, 9 September 2011 and 24 December 2012, as amended on 12 July 2013 pursuant to a Deed of Amendment and Termination and as amended and restated on 23 June 2015 (the **Master Definitions and Construction Agreement**) is expressly and specifically incorporated into

this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Agreement shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals hereto, and this Deed shall be construed in accordance with the interpretation provisions set out in Clause 2 of the Master Definitions and Construction Agreement.

1.2 In this Deed, the following terms shall have the following meanings:

Principal Trust Deed means the trust deed dated 3 June 2005, made between, among others, the Original Issuer, the Group Guarantor, the LLP, the Bond Trustee and the Security Trustee.

Relevant Conditions means, in respect of each Series of Substituted Covered Bonds, the Conditions set out in the Relevant Trust Deed.

Relevant Parties means, in respect of each Relevant Transaction Document, the parties to that Relevant Transaction Document who are parties to this Deed.

Relevant Schedule means, in respect of each Relevant Transaction Document, the schedule to this Deed which contains the amended form of that Relevant Transaction Document.

Relevant Transaction Document means:

- (a) the Master Definitions and Construction Agreement;
- (b) the Intercompany Loan Agreement; and
- (c) the LLP Deed.

Relevant Trust Deed means, in respect of each Series of Substituted Covered Bonds, the Principal Trust Deed as supplemented (a) by each Supplemental Trust Deed dated prior to the date on which the first Tranche of such Series of Substituted Covered Bonds was issued and (b) in respect of each Series of Substituted Covered Bonds issued prior to the Third Supplemental Trust Deed, by the Third Supplemental Trust Deed.

Substituted Covered Bonds means each Series of Covered Bonds which remains outstanding on the Substitution Effective Date, each constituted by the Relevant Trust Deed and issued by the Original Issuer and shall include such Substituted Covered Bonds in global form and the receipts, interest coupons and talons (if any) appertaining to any such Substituted Covered Bonds in definitive form, and include any replacement for any Substituted Covered Bonds which have been lost, stolen, mutilated, defaced or destroyed.

Substitution Effective Date means 1 June 2016.

1.3 **Supplemental Trust Deed** means each of the first supplement to the Principal Trust Deed dated 16 August 2005 (the **First Supplemental Trust Deed**), the second supplement to the Principal Trust Deed dated 4 October 2007 (the **Second Supplemental Trust Deed**), the third supplement to the Principal Trust Deed dated 20 May 2008 (the **Third Supplemental Trust Deed**), the fourth supplement to the Principal Trust Deed dated 8 September 2009 (the **Fourth Supplemental Trust Deed**), the fifth supplement to the Principal Trust Deed dated 8 November 2010 (the **Fifth Supplemental Trust Deed**), the sixth supplement to the Principal Trust Deed dated 9 September 2011 (the **Sixth Supplemental Trust Deed**), the seventh supplement to the Principal Trust Deed dated 29 June 2012 (the **Seventh Supplemental Trust Deed**), the eighth supplement to the Principal

Trust Deed dated 12 July 2013 (the **Eighth Supplemental Trust Deed**) and the ninth supplement to the Principal Trust Deed dated 25 June 2014 (the **Ninth Supplemental Trust Deed**).

2. SUBSTITUTION AND NOVATION

Each of the parties to this Deed hereby agrees to the substitution of the Substitute Issuer in place of the Original Issuer in each Transaction Document (including each Relevant Trust Deed) and the novation of the Original Issuer's rights and obligations under or in connection with the Covered Bonds, the Transaction Documents (including each Relevant Trust Deed) and the Programme to the Substitute Issuer so that, with effect on and from the Substitution Effective Date:

- (a) all the rights, obligations and Liabilities of the Original Issuer under or pursuant to the Substituted Covered Bonds (details of which are set out for informational purposes only in Schedule 1 hereto and such term may include any outstanding Series of Covered Bond not included in Schedule 1) and the Relevant Trust Deed in respect of the Substituted Covered Bonds, shall be taken over and assumed by the Substitute Issuer as principal debtor including, but without limiting the generality of the foregoing, the obligation to pay (i) all interest (if any) on the Substituted Covered Bonds accrued up to and including the Substitution Effective Date but unpaid and (ii) all other moneys payable under or pursuant to the Substituted Covered Bonds and the Relevant Trust Deed in respect thereof accrued up to and including the Substitution Effective Date but unpaid;
- (b) the Substitute Issuer shall be deemed to be named in place of the Original Issuer in each other Transaction Document, and the Substitute Issuer shall assume and perform all the obligations and Liabilities of the Original Issuer and shall accrue all the rights and be bound by the terms of the other Transaction Documents as novated and, if applicable, amended and restated by this Deed, as principal debtor under the Relevant Trust Deed and all other Transaction Documents, as if the Substitute Issuer had at all times been a party to the Transaction Documents in such capacity (if applicable, as so amended and restated) in place of the Original Issuer;
- (c) all the rights, obligations and Liabilities of the Original Issuer (for the avoidance of doubt, in its capacity as Original Issuer only) under or in connection with the Substituted Covered Bonds, the Transaction Documents (including each Relevant Trust Deed) and the Programme shall cease;
- (d) the Original Issuer shall be fully discharged and released from any further performance under or in connection with the Transaction Documents and the Programme and all obligations and Liabilities thereunder notwithstanding any provision thereof whether or not such provision is deemed to survive termination; and
- (e) each of the parties (other than the Original Issuer) to the Transaction Documents shall perform its obligations (if any) under the Transaction Documents (if applicable, as amended and restated by this Deed) and be bound by the terms of the Transaction Documents in every way as if the Substitute Issuer had at all times been a party to the Transaction Documents in such capacity, but for the avoidance of doubt:
 - (i) references to "Adjusted Tangible Net Worth" "Cross Default Amount" and "Principal Subsidiary" in the Relevant Trust Deeds and Terms and Conditions of the Substituted Covered Bonds shall be read and construed on and from the Substitution Effective Date as if all references therein to "the Guarantor" were references to the Substitute Issuer; and

- (ii) the covenants contained in clause 15.1 of the Principal Trust Deed (as previously amended, restated and/or supplemented from time to time) shall continue to be read and construed on and from the Substitution Effective Date as if all references therein to "the Group Guarantor" were references to the Substitute Issuer.

3. SUBSTITUTED COVERED BONDS

3.1 With effect on and from the Substitution Effective Date:

- (a) the Substitute Issuer shall be substituted in place of the Original Issuer as principal debtor under and in connection with the Substituted Covered Bonds; and
- (b) the Substitute Issuer shall be deemed to be named in place of the Original Issuer in each Global Covered Bond and Definitive Covered Bond and, in the case of Substituted Covered Bonds that are N Covered Bonds, in each N Covered Bond Certificate and in each related N Covered Bond Agreement, issued (or, in the case of each N Covered Bond Agreement, entered into) in respect of the Substituted Covered Bonds, which shall be deemed to be modified accordingly.

3.2 With effect on and from the Substitution Effective Date, the Original Issuer shall be released from all its obligations and Liabilities under the Substituted Covered Bonds.

4. GROUP GUARANTEE

With effect on and from the Substitution Effective Date:

- (a) the Group Guarantor's rights and obligations in connection with the Group Guarantee under clause 7 of each Relevant Trust Deed shall lapse and cease to have effect;
- (b) subject to Clauses 2(e) and 4(c), each Transaction Document (including each Relevant Trust Deed) shall be read and construed as if (i) the definition "Group Guarantee" and all related operations, mechanics, rights and obligations has ceased to have effect and has been deleted on the Substitution Effective Date and (ii) all references to "Group Guarantor", representations and warranties made or given (or to be made or given) by the Group Guarantor and covenants or undertakings by the Group Guarantor, have ceased to have effect and have been deleted; and
- (c) each of the parties (other than the Original Issuer) to the Asset Monitor Agreement shall perform its obligations (if any) under the Asset Monitor Agreement (if applicable, as amended and restated by this Deed) and be bound by the terms of the Asset Monitor Agreement in every way as if the Substitute Issuer had at all times been a party to the Asset Monitor Agreement in such capacity, but for the avoidance of doubt, clauses 10.2 and 10.3 of the Asset Monitor Agreement shall be read and construed as if the references to Group Guarantor (including, for the avoidance of doubt in relation to the indemnity given by the Group Guarantor in clause 10.2 of the Asset Monitor Agreement) are to the Substitute Issuer.

5. AMENDMENT AND RESTATEMENT

5.1 The Relevant Parties to each Relevant Transaction Document hereby agree in relation to that Relevant Transaction Document that the amendments set out in this Deed shall take effect on the Substitution Effective Date such that the Relevant Transaction Document shall be supplemented,

amended and/or amended and restated (as applicable) so that it shall be read and be construed for all purposes as set out in the Relevant Schedule.

- 5.2 The terms of each Transaction Document, to the extent not amended pursuant to this Deed, shall remain in full force and effect.

6. DEED OF CHARGE

The parties to the sixth supplemental deed of charge to be entered into on or around the date of this Deed which will amend and restate the Deed of Charge on and from the Substitution Effective Date hereby agree that the sixth supplemental deed of charge shall be delivered by all the parties thereto on the Substitution Effective Date.

7. CONTINUITY

The provisions of the Transaction Documents shall, save as amended by this Deed, continue in full force and effect.

8. THE SECURITY TRUSTEE

The Security Trustee has agreed to become a party to this Deed for the better preservation and enforcement of its rights under this Deed but shall have no responsibility for any of the obligations of the Original Issuer, the LLP or the Substitute Issuer hereunder. Any liberty or power which may be exercised or made by the Security Trustee shall be exercised or made in accordance with the provisions of the Deed of Charge and the Security Trustee shall have no obligation to provide reasons therefor.

9. FURTHER ASSURANCE

Each party hereto undertakes to do all acts or things and execute any further assurances or documents (including, without limitation, the giving of notices, the termination of any filings and/or registrations, and the making of any further filings and/or registrations consequent upon this Deed) that may be required by law or that the other parties hereto may reasonably consider necessary to establish, maintain and protect their rights and generally to carry out the true intent of this Deed and the amendments contemplated hereby.

10. EXCLUSION OF THIRD PARTY RIGHTS

A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

11. COUNTERPARTS

This Deed may be executed in any number of counterparts each of which when executed and delivered is an original but all the counterparts together constitute the same document provided, however, that this Deed shall have no force or effect until it is delivered by the last party to execute the same and shall be deemed to have been executed as delivered in the place where such last party executed this Deed.

12. GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

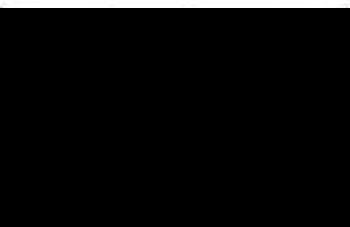
13. SUBMISSION TO JURISDICTION

Each party to this Deed agrees, for the benefit of the other parties, without prejudice to the right of any party to take any proceedings in respect of this Deed before any other court of competent jurisdiction, that the Courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes which may arise in respect of this Deed and, for such purposes, irrevocably submits to the jurisdiction of such Courts.

DULY EXECUTED AND DELIVERED AS A DEED by each of the parties hereto on the date appearing on page 1.

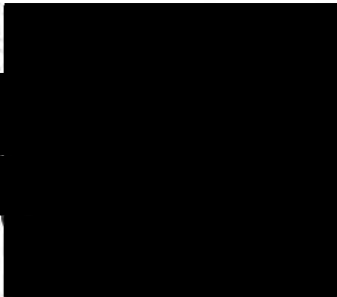
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ABBEY NATIONAL TREASURY SERVICES
PLC
 in its capacity as **Original Issuer, an Arranger, an**
Account Bank and a Covered Bond Swap Provider
 acting by its attorney

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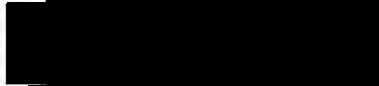


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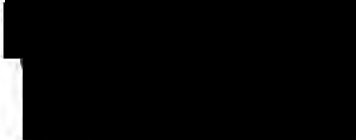
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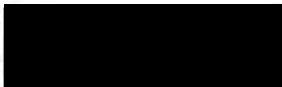
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SANTANDER UK PLC
 in its capacity as **Substitute Issuer, Group**
Guarantor, Seller, Servicer, Cash Manager, an
Account Bank, GIC Provider and Interest Rate
Swap Provider
 acting by its attorney

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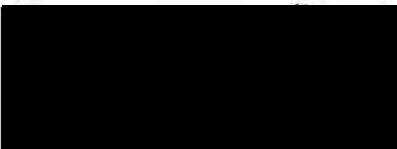


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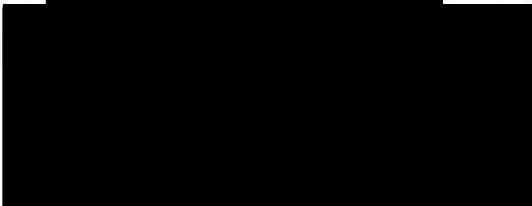
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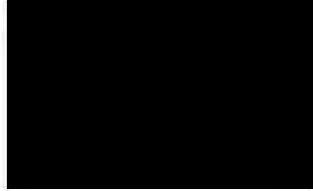


Witness address:



EXECUTED as a DEED by
ABBEY COVERED BONDS (HOLDINGS)
LIMITED
in its capacity as **Holdings**
acting by its attorney

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in the presence of

Witness signature:

Witness name:

Witness address:



EXECUTED as a DEED by
ABBEY COVERED BONDS (LM) LIMITED
in its capacity as **Liquidation Member**
acting by its attorney

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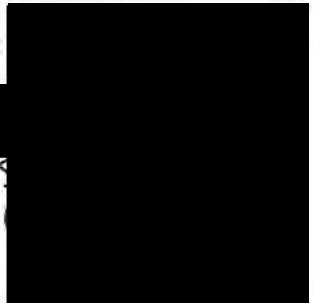


in the presence of

Witness signature:

Witness name:

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EXECUTED as a DEED by
ABBEY COVERED BONDS LLP
the **LLP**
acting by its attorney

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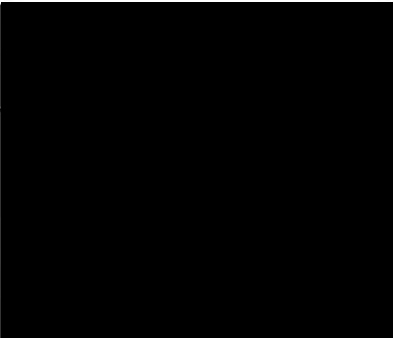


in the presence of

Witness signature:

Witness name:

Witness address:



EXECUTED as a **DEED** by)
DEUTSCHE BANK AG, LONDON BRANCH)
in its capacity as **Principal Paying Agent**)
acting by two duly authorised signatories)

Authorised signatory:

Authorised signatory:



EXECUTED as a **DEED** by)
DEUTSCHE BANK TRUST COMPANY)
AMERICAS)
in its capacity as **Registrar, Transfer Agent and**)
Exchange Agent)
acting by two duly authorised signatories)

Authorised signatory:

Authorised signatory:

EXECUTED as a **DEED** by)
DEUTSCHE BANK AKTIENGESELLSCHAFT)
in its capacity as **N Covered Bond Paying Agent, N**)
Covered Bond Registrar and N Covered Bond)
Transfer Agent)
acting by two duly authorised signatories)

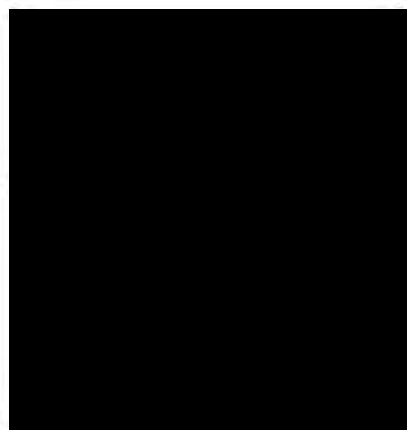
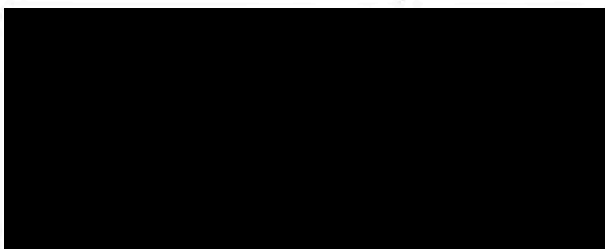
Authorised signatory:

Authorised signatory:

THE COMMON SEAL of)
DEUTSCHE TRUSTEE COMPANY LIMITED)
in its capacity as **Security Trustee and Bond Trustee**)
was affixed to this **DEED**)
in the presence of)

Associate director:

Associate director:



EXECUTED as a DEED by)
DEUTSCHE BANK AG, LONDON BRANCH)
in its capacity as **Principal Paying Agent**)
acting by two duly authorised signatories)

Authorised signatory:

Authorised signatory:

EXECUTED as a DEED by)
DEUTSCHE BANK TRUST COMPANY)
AMERICAS)
in its capacity as **Registrar, Transfer Agent and**)
Exchange Agent)
acting by two duly authorised signatories)

Authorised signatory:

Authorised signatory:



EXECUTED as a DEED by)
DEUTSCHE BANK AKTIENGESELLSCHAFT)
in its capacity as **N Covered Bond Paying Agent, N**)
Covered Bond Registrar and N Covered Bond)
Transfer Agent)
acting by two duly authorised signatories)

Authorised signatory:

Authorised signatory:

THE COMMON SEAL of)
DEUTSCHE TRUSTEE COMPANY LIMITED)
in its capacity as **Security Trustee and Bond Trustee**)
was affixed to this **DEED**)
in the presence of)

Associate director:

Associate director:

EXECUTED as a **DEED** by)
DEUTSCHE BANK AG, LONDON BRANCH)
in its capacity as **Principal Paying Agent**)
acting by two duly authorised signatories)

Authorised signatory:

Authorised signatory:

EXECUTED as a **DEED** by)
DEUTSCHE BANK TRUST COMPANY)
AMERICAS)
in its capacity as **Registrar, Transfer Agent and**)
Exchange Agent)
acting by two duly authorised signatories)

Authorised signatory:

Authorised signatory:

EXECUTED as a **DEED** by)
DEUTSCHE BANK AKTIENGESELLSCHAFT)
in its capacity as **N Covered Bond Paying Agent, N**)
Covered Bond Registrar and N Covered Bond)
Transfer Agent)
acting by two duly authorised signatories)

Authorised signatory:

Authorised signatory:

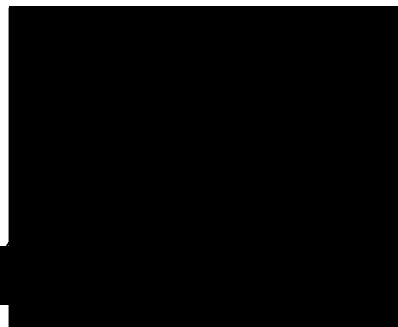


THE COMMON SEAL of)
DEUTSCHE TRUSTEE COMPANY LIMITED)
in its capacity as **Security Trustee and Bond Trustee**)
was affixed to this **DEED**)
in the presence of)

Associate director:

Associate director:

EXECUTED as a **DEED** by)
WILMINGTON TRUST SP SERVICES)
(LONDON) LIMITED)
in its capacity as **Corporate Services Provider** and)
Share Trustee)
acting by its director)



in the presence of)

Witness signature:



Witness name:

Witness address:

EXECUTED as a **DEED** by)
BARCLAYS BANK PLC)
in its capacity as a **Covered Bond Swap Provider**)
acting by its attorney)

in the presence of)

Witness signature:

Witness name:

Witness address:

EXECUTED as a **DEED** by)
NATIXIS)
in its capacity as a **Covered Bond Swap Provider**)
acting by its attorney)

in the presence of)

Witness signature:

Witness name:

Witness address:

EXECUTED as a **DEED** by)
WILMINGTON TRUST SP SERVICES)
(LONDON) LIMITED)
in its capacity as **Corporate Services Provider** and)
Share Trustee)
acting by its director)

in the presence of)

Witness signature:

Witness name:

Witness address:

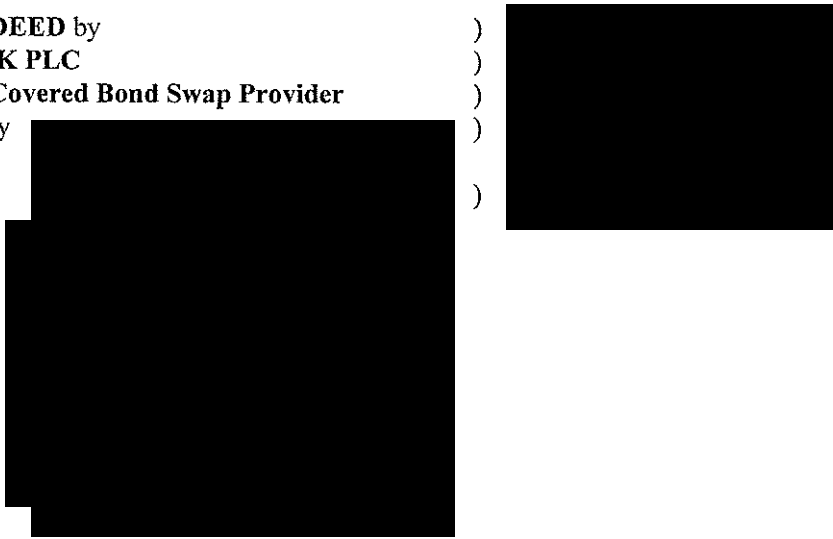
EXECUTED as a **DEED** by)
BARCLAYS BANK PLC)
in its capacity as a **Covered Bond Swap Provider**)
acting by its attorney)

in the presence of)

Witness signature:

Witness name:

Witness address:



EXECUTED as a **DEED** by)
NATIXIS)
in its capacity as a **Covered Bond Swap Provider**)
acting by its attorney)

in the presence of)

Witness signature:

Witness name:

Witness address:

EXECUTED as a **DEED** by
WILMINGTON TRUST SP SERVICES
(LONDON) LIMITED
in its capacity as **Corporate Services Provider** and
Share Trustee
acting by its director

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in the presence of

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Witness signature:

Witness name:

Witness address:

EXECUTED as a **DEED** by
BARCLAYS BANK PLC
in its capacity as a **Covered Bond Swap Provider**
acting by its attorney

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in the presence of

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Witness signature:

Witness name:

Witness address:

EXECUTED as a **DEED** by
NATIXIS
in its capacity as a **Covered Bond Swap Provider**
acting by its attorney

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in the presence of

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Witness signature:

Witness name:

Witness address:



EXECUTED as a **DEED** by
NATIONAL AUSTRALIA BANK LIMITED
in its capacity as a **Covered Bond Swap Provider**
acting by its attorney

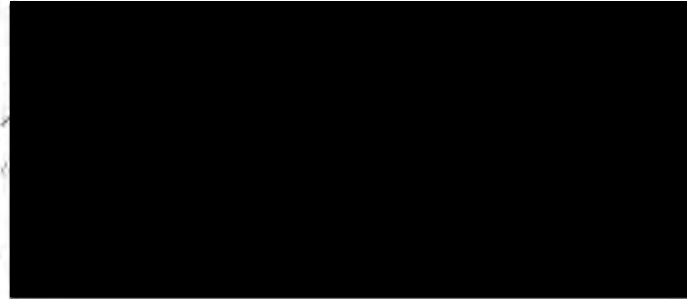
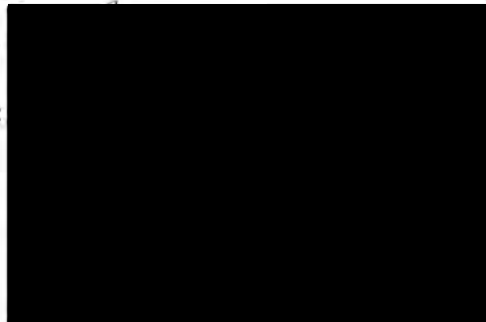
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in the presence of

Witness signature:

Witness name:

Witness address:



EXECUTED as a **DEED** by
BNP PARIBAS
in its capacity as a **Covered Bond Swap Provider**
acting by its duly authorised representatives

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By:

Name:

Title:

By:

Name:

Title:

EXECUTED as a **DEED** by
THE ROYAL BANK OF SCOTLAND PLC
in its capacity as a **Covered Bond Swap Provider**
acting by its attorney

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in the presence of

Witness signature:

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EXECUTED as a DEED by
NATIONAL AUSTRALIA BANK LIMITED
in its capacity as a **Covered Bond Swap Provider**
acting by its attorney

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in the presence of

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Witness signature:

Witness name:

Witness address:

EXECUTED as a DEED by
BNP PARIBAS
in its capacity as a **Covered Bond Swap Provider**
acting by its duly authorised representatives

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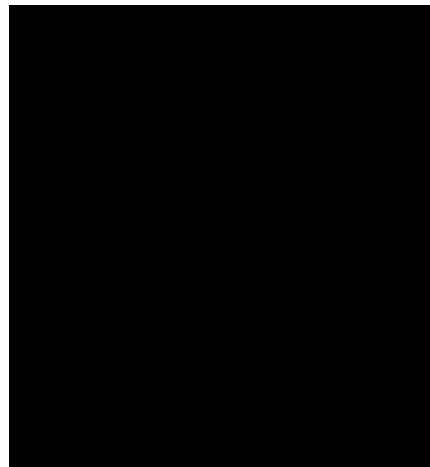
Name:

Title:

By:

Name:

Title:



EXECUTED as a DEED by
THE ROYAL BANK OF SCOTLAND PLC
in its capacity as a **Covered Bond Swap Provider**
acting by its attorney

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in the presence of

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Witness signature:

EXECUTED as a DEED by)
NATIONAL AUSTRALIA BANK LIMITED)
in its capacity as a **Covered Bond Swap Provider**)
acting by its attorney)

in the presence of)

Witness signature:

Witness name:

Witness address:

EXECUTED as a DEED by)
BNP PARIBAS)
in its capacity as a **Covered Bond Swap Provider**)
acting by its duly authorised representatives)

By:)

Name:

Title:

By:

Name:

Title:

EXECUTED as a DEED by)
THE ROYAL BANK OF SCOTLAND PLC)
in its capacity as a **Covered Bond Swap Provider**)
acting by its attorney)

in the presence of)

Witness signature:

Witness name:

Witness address:

EXECUTED as a **DEED** by)
BANCO SANTANDER, S.A.)
in its capacity as the **Dealer**)
acting by its duly authorised representatives)
)

By:
Name: [Redacted]
Title: [Redacted]

By:
Name: [Redacted]
Title: [Redacted]

EXECUTED as a **DEED** by)
DELOITTE LLP)
as the **Asset Monitor**)
acting by its attorney)

in the presence of)

Witness signature:

Witness name:

Witness address:

Witness name:

Witness address:

EXECUTED as a **DEED** by)
BANCO SANTANDER, S.A.)
in its capacity as the **Dealer**)
acting by its duly authorised representatives)
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By:
Name:
Title:

By:
Name:
Title:

EXECUTED as a **DEED** by)
DELOITTE LLP)
as the **Asset Monitor**)
acting by its attorney)

in the presence of)

Witness signature:

Witness name:

Witness address:



SCHEDULE 1

SUBSTITUTED COVERED BONDS

- Series 3 EUR1,500,000,000 Fixed Rate Covered Bonds due 2021 (XS0250729109)
- Series 11 EUR1,750,000,000 Fixed Rate Covered Bonds due 2016 (XS0457688215)
- Series 17 EUR1,250,000,000 Fixed Rate Covered Bonds due 2017 (XS0546057570)
- Series 18 EUR100,000,000 Fixed Rate N Covered Bonds due 2025
- Series 19 EUR125,000,000 Fixed Rate N Covered Bonds due 2030
- Series 20 NOK1,600,000,000 Fixed Rate Covered Bonds due 2020 (XS0563569325)
- Series 21 EUR100,000,000 Fixed Rate N Covered Bonds due 2024
- Series 22 EUR750,000,000 Fixed Rate Covered Bonds due 2018 (XS0582479522)
- Series 23 GBP1,000,000,000 Fixed Rate Covered Bonds due 2027 (XS0596191360)
- Series 24 GBP1,250,000,000 Fixed Rate Covered Bonds due 2022 (XS0616897616)
- Series 25 EUR100,000,000 Fixed Rate N Covered Bonds due 2021
- Series 27 EUR1,000,000,000 Fixed Rate Covered Bonds due 2016 (XS0674635288)
- Series 28 EUR53,000,000 Fixed Rate N Covered Bonds due 2026
- Series 29 EUR100,000,000 Fixed Rate N Covered Bonds due 2026
- Series 30 EUR30,000,000 Fixed Rate N Covered Bonds due 2027
- Series 31 EUR30,000,000 Fixed Rate N Covered Bonds due 2027
- Series 32 EUR88,000,000 Fixed Rate N Covered Bonds due 2032
- Series 37 GBP750,000,000 Fixed Rate Covered Bonds due 2029 (XS0746621704)
- Series 41 EUR47,000,000 Fixed Rate N Covered Bonds due 2027
- Series 42 GBP75,000,000 Floating Rate Covered Bonds due 2027 (XS0761325009)
- Series 43 GBP750,000,000 Floating Rate Covered Bonds due 2018 (XS0769914218)
- Series 44 EUR127,000,000 Fixed Rate N Covered Bonds due 2022
- Series 45 EUR75,000,000 Fixed Rate N Covered Bonds due 2023
- Series 46 EUR108,000,000 Fixed Rate N Covered Bonds due 2030
- Series 47 EUR50,000,000 Fixed Rate N Covered Bonds due 2028
- Series 48 EUR45,000,000 Fixed Rate N Covered Bonds due 2027
- Series 49 EUR35,000,000 Fixed Rate N Covered Bonds due 2028
- Series 50 EUR40,000,000 Fixed Rate N Covered Bonds due 2029
- Series 51 EUR76,000,000 Fixed Rate N Covered Bonds due 2024
- Series 52 GBP200,000,000 Floating Rate Covered Bonds due 2019 (XS0947575840)
- Series 53 EUR100,000,000 Fixed Rate N Covered Bonds due 2025
- Series 54 EUR50,000,000 Fixed Rate Covered Bonds due 2026 (XS0962577168)
- Series 55 EUR50,000,000 Fixed Rate Covered Bonds due 2025 (XS0963398796)
- Series 56 EUR1,000,000,000 Fixed Rate Covered Bonds due 2021 (XS0997328066)
- Series 57 EUR80,000,000 Floating Rate Covered Bonds due 2019 (XS0999345811)
- Series 58 GBP750,000,000 Floating Rate Covered Bonds due 2018 (XS1017654150)
- Series 59 EUR1,000,000,000 Fixed Rate Covered Bonds due 2019 (XS1111559339)
- Series 60 EUR500,000,000 Fixed Rate Covered Bonds due 2024 (XS1111559685)
- Series 61 EUR1,000,000,000 Fixed Rate Covered Bonds due 2023 (XS1220923996)
- Series 62 GBP500,000,000 Floating Rate Covered Bonds due 2018 (XS1238066622)
- Series 63 EUR1,000,000,000 Fixed Rate Covered Bonds due 2022 (XS1360443979)

SCHEDULE 2

FORM OF AMENDED AND RESTATED MASTER DEFINITIONS AND CONSTRUCTION AGREEMENT

EXECUTION VERSION

**AMENDED AND RESTATED MASTER DEFINITIONS AND
CONSTRUCTION AGREEMENT**

1 JUNE 2016

relating to the €35 billion Global Covered Bond Programme

between

**ABBEY COVERED BONDS (HOLDINGS) LIMITED
ABBEY COVERED BONDS (LM) LIMITED
ABBEY COVERED BONDS LLP
SANTANDER UK PLC
ABBEY NATIONAL TREASURY SERVICES PLC
NATIONAL AUSTRALIA BANK LIMITED
DEUTSCHE BANK AG, LONDON BRANCH
DEUTSCHE BANK TRUST COMPANY AMERICAS
DEUTSCHE TRUSTEE COMPANY LIMITED
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
BARCLAYS BANK PLC
NATIXIS
DEUTSCHE BANK AKTIENGESELLSCHAFT
BNP PARIBAS
BANCO SANTANDER, S.A.
THE ROYAL BANK OF SCOTLAND PLC**

ALLEN & OVERY

Allen & Overy LLP

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CONTENTS

Clause	Page
1. Definitions	2
2. Interpretation and Construction	60
3. Amendments.....	62
4. Counterparts	63
5. Governing Law	63

THIS AMENDED AND RESTATED MASTER DEFINITIONS AND CONSTRUCTION AGREEMENT is made on 1 June 2016.

BETWEEN

- (1) **ABBEY COVERED BONDS (HOLDINGS) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5407937) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as **Holdings**);
- (2) **ABBEY COVERED BONDS (LM) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5365645) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as the **Liquidation Member**);
- (3) **ABBEY COVERED BONDS LLP**, a limited liability partnership incorporated under the laws of England and Wales (with registered number OC312644) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **LLP**);
- (4) **SANTANDER UK PLC** (formerly **ABBEY NATIONAL PLC**), a public limited company incorporated under the laws of England and Wales (registered number 2294747) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Issuer, Seller, Servicer, Cash Manager, an Account Bank, GIC Provider and Interest Rate Swap Provider**);
- (5) **ABBEY NATIONAL TREASURY SERVICES PLC**, a public limited company incorporated under the laws of England and Wales (with registered number 2338548) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as an **Account Bank** and a **Covered Bond Swap Provider**);
- (6) **NATIONAL AUSTRALIA BANK LIMITED**, acting through its office at Level 35, 500 Bourke Street, Melbourne, VIC 3000, Australia (in its capacity as a **Covered Bond Swap Provider**);
- (7) **DEUTSCHE BANK AG, LONDON BRANCH**, acting through its office at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as **Principal Paying Agent**);
- (8) **DEUTSCHE BANK TRUST COMPANY AMERICAS**, acting through its office at 1761 E. St. Andrew Place, Santa Ana, CA 92705 (in its capacity as **Registrar, Transfer Agent and Exchange Agent**);
- (9) **DEUTSCHE BANK AKTIENGESELLSCHAFT**, incorporated under the laws of Germany, whose registered office is at Frankfurt am Main, Germany (in its capacity as **N Covered Bond Paying Agent, N Covered Bond Registrar and N Covered Bond Transfer Agent**);
- (10) **DEUTSCHE TRUSTEE COMPANY LIMITED**, whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as **Security Trustee and Bond Trustee**);
- (11) **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED** acting through its office at Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as the **Corporate Services Provider** and the **Share Trustee**);
- (12) **BARCLAYS BANK PLC**, acting through its office at 5 The North Colonnade, Canary Wharf, London E14 4BB (in its capacity as a **Covered Bond Swap Provider**);

- (13) **NATIXIS**, acting through its office at Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA (in its capacity as a **Covered Bond Swap Provider**);
- (14) **BNP PARIBAS**, acting through its offices at 10 Harewood Avenue, London NW1 6AA, (in its capacity as a **Covered Bond Swap Provider**);
- (15) **THE ROYAL BANK OF SCOTLAND PLC**, acting through its offices at 135 Bishopsgate, London, EC2M 3UR (in its capacity as a **Covered Bond Swap Provider**); and
- (16) **BANCO SANTANDER, S.A.**, (in its capacity as **Dealer**).

1. DEFINITIONS

1881 Act means the Conveyancing and Law of Property Act 1881;

1925 Act means the Law of Property Act 1925;

1999 Regulations means the Unfair Terms in Consumer Contracts Regulations 1999, as amended;

2010 Mortgage Conditions means the mortgage conditions booklets reference MORT 0154 10 TDD and MORT 0154 MAY 10T;

2012 Mortgage Conditions means the mortgage conditions booklet reference MORT 0154 MAY 13 HF;

2014 Mortgage Conditions means the mortgage conditions booklet reference MORT 0154 APR 14 HT;

24 hours (where referred to in **Schedule 4** to the Trust Deed) has the meaning given to it in **Schedule 4** to the Trust Deed;

48 hours (where referred to in **Schedule 4** to the Trust Deed) has the meaning given to it in **Schedule 4** to the Trust Deed;

€ Euro or **euro** means the lawful currency for the time being of the Member States of the European Union that have adopted or may adopt the single currency introduced at the start of the third stage of European Economic Monetary Union pursuant to the Treaty of Rome of 25th March, 1957, as amended by, *inter alia*, the Single European Act of 1986 and the Treaty of European Union of 7th February, 1992 and the Treaty of Amsterdam of 2nd October, 1997 establishing the European Community;

£, Sterling, sterling or **pounds sterling** means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

\$, U.S.\$, U.S. Dollars or **US Dollars** means the lawful currency for the time being of the United States of America;

¥, Yen or **JPY** means the lawful currency for the time being of Japan;

Abbey or **Santander UK** means Santander UK plc (registered number 2294747) (previously known as "Abbey National plc"), a public limited company incorporated under the laws of England and Wales, whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN;

Abbey Acceleration Notice means an Issuer Acceleration Notice;

Abbey Buildings Policies means those of the Buildings Policies which are issued to Borrowers by the Seller on behalf of CGU Underwriting Limited (formerly known as Commercial Union Underwriting Limited) or such other entity on whose behalf the Seller may from time to time issue the Abbey Buildings Policies to Borrowers;

Abbey Event of Default means an Issuer Event of Default;

Abbey Group means the Santander UK Group;

Abbey Insurance Policies means:

- (a) the MIG Policies prior to the Seller exercising its right to cancel the MIG Policies;
- (b) the Properties in Possession Policy; and
- (c) the Abbey Buildings Policies;

Abbey Standard Variable Rate means the standard variable rate set by the Seller in relation to applicable Variable Rate Loans (other than Tracker Loans) beneficially owned by the Seller on the Seller's residential mortgage book;

Abbey Subordinated Loan means, for so long as the Covered Bonds are outstanding, the subordinated debt obligation arising from the conversion of the outstanding balance of the Seller's Capital Contribution to the LLP upon the Seller automatically ceasing to be a member of the LLP as a result of the appointment of an administrator or liquidator to the Seller or as a result of the Seller disposing of its interest in the Liquidation Member such that the Seller holds less than 20 per cent. of the share capital of the Liquidation Member;

Accession Undertaking means a form of deed of accession to the Deed of Charge substantially in the form set out in **Schedule 2** to the Deed of Charge;

Account Banks means Santander UK situated at 21 Prescott Street, London E1 8AD and Abbey National Treasury Services plc, acting through its office at 2 Triton Square, Regent's Place, London NW1 3AN and any other financial institution which accedes to the Bank Account Agreement as an Account Bank;

Accrual Period means, in accordance with Condition 4.7(c)(i)(A) of the Programme Conditions or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions, the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date;

Accrued Interest means, in relation to a Loan as at any date, interest accrued but not yet due and payable on the Loan from (and including) the Monthly Payment Day immediately preceding the relevant date to (but excluding) the relevant date;

Adjusted Aggregate Loan Amount has the meaning given to it in **Clause 11.2** of the LLP Deed;

Adjusted Outstanding Principal Balance has the meaning given to it in **Clause 11.2** of the LLP Deed;

Adjusted Required Redemption Amount has the meaning given to it in **Clause 20.3** of the LLP Deed;

Adjusted Tangible Net Worth means the aggregate of:

- (a) the nominal amount of the share capital of the Issuer for the time being issued and paid up or credited as paid up;
- (b) the amounts standing to the credit of the reserves (including any share premium account and profit and loss account) of the Issuer and its Subsidiaries; and
- (c) any amounts attributable to minority interests in Subsidiaries, all as shown in the latest audited consolidated balance sheet of the Issuer and its Subsidiaries prepared in accordance with generally accepted accounting principles in the United Kingdom,

but adjusted to the extent that the following items have not already been deducted or excluded in arriving at the figures referred to in (a), (b) or (c) above:

- (i) by deducting therefrom any distribution of cash or tangible assets declared, recommended or made by the Issuer or any of its Subsidiaries (other than any distribution attributable to the Issuer or another Subsidiary) out of profits accrued prior to the date of, and not provided for in, the latest audited consolidated balance sheet of the Issuer and its Subsidiaries;
- (ii) by deducting any amounts attributable to intangible assets; and
- (iii) by deducting the amount of any debit on profit and loss account in each case as determined in accordance with generally accepted accounting principles in the United Kingdom;

Agency Agreement means the agency agreement dated the Programme Date as amended and restated on 4 October 2007 and 8 November 2010 and made between the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Exchange Agent, the Registrar, the Transfer Agent, the N Covered Bond Paying Agent, the N Covered Bond Transfer Agent and the N Covered Bond Registrar (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Agents means the Paying Agents, the N Covered Bond Paying Agent, the Registrar, the N Covered Bond Registrar, the Exchange Agent, the Transfer Agents, the N Covered Bond Transfer Agent and any Calculation Agent;

Aggregate Adjusted Outstanding Principal Balance has the meaning given to it in **Clause 11.2** of the LLP Deed;

Aggregate Arrears Adjusted Outstanding Principal Balance has the meaning given to it in **Clause 11.2** of the LLP Deed;

Agreement Date means, in respect of any Covered Bond, the date on which agreement is reached for the issue of such Covered Bond as contemplated in **Clause 2** of the Programme Agreement which, in the case of the Covered Bonds issued on a syndicated basis or otherwise in relation to which a Subscription Agreement is entered into, shall be the date on which the relevant Subscription Agreement is signed by or on behalf of all the parties to it;

Alternative Insurance Requirements means the Seller's standard documents entitled "Alternative Insurance Requirements – New Business" and "Alternative Insurance Requirements", and any other document containing similar requirements which vary the insurance provisions of the Mortgage Conditions and which is sent to Borrowers in accordance with the Seller's Policy;

Amortisation Test has the meaning given to it in **Clause 12** of the LLP Deed;

Amortisation Test Aggregate Loan Amount has the meaning given to it in **Clause 12.2** of the LLP Deed;

Amortisation Test Outstanding Principal Balance has the meaning given to it in **Clause 12.2** of the LLP Deed;

Amortised Face Amount has the meaning given to it in Condition 6.8(b) (*Redemption and Purchase – Early Redemption Amounts*) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Annual Accounting Date means 31 December in each year or such other date as the LLP Management Board may determine by Majority Decision;

ANPLC 1995 Mortgage Conditions means the mortgage conditions booklet reference 0062/July 95 PA2 and any subsequent amendment therefor acceptable to a Reasonable, Prudent Mortgage Lender;

ANPLC 1995 Northern Irish Mortgage Conditions means the mortgage conditions booklet reference 0382 JUNE 98F and any subsequent amendment therefore acceptable to a Reasonable, Prudent Mortgage Lender;

ANPLC 1995 Scottish Mortgage Conditions means the mortgage conditions booklet reference 0041 Nov 01 F and any subsequent amendment therefor acceptable to a Reasonable, Prudent Mortgage Lender;

ANPLC 2002 Mortgage Conditions means the mortgage conditions booklet reference 0154/July 02 F and any subsequent amendment therefor acceptable to a Reasonable, Prudent Mortgage Lender;

ANPLC 2004 Mortgage Conditions means the mortgage conditions booklet reference 0154 NOV 04 DS and any subsequent amendment therefor acceptable to a Reasonable, Prudent Mortgage Lender;

ANPLC 2006 Mortgage Conditions means the mortgage conditions booklet reference 0154 MAR 06 F and any subsequent amendment therefor acceptable to a Reasonable, Prudent Mortgage Lender;

ANPLC 2007 Mortgage Conditions means the mortgage conditions booklet reference 0154 JUL 07 FD and any subsequent amendment therefor acceptable to a Reasonable, Prudent Mortgage Lender;

ANPLC 2007 Flexible Plus Mortgage Conditions means the mortgage conditions booklet reference 0201 JUL 07 FD and any subsequent amendment therefor acceptable to a Reasonable, Prudent Mortgage Lender;

Appendix means Appendix 1 to the Mortgage Sale Agreement which sets out details of the Provisional Portfolio and Appendix 2 to the Mortgage Sale Agreement which sets out details of the Standard Documentation;

Applicable Time means a time prior to the Time of Sale such that the Dealer(s) can convey any Pricing Supplement or the Final Terms Document in relation to the issue and sale of Rule 144A Covered Bonds to the purchasers thereof at or prior to the Time of Sale;

Appointee means any attorney, manager, agent, delegate, nominee, custodian or other person appointed by the Bond Trustee under the Trust Deed;

Arranger means Santander UK plc;

in Arrears or **in arrears** means, in respect of a Mortgage Account, that one or more Monthly Payments in respect of such Mortgage Account have become due and remain unpaid by a Borrower;

Arrears Adjusted Outstanding Principal Balance has the meaning given to it in **Clause 11.2** of the LLP Deed;

Arrears of Interest means, in relation to a Loan as at any date, the aggregate of all interest and expenses which are due and payable and unpaid on that date;

Asset Coverage Test has the meaning given to it in **Clause 11** of the LLP Deed;

Asset Coverage Test Breach Notice means the notice required to be served by the Bond Trustee if the Adjusted Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on two consecutive Calculation Dates;

Asset Monitor means a reputable institution appointed as such under the Asset Monitor Agreement;

Asset Monitor Agreement means the asset monitor agreement entered into on the Programme Date between the Asset Monitor, the LLP, the Cash Manager, the Issuer, the Bond Trustee and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Asset Monitor Report means the results of the tests conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to the Cash Manager, the LLP, the Issuer, the Bond Trustee and the Security Trustee;

Asset Percentage means 91 per cent. or such lesser percentage figure as determined from time to time pursuant to **Clause 11.3** of the LLP Deed;

Asset Pool means the assets of the LLP from time to time, including but not limited to the Portfolio, any Substitution Assets, any Authorised Investments, the rights of the LLP in the Transaction Documents, the LLP Accounts (apart from the Swap Collateral Accounts) and all amounts standing to the credit thereto and any other assets referred to in Regulation 3(1) (*Asset Pool*) of the RCB Regulations that are recorded as comprising the asset pool in accordance with the RCB Regulations and excluding, for the avoidance of doubt, Swap Collateral;

Assignment Date means each of the First Assignment Date and each other date on which a New Portfolio is assigned to the LLP in accordance with the terms of the Mortgage Sale Agreement;

Assignment of Third Party Rights means an assignment and assignation of Related Security and rights of action against third parties substantially in the form set out in **Schedule 7** to the Mortgage Sale Agreement;

Audited Accounts means the balance sheet and profit and loss account of the LLP prepared and audited in accordance with **Clause 26** of the LLP Deed together with the notes to such accounts;

Auditors means PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH or such other internationally independent firm of auditors selected from time to time by the LLP;

Authorised Adviser means Citigroup Global Markets Limited, Citigroup Centre, Canada Square, London E14 5LB or any other authorised adviser appointed by the Issuer from time to time for the purposes of liaising with the UK Listing Authority and/or London Stock Exchange from time to time;

Authorised Entity means (a) any entity the short-term unguaranteed and unsecured debt of which is rated at least A-1+ by S&P, P-1 by Moody's, and F1 by Fitch or (b) any other entity approved in writing by the Security Trustee and the Rating Agencies, in each case being an institution with a Part IV permission that includes accepting deposits under FSMA;

Authorised Investments means each of:

- (a) Sterling gilt-edged securities having a remaining maturity date of 30 days or less and maturing on or before the next following LLP Payment Date;
- (b) Sterling demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations provided that in all cases such investments have a remaining period to maturity of 30 days or less and mature on or before the next following LLP Payment Date and (i) the short-term, unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least A-1+ by S&P, P-1 by Moody's and F1 by Fitch and (ii) the long-term, unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least A by Fitch; and
- (c) Sterling denominated government and public securities, as defined from time to time by the FCA, provided that such investments have a remaining period to maturity of 30 days or less and mature on or before the next following LLP Payment Date and which are rated Aaa by Moody's, AAA by S&P and AAA by Fitch,

provided that such Authorised Investments comply with the requirements of Regulation 2(1)(a) of the RCB Regulations;

Authorised Signatory means, in relation to the Bank Account Agreement, any authorised signatory referred to in the Transaction Account Mandate or the GIC Account Mandate, as applicable;

Available Principal Receipts means, on a relevant Calculation Date, an amount equal to the aggregate of (without double counting):

- (a) the amount of Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger on the GIC Account;
- (b) any other amount standing to the credit of the Principal Ledger including (i) the proceeds of any Term Advance (where such proceeds have not been applied to acquire New Portfolios, refinance an existing Term Advance or invest in Substitution Assets), (ii) any Cash Capital Contributions received from a Member (other than those Cash Capital Contributions credited to the Reserve Ledger on the GIC Account) and (iii) the proceeds from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement to the extent that such proceeds represent principal, but excluding any amount of principal received under the Covered Bond Swap Agreements;
- (c) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap; and
- (d) following repayment of any Hard Bullet Covered Bonds by the Issuer on the Final Maturity Date thereof, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger in respect of such Series of Hard Bullet Covered Bonds (except where the LLP has elected to or is required to retain such amounts on the Pre-Maturity Liquidity Ledger),

less

- (e) any Swap Collateral Excluded Amounts;

Available Revenue Receipts means, on a relevant Calculation Date, an amount equal to the aggregate of (without double counting):

- (a) the amount of Revenue Receipts received during the immediately preceding Calculation Period and credited to the Revenue Ledger on the GIC Account;
- (b) other net income of the LLP including all amounts of interest received on the LLP Accounts, the Substitution Assets and any Authorised Investments in the preceding Calculation Period and the proceeds from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement to the extent that such proceeds comprise Accrued Interest and Arrears of Interest or other interest amounts, but excluding amounts received by the LLP under the Interest Rate Swap Agreement and amounts in respect of interest received by the LLP under each Covered Bond Swap Agreement;
- (c) amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount;
- (d) any other revenue receipts not referred to in paragraphs (a) to (c) (inclusive) above received during the previous Calculation Period and standing to the credit of the Revenue Ledger on the GIC Account;
- (e) following service of a Notice to Pay or an Asset Coverage Test Breach Notice (if not revoked), amounts standing to the credit of the Reserve Fund; and
- (f) the amount of any premium received by the LLP from a new Swap Provider as consideration for the entry by the LLP into a new Swap, except to the extent applied to pay any termination payment under the relevant Swap being replaced,

less

- (g) Third Party Amounts, which shall be paid on receipt of cleared funds to the Seller;
- (h) Tax Credits; and
- (i) Swap Collateral Excluded Amounts;

Average Fixed Rate Loan Balances has the meaning given to it in the Interest Rate Swap Agreement;

Average Tracker Rate Loan Balance has the meaning given to it in the Interest Rate Swap Agreement;

Average Variable Rate Loan Balances has the meaning given to it in the Interest Rate Swap Agreement;

BACS means the Bankers' Automated Clearing Service as amended from time to time or any scheme replacing the same;

Baker Street Risk means Baker Street Risk and Insurance (Guernsey) Limited;

Banco Santander means Banco Santander, S.A.;

Bank Account Agreement means the bank account agreement entered into on the Programme Date as amended and restated on 4 October 2007 between the LLP, the Account Banks, the Cash Manager and the Security Trustee (as the same may be further amended, restated, supplemented, replaced or novated from time to time);

Basel Committee means the Basel Committee on Banking Supervision;

Bearer Covered Bonds means Covered Bonds in bearer form;

Bearer Definitive Covered Bond means a Bearer Covered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Trust Deed in exchange for either a Temporary Global Covered Bond or part thereof or a Permanent Global Covered Bond (all as indicated in the applicable Final Terms Document), such Bearer Covered Bond in definitive form being substantially in the form set out in **Part 3 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues) and having the Programme Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Terms and Conditions by reference as indicated in the applicable Final Terms Document and having the relevant information supplementing, replacing or modifying the Programme Conditions appearing in the applicable Final Terms Document endorsed thereon or attached thereto and (except in the case of a Zero Coupon Covered Bond in bearer form) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue;

Bearer Global Covered Bonds means Global Covered Bonds in bearer form, comprising Temporary Global Covered Bonds and Permanent Global Covered Bonds, substantially in the forms set out in **Parts 1 and 2**, respectively, of **Schedule 2** to the Trust Deed;

Beneficial Owner means each actual purchaser of each DTC Covered Bond;

block voting instruction has the meaning given to it in **Schedule 4** to the Trust Deed;

Bond Trustee means Deutsche Trustee Company Limited in its capacity as bond trustee under the Trust Deed together with any successor or additional bond trustee appointed from time to time thereunder;

Borrower means, in relation to a Loan, each individual specified as such in the relevant Mortgage Terms together with each individual (if any) from time to time assuming an obligation to repay such Loan or any part of it;

Broken Amount has the meaning (if any) given to it in the applicable Final Terms Document;

Buildings Policies means:

- (a) all buildings insurance policies relating to Properties which have been taken out in the name of the relevant Borrower (and, in the case of the Abbey Buildings Policies, the Seller) in accordance with the applicable Mortgage Terms or the Alternative Insurance Requirements; and
- (b) all landlord's buildings insurance policies relating to leasehold Properties;

Business Day means:

- (a) in the case of a Series of Covered Bonds which are not N Covered Bonds, a day which is both:
 - (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms Document;
 - (ii) either (x) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre, or as otherwise specified in the applicable Final Terms Document or (y) in relation to any sum payable in euro, a day on which the TARGET System is open; or
- (b) in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions;

Calculation Agency Agreement, in relation to any Series of Covered Bonds, means an agreement in or substantially in the form of **Schedule 1** to the Agency Agreement;

Calculation Agent means, in relation to one or more Series of Variable Interest Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the LLP pursuant to the Agency Agreement or, if applicable, any successor calculation agent in relation to such Covered Bonds;

Calculation Amount, in relation to any Series of Covered Bonds, has the meaning given to it in the applicable Final Terms Document;

Calculation Date means:

- (a) prior to the Effective Date, the third London Business Day prior to each LLP Payment Date; and
- (b) on or following the Effective Date, in respect of a Calculation Period, the first London Business Day of that period;

Calculation Period means:

- (a) prior to the Effective Date, the period from (and including) one Calculation Date to (but excluding) the next following Calculation Date, except that the first Calculation Period shall commence on (and include) the first Issue Date under the Programme and end on (but exclude) the next following Calculation Date; and
- (b) on or following the Effective Date, the period from (and including) the first calendar day of each calendar month to (but excluding) the first calendar day of the next following calendar month, except that the first Calculation Period shall commence on (and include) the first Issue Date under the Programme and end on (but exclude) the first calendar day of the next following month;

Capital Account Ledger means the ledger maintained by the Cash Manager on behalf of the LLP in respect of each Member to record the balance of each Member's Capital Contributions from time to time;

Capital Balance means, for a Loan at any date, the principal balance of that Loan to which the Servicer applies the relevant interest rate at which interest on that Loan accrues;

Capital Contribution means, in relation to each Member, the aggregate of the capital contributed by that Member to the LLP from time to time by way of Cash Capital Contributions and Capital Contributions in Kind as determined on each Calculation Date in accordance with the formula set out in the LLP Deed;

Capital Contribution Balance means the balance of each Member's Capital Contributions as recorded from time to time in the relevant Member's Capital Account Ledger;

Capital Contribution in Kind means a contribution of Loans and their Related Security to the LLP in an amount equal to (a) the Outstanding Principal Balance of those Loans as at the relevant Assignment Date minus (b) any cash payment paid by the LLP for the Loans and their Related Security on that Assignment Date, together with (i) the principal amount of all Flexible Loan Drawings and Further Advances in respect of such Loans which are funded by the Seller as a Member of the LLP and (ii) Capitalised Arrears added to the principal amount outstanding of such Loans;

Capital Distribution means any return on a Member's Capital Contribution in accordance with the terms of the LLP Deed (and excluding, for the avoidance of doubt, any Deferred Consideration);

Capitalised Arrears means, in relation to a Loan at any date (the **determination date**), the amount (if any) at such date of any Arrears of Interest in respect of which, on or prior to the determination date, each of the following conditions has been satisfied:

- (a) the Seller (or the Servicer on the Seller's behalf) has, by arrangement with the relevant Borrower, agreed to capitalise such Arrears of Interest; and
- (b) such Arrears of Interest have been capitalised and added, in the relevant accounts of the Seller (or, if the determination date occurs after the First Assignment Date, the LLP), to the principal amount outstanding in respect of such Loan;

Capitalised Expenses means, in relation to a Loan, the amount of any expense, charge, fee, premium or payment (excluding, however, any Arrears of Interest) capitalised and added to the principal amount outstanding in respect of such Loan in accordance with the relevant Mortgage Terms (including for the avoidance of doubt, any High Loan-to-Value Fee);

Capitalised Interest means the increase in the Outstanding Principal Balance of a Flexible Loan that occurs as a result of the relevant Borrower having taken a Payment Holiday in respect of interest on that Flexible Loan, such increase to be in an amount equal to the Accrued Interest that was due but not paid;

Capped Rate Loans means those Loans that are subject to a maximum rate of interest and where the interest rate payable by the Borrower is the lesser of the SVR or, as the case may be, the Tracker Rate and such specified maximum rate of interest;

Carfax means Carfax Insurance Limited situated at The Albany, South Esplanade, St Peter Port, Guernsey, Channel Islands;

Cash means cash and/or amounts standing to the credit of a bank account, as the context shall require;

Cash Capital Contribution means a capital contribution to the LLP made in cash whether by way of loan or otherwise and including the amount paid by any Seller as a Member of the LLP in respect of any Payment Holidays by a Borrower;

Cash Flow Model Calculation Date means the Calculation Date falling in January, April, July and October of each year (commencing on the Calculation Date falling in October 2005);

Cash Management Agreement means the amended and restated cash management agreement entered into on 20 May 2008 between the LLP, Abbey in its capacity as the Cash Manager and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Cash Management Services means the services to be provided to the LLP and the Security Trustee pursuant to the Cash Management Agreement;

Cash Manager means Abbey in its capacity as cash manager or any successor cash manager appointed from time to time;

Cash Manager Termination Event has the meaning given to it in **Clause 11** of the Cash Management Agreement;

CCA means the Consumer Credit Act 1974;

CCA 2006 means the Consumer Credit Act 2006;

Certificate of Title means a solicitor's, licensed conveyancer's or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the Seller in respect of each Property substantially in the form of the pro-forma set out in the Standard Documentation;

CGCB means a Temporary Global Covered Bond in the form set out in **Part 1** of **Schedule 2** to the Trust Deed or a Permanent Global Covered Bond in the form set out in **Part 2** of **Schedule 2** to the Trust Deed, in either case where the applicable Final Terms Document specifies that the Covered Bonds are in CGCB form;

Charged Property means the property charged by the LLP pursuant to the Deed of Charge;

Clearing Systems means DTC, Euroclear and/or Clearstream, Luxembourg;

Clearstream, Luxembourg means Clearstream Banking, société anonyme or its successors;

Closing Bank means the closing bank agreed between the Issuer, the LLP, the Registrar, the Principal Paying Agent and the relevant Dealer or, as the case may be, the Lead Manager to which the relevant Dealer or, as the case may be, the Lead Manager shall pay the net purchase moneys for an issue of Registered Covered Bonds;

CML means the Council of Mortgage Lenders;

Commencement Date means the date of this Agreement;

Common Depository means the common depository for Euroclear and Clearstream, Luxembourg;

Common Safekeeper means Clearstream Banking AG or any entity so determined pursuant to **Clause 2.8** of the Agency Agreement;

Companies Act means the Companies Act 1985 as amended (including the Companies Act 1985 as it applies to limited liability partnerships) or the Companies Act 2006, as applicable, and any regulations made pursuant to those Acts;

Completion means the completion of the sale and purchase of the Portfolio pursuant to and in accordance with **Clause 4** of the Mortgage Sale Agreement;

Conditions has the meaning given to it in the definition of Terms and Conditions;

Confirmation Letter means:

- (a) in respect of the appointment of a third party as a Dealer for the duration of the Programme, the Confirmation Letter substantially in the form set out in **Part 2** of **Appendix 3** of the Programme Agreement; and
- (b) in respect of the appointment of a third party as a Dealer for one or more particular issue(s) of Covered Bonds under the Programme, the Confirmation Letter substantially in the form set out in **Part 4** of **Appendix 3** of the Programme Agreement;

Corporate Services Agreement means the corporate services agreement dated the Programme Date entered into by the Liquidation Member and Holdings, with, *inter alios*, the Corporate Services Provider and the LLP;

Corporate Services Provider means Wilmington Trust SP Services (London) Limited acting through its office at Third Floor, 1 King's Arms Yard, London EC2R 7AF, in its capacity as corporate services provider, together with any successor corporate services provider appointed from time to time;

Coupon means an interest coupon appertaining to a Bearer Definitive Covered Bond (other than a Zero Coupon Covered Bond), such coupon being:

- (a) if appertaining to a Fixed Rate Covered Bond, substantially in the form set out in **Part 5A** of **Schedule 2** to the Trust Deed or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s); or
- (b) if appertaining to a Floating Rate Covered Bond or a Variable Interest Covered Bond, substantially in the form set out in **Part 5B** of **Schedule 2** to the Trust Deed or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s); or
- (c) if appertaining to a Bearer Definitive Covered Bond which is none of a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a Variable Interest Covered Bond, in such form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s);

Couponholders means the holders of the Coupons (which expression shall, unless the context otherwise requires, include the holders of the Talons);

Covered Bond means each covered bond (including each N Covered Bond) issued or to be issued pursuant to the Programme Agreement and which is or is to be constituted under the Trust Deed (including each covered bond issued prior to the Substitution Effective Date by Abbey National Treasury Services plc), which Covered Bond may be represented (in the case of a Covered Bond which is not an N Covered Bond) by a Global Covered Bond or any Definitive Covered Bond or, in the case of any N Covered Bond, by an N Covered Bond Certificate and includes any replacements for a Covered Bond issued (in the case of a Covered Bond which is not an N Covered Bond) pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme Conditions or (in the case of N Covered Bond) pursuant to Condition 12 (*Replacement of the Certificate*) of the N Covered Bond Conditions;

Covered Bond Guarantee means an unconditional and irrevocable guarantee by the LLP in the Trust Deed for the payment (following service of a Notice to Pay or an LLP Acceleration Notice) of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment;

Covered Bond Swap means each transaction between the LLP, the relevant Covered Bond Swap Provider and the Security Trustee pursuant to a Covered Bond Swap Agreement;

Covered Bond Swap Agreement means each Forward Starting Covered Bond Swap Agreement and each Non-Forward Starting Covered Bond Swap Agreement;

Covered Bond Swap Early Termination Event means a Termination Event or Event of Default (each as defined in the relevant Covered Bond Swap Agreement), excluding a Swap Provider Downgrade Event, pursuant to which the Non-defaulting Party or the party that is not the Affected Party (each as defined in the relevant Covered Bond Swap Agreement), as applicable, may terminate the Covered Bond Swap Agreement;

Covered Bond Swap Provider means each provider of a Covered Bond Swap under a Covered Bond Swap Agreement;

Covered Bond Swap Rate means, in relation to a Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap relating to such Covered Bonds or, if the relevant Covered Bond Swap Agreement has terminated, the applicable spot rate;

Covered Bondholders means the several persons who are for the time being holders of outstanding Covered Bonds (being, in the case of Bearer Covered Bonds, the bearers thereof and, in the case of Registered Covered Bonds, the several persons whose names are entered in the register of holders of the Registered Covered Bonds as the holders thereof) save that, in respect of the Covered Bonds of any Series, for so long as such Covered Bonds or any part thereof are represented by a Bearer Global Covered Bond deposited with a common depositary for Euroclear and Clearstream, Luxembourg, or, as the case may be, the Common Safekeeper, or so long as DTC, Euroclear or Clearstream, Luxembourg or its nominee is the registered holder of a Registered Global Covered Bond, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) or, as the case may be, DTC or its nominee, as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds (and the holder of the relevant Global Covered Bond shall be deemed not to be the holder) for all purposes of the trust presents other than with respect to the payment of principal or interest on such principal amount of such Covered Bonds and, in the case of DTC or its nominee, voting, giving consents and making requests pursuant to the trust presents, the rights to which shall be vested, as against the Issuer, the LLP and the Bond Trustee, solely in such common depositary or, as the case

may be, DTC or its nominee and for which purpose such common depositary or, as the case may be, DTC or its nominee shall be deemed to be the holder of such principal amount of such Covered Bonds in accordance with and subject to its terms and the provisions of the trust presents and the expressions **Covered Bondholder**, **Holder** and **holder of Covered Bonds** and related expressions shall be construed accordingly;

Credit Linked Interest Covered Bonds means Covered Bonds in respect of which payments of interest will be calculated by reference to the creditworthiness of, performance of obligations by or some other factor relating to one or more Reference Entities, as set out in the applicable Final Terms Document;

Cross Default Amount means the greater of: (a) £25,000,000 or its equivalent in any other currency or composite currency, and (b) such amount in Sterling as is equal to one per cent. of the Adjusted Tangible Net Worth of the Issuer and its Subsidiaries, or its equivalent in any other currency or composite currency. A certificate by the Auditors of the Issuer (whether or not addressed to the Bond Trustee) as to the amount of the Cross Default Amount shall, in the absence of manifest error, be conclusive and binding on all parties;

Custodian means any custodian with whom the relevant Registered Global Covered Bonds have been deposited;

Customer Files means the file or files relating to each Loan and its Related Security containing, *inter alia*:

- (a) all material correspondence relating to that Loan; and
- (b) the completed mortgage documentation applicable to the Loan (other than the Title Deeds) including the Valuation Report and the solicitor's or licensed or qualified conveyancer's Certificate of Title,

whether original documentation, in electronic form or otherwise;

Data Controller means the LLP;

Data Processor means the Servicer;

Data Protection Act means the Data Protection Act 1998;

Data Subject shall have the same meaning as is assigned to it in the Data Protection Act;

Date of Admission means, in relation to a New Member, the date on which that New Member enters into a Deed of Admission;

Day Count Fraction means: (i) in the case of a Fixed Rate Covered Bond, the meaning given in Condition 4.1 (*Interest – Interest on Fixed Rate Covered Bonds*) of the Programme Conditions; (ii) in the case of a Floating Rate Covered Bond, the meaning given in Condition 4.2 (*Interest – Interest on Floating Rate Covered Bonds and Variable Interest Covered Bonds*) of the Programme Conditions and (iii) in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions;

D.D. Date means the date of delivery to the Account Bank or BACS (as the case may be) of such instructions as may be necessary from time to time for the debit of a Borrower's account in respect of which there is a direct debit mandate;

Dealer Accession Letter means:

- (a) in respect of the appointment of a third party as a Dealer for the duration of the Programme or until terminated by the Issuer, the Dealer Accession Letter substantially in the form set out in **Part 1** of **Appendix 3** of the Programme Agreement; and
- (b) in respect of the appointment of a third party as a Dealer for one or more particular issue(s) of Covered Bonds under the Programme, the Dealer Accession Letter substantially in the form set out in **Part 3** of **Appendix 3** of the Programme Agreement;

Dealers means Banco Santander, S.A. and any other dealers appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis. References to the **relevant Dealer(s)** shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Covered Bonds;

Deed of Accession means the deed of accession included as **Schedule 2** to the Deed of Charge and titled "Form of Accession Undertaking";

Deed of Charge means the deed of charge dated the Programme Date as supplemented on 4 October 2007, 20 May 2008, 9 September 2011, 12 July 2013, 25 June 2014 and the date hereof and made between the LLP, the Bond Trustee, the Security Trustee and the other Secured Creditors (as the same may be further amended, supplemented and/or restated from time to time);

Deed of Consent means a deed whereby a person in or intended to be in occupation of a Property agrees with the Seller to postpone his or her interest (if any) in the Property so that it ranks after the interest created in the relevant Mortgage;

Deed of Substitution, Novation and Amendment means the deed of substitution, novation and amendment dated 26 April 2016 and made between, among others, the parties hereto, pursuant to which, *inter alia*, Santander UK plc assumed all the rights and obligations of Abbey National Treasury Services plc as principal obligor and issuer under the Programme, including under the Programme Agreement, the Trust Deed and all other Transaction Documents, and in respect of all Series of Covered Bonds issued and to be issued, replacing Abbey National Treasury Services plc as principal obligor and issuer under the Programme;

Deed of Postponement means a deed or agreement whereby a mortgagee of or the heritable creditor in relation to a Property agrees with the Seller to postpone its mortgage or standard security (as appropriate) over the Property so that the sums secured by it will rank for repayment after the sums secured by the relevant Mortgage;

Defaulted Covered Bond has the meaning given in **Clause 6.6** of the Agency Agreement;

Defaulted Loan means any Loan in the Portfolio which is three months or more in arrears;

Deferred Consideration means the consideration payable to the Seller in respect of the Loans sold to the LLP from time to time, which is payable after making payments of a higher order of priority as set out in the relevant Priority of Payments;

Definitive Covered Bond means a Bearer Definitive Covered Bond and/or a Registered Definitive Covered Bond, as the context may require;

Definitive Regulation S Covered Bond means a Registered Covered Bond in definitive form sold to non-U.S. persons outside the United States in reliance on Regulation S;

Definitive Rule 144A Covered Bond means a Registered Covered Bond in definitive form sold in the United States to QIBs pursuant to Rule 144A;

Delayed Cashback means, in relation to any Loan, an agreement by the Seller to pay an amount to the relevant Borrower after a specified period of time following completion of the relevant Loan;

Dematerialised Loan means an English Loan completed on or after 13 October 2003 in relation to which the Seller is not required by law to hold any deeds or documents in order to evidence title to the relevant Property or any rights in relation to the relevant Property or the Seller's Mortgage of the relevant Property and in relation to which the Seller does not retain Title Deeds, or a Scottish Loan completed on or after 22 January 2007 in relation to which land and charge certificates are available in electronic form only;

Designated Account (in the case of a Covered Bond which is not an N Covered Bond) has the meaning given to it in Condition 5.4 (*Payments – Payments in respect of Registered Covered Bonds*) of the Programme Conditions and (in the case of an N Covered Bond) has the meaning set out in the relevant N Covered Bond Conditions;

Designated Bank has the meaning given to it in Condition 5.4 (*Payments – Payments in respect of Registered Covered Bonds*) of the Programme Conditions and/or (in the case of an N Covered Bond) has the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Designated Maturity has the meaning given to it in the ISDA Definitions;

Designated Member means each Member appointed and registered as such from time to time having those duties and obligations set out in Sections 8 and 9 of the LLPA 2000 being, as at the date hereof, Abbey and the Liquidation Member;

Determination Date has the meaning given to it in the applicable Final Terms Document;

Determination Period has the meaning given to it in Condition 4.7(d) (*Interest – Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions and/or, in case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Diligence means the process (under Scots law) by which a creditor attaches the property of a debtor to implement or secure a court decree or judgment;

Direct Debiting Scheme means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services;

Directors means the directors for the time being of the Issuer;

Direct Participants means direct participants in DTC;

Disclosure Documents means, in relation to an issue of Covered Bonds, the Final Terms Document together with the Prospectus and, if applicable, any relevant Pricing Supplement and any Issuer Written Information;

Distribution Compliance Period means the period that ends 40 days after the later of the commencement of the offering and the Issue Date;

DNB means De Nederlandsche Bank N.V.;

Drawdown Date means, in respect of any Term Advance, the date on which that Term Advance is made by the Issuer to the LLP as specified in the Request relating to that Term Advance;

DTC means The Depository Trust Company or its successors;

DTC Covered Bonds means Registered Covered Bonds accepted into DTC's book-entry settlement system;

DTCC means The Depository Trust & Clearing Corporation;

DTI means the Department of Trade and Industry;

Dual Currency Interest Covered Bond means a Covered Bond in respect of which payments of interest will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree, such currencies and rates of exchange to be specified in the applicable Final Terms Document;

Due for Payment means the requirement by the LLP to pay any Guaranteed Amount:

- (a) following service of a Notice to Pay but prior to service of an LLP Acceleration Notice:
 - (i) (except where paragraph (ii) below applies) on the date on which the Scheduled Payment Date in respect of such Guaranteed Amount is reached, or, if the applicable Final Terms Document specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, on the Interest Payment Date that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date or such other Interest Payment Date(s) specified in the applicable Final Terms Document (the **Original Due for Payment Date**); and
 - (ii) in relation to any Guaranteed Amount in respect of the Final Redemption Amount payable on the Final Maturity Date of a Series of Covered Bonds for which an Extended Due for Payment Date is specified in the applicable Final Terms Document, on the Extended Due for Payment Date, but only to the extent that the LLP, having received the Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date, does not pay Guaranteed Amounts corresponding to the full amount of the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date, because the LLP has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of (A) the date which falls two Business Days after service of the Notice to Pay on the LLP or, if later, the Final Maturity Date (in each case after the expiry of the grace period set out in Condition 9.2(a)) and (B) the Extension Determination Date,

and for the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise; or

- (b) following service of an LLP Acceleration Notice, on the date on which the LLP Acceleration Notice is served on the Issuer and the LLP;

Earliest Maturing Covered Bonds means, at any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the GIC Account) that

has or have the earliest Final Maturity Date as specified in the applicable Final Terms Document (ignoring any acceleration of amounts due under the Covered Bonds prior to service of an LLP Acceleration Notice);

Early Redemption Amount has the meaning given to it in the applicable Final Terms Document and/or in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Early Repayment Fee means any fee which a Borrower is required to pay in the event that his or her Loan becomes repayable for default or for any other mandatory reason or he or she repays all or any part of the relevant Loan before a specified date;

Effective Date means the date on which the Servicer and/or Cash Manager notifies the Bond Trustee and Security Trustee that the Effective Date has occurred in respect of the definitions of "Calculation Date" and "Calculation Period";

Eligibility Criteria means the conditions set forth in **Clause 2.4** of the Mortgage Sale Agreement (or in the equivalent clause of any New Mortgage Sale Agreement);

EMU means the European Monetary Union;

Encumbrance has the same meaning as "Security Interest";

Enforcement Procedures means the procedures for the enforcement of Mortgages undertaken by the Servicer from time to time in accordance with the Seller's Policy;

English Mortgage means a Mortgage over an English Property;

English Mortgage Conditions means the Mortgage Conditions applicable to English Loans;

English Loans means Loans secured by an English Mortgage;

English Property means a Property situated in England or Wales;

Enlarged Abbey Group means the Enlarged Santander UK Group;

Enlarged Santander UK Group means the Santander UK Group, each Holding Company of Santander UK and the Subsidiaries of each such Holding Company;

Equity Linked Interest Covered Bonds means Covered Bonds in respect of which payments of interest will be calculated by reference to the price, value, performance or some other factor relating to one or more Reference Assets, as set out in the applicable Final Terms Document;

Established Rate means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

EU means the European Union;

EURIBOR means the Euro-zone inter-bank offered rate;

Euroclear means Euroclear Bank S.A./N.V., or its successors;

Euro Equivalent means, in relation to a Term Advance or a Series of Covered Bonds which is denominated in (a) a currency other than Euro, the Euro equivalent of such amount ascertained using the spot exchange rate in London for such currency on the relevant Issue Date and (b) Euro, the applicable amount in Euro;

Eurosystem-eligible NGCB means an NGCB which is intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms Document;

Excess Proceeds means moneys received (following service of an Issuer Acceleration Notice) by the Bond Trustee from the Issuer or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration or other similar officer appointed in relation to the Issuer;

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended;

Exchange Agent means Deutsche Bank Trust Company Americas in its capacity as exchange agent (which expression shall include any successor exchange agent);

Exchange Date means the date on or after the date which is 40 days after a Temporary Global Covered Bond is issued;

Exchange Event means (a) in the case of Bearer Covered Bonds, (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the Issuer has or will become subject to adverse Tax consequences which would not be suffered were the Bearer Global Covered Bond (and any interests therein) exchanged for Bearer Definitive Covered Bonds and (b) in the case of Registered Covered Bonds, (i) in the case of Registered Covered Bonds registered in the name of DTC or its nominee, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (ii) in the case of Registered Covered Bonds registered in the name of the Common Depository or its nominee, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse Tax consequences which would not be suffered were the Registered Global Covered Bond (and any interests therein) exchanged for Registered Definitive Covered Bonds;

Excluded Swap Termination Amount means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable under that Swap Agreement (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider;

Expenses means amounts incurred by a Member, in connection with, or for the purpose of, acting as a Member on behalf of the LLP or in furtherance of the LLP Business;

Extended Due for Payment Date means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms Document to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full by the Extension Determination Date and, in the case of an N Covered Bond, as set out in the relevant N Covered Bond Additional Terms (if applicable);

Extension Determination Date means, in respect of any Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Final Maturity Date of such Series of Covered Bonds;

Extraordinary Resolution has the meaning given to it in **paragraph 19** of **Schedule 4** to the Trust Deed;

Facility means the loan facility made available by the Issuer to the LLP under the Intercompany Loan Agreement in an aggregate amount equal to the Total Credit Commitment;

FCA means the U.K. Financial Conduct Authority;

Financial Services Act means Legislative Decree No. 58 of 24th February, 1998 of the Republic of Italy;

Final Maturity Date means the Interest Payment Date on which a Series of Covered Bonds will be redeemed at their Final Redemption Amount in accordance with (in the case of a Covered Bond which is not an N Covered Bond) the Programme Conditions and, in the case of an N Covered Bond, the N Covered Bond Conditions;

Final Redemption Amount means, in respect of a Series of Covered Bonds which are not N Covered Bonds, the amount as specified in the applicable Final Terms Document and, in the case of an N Covered Bond, the N Covered Bond Conditions;

Final Terms Document means (i) the final terms which, with respect to each Tranche or Series of Covered Bonds (which are not N Covered Bonds) to be admitted to the Official List and admitted to trading by the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the applicable Tranche of Covered Bonds and (ii) with respect to any N Covered Bond, the N Covered Bond Conditions applicable to the N Covered Bond and the relevant N Covered Bond Agreement (taken together);

Financial Year means the 12 month period ending on the last day of the calendar year;

First Assignment Date means the date on which the Initial Portfolio is sold to the LLP pursuant to the terms of the Mortgage Sale Agreement;

First Issue means the issuance by the Issuer of a Series of Covered Bonds for the first time pursuant to the Programme;

First Issue Date means the date on which the Issuer issues a Series of Covered Bonds for the first time pursuant to the Programme;

Fiscal Period means a period beginning on the 1st January in each year and ending on and including the next following Annual Accounting Date;

Fitch means Fitch Ratings Ltd. or its successors;

Fixed LLP Payment Period means the period from (and including) an LLP Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) LLP Payment Date;

Fixed Rate Covered Bonds means Covered Bonds paying a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s);

Fixed Rate Loans means those Loans where the interest rate payable by the Borrower does not vary and is fixed for a certain period of time by the Seller together with Capped Rate Loans for as long as the same are subject to interest at the specified capped rate;

Flexible Draw Capacity means the amount equal to the excess of (a) the maximum amount that Borrowers may draw under Flexible Loans included in the Portfolio (whether or not drawn) over (b) the aggregate Outstanding Principal Balance in respect of Flexible Loans in the Portfolio on the relevant Calculation Date;

Flexible Loan means a type of loan product that typically incorporates features that give the borrower options (which may be subject to certain conditions) to, among other things, make further drawings on the Mortgage Account and/or overpay or underpay interest and principal in a given month and/or take a Payment Holiday and, for the avoidance of doubt, includes Flexible Plus Loans;

Flexible Loan Conditions means the Mortgage Conditions applicable to any Flexible Loan;

Flexible Loan Drawing means any further drawing of monies made by a Borrower under a Flexible Loan other than the Initial Advance (but including any Capitalised Interest);

Flexible Offset Mortgage Conditions 2010 means the mortgage conditions booklet reference MORT 0201 MAY 10 T;

Flexible Offset Mortgage Conditions 2012 means the mortgage conditions booklet reference MORT 0201 APR 14 HT;

Flexible Offset Mortgage Conditions 2014 means the mortgage conditions booklet reference MORT 0201 JUL 13 HF;

Flexible Plus Loans means Flexible Loans documented under the Seller's flexible plus mortgage conditions 2003 or any subsequent amendment or replacement thereof acceptable to a Reasonable, Prudent Mortgage Lender;

Flexible Plus Mortgage Conditions 2010 means the mortgage conditions booklet reference MORT 0201 JAN 10 TDD;

Floating Rate has the meaning given to it in the ISDA Definitions;

Floating Rate Convention has the meaning given to it in Condition 4.7(b)(i) (*Interest – Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Floating Rate Covered Bonds means Covered Bonds which bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

as set out in the applicable Final Terms Document;

Floating Rate Option has the meaning given to it in the ISDA Definitions;

Following Business Day Convention has the meaning given to it in Condition 4.7(b)(ii) (*Interest – Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Form of Transfer means the form of transfer endorsed on a Registered Definitive Covered Bond substantially in the form set out in **Part 8 of Schedule 2** to the Trust Deed;

Forward Starting Covered Bond Swap Agreement means each agreement between the LLP, the relevant Covered Bond Swap Provider and the Security Trustee in respect of a Series or Tranche, as applicable, of Covered Bonds which provides a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans in the Portfolio and the Interest Rate Swap and amounts payable by the LLP under the Covered Bond Guarantee in respect of Covered Bonds (after service of a Notice to Pay or the service of an LLP Acceleration Notice) in the form of an ISDA Master Agreement, including a schedule, one or more confirmations and a credit support annex;

Framework means a comprehensive framework, the text of which was published by the Basel Committee on Banking Supervision in June 2004 under the title "*International Convergence of Capital Measurement and Capital Standards: a Revised Framework – Comprehensive Version*";

FSMA means the Financial Services and Markets Act 2000, as amended;

Further Advance means, in relation to a Loan, any advance of further money to the relevant Borrower following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance, excluding the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage, and does not include a Flexible Loan Drawing;

GIC Account means the account in the name of the LLP held with Abbey and maintained subject to the terms of the Guaranteed Investment Contract, the Bank Account Agreement, the Deed of Charge and the LLP Deed or such additional or replacement account as may be for the time being in place pursuant to the Cash Management Agreement with the prior consent of the Security Trustee and designated as such;

GIC Account Mandate means the bank account mandate between the LLP and the Account Bank relating to the operation of the GIC Account in or substantially in the form set out in **Schedule 1** to the Bank Account Agreement;

GIC Balance means, on any day, the amount standing to the credit of the GIC Account as at the opening of business on such day;

GIC Provider means Santander UK in its capacity as GIC provider or any successor GIC provider appointed from time to time;

GIC Rate means the rate of interest accruing on the balance standing to the credit of the GIC Account equal to the rate of three month Sterling LIBOR in respect of an LLP Payment Period;

Global Covered Bond means a Bearer Global Covered Bond and/or a Registered Global Covered Bond, as the context may require;

Guarantee means the Covered Bond Guarantee;

Guaranteed Amounts means, prior to the service of an LLP Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, or after service of an LLP Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Terms and Conditions plus all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds (other than additional amounts payable under Condition 7), including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the LLP under the Trust Deed;

Guaranteed Investment Contract or **GIC** means the guaranteed investment contract between the LLP, Abbey (in its capacity as the GIC Provider), the Security Trustee and the Cash Manager dated the Programme Date;

Guarantee Priority of Payments has the meaning given to it in **Clause 17.5** of the LLP Deed;

Guarantor means the LLP;

Halifax Index means the index of movements in house prices issued by Halifax plc in relation to residential properties in the United Kingdom;

Halifax Price Indexed Valuation means, in relation to any Property at any date, the Latest Valuation of that Property increased or decreased as appropriate by the increase or decrease in the Halifax Index since the date of that Latest Valuation;

Hard Bullet Covered Bond means any Covered Bond issued by the Issuer in respect of which the principal is due to be redeemed in full in one amount on the Final Maturity Date of that Covered Bond and which is identified as such in the applicable Final Terms Document or Pricing Supplement;

High Loan-to-Value Fee means any fee incurred by a Borrower as a result of taking out a Loan with an LTV ratio in excess of a certain percentage specified in the Offer Conditions;

HM Revenue & Customs means the United Kingdom HM Revenue & Customs (formerly the United Kingdom Inland Revenue and the United Kingdom HM Customs and Excise);

Holdings means Abbey Covered Bonds (Holdings) Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered no. 5407937);

Holding Company means any body corporate which is for the time being a holding company within the meaning given to it in Section 1159 of the Companies Act 2006;

ICTA means the Income and Corporation Taxes Act 1988;

IFRS means International Financial Reporting Standards promulgated by the International Accounting Standards Board;

Implementation Date means the date on which the Prospectus Directive was implemented in the United Kingdom;

Index Linked Interest Covered Bonds means Covered Bonds in respect of which payments of interest will be calculated by reference to such index and/or formula or to changes in the prices of such securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree;

Indexed Valuation means, in relation to any Loan secured over any Property at any date:

- (a) where the Latest Valuation of that Property is equal to or greater than the Halifax Price Indexed Valuation as at that date, the Halifax Price Indexed Valuation; or
- (b) where the Latest Valuation of that Property is less than the Halifax Price Indexed Valuation as at that date, the Latest Valuation plus 85 per cent. of the difference between the Latest Valuation and the Halifax Price Indexed Valuation;

Indirect Participants means indirect participants in DTC that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly;

Initial Advance means, in respect of any Loan, the original principal amount advanced by the Seller including any retention(s) advanced to the relevant Borrower after completion of the Mortgage but excluding any (a) High Loan-to-Value Fee, (b) Further Advance, (c) Flexible Loan Drawing and (d) Early Repayment Fees relating to any such Loan;

Initial Cash Consideration means a cash payment to be made by the LLP to the Seller out of the Sterling Equivalent of the proceeds of the Initial Term Advance(s) on the First Assignment Date in consideration of the sale by the Seller of the Initial Portfolio to the LLP;

Initial Documentation List means the lists of documents set out in **Appendix 1** of the Programme Agreement;

Initial N Covered Bondholder means in respect of any issuance of N Covered Bonds, the person or entity named on such N Covered Bond or such other initial N Covered Bondholder as may be specified in the relevant N Covered Bond Agreement;

Initial Portfolio means the Provisional Portfolio, other than any Loan and its Related Security redeemed in full on or before the First Assignment Date, to be sold by the Seller to the LLP on the First Assignment Date;

Initial Term Advance means each term advance made on the First Assignment Date by the Issuer to the LLP from the proceeds of the first issue of Covered Bonds pursuant to the Intercompany Loan Agreement;

Insolvency Act means the Insolvency Act 1986, as amended;

Insolvency Event means, in respect of the Seller, the Servicer or the Cash Manager:

- (a) an order is made or an effective resolution passed for the liquidation or winding up of the relevant entity, except for the purposes of a reconstruction, amalgamation or merger or following the transfer of all or substantially all of the assets of the relevant entity, the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution of the Covered Bondholders or which has been effected in compliance with the terms of Condition 14; or
- (b) the relevant entity stops or threatens to stop payment to its creditors generally; or
- (c) the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business save,
 - (i) for so long as it remains after such cessation not unable to pay its debts within the meaning of Section 123 of the Insolvency Act,

- (ii) for the purposes of a reorganisation on terms approved by the Bond Trustee; or
 - (iii) for purposes of a reconstruction, amalgamation or merger between the Issuer and the relevant entity or following the transfer of all or substantially all of the assets of the Issuer to the relevant entity or of the relevant entity to the Issuer; or
- (d) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or
- (e) the relevant entity is unable to pay its debts as they fall due;

Instalment Covered Bonds means Covered Bonds which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms Document;

Insurance Acknowledgements means, in the case of the Abbey Buildings Policies, a letter from the relevant insurer substantially in the form set out in **Schedule 10** and, in the case of the Properties in Possession Policy, a letter from Baker Street Risk substantially in the form set out in **Schedule 11**, respectively, to the Mortgage Sale Agreement;

Insurance Policies means the Buildings Policies and the Abbey Insurance Policies;

Intercompany Loan means the Sterling Equivalent of all Term Advances made by the Issuer to the LLP under the Intercompany Loan Agreement;

Intercompany Loan Agreement means the term loan agreement dated the Programme Date as amended and restated on 4 October 2007, 20 May 2008 and 1 June 2016 between the Issuer, the LLP, the Cash Manager and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Intercompany Loan Event of Default means the circumstances described in **Clause 11.1** of the Intercompany Loan Agreement;

Intercompany Loan Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record all payments of interest and repayments of principal on each of the Term Advances;

Interest Amount means the amount of interest payable on the Floating Rate Covered Bonds or Variable Interest Covered Bonds in respect of each Specified Denomination for the relevant Interest Period, as calculated in accordance with Condition 4.2(d) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Interest Commencement Date means, in the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms Document from (and including) which the relevant Covered Bonds start accruing interest;

Interest Determination Date, in respect of Floating Rate Covered Bonds to which Screen Rate Determination is applicable, has the meaning given to it in the applicable Final Terms Document;

Interest Payment Date (i) in respect of Fixed Rate Covered Bonds, has the meaning given to it in the applicable Final Terms Document; (ii) in respect of Floating Rate Covered Bonds and Variable Interest Covered Bonds, has the meaning given to it in Condition 4.2(a) of the Programme Conditions; and (iii) in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions;

Interest Period means, in accordance with Condition 4.7(f) of the Programme Conditions the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date and, in the case of an N Covered Bond, has the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Interest Rate Shortfall has the meaning given to it in **Clause 4.3** of the Servicing Agreement;

Interest Rate Shortfall Test shall have the meaning set out in **Clause 4.3** of the Servicing Agreement;

Interest Rate Swaps means the interest rate swaps entered into under the terms of the Interest Rate Swap Agreement;

Interest Rate Swap Agreement means the agreement between the LLP, the Interest Rate Swap Provider and the Security Trustee dated the Programme Date as amended and restated on 30 March 2016 governing the Interest Rate Swaps in the form of an ISDA Master Agreement, including a schedule, one or more confirmations and a credit support annex (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Interest Rate Swap Early Termination Event means a Termination Event or an Event of Default (each as defined in the Interest Rate Swap Agreement), excluding a Swap Provider Downgrade Event, pursuant to which the Non-defaulting Party or the party that is not the Affected Party (each as defined in the Interest Rate Swap Agreement), as applicable, may terminate the Interest Rate Swap Agreement;

Interest Rate Swap Provider means Santander UK plc in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any successor interest rate swap provider;

Internal Revenue Code or **Code** means the U.S. Internal Revenue Code of 1986;

Investment Company Act means the U.S. Investment Company Act of 1940, as amended;

Investor has the meaning given to it in **Clause 12.4(f)** of the Servicing Agreement;

Investor Report means the monthly report made available to the Covered Bondholders, the Security Trustee, the Bond Trustee and the Rating Agencies detailing, *inter alia*, compliance with the Asset Coverage Test;

Investor Put has the meaning given to it in Condition 6.5;

Irrecoverable VAT means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition, a **Relevant Party**) as part of a payment in respect of which it is entitled to be indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression is defined in Section 24(1) of the Value Added Tax Act 1994) for the prescribed accounting period (as that expression is used in Section 25(1) of the Value Added Tax Act 1994) to which such input tax relates;

ISDA means the International Swaps and Derivatives Association, Inc.

ISDA Definitions means the 2006 ISDA Definitions, as published by ISDA;

ISDA Master Agreement means the 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA;

ISDA Rate has the meaning given to it in Condition 4.2(b)(i) (*Interest – Interest on Floating Rate Covered Bonds and Variable Interest Covered Bonds – Rate of Interest – ISDA Determination for Floating Rate Covered Bonds*) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Issue Date means each date on which the Issuer issues a Tranche of Covered Bonds under the Programme, as specified in the applicable Final Terms Document;

Issue Price means the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which a Series or Tranche of Covered Bonds will be issued;

Issuer means Santander UK plc (registered number 2294747), a public limited company incorporated under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (or any substitute thereof);

Issuer Acceleration Notice has the meaning given to it in Condition 9.1 (*Events of Default, Acceleration and Enforcement – Issuer Events of Default*) of the Programme Conditions;

Issuer Authorised Signatories means such persons as have been authorised by the Issuer to sign on behalf of the Issuer from time to time;

Issuer Event of Default means any of the conditions, events or acts provided in Condition 9.1 (*Events of Default, Acceleration and Enforcement – Issuer Events of Default*) of the Programme Conditions to be events upon the happening of which the Covered Bonds of each Series would, subject only to notice by the Bond Trustee as therein provided, become immediately due and payable as against the Issuer;

Issuer Written Information means any written information in addition to the Final Terms Document, the Prospectus and any relevant Pricing Supplement that the Issuer and the relevant Dealers expressly agree to treat as part of the Disclosure Documents as set forth in the relevant Subscription Agreement;

Italian Banking Act means the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended;

Large Loan Discount means the discount which allows a Borrower to pay interest at a discretionary discount to SVR based on the aggregate size of the Loans under the Mortgage Account (a) at origination or (b) when a Further Advance is made;

Latest Valuation means, in relation to any Property, the value given to that Property by the most recent Valuation Report addressed to the Seller;

Law includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline, practice, concession, request or requirement whether or not

having the force of law issued by any governmental body, agency or department or any central bank or other fiscal, monetary, Taxation, regulatory, self regulatory or other authority or agency;

Lead Manager means, in relation to any Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement or, when only one Dealer signs such Subscription Agreement, such Dealer;

Ledger means each of the Revenue Ledger, the Principal Ledger, the Reserve Ledger, the Capital Account Ledger, the Pre-Maturity Liquidity Ledger and the Payment Ledger;

Legend means the relevant legend set out in **Part 8** of **Schedule 2** to the Trust Deed;

Lending Criteria means the lending criteria of the Seller from time to time, or such other criteria as would be acceptable to a Reasonable, Prudent Mortgage Lender;

Liability means any loss, damage, cost, charge, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever (including, without limitation in respect of Taxes, duties, levies, imposts and other charges) and including any amounts in respect of VAT or other Tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

LIBOR means the London inter-bank offered rate;

Liquidation Member means Abbey Covered Bonds (LM) Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered no. 5365645);

Listing Agent means, in relation to any Covered Bonds which are, or are to be, listed, quoted and/or traded on or by a Stock Exchange other than the London Stock Exchange, the listing agent appointed by the Issuer from time to time for the purposes of liaising with that Stock Exchange and, in relation to any Covered Bonds listed on the London Stock Exchange, the Authorised Adviser;

Listing Particulars means, with regard to the issue of Covered Bonds to be listed, quoted and/or traded on or by a Stock Exchange, any listing particulars (including supplementary listing particulars) approved under the Prospectus Rules by the relevant authority:

- (a) in accordance with the provisions of Section 75 of the FSMA (including any supplementary listing particulars published in accordance with the Programme Agreement or otherwise) in the case of Covered Bonds which are, or are to be, listed on the London Stock Exchange; and/or
- (b) in accordance with their equivalent in the case of Covered Bonds which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange;

LLP means Abbey Covered Bonds LLP, a limited liability partnership incorporated in England and Wales (registered no. OC312644);

LLPA 2000 or **LLP Act** means the Limited Liability Partnerships Act 2000;

LLP Acceleration Notice means a notice in writing given by the Bond Trustee to the Issuer and the LLP that each Covered Bond of each Series is, and each Covered Bond of each Series shall, as against the Issuer (if not already due and repayable against it following an Issuer Acceleration Notice) and as against the LLP, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest and all amounts payable by the LLP under the Covered Bond Guarantee shall thereupon immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond of each Series

together with accrued interest, in each case as provided in and in accordance with the Trust Deed and thereafter the Security shall become enforceable, if any of the LLP Events of Default shall occur and be continuing;

LLP Accounts means the GIC Account and any additional or replacement accounts opened in the name of the LLP, including each Swap Payments Account and each Swap Collateral Account;

LLP Agreements means the Transaction Documents to which the LLP is a party and each agreement which is, at any time, treated as an LLP Agreement pursuant to any Accession Undertaking under the Deed of Charge;

LLP Authorised Signatories means such persons as have been authorised by the LLP to sign on behalf of the LLP from time to time;

LLP Business means the business of the LLP to be conducted under the LLP Deed and as described in **Clause 2.3** thereof or as otherwise determined by the LLP Management Board with the prior written consent of the Security Trustee, prior to the release of the Security constituted by the Deed of Charge whilst the Covered Bonds are outstanding;

LLP Deed means the limited liability partnership deed entered into on the Programme Date as supplemented on 16 August 2005, 4 October 2007, 20 May 2008, 8 September 2009 and as amended and restated on 1 June 2016 by the Deed of Substitution, Novation and Amendment, between the LLP, the Seller, the Liquidation Member, the Bond Trustee and the Security Trustee (as the same may be amended, restated, modified, supplemented, replaced or restated from time to time);

LLP Event of Default has the meaning given to it in Condition 9.2 (*Events of Default, Acceleration and Enforcement – LLP Events of Default*) of the Programme Conditions;

LLP Land Register Transfer means each assignation by the LLP in favour of the Seller granted pursuant to **Clause 6.7(b)(iii)** or **Clause 9.5(b)(iii)** of the Mortgage Sale Agreement;

LLP Management Board means the management board which will act on behalf of the LLP and to which (other than any decision to approve the audited accounts of the LLP or to make a resolution for the voluntary winding up of the LLP, which require a unanimous decision of the Members) the Members delegate all matters relating to the business of the LLP and its management;

LLP Management Board Chairman means the member of the LLP Management Board appointed as such pursuant to **Clause 28** of the LLP Deed;

LLP Name means Abbey Covered Bonds LLP or such other name as may be chosen as the LLP Name by unanimous decision of the Management Board, provided that such name shall at all times comply with the requirements of the Business Names Act 1985 and shall be notified to the Registrar of Companies under the LLP Act;

LLP Payment Date means the 8th day of each month or, if not a London Business Day, the next following London Business Day;

LLP Payment Period means the period from (and including) an LLP Payment Date to (but excluding) the next following LLP Payment Date;

LLP Power of Attorney means the security power of attorney executed by the LLP pursuant to the Deed of Charge;

LLP Registrar means the registrar of limited liability partnerships at Companies House appointed pursuant to the Companies Act;

LLP Sasine Transfer means each assignment by the LLP in favour of the Seller granted pursuant to **Clause 6.7(b)(iv)** or **Clause 9.5(b)(iv)** of the Mortgage Sale Agreement;

LLP Standard Variable Rate means the standard variable rate applicable to the Variable Rate Loans in the Portfolio as set, other than in limited circumstances, by the Servicer, as set out in **Clause 4** of the Servicing Agreement;

Loan means each mortgage loan referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all Further Advances and Flexible Loan Drawings) due or owing with respect to that mortgage loan under the relevant Mortgage Terms by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same;

Loan Interest Payment Date means, in respect of any Term Advance, each Interest Payment Date in respect of the corresponding Series or Tranche of Covered Bonds that funded such Term Advance or such other payment date as is specified in the relevant Term Advance Notice;

Loan Interest Period means, in respect of any Term Advance, each period from and including a Loan Interest Payment Date (or, in the case of the first Loan Interest Period, the Drawdown Date of the Term Advance) to, but excluding the next Loan Interest Payment Date (or, in the case of the first Loan Interest Period, the first Loan Interest Payment Date in respect of that Term Advance);

Loan Repurchase Notice means a notice in substantially the form set out in **Schedule 6** to the Mortgage Sale Agreement served by the LLP on the Seller in relation to the repurchase of Loans in the Portfolio by the Seller in accordance with the terms of the Mortgage Sale Agreement;

London Business Day means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

London Stock Exchange means the London Stock Exchange plc;

Long Maturity Covered Bond means a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond;

Losses means all losses on the Loans;

LTV ratio or **loan-to-value ratio** or **LTV** means the ratio of the outstanding balance of a Loan to the value of the Property securing that Loan;

LTV Test means a test which assigns a credit enhancement value to each Loan in the Portfolio based on its current loan-to-value ratio and the amount of mortgage indemnity cover on that Loan and whereby the weighted average credit enhancement value for the Portfolio is then determined;

Majority Decision means a decision of at least 50 per cent. of the Members which has either been recorded in writing, signed by a majority of the Members or passed by a majority at a Members' meeting or, as applicable, a decision of a properly constituted meeting of the LLP Management

Board which has either been recorded in writing and passed by a majority (as set out in **Clause 29** of the LLP Deed) at such meeting;

Mandate means the Transaction Account Mandate and/or the GIC Account Mandate and/or the mandates in relation to each other LLP Account, as the case may be;

Margin means, in respect of a Floating Rate Covered Bond, the percentage rate per annum (if any) specified in the applicable Final Terms Document;

Marketing Materials means any investor presentation material or marketing materials prepared by any of the Dealers on the basis of information supplied by any of the Issuer or the LLP and any and all other information, documents, advertisements and notices provided and/or approved by any of the Issuer or the LLP;

Master Definitions and Construction Agreement means this master definitions and construction agreement made between the parties to the Transaction Documents on 3 June 2005, as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 8 November 2010, 9 September 2011 and 24 December 2012, as amended on 12 July 2013 pursuant to a Deed of Amendment and Termination and as amended and restated on 23 June 2015 and 1 June 2016 (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Member means each member of the LLP;

Member State means, at any time, a state that has joined the European Union from the time of its inception;

MH/CP Documentation means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or (where applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby;

MIG Policies means:

- (a) the mortgage indemnity guarantee policy number CAR 9401A dated 4 November 1994 and any endorsements thereto as issued from time to time; and/or
- (b) the mortgage indemnity guarantee policy number CAR9401X dated 4 November 1994 and any endorsements thereto as issued from time to time; and/or
- (c) the mortgage indemnity guarantee policy number CAR 9601A dated 30 December 1996 and any endorsements thereto as issued from time to time; and/or
- (d) the mortgage indemnity guarantee policy number CAR9601X dated 30 December 1996 and any endorsements thereto as issued from time to time,

written by Carfax in favour of the Seller, or any other mortgage indemnity guarantee policy as may be effected from time to time to cover the Seller in respect of New Loans and their Related Security, such other mortgage indemnity guarantee policy to provide such level of cover as would be acceptable to a Reasonable, Prudent Mortgage Lender at the date of such other policy;

Modified Following Business Day Convention has the meaning given to it in Condition 4.7(b)(iii) (*Interest – Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Month means calendar month;

Monthly Asset Coverage Report means the report substantially in the form set out in **Schedule 3** to the Cash Management Agreement;

Monthly Payment means the amount which the relevant Mortgage Terms require a Borrower to pay on each Monthly Payment Day in respect of that Borrower's Loan;

Monthly Payment Day means the date on which interest (and principal in relation to a repayment mortgage) is due to be paid by a Borrower on a Loan or, if any such day is not a London Business Day, the next following London Business Day;

Monthly Reports has the meaning given to it in **Clause 12.4(f)** of the Servicing Agreement;

Moody's means Moody's Investors Service Limited or its successors;

Moody's Substitution Test means the "Moody's Substitution Test" (if any) published by Moody's from time to time;

Mortgage means the legal charge, standard security, mortgage or charge securing a Loan;

Mortgage Account means the mortgage account into which all Loans secured on the same Property are incorporated;

Mortgage Code means the mortgage code sponsored by the CML and policed by the Mortgage Code Compliance Board (MCCB) under which, until 31 October 2004, residential mortgage business in the United Kingdom was voluntarily self-regulated;

Mortgage Conditions means the terms and conditions applicable to the Loans as contained in the Seller's "Mortgage Conditions" booklets for England and Wales, Scotland or Northern Ireland as applicable from time to time (or the equivalent documentation published by a New Seller);

Mortgage Deed means, in respect of any Mortgage, the deed creating that Mortgage;

Mortgage Pool means the mortgages owned from time to time by the LLP;

Mortgage Sale Agreement means the amended and restated mortgage sale agreement entered into on 20 May 2008, made between the Seller, the LLP and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time) and, where the context so requires, including any New Mortgage Sale Agreement entered into from time to time between any New Seller, the LLP and the Security Trustee;

Mortgage Terms means all the terms and conditions applicable to a Loan, including, without limitation, the applicable Mortgage Conditions and Offer Conditions;

Mortgagee means the person for the time being entitled to exercise the rights of the mortgagee or (in Scotland) heritable creditor under a Mortgage;

MSA means the Mortgage Sale Agreement;

N Covered Bond means a Registered Definitive Covered Bond in the name of the Initial N Covered Bondholder issued or to be issued by the Issuer in accordance with the provisions of the Agency Agreement and in accordance with and constituted by the Trust Deed, in the form of a German "*Namenschuldverschreibung*" substantially in the form set out in Schedule 6 to the Trust Deed with

such modifications (if any) as may be agreed between the Issuer, the LLP, the Bond Trustee and the relevant N Covered Bondholder and having the N Covered Bond Conditions applicable to it annexed thereto and subject to the provisions of the N Covered Bond Agreement relating thereto;

N Covered Bond Agreement means an agreement incorporating, inter alia, various provisions of the Trust Deed, the Deed of Charge and the Programme Conditions and signed by the Initial N Covered Bondholder, the LLP, the Issuer and the Bond Trustee substantially in the form set out in Schedule 6 to the Trust Deed;

N Covered Bond Assignment and Accession Agreement means a duly completed and executed assignment and accession agreement substantially in the form attached to the N Covered Bond;

N Covered Bond Certificate means the N covered bond certificate set out in Schedule 6 to the Trust Deed;

N Covered Bond Conditions means the terms and conditions annexed to each N Covered Bond as Schedule 1;

N Covered Bondholder means the registered holder of an N Covered Bond recorded as such in the Register;

N Covered Bond Paying Agent means Deutsche Bank Aktiengesellschaft or, if applicable, any successor N Covered Bond Paying Agent in relation to all or any N Covered Bond;

N Covered Bond Registrar means Deutsche Bank Aktiengesellschaft or, if applicable, any successor N Covered Bond Registrar;

N Covered Bond Transfer Agent means Deutsche Bank Aktiengesellschaft or, if applicable, any successor N Covered Bond Transfer Agent in relation to all or any N Covered Bonds;

N2 means the first stage of the FSMA which came into effect on 1 December 2001;

N(M) means the date on which the FSMA regime relating to the regulation of mortgages came into effect, 31 October 2004;

Negative Carry Factor means a percentage (which will never be less than 0.50 per cent.) calculated by reference to the weighted average margin of the Covered Bonds;

New Company has the meaning set out in **Clause 20.3(a)** of the Trust Deed;

New Dealer means any entity appointed as an additional Dealer in accordance with **Clause 12** of the Programme Agreement;

New English Loans means any New Loans which are secured by an English Mortgage;

New Entity has the meaning given to it in **Clause 20.6(a)** of the Trust Deed;

New Loan means Loans, other than the Loans comprised in the Initial Portfolio, which the Seller may assign or transfer to the LLP after the First Assignment Date pursuant to the Mortgage Sale Agreement;

New Loan Type means a new type of mortgage loan originated by the Seller or a New Seller, which the Seller or the New Seller intends to transfer to the LLP, the terms and conditions of which are materially different (in the opinion of the Seller or the New Seller, acting reasonably) from any of

the Loans or New Seller Loans in the Portfolio. For the avoidance of doubt, a mortgage loan will not constitute a New Loan Type if it differs from any of the Loans or New Seller Loans in the Portfolio solely due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate or the benefit of any discounts, cash-backs and/or rate guarantees;

New Member means any new member admitted to the LLP after the Programme Date;

New Mortgage Sale Agreement means any new mortgage sale agreement entered into between any New Seller, the LLP and the Security Trustee, which shall be substantially in the same form and contain substantially the same provisions (provided that the Security Trustee may agree variations to the representations and warranties in relation to the relevant New Seller Loans and their Related Security) as the Mortgage Sale Agreement;

New Northern Irish Loans means any New Loans which are secured by a Northern Irish Mortgage;

New Portfolio means the portfolio of New Loans and their Related Security (other than any New Loans and their Related Security which have been redeemed in full prior to the relevant Assignment Date or which do not otherwise comply with the terms of the Mortgage Sale Agreement as at the relevant Assignment Date), particulars of which are set out in the relevant New Portfolio Notice or in a document stored upon electronic media (including, but not limited to, a CD-ROM), and all right, title, interest and benefit of the Seller in and to:

- (a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Interest, Capitalised Expenses and Capitalised Arrears) and other sums due or to become due in respect of such New Loans and their Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms;
- (b) subject, where applicable, to the subsisting rights of redemption of Borrowers, all Deeds of Consent, Deeds of Postponement, MH/CP Documentation, or any collateral security for the repayment of the relevant New Loans;
- (c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the applicable Mortgage Terms but so that, in the case of any Mortgages related to the relevant New Loans which are subject to the ANPLC 1995 Mortgage Conditions, the ANPLC 1995 Scottish Mortgage Conditions, the ANPLC 1995 Northern Irish Mortgage Conditions, the ANPLC 2002 Mortgage Conditions, the ANPLC 2004 Mortgage Conditions, the ANPLC 2006 Mortgage Conditions, the ANPLC 2007 Mortgage Conditions, the ANPLC 2007 Flexible Plus Mortgage Conditions, the 2010 Mortgage Conditions, the Flexible Plus Mortgage Conditions 2010, the Flexible Offset Mortgage Conditions 2010, the 2012 Mortgage Conditions, the Flexible Offset Mortgage Conditions 2012, the 2014 Mortgage Conditions or the Flexible Offset Mortgage Conditions 2014 (or any replacement therefor which would be acceptable to a reasonable, prudent mortgage lender), the LLP shall not, save as set out in the Servicing Agreement, be entitled to exercise the entitlement set out in Condition 29.2 of the ANPLC 1995 Mortgage Conditions or Condition 27.2 of the ANPLC 1995 Scottish Mortgage Conditions or Condition 29.2 of the ANPLC 1995 Northern Irish Mortgage Conditions or Condition 27.3 of the ANPLC 2002 Mortgage Conditions or Condition 31.3 of the ANPLC 2004 Mortgage Conditions or Condition 32.3 of the ANPLC 2006 Mortgage Conditions or Condition 35.3 of the ANPLC 2007 Mortgage Conditions or Condition 43.3 of the ANPLC 2007 Flexible Plus Mortgage

Conditions or Condition 43.3 of the Flexible Plus Mortgage Conditions 2010 or Condition 43.3 of the Flexible Offset Mortgage Conditions 2010 or Condition 35.3 of the 2010 Mortgage Conditions or Condition 35.3 of the 2012 Mortgage Conditions or Condition 44.3 of the Flexible Offset Mortgage Conditions 2012 or Condition 35.3 of the 2014 Mortgage Conditions or Condition 44.3 of the Flexible Offset Mortgage Conditions 2014 (or any equivalent provisions under other Mortgage Conditions applicable to any relevant New Loan) (but without prejudice to any other rights under the ANPLC 1995 Mortgage Conditions or the ANPLC 1995 Scottish Mortgage Conditions or the ANPLC 1995 Northern Irish Mortgage Conditions or the ANPLC 2002 Mortgage Conditions or the ANPLC 2004 Mortgage Conditions or the ANPLC 2006 Mortgage Conditions or the ANPLC 2007 Mortgage Conditions or the ANPLC 2007 Flexible Plus Mortgage Conditions or the 2010 Mortgage Conditions or the Flexible Plus Mortgage Conditions 2010 or the Flexible Offset Mortgage Conditions 2010 or the 2012 Mortgage Conditions or the Flexible Offset Mortgage Conditions 2012 or the 2014 Mortgage Conditions or the Flexible Offset Mortgage Conditions 2014 or such other Mortgage Conditions);

- (d) all the estate and interest in the relevant Properties vested in the Seller;
- (e) each Certificate of Title and Valuation Report and any right of action of the Seller against any solicitor, licensed conveyancer, qualified conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any relevant New Loan and its Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make any relevant New Loan or part thereof; and
- (f) the proceeds of all claims made by or on behalf of the Seller or to which the Seller is entitled under the Buildings Policies and the Properties in Possession Policy in relation to any such New Loan;

New Portfolio Notice means a notice in the form set out in **Schedule 12** to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement;

New Scottish Loans means any New Loans which are secured by a Scottish Mortgage;

New Secured Creditors means any person which becomes a Secured Creditor pursuant to and in accordance with the Deed of Charge;

New Seller means any member of the Enlarged Santander UK Group (other than Santander UK plc) that accedes to the relevant Transaction Documents and sells New Seller Loans and their Related Security to the LLP in the future pursuant to a New Mortgage Sale Agreement;

New Seller Loans means Loans originated by a New Seller;

New Servicer means any entity appointed as a substitute servicer in accordance with the Servicing Agreement;

NGCB or **New Global Covered Bond** means a Temporary Global Covered Bond in the form set out in **Part 1 of Schedule 2** to the Trust Deed or a Permanent Global Covered Bond in the form set out in **Part 2 of Schedule 2** to the Trust Deed, in either case where the applicable Final Terms Document specifies that the Covered Bonds are in NGCB form;

NIPs means the Non-Investment Products Code;

Nominee has the meaning given to it in **Clause 19.1** of the Programme Agreement;

Non-Forward Starting Covered Bond Swap Agreement means each agreement between the LLP, a Covered Bond Swap Provider and the Security Trustee governing any Covered Bond Swaps in respect of a Series or Tranche, as applicable, of Covered Bonds which provides a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans in the Portfolio and the Interest Rate Swap and amounts payable by the LLP under the Intercompany Loan Agreement (prior to service of a Notice to Pay or service of an LLP Acceleration Notice) and under the Covered Bond Guarantee in respect of Covered Bonds (after service of a Notice to Pay or service of an LLP Acceleration Notice) in the form of an ISDA Master Agreement, including a schedule, one or more confirmations and a credit support annex;

Non-eligible NGCB means a NGCB which is not intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms Document.

Northern Irish Loans means Loans secured by a Northern Irish Mortgage;

Northern Irish Mortgage means a Mortgage over a Northern Irish Property;

Northern Irish Mortgage Conditions means the Mortgage Conditions applicable to Northern Irish Loans;

Northern Irish Property means a Property situated in Northern Ireland;

Northern Irish Transfer means a transfer of Northern Irish Mortgages and the Northern Irish Loans secured thereby in the forms set out in **Parts 1** and **3** of **Schedule 17** to the Mortgage Sale Agreement (in relation to Northern Irish Mortgages registered or required to be registered in the Land Registry of Northern Ireland) or in the forms set out in **Parts 2** and **4** of **Schedule 17** to the Mortgage Sale Agreement (in relation to Northern Irish Mortgages registered at the Registry of Deeds and not required to be registered at the Land Registry of Northern Ireland);

notice means, in respect of notice to be given to Covered Bondholders other than N Covered Bondholders, a notice validly given pursuant to Condition 13 (*Notices*) of the Programme Conditions and/or, in the case of an N Covered Bond, a notice validly given to N Covered Bondholders pursuant to Condition 10 (*Notices*) of the relevant N Covered Bond Conditions;

Notice to Pay has the meaning given to it in Condition 9.1 (*Events of Default, Acceleration and Enforcement – Issuer Events of Default*) of the Programme Conditions and is substantially in the form set out in **Schedule 3** to the Trust Deed;

Offer Conditions means the terms and conditions applicable to a specified Loan as set out in the relevant offer letter to the Borrower;

Official List means the official list of the UK Listing Authority;

OFT means the Office of Fair Trading;

Ombudsman means the Financial Ombudsman Service under the FSMA;

Omnibus Proxy means the omnibus proxy mailed by DTC to the Issuer as soon as possible after the record date in accordance with DTC's usual procedures;

Order means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI2001/544), as amended;

Opening Capital Contribution Balance means the Capital Contribution Balance of each Original Member on the Programme Date and, in the case of a New Member, on the Date of Admission of that New Member;

Ordinary Decision means a decision by the majority in number of the Members;

Original Due for Payment Date has the meaning given to it in paragraph (a) of the definition of "Due for Payment";

Original Issuer means Abbey National Treasury Services plc;

Original Members means the original members of the LLP pursuant to the LLP Deed as at the Programme Date, being the Seller and the Liquidation Member;

outstanding means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:

- (a) those Covered Bonds which have been redeemed pursuant to the trust presents;
- (b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) or the N Covered Bond Conditions (in the case of N Covered Bonds) has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent (in the case of Covered Bonds which are not N Covered Bonds) or to the N Bond Paying Agent (in the case of N Covered Bonds) in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 13 (*Notices*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) or Condition 10 (*Notices*) of the N Covered Bond Conditions (in the case of N Covered Bonds)) and which remain available for payment against presentation (unless the relevant Covered Bonds are in NGCB form) of the relevant Covered Bonds and/or Receipts and/or Coupons;
- (c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6.10 (*Redemption and Purchase – Purchases*) and 6.11 (*Redemption and Purchase – Cancellation*) of the Programme Conditions and any equivalent provision in the N Covered Bond Conditions;
- (d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 (*Prescription*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) or Condition 11 (*Prescription*) of the N Covered Bond Conditions;
- (e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) or Condition 12 (*Replacement Certificate*) of the N Covered Bond Conditions (in the case of N Covered Bonds);
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme

Conditions (in the case of Covered Bonds which are not N Covered Bonds) or Condition 12 (*Replacement Certificate*) of the N Covered Bond Conditions in the case of N Covered Bonds);

- (g) any Bearer Global Covered Bond to the extent that it shall have been exchanged for Bearer Definitive Covered Bonds or another Bearer Global Covered Bond pursuant to its provisions, the provisions of the trust presents and the Agency Agreement; and
- (h) those Legended Covered Bonds which have been exchanged for Unlegended Covered Bonds and those Unlegended Covered Bonds which have been exchanged for Legended Covered Bonds, in each case pursuant to their provisions, the provisions of the trust presents and the Agency Agreement,

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing as envisaged by **paragraph 19** of **Schedule 4** to the Trust Deed;
- (ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of **Clauses 10.3** and **10.4** of the Trust Deed, Conditions 9 (*Events of Default, Acceleration and Enforcement*) and 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Programme Conditions and **paragraphs 2, 5, 6** and **8** of **Schedule 4** to the Trust Deed;
- (iii) any discretion, power or authority (whether contained in the trust presents or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Covered Bonds of any Series; and
- (iv) the determination by the Bond Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series,

those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of the Issuer or any of its Subsidiaries (including the LLP) as beneficial owner shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

Outstanding Principal Balance means, in relation to a Loan at any date (the **determination date**), the aggregate at such date (but avoiding double counting) of:

- (a) the Initial Advance;
- (b) Capitalised Expenses;
- (c) Capitalised Interest;
- (d) Capitalised Arrears; and
- (e) Further Advances and/or Flexible Loan Drawings,

in each case relating to such Loan less any prepayment, repayment or payment of the foregoing made on or prior to the determination date;

Overpayment means a payment by a Borrower in an amount greater than the amount due on a Monthly Payment Day which (a) is permitted by the terms of such Loan or by agreement with the Borrower and (b) reduces the Outstanding Principal Balance of such Loan;

Partial Portfolio means part of any portfolio of Selected Loans;

Participants means Direct Participants and Indirect Participants;

Partly-Paid Covered Bonds means Covered Bonds which are only partly paid up on issue, in respect of which interest will accrue in accordance with Condition 4.4 (*Interest – Interest on Partly-Paid Covered Bonds*) of the Programme Conditions on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms Document;

Paying Agents means (in the case of Covered Bonds which are not N Covered Bonds) the Principal Paying Agent and any other paying agent appointed pursuant to the terms of the Agency Agreement;

Payment Day has the meaning given to it in Condition 5.6 (*Payments – Payment Day*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and the meaning set out under Condition 5.5 (*Payment Day*) of the relevant N Covered Bond Conditions (in the case of N Covered Bonds);

Payment Holiday means a period during which a Borrower may suspend payments under a Loan where the Borrower is permitted under the relevant Mortgage Terms to do so and will therefore not be in breach of the relevant Mortgage Terms;

Payment Ledger means the ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record the credits and debits of the Available Revenue Receipts and Available Principal Receipts for application in accordance with the relevant Priority of Payments;

Permanent Global Covered Bond means a global covered bond substantially in the form set out in **Part 2 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues), together with the copy of the applicable Final Terms Document annexed thereto, comprising some or all of the Covered Bonds of the same Series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the trust presents in exchange for the whole or part of any Temporary Global Covered Bond issued in respect of such Covered Bonds;

Person means a reference to any person, individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, governmental entity or other entity of similar nature (whether or not having separate legal personality);

Personal Data means any information of whatever nature satisfying the definition of 'personal data' in the Data Protection Act that, by whatever means, is provided to the Data Processor by the Data Controller, is accessed by the Data Processor on the authority of the Data Controller or is otherwise received by the Data Processor on the Data Controller's behalf, for the purposes of the Processing specified in the Servicing Agreement;

Portfolio means the Initial Portfolio and any New Portfolio acquired by the LLP (other than any Loans which have been redeemed in full or repurchased by the Seller or a New Seller pursuant to **Clause 6** of the Mortgage Sale Agreement or otherwise sold by the LLP);

Post-Enforcement Priority of Payments has the meaning given to it in **Clause 6.2** of the Deed of Charge;

Postponed Deferred Consideration means Deferred Consideration, the payment of which is, by reason of the making of provisions as referred to in **Clause 2.6(c)** of the Mortgage Sale Agreement, postponed from the date on which such Deferred Consideration would, but for such provisions, have been paid;

Potential Abbey Event of Default means a Potential Issuer Event of Default;

Potential Issuer Event of Default has the meaning given to it in Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Programme Conditions;

Potential LLP Event of Default has the meaning given to it in Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Programme Conditions;

Pre-Acceleration Principal Priority of Payments has the meaning given to it in **Clause 15.5** of the LLP Deed;

Pre-Acceleration Priority of Payments means the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments;

Pre-Acceleration Revenue Priority of Payments has the meaning given to it in **Clause 14.3** of the LLP Deed;

Pre-Maturity Liquidity Ledger means the ledger on the GIC Account maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of moneys available to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Test has been breached;

Pre-Maturity Test has the meaning given in **Clause 13.3** of the LLP Deed;

Pre-Maturity Test Date has the meaning given in **Clause 13.2** of the LLP Deed;

Preceding Business Day Convention has the meaning given to it in Condition 4.7(b)(iv) (*Interest – Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Pricing Supplement means the document prepared in connection with the offer and sale of Rule 144A Covered Bonds, which includes such pricing and other necessary information (including, without limitation and if appropriate, financial or other disclosure relating to the Issuer) substantially in the form of **Appendix 7** to the Programme Agreement;

Principal Amount Outstanding means, in accordance with Condition 4.7(g) (*Interest – Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and the meaning set out in the relevant N Covered Bond Conditions (in the case of N Covered Bonds), in respect of a Covered Bond on any day, the principal amount of that Covered Bond on the relevant Issue Date

thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day;

Principal Ledger means the ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of Principal Receipts in accordance with the terms of the LLP Deed;

Principal Paying Agent means, in relation to all or any Series of the Covered Bonds which are not N Covered Bonds, Deutsche Bank AG, London Branch at its office at Winchester House, 1 Great Winchester Street, London EC2N 2DB or, if applicable, any successor principal paying agent in relation to all or any Series of the Covered Bonds;

Principal Receipts means any payment in respect of principal received in respect of any Loan (including payments pursuant to any Insurance Policies), whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including partial redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale of the relevant Property) or on the disposal of such Loan or otherwise (without double counting but including principal received or treated as received after completion of the enforcement procedures);

Principal Subsidiary has the meaning given to it in Condition 9.1 (*Events of Default, Acceleration and Enforcement – Issuer Events of Default*) of the Programme Conditions;

Priorities of Payments means the orders of priority for the allocation and distribution of amounts standing to the credit of the LLP Accounts in different circumstances;

Processing shall have the same meaning as is assigned to it in the Data Protection Act;

Product Switch means a variation to the financial terms and conditions applicable to a Loan other than:

- (a) any variation agreed with a Borrower to control or manage arrears on the Loan;
- (b) any variation in the term of the Loan;
- (c) any variation imposed by statute;
- (d) any variation of the principal available and/or the rate of interest payable in respect of the Loan where that variation or rate is offered to the Borrowers under Loans which constitute 10 per cent. or more by outstanding principal amount of Loans comprised in the Portfolio in any LLP Payment Period; or
- (e) any variation in the frequency with which the interest payable in respect of the Loan is charged;

Programme means the global covered bond programme established by Abbey National Treasury Services plc on the Programme Date (as updated, supplemented, amended and/or increased from time to time since the Programme Date);

Programme Agreement means the amended and restated programme agreement dated the Programme Date, as amended and restated on 4 October 2007, 20 May 2008, 9 September 2010 and 12 July 2013 between, among others, the Issuer the LLP and the Dealers named therein (or deemed named therein) concerning the purchase of Covered Bonds to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto;

Programme Conditions means the terms and conditions set out in Schedule 1 to the Trust Deed;

Programme Date means 3 June 2005;

Programme Limit has the meaning given to it in the Trust Deed;

Programme Resolution means any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions or to direct the Bond Trustee or the Security Trustee to take any enforcement action pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions;

Properties in Possession Policy means the properties in possession policy number BSRI0004PIP issued by Baker Street Risk and Insurance (Guernsey) Limited of PO Box 384, The Albany, South Esplanade, St. Peter Port, Guernsey GY1 4NF on 1 August 2002 in favour of the Seller and any endorsements or extensions thereto as issued from time to time, or any such similar alternative or replacement policy or policies as may in future be issued in favour of the Seller;

Property means (in England and Wales) freehold or leasehold property or (in Northern Ireland) freehold or leasehold property or property held under a fee farm grant or (in Scotland) a heritable property or a property held under a long lease which is subject to a Mortgage;

Prospectus means the prospectus prepared in connection with the Programme and constituting (in the case of Covered Bonds to be listed on a Stock Exchange), to the extent specified in it, the Listing Particulars, as revised, supplemented or amended from time to time by the Issuer in accordance with **Clause 5.2** of the Programme Agreement including any documents which are from time to time incorporated in the Prospectus by reference except that:

- (a) in relation to each Tranche of Covered Bonds only, the applicable Final Terms Document shall be deemed to be included in the Prospectus; and
- (b) for the purpose of **Clauses 4.1, 4.2 and 4.3** of the Programme Agreement in respect of the Agreement Date and the Issue Date, the Prospectus means the Prospectus as at the Agreement Date, but not including any subsequent revision, supplement or amendment to it or incorporation of information in it;

Prospectus Directive means Directive 2003/71/EC;

Prospectus Rules means:

- (a) in the case of Covered Bonds which are, or are to be, admitted to the Official List and admitted to trading on the London Stock Exchange's Regulated Market, the prospectus rules made under Section 84 of the FSMA; and
- (b) in the case of Covered Bonds which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange, the prospectus rules and regulations for the time being in force for that Stock Exchange;

Provisional Portfolio means the portfolio of Loans and their Related Security, particulars of which are set out in **Appendix 1** to the Mortgage Sale Agreement, and all right, title, interest and benefit of the Seller in and to:

- (a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Interest, Capitalised Expenses and Capitalised

Arrears) and other sums due or to become due in respect of such Loans and their Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms;

- (b) subject, where applicable, to the subsisting rights of redemption of Borrowers, all Deeds of Consent, Deeds of Postponement, MH/CP Documentation or any collateral security for the repayment of the relevant Loans secured by the Mortgages;
- (c) the right to exercise all the powers of the Seller in relation thereto, subject to and in accordance with the applicable Mortgage Terms, but so that, in the case of Loans which are subject to the ANPLC 1995 Mortgage Conditions, the ANPLC 1995 Scottish Mortgage Conditions, the ANPLC 1995 Northern Irish Mortgage Conditions or the ANPLC 2002 Mortgage Conditions, the LLP shall not, save as set out in the Servicing Agreement, be entitled to exercise the entitlement set out in condition 29.2 of the ANPLC 1995 Mortgage Conditions or condition 27.2 of the ANPLC 1995 Scottish Mortgage Conditions or condition 29.2 of the ANPLC 1995 Northern Irish Mortgage Conditions or condition 27.3 of the ANPLC 2002 Mortgage Conditions (but without prejudice to any other rights under the ANPLC 1995 Mortgage Conditions, the ANPLC 1995 Scottish Mortgage Conditions, the ANPLC 1995 Northern Irish Mortgage Conditions or the ANPLC 2002 Mortgage Conditions);
- (d) all the estate and interest in the relevant Properties vested in the Seller;
- (e) to the extent they are assignable, each Certificate of Title and Valuation Report (in each case, where available) and any right of action of the Seller against any solicitor, licensed conveyancer, qualified conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with such Loan and its Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make any such Loan or part thereof;
- (f) the proceeds of all claims made by or on behalf of the Seller or to which the Seller is entitled under the Buildings Policies and the Properties in Possession Policy in relation to any such Loan; and
- (g) prior to the Seller exercising its right to cancel the MIG Policies, so far as they relate to such Loans, the right to receive the proceeds of any claim under the MIG Policies;

Purchase Price means the purchase price to be paid by the LLP to the Seller in consideration of the Seller's sale of the Initial Portfolio and/or the relevant New Portfolio to the LLP;

Purchaser means any third party or the Seller or a New Seller to whom the LLP offers to sell Selected Loans;

QIB means a "qualified institutional buyer" within the meaning of Rule 144A;

QIS means Quantitative Impact Study;

Random Basis means any process which selects Loans under a Mortgage Account and their Related Security on a basis that is not designed to favour the selection of any identifiable class or type or quality of Loans under a Mortgage Account and their Related Security over all the Loans and their Related Security in the Portfolio;

Rate of Interest has the meaning given to it in the applicable Final Terms Document as further elaborated by Condition 4 (*Interest*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and the meaning set out in the provisions under Condition 3 (*Interest*) of the relevant N Covered Bond Conditions (in the case of N Covered Bonds);

Rating Agencies means Moody's, S&P and Fitch and each, a **Rating Agency**;

Rating Agency Confirmation means a confirmation in writing by the Rating Agencies that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter;

RCB Regulations means the Regulated Covered Bonds Regulations 2008 (SI 2008/346) as amended from time to time;

RCB Sourcebook means the FCA Regulated Covered Bonds Specialist Sourcebook as amended from time to time and reference to a particular paragraph or section of the RCB Sourcebook shall be a reference to that paragraph or section as amended from time to time;

Reasonable, Prudent Mortgage Lender means a lender acting within the policy applied by the Seller and/or the Servicer, as applicable, from time to time to the originating, underwriting and servicing of mortgage loans beneficially owned by the Seller outside the Mortgage Pool;

Receipt means a receipt for the payment of instalments of principal (other than the final instalment) attached on issue to Bearer Definitive Covered Bonds repayable in instalments, such receipt being substantially in the form set out in **Part 4 of Schedule 2** to the Trust Deed or in such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues) and includes any replacements for Receipts issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme Conditions;

Receiptholders means the holders of the Receipts;

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Property by the Security Trustee pursuant to **Clause 9.1** of the Deed of Charge;

Record Date has the meaning given to it in Condition 5.4 (*Payments – Payments in respect of Registered Covered Bonds*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and the meaning set out in the relevant N Covered Bond Conditions (in the case of N Covered Bonds);

Redeemed Covered Bonds has the meaning given to it in Condition 6.4 (*Redemption and Purchase – Redemption at the option of the Issuer (Issuer Call)*) of the Programme Conditions;

Redemption Fee means the standard redemption fee charged to the Borrower by a Seller where the Borrower makes a repayment of the full outstanding principal of a Loan;

Reference Banks means, in the case of a determination of Sterling LIBOR, the principal London office of four major banks in the London inter-bank market selected by the Cash Manager;

Reference Rate, in respect of Floating Rate Covered Bonds to which Screen Rate Determination applies, has the meaning given to it in the applicable Final Terms Document;

Register means the registers of holders of the Registered Covered Bonds maintained by the Registrar (in the case of Registered Covered Bonds which are not N Covered Bonds) and the N Covered Bond Registrar (in the case of Registered Covered Bonds which are N Covered Bonds);

Registered Covered Bond means a Covered Bond in registered form;

Registered Definitive Covered Bond means (i) each N Covered Bond and (ii) each other Registered Covered Bond in definitive form issued or, as the context may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Trust Deed either on issue or in exchange for a Registered Global Covered Bond or part thereof (all as indicated in the applicable Final Terms Document), such Registered Covered Bond in definitive form being substantially in the form set out in **Part 8** of **Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and having the Terms and Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Programme Conditions by reference (where applicable to the Trust Deed) as indicated in the applicable Final Terms Document and having the relevant information supplementing, replacing or modifying the Programme Conditions appearing in the applicable Final Terms Document endorsed thereon or attached thereto and having a Form of Transfer endorsed thereon;

Registered Global Covered Bonds means Global Covered Bonds in registered form, comprising Rule 144A Global Covered Bonds and Regulation S Global Covered Bonds, substantially in the form set out in **Part 7** of **Schedule 2** to the Trust Deed;

Registered Land means, in the case of England and Wales, land the title to which is, or is required to be, registered at the Land Registry and, in the case of Northern Ireland, land the title to which is, or is required to be, registered at the Land Registry of Northern Ireland;

Registered Transfer means a deed of transfer of English Mortgage(s) over Registered Land substantially in the forms set out in **Schedule 2** to the Mortgage Sale Agreement with such modifications as may be required from time to time;

Registers of Scotland means the Land Register of Scotland and/or the General Register of Sasines;

Registrar means (in the case of Covered Bonds which are not N Covered Bonds) Deutsche Bank Trust Company Americas, in its capacity as registrar (and any successor registrar);

Regulated Covered Bonds means Covered Bonds that have been admitted to the register of regulated covered bonds maintained by the FCA pursuant to Regulation 7(1)(b) of the RCB Regulations;

Regulated Mortgage Contract has the meaning given to it under FSMA on or after N(M), being a contract that is a regulated mortgage contract if, at the time it is entered into:

- (a) the contract is one under which the lender provides credit to an individual or to trustees;
- (b) the contract provides that the obligation of the individual/trustee to repay is to be secured by (in England and Wales) a first ranking legal mortgage or (in Northern Ireland) a first ranking legal charge or first ranking legal mortgage or (in Scotland) a first ranking standard security on land (other than timeshare accommodation) in the United Kingdom; and

- (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with a dwelling by the individual or (in the case of credit provided to a trustee) by an individual who is a beneficiary of the trust, or by a related person;

Regulation S means Regulation S under the Securities Act;

Regulation S Covered Bond means a Covered Bond represented by a Regulation S Global Covered Bond and/or a Definitive Regulation S Covered Bond, as the context may require;

Regulation S Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold to non-U.S. persons outside the United States in reliance on Regulation S and substantially in the form set out in **Part 7 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues);

Related Security means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to the LLP pursuant to **Clause 2.1** or **Clause 4.1** of the Mortgage Sale Agreement (but excluding, for the avoidance of doubt, the Properties in Possession Policy and Abbey Buildings Policies in respect of which the LLP and the Security Trustee have received Insurance Acknowledgements);

Relevant Date has the meaning given to it in Condition 7 (*Taxation*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and the meaning set out in Condition 6 (*Taxation*) of the relevant N Covered Bond Conditions (in the case of N Covered Bonds);

Relevant Event has the meaning given to it in **Clause 5.2** of the LLP Deed;

Relevant Implementation Date has the meaning given to it in **Appendix 2** of the Programme Agreement;

Relevant Member State has the meaning given to it in **Appendix 2** of the Programme Agreement;

Relevant Party means each Dealer, their respective affiliates and each person who controls such Dealer (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and each of their respective directors, officers, employees and agents;

Relevant Screen Page, in respect of Floating Rate Covered Bonds to which Screen Rate Determination applies, has the meaning given to it in the applicable Final Terms Document;

Relevant Shares means the two shares in the share capital of the Liquidation Member held by Abbey at the date of this Agreement;

repay, redeem and **pay** shall each include both of the others and cognate expressions shall be construed accordingly;

Replacement Issuer means any entity that assumes the obligations of the Issuer under the Covered Bonds;

Representations and Warranties means the representations and warranties set out in **Schedule 1** to the Mortgage Sale Agreement;

Representation Date means any date on which the Issuer and the LLP give representations and warranties to and for the benefit of each Dealer under the Programme Agreement, which dates shall

include the date of the Programme Agreement, any Agreement Date for the issue of Covered Bonds in relation to a particular issue, the Time of Sale in relation to a particular issue (in respect of Rule 144A Covered Bonds only) and any time that the Prospectus is amended or supplemented;

Request means a written request from the LLP to the Issuer for a Term Advance or Term Advances to be made in the form of **Schedule 2** to the Intercompany Loan Agreement;

Required Outstanding Principal Balance Amount has the meaning given to it in **Clause 20.2** of the LLP Deed;

Required Redemption Amount means, in respect of any relevant Series of Covered Bonds, the amount calculated as follows:

$$\left(\begin{array}{l} \text{Principal Amount Outstanding of the} \\ \text{relevant Series of Covered Bonds} \end{array} \right) \times \left(1 + \text{Negative Carry Factor} \times \frac{\text{days to maturity of the relevant Series of Covered Bonds}}{365} \right);$$

Requisite Ratings means (at any time) the rating then ascribed by each Rating Agency to the long-term, unsecured, unguaranteed and unsubordinated debt obligations of the Issuer;

Reservations has the meaning given to it in **Clause 4.1(e)** of the Programme Agreement;

Reserve Fund means the reserve fund that the LLP will be required to establish on the GIC Account which will be credited with Available Revenue Receipts up to an amount equal to the Reserve Fund Required Amount, and any Cash Capital Contributions made to the LLP by the Seller which the Seller directs the LLP to credit thereto;

Reserve Fund Required Amount means on an LLP Payment Date, if the Issuer's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P, F1 by Fitch and P-1 by Moody's and the Issuer's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch, nil or such other amount as Santander UK plc shall direct the LLP from time to time and otherwise, an amount equal to the Sterling Equivalent of the interest falling due on each Series of Covered Bonds in the next following three month period together with an amount equal to the anticipated amounts payable in respect of the items specified in paragraphs (a) to (b) of the Pre-Acceleration Revenue Priority of Payments falling due in the next following three month period plus £600,000 or such higher amount as Santander UK plc shall direct the LLP from time to time;

Reserve Ledger means the ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record the crediting of Revenue Receipts and (if so directed by the Seller) Cash Capital Contributions to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the LLP Deed;

Reset Date has the meaning given to it in the ISDA Definitions;

Revenue Ledger means the ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record credits and debits of Revenue Receipts in accordance with the terms of the LLP Deed;

Revenue Receipts means any payment received in respect of any Loan, including payments pursuant to any Insurance Policies and any payment received from the Seller in respect of a Payment

Holiday or in respect of interest amounts on a Loan (otherwise than in respect of a Loan that has been repurchased by the Seller), whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including partial redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale of the relevant Property) or on the disposal of such Loan or otherwise, which in any such case is not a Principal Receipt in respect of such Loan;

Reward Cashback means an amount that the Seller has agreed to pay to a Borrower under a Loan at periodic intervals whilst such Loan is outstanding;

Reward Loan means a Loan which includes a Reward Cashback;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Covered Bond means either a Covered Bond represented by a Rule 144A Global Covered Bond and/or a Definitive Rule 144A Covered Bond, as the context may require;

Rule 144A Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold in the United States to QIBs pursuant to Rule 144A and substantially in the form set out in **Part 7 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues);

Rules means the rules, regulations and procedures creating and affecting DTC and its operations;

S&P means Standard & Poor's Rating Services, a division of Standard & Poor's Credit Rating Services Europe Limited or its successors;

Sale Proceeds means the cash proceeds realised from the sale of Selected Loans and their Related Security;

Santander UK Group means Santander UK plc and its Subsidiaries collectively;

Sarbanes-Oxley Act means the U.S. Sarbanes-Oxley Act of 2002;

Scheduled Interest means, in relation to a Series of Covered Bonds, an amount equal to the amount in respect of interest which is or would have been due and payable under such Covered Bonds on each Interest Payment Date as specified in Condition 4 (*Interest*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and the N Covered Bond Conditions (in the case of N Covered Bonds) (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice), as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date and (if the applicable Final Terms Document specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds) as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date) or, where applicable, after the Final Maturity Date, such other amount of interest as may be specified in the applicable Final Terms Document less any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 (*Taxation*) of the Programme Conditions and Condition 6 (*Taxation*) of the N Covered Bond Conditions;

Scheduled Payment Date means, in relation to payments under the Covered Bond Guarantee in respect of a Series of Covered Bonds, each Interest Payment Date or the Final Maturity Date as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date;

Scheduled Principal means, in relation to a Series of Covered Bonds, an amount equal to the amount in respect of principal which is or would have been due and repayable under such Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 6.1 (*Redemption and Purchase – Final redemption*) and Condition 6.9 (*Redemption and Purchase – Instalments*) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and Condition 4 (*Redemption*) of the N Covered Bond Conditions (if applicable) (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**Excluded Scheduled Principal Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice) as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date and (if the applicable Final Terms Document specified that an Extended Due for Payment Date is applicable to such relevant Covered Bonds) as if the maturity date of such Covered Bonds had been the Extended Due for Payment Date;

Scottish Declaration of Trust means each declaration of trust in relation to Scottish Loans and their Related Security made pursuant to the Mortgage Sale Agreement by means of which the transfer of the beneficial interest in such Scottish Loans and their Related Security by the Seller to the LLP is given effect;

Scottish Loan means a Loan secured by a Scottish Mortgage;

Scottish Mortgage means a Mortgage over a Scottish Property;

Scottish Mortgage Conditions means the Mortgage Conditions applicable to Scottish Loans;

Scottish Property means a Property situated in Scotland;

Scottish Sub-Security means each standard security granted by the LLP in favour of the Security Trustee pursuant to the Deed of Charge;

Scottish Supplemental Charge means each assignation in security governed by Scots law granted by the LLP in favour of the Security Trustee pursuant to the Deed of Charge;

Scottish Transfer means an assignation of Scottish Mortgages and the Scottish Loans secured thereby in the form set out in **Part 1 of Schedule 15** to the Mortgage Sale Agreement (in relation to Scottish Mortgages registered or required to be registered in the Land Register of Scotland) or **Part 2 of Schedule 15** to the Mortgage Sale Agreement (in relation to Scottish Mortgages recorded or required to be recorded in the General Register of Sasines);

Scottish Trust means each trust declared and created pursuant to each Scottish Declaration of Trust;

Scottish Trust Property has the meaning given to it in the relevant Scottish Declaration of Trust;

Screen Rate means, for any date, the arithmetic mean of the offered quotations for Sterling deposits of the relevant term in the London inter-bank market displayed on Reuters Page LIBOR 01 as of 11:00 a.m. London time on that date; in each case, displayed on the above mentioned Reuters page (or such replacement page on that service which displays the information) or, if that service ceases to display the information, the Cash Manager (after consultation with the Issuer and the Security

Trustee) may specify another page or service displaying the appropriate rate and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

Screen Rate Determination means, if specified as applicable in the applicable Final Terms Document, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with Condition 4.2(b)(ii) (*Interest – Interest on Floating Rate Covered Bonds and Variable Interest Covered Bonds – Rate of Interest – Screen Rate Determination for Floating Rate Covered Bonds*) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable);

SEC means the U.S. Securities and Exchange Commission;

Secured Creditors means the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Bond Trustee (in its own capacity and on behalf of the Covered Bondholders), the Covered Bondholders, the Receiptholders, the Couponholders, the Issuer, the Seller, the Servicer, the Account Banks, the GIC Provider, the Cash Manager, the Swap Providers, the Corporate Services Provider, the Agents and any other person which becomes a Secured Creditor pursuant to the Deed of Charge;

Secured Obligations means the aggregate of all moneys, obligations and liabilities, whether actual or contingent, from time to time due or owing by the LLP to the Secured Creditors under Covered Bonds and/or the Transaction Documents;

Securities Act means the United States Securities Act of 1933, as amended;

Securities and Exchange Law means the Securities and Exchange Law of Japan;

Security means the security granted by the LLP to the Security Trustee under and pursuant to the terms of the Deed of Charge;

Security Interest or **Encumbrance** means any mortgage, sub mortgage, standard security charge, sub charge, pledge, lien (other than a lien arising in the ordinary course of business or by operation of law), assignation in security or other encumbrance or security interest howsoever created or arising;

Security Trustee means Deutsche Trustee Company Limited, in its capacity as security trustee under the Trust Deed and the Deed of Charge together with any successor security trustee appointed from time to time;

Selected Loan Offer Notice means a notice from the LLP served on the Seller offering to sell Selected Loans and their Related Security for an offer price equal to the greater of the then Outstanding Principal Balance of the Selected Loans and the Adjusted Required Redemption Amount;

Selected Loan Repurchase Notice means a notice from the Seller served on the LLP accepting an offer set out in a Selected Loan Offer Notice;

Selected Loans means Loans and their Related Security to be sold by the LLP pursuant to the terms of the LLP Deed and the Mortgage Sale Agreement and having in aggregate the Required Outstanding Principal Balance Amount;

Selection Date has the meaning given to it in Condition 6.4 (*Redemption and Purchase – Redemption at the option of the Issuer (Issuer Call)*) of the Programme Conditions;

Seller means Santander UK in its capacity as Seller under the Mortgage Sale Agreement, and **Sellers** means, together, the Seller and any New Sellers;

Seller Accession Letter means the Seller Accession Letter substantially in the form set out in **Part 1** of **Appendix 4** of the Programme Agreement;

Seller Bank Accounts means the bank account(s) of the Seller into which monies may be paid from time to time pursuant to the terms of the LLP Deed, details of which will be given to the LLP;

Seller Confirmation Letter means the Seller Confirmation Letter substantially in the form set out in **Part 2** of **Appendix 4** of the Programme Agreement;

Seller Power of Attorney means a power of attorney to be provided by the Seller substantially in the form set out in **Schedule 5** to the Mortgage Sale Agreement;

Seller's Policy means the originating, underwriting, administration, arrears and enforcement policy applied by the Seller from time to time to Loans and their related security for their repayment which are beneficially owned by the Seller;

Series means (i) with respect to N Covered Bonds, each N Covered Bond registered with the N Covered Bond Registrar in the name of an N Covered Bondholder; and (ii) in any other case a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Covered Bonds of the relevant Series, holders of Covered Bonds of the relevant Series** and related expressions shall be construed accordingly;

Series Reserved Matter means, in relation to Covered Bonds of a Series:

- (a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds other than in accordance with the terms thereof;
- (b) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made;
- (c) alteration of the majority required to pass an Extraordinary Resolution;
- (d) any amendment to the Covered Bond Guarantee or the Deed of Charge (except in a manner determined by the Bond Trustee not to be materially prejudicial to the interests of the Covered Bondholders of any Series or an amendment which is in the sole opinion of the Bond Trustee or the Security Trustee (as the case may be) of a formal, minor or technical nature or to correct a manifest error or an error which is, in the sole opinion of the Bond Trustee or the Security Trustee (as the case may be) proven or is to comply with mandatory provisions of law);
- (e) the sanctioning of any such scheme or proposal for the exchange or sale of the Covered Bonds or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of

such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Covered Bondholders to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and

(f) alteration of the proviso to **paragraph 5** or **paragraph 6** of **Schedule 4** to the Trust Deed;

Series 1 Covered Bonds means the first Series of Covered Bonds issued initially on the First Issue Date;

Servicer means Santander UK in its capacity as servicer under the Servicing Agreement together with any successor servicer appointed from time to time;

Servicer Event of Default has the meaning given to it in **Clause 21.1** of the Servicing Agreement;

Servicer Termination Event has the meaning given to it in **Clause 21.1** of the Servicing Agreement;

Services means the services listed in **Schedule 1** to the Servicing Agreement to be provided by the Servicer pursuant to that Servicing Agreement;

Servicing Agreement means the amended and restated servicing agreement entered into on 4 October 2007, as supplemented on 20 May 2008, between the LLP, the Servicer and the Security Trustee (as the same may be further amended, restated, supplemented, replaced or novated from time to time);

Share Trustee means Wilmington Trust SP Services (London) Limited in its capacity as share trustee, acting through its office at Third Floor, 1 King's Arm Yard, London EC2R 7AF together with any successor share trustee appointed from time to time;

Specified Currency means, subject to any applicable legal or regulatory restrictions, euro, Sterling, U.S. Dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms Document;

Specified Denomination means, in respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the applicable Final Terms Document;

Specified Interest Payment Date, in respect of Floating Rate Covered Bonds or Variable Interest Covered Bonds, has the meaning (if any) given to it in the applicable Final Terms Document;

Specified Period, in respect of Floating Rate Covered Bonds or Variable Interest Covered Bonds, has the meaning (if any) given to it in the applicable Final Terms Document;

Specified Time means 11.00 am (London time, in the case of determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR);

Spread Determination Date means the date that is 15 Business Days prior to each Cash Flow Model Calculation Date;

Stabilised Rate means the rate to which any Loan reverts after the expiration of any period during which any alternative method(s) of calculating the interest rate specified in the Offer Conditions are used;

Standard Documentation means the standard documentation in **Appendix 2** to the Mortgage Sale Agreement or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender;

Standard Variable Rate or **SVR** means the Abbey Standard Variable Rate and/or the LLP Standard Variable Rate, as the context may require;

Sterling Equivalent means, in relation to a Term Advance or a Series of Covered Bonds (including any calculations of the Required Redemption Amount of such Series of Covered Bonds) which is denominated in (a) a currency other than Sterling, the Sterling equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Term Advance or the Term Advance applicable to such Series of Covered Bonds and (b) Sterling, the applicable amount in Sterling;

Sterling LIBOR means LIBOR for Sterling deposits having the relevant maturity;

Stock Exchange means the London Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading and references to the **relevant Stock Exchange** shall, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading;

Subscription Agreement means an agreement supplemental to the Programme Agreement (by whatever name called) in or substantially in the form set out in **Appendix 6** of the Programme Agreement or in such other form as may be agreed between the Issuer, the LLP and the Lead Manager or one or more Dealers (as the case may be);

Subsidiary means any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006);

Substitution Assets means each of:

- (a) Sterling gilt-edged securities;
- (b) Sterling demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations provided that in all cases such investments have a remaining period to maturity of one year or less and the short-term unsecured, unguaranteed and unsubordinated debt obligations or, as applicable, the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least P-1/Aa3 by Moody's, A-1+/AA- by S&P and F1+/AA- by Fitch or their equivalents by three other internationally recognised rating agencies; and
- (c) Sterling denominated government and public securities, as defined from time to time by the FCA, provided that such investments have a remaining period to maturity of one year or less and which are rated at least Aaa by Moody's, AAA by S&P and AAA by Fitch or their equivalents by three other internationally recognised rating agencies,

provided that such Substitution Assets comply with the requirements of Regulation 2(1)(a) of the RCB Regulations;

Substitution Effective Date means 1 June 2016;

sub-unit means, in accordance with Condition 4.7(j) of the Programme Conditions in the case of Covered Bonds which are not N Covered Bonds, and in accordance with the relevant N Covered Bond Conditions (if applicable) in the case of N Covered Bonds, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0.01;

Successor means, in relation to an Agent and the Calculation Agent, any successor to any one or more of them in relation to the Covered Bonds which shall become such pursuant to the provisions of the trust presents and/or the Agency Agreement and/or the N Covered Bonds Conditions (as the case may be) and/or such other or further principal paying agent, paying agents, registrar, transfer agent, exchange agent and calculation agent (as the case may be) in relation to the Covered Bonds as may (with the prior approval of, and on terms previously approved by, the Bond Trustee in writing (such approval not to be unreasonably withheld or delayed)) from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the case of the Principal Paying Agent being within the same city as those for which they are substituted) as may from time to time be nominated, in each case by the Issuer and the LLP, and (except in the case of the initial appointments and specified offices made under and specified in the Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions (if applicable) and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Covered Bondholders;

Swap Agreements means the Covered Bond Swap Agreements together with the Interest Rate Swap Agreement and each, a **Swap Agreement**;

Swap Collateral means, at any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Provider to the LLP as collateral in respect of the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;

Swap Collateral Accounts means any account in the name of the LLP held with Abbey National Treasury Services plc (or any other Account Bank from time to time) into which Swap Collateral in respect of the Interest Rate Swap or a Covered Bond Swap may be deposited in accordance with the terms of any such Swap;

Swap Collateral Available Amounts means, at any time, the amount of Swap Collateral which, under the terms of the relevant Swap Agreement, may be applied in satisfaction of the relevant Swap Provider's obligations to the LLP following termination of a Swap to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments;

Swap Collateral Excluded Amounts means, at any time, the amount of Swap Collateral which may not be applied at that time in satisfaction of the relevant Swap Provider's obligations to the LLP under the terms of the relevant Swap Agreement, including Swap Collateral which is to be returned to the relevant Swap Provider upon termination of the relevant Swap;

Swap Payments Accounts means any account in the name of the LLP held with Abbey National Treasury Services plc (or any other Account Bank from time to time) through which payments under the Interest Rate Swap or the Covered Bond Swaps will be made;

Swap Provider Default means the occurrence of an Event of Default (as defined in the relevant Swap Agreement) with respect to the relevant Swap Provider, where the relevant Swap Provider is the Defaulting Party (as defined in the relevant Swap Agreement);

Swap Provider Downgrade Event means the occurrence of an Additional Termination Event (as defined in the relevant Swap Agreement) following a failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement;

Swap Providers means the Covered Bond Swap Providers and the Interest Rate Swap Provider, and each, a **Swap Provider**;

Swaps means the Covered Bond Swaps together with the Interest Rate Swap, and each, a **Swap**;

Talonholders means the several persons who are for the time being holders of the Talons;

Talons means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Definitive Covered Bonds (other than Zero Coupon Covered Bonds), such talons being substantially in the form set out in **Part 6 of Schedule 2** to the Trust Deed or in such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme Conditions;

TARGET System means, in accordance with Condition 4.7(a)(ii) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and the N Covered Bond Conditions (in the case of N Covered Bonds), the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (**TARGET2**), which utilises a single shared platform and which was launched on 19 November 2007;

Tax Credit has the meaning given to it in the relevant Swap Agreement;

Taxes means all present and future taxes, levies, imposts, duties (other than stamp duty), fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including, without limitation, income tax, corporation tax, VAT or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** and **Taxation** shall be construed accordingly;

Temporary Global Covered Bond means a temporary global covered bond substantially in the form set out in **Part 1 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues), together with the copy of the applicable Final Terms Document annexed thereto, comprising some or all of the Covered Bonds of the same Series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the trust presents;

Term Advance means each term advance made by the Issuer to the LLP from the proceeds of Covered Bonds pursuant to the Intercompany Loan Agreement;

Term Advance Notice means the notice to be delivered to the LLP by the Issuer prior to each Issue Date in accordance with the Intercompany Loan Agreement in the form set out in **Schedule 1** to the Intercompany Loan Agreement;

Terms and Conditions means (in the case of Covered Bonds which are not N Covered Bonds) the terms and conditions of the Covered Bonds (as set out in **Schedule 1** to the Trust Deed) as modified and/or supplemented by the Final Terms in relation to a particular Series of Covered Bonds, as the same may from time to time be modified in accordance with the Trust Deed, and (in the case of N Covered Bonds) the N Covered Bond Conditions relating to each Series of N Covered Bonds as modified and/or supplemented by the provisions of the relevant N Covered Bond Agreement or as permitted pursuant to the N Covered Bonds Conditions and the N Covered Bond Agreement;

Third Party Amounts means each of:

- (a) payments of any High Loan-to-Value Fees;
- (b) amounts under a direct debit which are repaid to the bank making the payment if such a bank is unable to recoup that amount itself from the customer's account; or
- (c) payments by Borrowers of Early Repayment Fees and other charges due to the Seller;

which amounts shall be paid on receipt by the LLP to the Seller from moneys on deposit in the GIC Account;

Time of Sale means the time specified in the relevant Subscription Agreement or as may otherwise be agreed between the parties thereto;

Title Deeds means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents (if any) which make up the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage;

Total Credit Commitment means an amount equal to the Programme Limit from time to time;

Tracker Loan means a Loan where interest is linked to a variable interest rate other than the SVR (for example, the rate on a Tracker Loan may be set at a fixed or variable margin above or below Sterling LIBOR or above or below rates set from time to time by the Bank of England);

Tracker Rate means the rate of interest applicable to a Tracker Loan (before applying any cap or minimum rate);

Tracker Swap Rate means a rate linked to the Bank of England repo rate, as shall be determined by the Cash Manager in accordance with the provisions of the Cash Management Agreement;

Tranche means an issue of Covered Bonds (other than N Covered Bonds) which are identical in all respects (including as to listing and admission to trading);

Transaction Documents means:

- (a) the Mortgage Sale Agreement;
- (b) each Scottish Declaration of Trust;
- (c) the Servicing Agreement;
- (d) the Asset Monitor Agreement;
- (e) the Intercompany Loan Agreement;

- (f) the LLP Deed;
- (g) the Cash Management Agreement;
- (h) the Interest Rate Swap Agreement;
- (i) each Covered Bond Swap Agreement;
- (j) the Guaranteed Investment Contract;
- (k) the Bank Account Agreement;
- (l) the Corporate Services Agreement;
- (m) the Deed of Charge (and each document entered into pursuant to the Deed of Charge, including, without limitation, each Scottish Supplemental Charge and Scottish Sub-Security);
- (n) the Trust Deed;
- (o) the Agency Agreement;
- (p) the Programme Agreement;
- (q) each of the Final Terms Documents (as applicable (i) in the case of each issue of listed Covered Bonds subscribed for pursuant to a subscription agreement and (ii) in respect of any Series of N Covered Bonds);
- (r) each Subscription Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed for pursuant to a subscription agreement);
- (s) the Master Definitions and Construction Agreement;
- (t) the Deed of Substitution, Novation and Amendment; and
- (u) any other agreement or document from time to time designated as such by the Issuer, the LLP, the Bond Trustee and/or the Security Trustee;

Transfer Agent means, in relation to all or any Series of Registered Covered Bonds other than the N Covered Bonds, Deutsche Bank Trust Company Americas at its office at 1761 E. St. Andrew Place, Santa Ana, CA 92705, in its capacity as transfer agent or, if applicable, any successor transfer agent in relation to all or any Series of the Covered Bonds;

Transfer Certificate means the transfer certificate substantially in the form set out in **Schedule 4** to the Agency Agreement;

Trust Corporation means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee;

Trust Deed means the trust deed entered into on 3 June 2005, as modified on 16 August 2005 and modified and/or restated on 4 October 2007, 20 May 2008, 8 September 2009, 8 November 2010, 9 September 2011, 29 June 2012, 12 July 2013, 25 June 2014 and 1 June 2016 (as the same may be further supplemented, amended and/or restated from time to time), between the Issuer the LLP, the

Security Trustee and the Bond Trustee under which Covered Bonds will, on issue, be constituted and which sets out the terms and conditions on which the Bond Trustee has agreed to act as bond trustee and includes any trust deed or other document executed by the Issuer, the LLP, the Security Trustee and the Bond Trustee in accordance with the provisions of the Trust Deed and expressed to be supplemental to the Trust Deed;

Trust Indenture Act means the U.S. Trust Indenture Act of 1939, as amended;

trust presents means the Trust Deed and the Schedules and any trust deed supplemental to the Trust Deed and the Schedules (if any) thereto and the Covered Bonds, the Receipts, the Coupons, the Talons, the Programme Conditions, the N Covered Bond Conditions, each N Covered Bond Agreement and each of the Final Terms Documents, all as from time to time modified in accordance with the provisions therein contained;

Trustee Acts means the Trustee Act 1925 and the Trustee Act 2000 of England and Wales;

UK Listing Authority means the FCA in its capacity as competent authority under the FSMA;

Unanimous Decision means a unanimous decision of the Members which has either been recorded in writing, signed by each of the Members or passed unanimously at a Members' meeting;

Underpayment means a reduced payment by a Borrower under a Flexible Loan and where such reduced payment is in place of the Monthly Payment set out in the Offer Conditions (or any changed Monthly Payment subsequently notified to the Borrower), where there are sufficient available funds to fund the difference between the Monthly Payment and this reduced payment and where the Borrower is not in breach of the Mortgage Terms for making such payment;

Unlegended Covered Bond means any Registered Covered Bond which is not a Legended Covered Bond;

Unregistered Land means, in the case of England and Wales, land in England and Wales title to which is not, and is not required to be, registered at the Land Registry and, in the case of Northern Ireland, land in Northern Ireland title to which is registered at the Registry of Deeds and which is not, and is not required to be, registered at the Land Registry of Northern Ireland;

Unregistered Transfer means a deed of transfer of English Mortgage(s) over Unregistered Land substantially in the forms set out in **Schedule 3** to the Mortgage Sale Agreement with such modifications as may be required from time to time;

UTCCR means the Unfair Terms in Consumer Contracts Regulations 1994 and 1999, as amended;

VAT or **Value Added Tax** means value added tax imposed by the United Kingdom under the VATA and legislation (whether delegated or otherwise) replacing the same or supplemental thereto or in any primary or subordinate legislation promulgated by the European Union or any official body or agency thereof, and any similar turnover tax replacing or introduced in addition to any of the same;

VATA means the Value Added Tax Act 1994;

Valuation Report means the valuation report or reports for mortgage purposes, in the form of the pro-forma report contained in the Standard Documentation, obtained by the Seller from a Valuer in respect of each Property or a valuation report in respect of a valuation of a Property made using a methodology which would be acceptable to a Reasonable, Prudent Mortgage Lender and which has been approved by the Director of Group Property and Survey of the Seller (or his successor);

Valuer means an Associate or Fellow of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers who was, at the relevant time, either a member of a firm which was on the list of Valuers approved by or on behalf of the relevant Seller from time to time or an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers employed in-house by the Seller acting for the Seller in respect of the valuation of a Property;

Variable Interest Covered Bonds means Index Linked Interest Covered Bonds, Credit Linked Interest Covered Bonds, Equity Linked Interest Covered Bonds, Dual Currency Interest Covered Bonds and other Covered Bonds (excluding Floating Rate Covered Bonds) where the rate of interest is variable;

Variable Rate Loans means those Loans which are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Terms (and shall, for the avoidance of doubt, exclude Fixed Rate Loans and Tracker Loans);

Variable Rate Swap SVR has the meaning given to it in the Interest Rate Swap Agreement;

voting certificate has the meaning given to it in **Schedule 4** to the Trust Deed;

Weighted Average Fixed Rate has the meaning given to it in the Interest Rate Swap Agreement;

Yield Shortfall Test means the test as to whether the aggregate amount of interest on the Loans and amounts under the Interest Rate Swap Agreement to be received by the LLP during the relevant LLP Payment Period would give a yield on the Loans of at least LIBOR plus 0.15 per cent.; and

Zero Coupon Covered Bonds means Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest.

2. INTERPRETATION AND CONSTRUCTION

2.1 This Master Definitions and Construction Agreement is an amendment and restatement of the master definitions and construction agreement dated 3 June 2005, as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 8 November 2010, 9 September 2011 and 24 December 2012, as amended on 12 July 2013 pursuant to a Deed of Amendment and Termination and as amended and restated on 23 June 2015, in respect of the Programme established by the Abbey National Treasury Services plc.

2.2 Any Covered Bonds issued under the Programme on or after the date hereof shall have the benefit of this Master Definitions and Construction Agreement other than any such Covered Bonds issued so as to be consolidated and form a single Series with any Covered Bonds issued prior to the date hereof. Save as disclosed above, this does not affect any Covered Bonds issued under the Programme prior to the date of this Master Definitions and Construction Agreement.

2.3 Any reference in this Master Definitions and Construction Agreement, or in any Transaction Document or any document to which this Master Definitions and Construction Agreement is expressed to be incorporated or as to which this Master Definitions and Construction Agreement is expressed to apply (unless expressly stated otherwise in such Transaction Document or other document), to:

affiliate of any person shall be construed as a reference to the ultimate holding company of that person or an entity of which that person or its ultimate holding company (a) has direct or indirect control or (b) owns directly or indirectly more than fifty per cent. (50 per cent.) of the share capital or similar rights of ownership;

the **assets** of any person shall be construed as a reference to the whole or any part of its business, undertakings, property, intellectual property, shares, securities, debts, accounts, revenues (including any right to receive revenues), goodwill, shareholdings and uncalled capital including premium whether now or hereafter acquired and any other assets whatsoever;

assignment in the context of the sale and equitable assignment of Loans and their Related Security pursuant to the Mortgage Sale Agreement shall be construed as a reference to the sale and entering into of a Scottish Declaration of Trust in relation to Scottish Loans and their Related Security, and in the context of the legal assignment of Loans and their Related Security pursuant to the Mortgage Sale Agreement shall with respect to the Scottish Loans and their Related Security be construed as a reference to the assignation of Scottish Loans and their Related Security;

an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing or registration;

disposal shall be construed as any sale, lease, transfer, conveyance, assignment, assignation, licence, sub-licence or other disposal and **dispose** shall be construed accordingly;

a **guarantee** means any guarantee, bond, indemnity, letter of credit, third party security or other legally binding assurance against financial loss granted by one person in respect of any indebtedness of another person, or any agreement to assume any indebtedness of any other person or to supply funds or to invest in any manner whatsoever in such other person by reason of, or otherwise in relation to, indebtedness of such other person;

indebtedness shall be construed so as to include any obligation (whether incurred as principal or as surety or guarantor) for the payment or repayment of money, whether present or future, actual or contingent;

leasehold shall be construed so as to include any property in Scotland held under a long lease (having a term of at least 20 years) registered or recorded in the Registers of Scotland;

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the preceding business day provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month (and references to **months** shall be construed accordingly);

a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

the **Servicer** acting as agent for the LLP shall be deemed to include, in the case of the Scottish Loans, the Servicer acting on behalf of and as agent for the Seller in its capacity as trustee for the LLP under the relevant Scottish Declaration of Trust;

set-off shall be construed so as to include any equivalent or analogous rights under the laws of any jurisdiction other than England and Wales;

a **wholly-owned subsidiary** of a company or corporation shall be construed as a reference to any company or corporation which has no other members except that other company or corporation and

that other company's or corporation's wholly-owned subsidiaries or persons acting on behalf of that other company or corporation or its wholly-owned subsidiaries; and

the **winding-up, dissolution or administration** of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, bankruptcy, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

2.4 In this Master Definitions and Construction Agreement and in any of the Transaction Documents in which this Master Definitions and Construction Agreement is expressed to be incorporated or to which this Master Definitions and Construction Agreement is expressed to apply:

- (a) words denoting the singular number only shall include the plural number also and vice versa;
- (b) words denoting one gender only shall include the other genders;
- (c) words denoting persons only shall include firms and corporations and vice versa;
- (d) references to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment;
- (e) references to any agreement or other document (including any of the Transaction Documents) shall be deemed also to refer to such agreement or document as amended, varied, supplemented or novated from time to time;
- (f) references to the Deed of Charge shall include all documents entered into pursuant thereto, including, for the avoidance of doubt, each Scottish Supplemental Charge and any Scottish Sub-Security;
- (g) clause, paragraph and schedule headings are for ease of reference only;
- (h) reference to a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted to the extent such amendment or re-enactment is substantially to the same effect as such statute on the date hereof;
- (i) reference to a time of day shall be construed as a reference to London time;
- (j) unless the contrary intention appears, a reference to the records of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Covered Bonds; and
- (k) references to any person shall include references to his successors, transferees and assigns and any person deriving title under or through him.

3. AMENDMENTS

Subject to **Clause 22.7** of the Deed of Charge (Modification to Transaction Documents), any amendments to this Master Definitions and Construction Agreement will be made only with the prior written consent of each party to this Master Definitions and Construction Agreement.

4. COUNTERPARTS

This Agreement may be executed in any number of counterparts (manually or by facsimile) each of which, when executed and delivered, shall constitute an original, but all the counterparts shall together constitute but one and the same instrument provided, however, that this Agreement shall have no force or effect until it is executed by the last party to execute the same and shall be deemed to have been executed and delivered in the place where such last party executed this Agreement.

5. GOVERNING LAW

This Master Definitions and Construction Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England, provided that the terms hereof which are particular to Scots law shall be construed in accordance with Scots law and the terms hereof which are particular to Northern Irish law shall be construed in accordance with Northern Irish law.

SIGNATORIES

SIGNED by)
duly authorised)
for and on behalf of)
ABBEY COVERED BONDS (HOLDINGS) LIMITED)
(in its capacity as **Holdings**))

SIGNED by)
duly authorised)
for and on behalf of)
ABBEY COVERED BONDS (LM) LIMITED)
(in its capacity as **Liquidation Member**))

SIGNED by)
duly authorised)
for and on behalf of)
ABBEY COVERED BONDS LLP)

SIGNED by)
duly authorised)
for and on behalf of)
SANTANDER UK PLC)
(in its capacities as **Issuer, Seller, Servicer, Cash Manager,**)
Account Bank, GIC Provider and)
Interest Rate Swap Provider))

SIGNED by)
duly authorised)
for and on behalf of)
ABBEY NATIONAL TREASURY SERVICES plc)
(in its capacities as an **Account Bank** and a)
Covered Bond Swap Provider))

SIGNED by)
duly authorised)
for and on behalf of)
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED)

SIGNED by)
duly authorised)
for and on behalf of)
BARCLAYS BANK PLC)
(in its capacity as **Covered Bond Swap Provider**))

SIGNED by)
duly authorised)
for and on behalf of)
NATIXIS)
(in its capacity as **Covered Bond Swap Provider**))

SIGNED by)
duly authorised)
for and on behalf of)
NATIONAL AUSTRALIA BANK LIMITED)
(in its capacity as **Covered Bond Swap Provider**))

BNP PARIBAS)
(in its capacity as **Covered Bond Swap Provider**))

By its duly authorised representatives:

By:
Name:
Title:

By:
Name:
Title:

SIGNED by)
duly authorised)
for and on behalf of)
THE ROYAL BANK OF SCOTLAND PLC)
(in its capacity as **Covered Bond Swap Provider**))

BANCO SANTANDER, S.A.)
(in its capacity as **Dealer**))
By its duly authorised representatives:)

By:
Name:
Title:

By:
Name:
Title:

SIGNED by)
duly authorised)
for and on behalf of)
DEUTSCHE BANK AG, LONDON BRANCH)
(in its capacity as **Principal Paying Agent**))

SIGNED by)
duly authorised)
for and on behalf of)
DEUTSCHE TRUSTEE COMPANY LIMITED)

SIGNED by)
duly authorised signatories)
for and on behalf of)
DEUTSCHE BANK TRUST COMPANY AMERICAS)

SIGNED by)
duly authorised signatories)
for and on behalf of)
DEUTSCHE BANK AKTIENGESELLSCHAFT)
(in its capacity as **N Covered Bond Paying Agent, N Covered**)
Bond Registrar and **N Covered Bond Transfer Agent**))

SCHEDULE 3

FORM OF SECOND AMENDED AND RESTATED INTERCOMPANY LOAN AGREEMENT

EXECUTION VERSION

**SECOND AMENDED AND RESTATED INTERCOMPANY LOAN
AGREEMENT**

1 JUNE 2016

**ABBEY COVERED BONDS LLP
as the LLP**

and

**SANTANDER UK PLC
as Issuer**

and

**ABBEY NATIONAL plc
as Cash Manager**

and

**DEUTSCHE TRUSTEE COMPANY LIMITED
as Security Trustee**

ALLEN & OVERY

Allen & Overy LLP

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CONTENTS

Clause	Page
1. Interpretation	3
2. The Facility.....	4
3. Purpose	4
4. Conditions Precedent.....	5
5. Advance of Term Advances	5
6. Interest and Fee	7
7. Repayment.....	8
8. Taxes	10
9. Illegality.....	10
10. Mitigation	10
11. Intercompany Loan Event of Default	11
12. Payments	11
13. Further Provisions	11
14. Redenomination.....	14
15. Governing Law	14

SCHEDULE

1. Term Advance Notice.....	15
2. Request	17

THIS SECOND AMENDED AND RESTATED INTERCOMPANY LOAN AGREEMENT is made on 1 June 2016.

BETWEEN:

- (1) **ABBEY COVERED BONDS LLP** (registered number OC312644), a limited liability partnership incorporated under the laws of England and Wales, whose registered office is at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (referred to herein as the **LLP**);
- (2) **SANTANDER UK PLC**, a public limited company incorporated under the laws of England and Wales, whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Issuer** and **Cash Manager**);
- (3) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as the **Security Trustee**).

WHEREAS:

- (A) From time to time the Issuer will issue Covered Bonds pursuant to the Programme.
- (B) The Issuer has agreed that it will lend the proceeds of any issue of Covered Bonds to the LLP.
- (C) This Agreement sets out the agreement between the Issuer and the LLP in relation to the lending of the proceeds of the issue of Covered Bonds to the LLP.
- (D) This Agreement amends and restates the Intercompany Loan Agreement dated 3 June 2005 as amended and restated on 4 October 2007 and 20 May 2008 and as supplemented on 23 June 2015 (the **Original Intercompany Loan Agreement**) between, amongst others, the parties hereto in respect of a covered bond programme (the **Programme**).
- (E) The Original Intercompany Loan Agreement was entered into by the LLP, Abbey National Treasury Services plc as issuer and the Security Trustee. With effect on and from the Substitution Effective Date, Santander UK plc has replaced Abbey National Treasury Services plc as issuer under the Programme.
- (F) The parties have agreed to enter into this Agreement in order to clarify how any fees payable by the LLP and/or the Issuer in respect of a Series or Tranche of Covered Bonds (a) which is issued at a discount to its nominal amount, (b) which is issued at a premium to its nominal amount, and/or (c) whereby additional amounts representing accrued interest paid to the Issuer, are dealt with under the Programme and to amend and restate the Original Intercompany Loan Agreement accordingly.

IT IS AGREED as follows:

1. INTERPRETATION

The master definitions and construction agreement made between, inter alios, the parties to this Agreement on 3 June 2005, as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 8 November 2010, 9 September 2011 and 24 December 2012, as amended on 12 July 2013 pursuant to a Deed of Amendment and Termination and as amended and restated on 23 June 2015 and 1 June 2016 (as the same may be further amended, varied and/or supplemented from time to time, the **Master Definitions** and **Construction Agreement**). is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions

and Construction Agreement (as so amended, restated and/or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement, including the recitals hereto and this Agreement shall be construed in accordance with the interpretation provisions set out in **Clause 2** of the Master Definitions and Construction Agreement.

2. THE FACILITY

Subject to the terms of this Agreement, the Issuer agrees to make available to the LLP a multi-currency facility in an aggregate Euro Equivalent amount equal to the Total Credit Commitment (the **Facility**). On the Business Day prior to each Issue Date, the Issuer shall offer Term Advances to the LLP under the Facility that correspond to each Series or, as applicable, Tranche of Covered Bonds to be issued by the Issuer on that Issue Date. Each Term Advance shall be in Sterling or in the currency of the corresponding Series or Tranche, as specified in the Term Advance Notice provided that if the Covered Bond Swap in relation to the relevant Series or Tranche of Covered Bonds is a Forward Starting Covered Bond Swap Agreement, the Term Advance shall be made by the Issuer to the LLP in Sterling irrespective of the currency of the corresponding Series or Tranche of Covered Bonds. Subject to the terms of this Agreement, on each Issue Date the LLP shall accept that offer.

3. PURPOSE

3.1 Application of Term Advances by LLP

Each Term Advance may only be used by the LLP:

- (a) (if not denominated in Sterling, upon exchange into Sterling under the applicable Non-Forward Starting Covered Bond Swap Agreement(s)) as consideration in part for the acquisition of Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement; and/or
- (b) (if not denominated in Sterling, upon exchange into Sterling under the applicable Non-Forward Starting Covered Bond Swap Agreement(s)) subject to an Asset Coverage Test Breach Notice not having been served (and not revoked) on the relevant Issue Date, to make a Capital Distribution to the Seller (in its capacity as Member) by way of distribution of that Member's equity in the LLP in an amount equal to the Sterling Equivalent of the Term Advance or any part thereof, which shall be paid to the Member on the relevant Issue Date by telegraphic transfer or as otherwise directed by the Member; and/or
- (c) (if not denominated in Sterling, upon exchange into Sterling under the applicable Non-Forward Starting Covered Bond Swap Agreement(s)) to invest in Substitution Assets (in an amount up to but not exceeding the prescribed limit); and/or
- (d) if an existing Series or part of an existing Series of Covered Bonds is being refinanced by the issue of Covered Bonds to which the Term Advance relates, to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Term Advance(s) being repaid, if necessary); and/or
- (e) (if not denominated in Sterling, upon exchange into Sterling under the applicable Non-Forward Starting Covered Bond Swap Agreement(s)) to make a deposit in the GIC Account.

In relation to paragraphs (b), (d) and (e) above, the LLP must first use the proceeds of any Term Advance (if not denominated in Sterling, upon exchange into Sterling under the applicable Covered Bond Swap) as consideration in part for the acquisition of Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement and/or Substitution Assets (in an

amount up to but not exceeding the limit set out in the LLP Deed) to the extent required to ensure that the Asset Pool is sufficient to satisfy the Asset Coverage Test. However, the proceeds may be applied in accordance with paragraph (e) at any time pending application in accordance with the other paragraphs of this Clause 3.1.

3.2 No obligation to monitor

Without prejudice to the obligations of the LLP under this **Clause 3**, neither the Security Trustee nor any of the Secured Creditors shall be obliged to concern themselves as to the application of amounts drawn by the LLP under this Agreement.

4. CONDITIONS PRECEDENT

Conditions precedent

Save as the Issuer and the Security Trustee may otherwise agree, each Term Advance will not be available for utilisation on an Issue Date unless:

- (a) the Issuer and the Security Trustee have received a solvency certificate from the LLP, dated the Issue Date, in form and substance satisfactory to the Security Trustee and the Issuer (each acting reasonably);
- (b) the related Series or, as applicable, Tranche of Covered Bonds has been issued by the Issuer on the relevant Issue Date and the subscription proceeds thereof have been received by or on behalf of the Issuer;
- (c) not later than 2.00 p.m. (London time) on the relevant Issue Date (or such later time as may be agreed in writing by the LLP, the Issuer and the Security Trustee), the Issuer and the Security Trustee have received a Request from the LLP;
- (d) each of the Rating Agencies has confirmed that there will not, as a result of the Issuer issuing any Covered Bonds, be any adverse effect on the then current ratings by the Rating Agencies of any existing Covered Bonds;
- (e) each of the Issuer and the LLP has confirmed in writing to the Security Trustee that no Abbey Event of Default or LLP Event of Default has occurred and is continuing unwaived or unremedied at the relevant Issue Date or would result from the making of any Term Advance;
- (f) the aggregate of the Euro Equivalents of the principal amounts of the Term Advance to be made and the Euro Equivalent of any Term Advances outstanding on the relevant Issue Date does not exceed the Total Credit Commitment; and
- (g) no Asset Coverage Test Breach Notice is outstanding.

5. ADVANCE OF TERM ADVANCES

5.1 Notice to LLP

On the Business Day prior to each Issue Date the Issuer shall give to the LLP (copied to the Security Trustee) a Term Advance Notice, setting out *inter alia*:

- (a) the amount and currency or currencies of the proposed issue on the next Business Day of each Series or, as applicable, Tranche of Covered Bonds under the Programme;

- (b) the principal amount and currency of each Term Advance available for drawing under the Facility on the next Business Day;
- (c) the interest rate or the formula, method or other manner for determining the interest rate applicable to the Term Advance;
- (d) the Loan Interest Periods applicable to the relevant Term Advance; and
- (e) any fee payable by the Issuer and/or the LLP in connection with each Term Advance in accordance with Clause 6.4 (*Fees*).

5.2 Term Advances correspond to Series and Tranches of Covered Bonds

- (a) Each Term Advance shall be identified by reference to the relevant Series and Tranche of Covered Bonds that is used to fund it, as set out in each Term Advance Notice. For instance, the Series 1 Tranche 1 Covered Bonds shall fund the Series 1 Tranche 1 Term Advance.
- (b) A Term Advance which is funded by the issue of a Tranche of Covered Bonds on an Issue Date shall be consolidated with the existing Term Advance in the same currency corresponding to the Series of Covered Bonds that that Tranche will be consolidated with, with effect from the Loan Interest Payment Date for that Term Advance falling immediately after the relevant Issue Date.
- (c) For the purposes of this Agreement and the Transaction Documents:
 - (i) the principal amount of any Term Advance in Sterling shall be equal to the Sterling Equivalent of the nominal amount of the relevant Series or Tranche of Covered Bonds; and
 - (ii) the principal amount of any Term Advance in any currency other than Sterling shall be equal to the nominal amount of the relevant Series or Tranche of Covered Bonds.

For the avoidance of doubt, the nominal amount of the relevant Series or Tranche shall not include any premium or accrued interest received by the Issuer in connection with the issue thereof.

5.3 Giving of Requests

Not later than 2.00 p.m. on each Issue Date (or such later time as may be agreed in writing between the LLP, the Issuer and the Security Trustee), the LLP shall give to the Issuer (copied to the Security Trustee) a duly completed Request for the Term Advances in a principal amount and currency which corresponds to the principal amount and currency notified to the LLP in the Term Advance Notice of the previous Business Day. Each Request is irrevocable and (subject to the terms of this Agreement) obliges the LLP to borrow the whole amount specified in the Request on the relevant Drawdown Date upon the terms and subject to the conditions of this Agreement.

5.4 Advance of Term Advances

- (a) On receipt of a Request from the LLP and if the conditions set out in **Clause 4** (Conditions Precedent) have been met, the Issuer shall make the Term Advances available to the LLP on the Issue Date.
- (b) The Issuer shall be entitled to deduct from any Term Advance the amount of any fee due and payable by the LLP to the Issuer under **Clause 6.4** in connection with that Term Advance.

5.5 Single drawing of the Term Advances

Each Term Advance shall, subject to satisfaction of the matters specified in **Clause 4** (Conditions Precedent), only be available for drawing in one amount by the LLP on the relevant Issue Date.

6. INTEREST AND FEE

6.1 Interest Periods

- (a) Each Loan Interest Period shall match the Interest Periods applicable to the corresponding Tranche or Series of Covered Bonds that funds such Term Advance, or where the Term Advance is in Sterling but the corresponding Tranche or Series of Covered Bonds is not denominated in Sterling, the Loan Interest Period shall be determined in the manner specified in the Term Advance Notice. In the event of any lengthening or shortening of an Interest Period in respect of any Series or Tranche of Covered Bonds, the Loan Interest Periods will be subject to a corresponding lengthening or shortening. The Issuer shall notify (or shall procure notification to) the LLP of the Loan Interest Payment Dates and the Loan Interest Periods (including any amendment thereto).
- (b) Whenever it is necessary to compute an amount of interest in respect of a Term Advance for any period (including any Loan Interest Period):
 - (i) where the Term Advance is in the same currency as the corresponding Series or Tranche of Covered Bonds, such interest shall be calculated or determined on the same basis as interest is computed in respect of the corresponding Tranche or Series of Covered Bonds that funded such Term Advance; and
 - (ii) where the Term Advance is in Sterling and the corresponding Series or Tranche of Covered Bonds is not denominated in Sterling, such interest shall be calculated or determined on the basis of one month Sterling LIBOR plus a margin or such other rate or for such period as is set out in the Term Advance Notice.
- (c) Subject to **Clause 19.3** (Subordination) of the Deed of Charge, interest payable in respect of a Term Advance shall be payable on each Loan Interest Payment Date following the Drawdown Date of that Term Advance.
- (d) If the payment of interest in respect of a Term Advance is deferred as a result of the service of an Asset Coverage Test Breach Notice pursuant to **Clause 16** of the LLP Deed, then (i) if such Asset Coverage Test Breach Notice is subsequently revoked, such payment of interest will be made on the next LLP Payment Date after the relevant Asset Coverage Test Breach Notice has been revoked or (ii) in all other cases, such payment of interest will be made in accordance with the relevant Priorities of Payments.

6.2 Interest rate

- (a) Subject to **Clause 19.3** (Subordination) of the Deed of Charge, the interest rate payable in respect of each Term Advance for each Loan Interest Period in respect of that Term Advance shall match the interest rate payable in respect of the corresponding Interest Period in relation to the Tranche or Series of Covered Bonds that funded such Term Advance or, where the Term Advance is in Sterling and the corresponding Series or Tranche of Covered Bonds is not denominated in Sterling, such interest shall be calculated or determined on the basis of one month Sterling LIBOR plus a margin or such other rate or for such other period as is set out in the Term Advance Notice.
- (b) The Issuer shall, as soon as practicable after receiving notification under the Terms and Conditions of the Rate of Interest and Interest Amount applicable to an Interest Period in respect of any Series

or Tranche of Covered Bonds, notify (or procure notification to) the LLP of the rate of interest and interest amount applicable to the corresponding Loan Interest Period in respect of the corresponding Term Advance.

- (c) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this **Clause 6**, shall (in the absence of wilful default, bad faith or proven error) be binding on the LLP, the Cash Manager and the Security Trustee and (in such absence as aforesaid) no liability to the LLP shall attach to the Security Trustee, the Cash Manager or the Issuer in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

6.3 Deferred interest

To the extent that there are insufficient funds available to pay interest on the Term Advances on any Loan Interest Payment Date (or, if **Clause 6.1(d)** applies, the relevant LLP Payment Date), the shortfall in the interest amount payable will not then fall due but will instead be added to the principal amount outstanding of that Term Advance and interest will be payable on the increased balance of that Term Advance at the rate specified in **Clause 6.2** above.

6.4 Fees

- (a) The LLP agrees to pay to the Issuer a fee, in connection with each Term Advance relative to a Series or Tranche of Covered Bonds which is issued at a discount to its nominal amount, in an amount equal to the aggregate of: (i) the aggregate amount of the discount and (ii) the amount of any underwriting, selling or other fee, commission or concession deducted from the proceeds of the issue of the relevant Series or Tranche of Covered Bonds by the Dealers or underwriters thereof.
- (b) The Issuer and/or the LLP may agree to pay the other a fee, in connection with each Term Advance relative to a Series or Tranche of Covered Bonds if:
 - (i) a Series or Tranche of Covered Bonds is issued at a premium to its nominal amount; and/or
 - (ii) any amounts representing accrued interest are paid to the Issuer in connection with a Series or Tranche of Covered Bonds.
- (c) Any such fees payable in accordance with this Clause 6.4 (*Fees*) shall be due and payable in any currency as may be separately agreed by the Issuer and the LLP.

7. REPAYMENT

7.1 Final Repayment

Subject to **Clause 19.3** (Subordination) of the Deed of Charge, unless previously repaid in full, each Term Advance shall be due for repayment on the date that matches the Final Maturity Date (or, as applicable, Extended Due for Payment Date) of the corresponding Tranche or Series of Covered Bonds that funded such Term Advance. The LLP shall not be obliged to sell any Loans and their Related Security in the Portfolio in order to pay or repay any amounts due to the Issuer under this Agreement.

7.2 Mandatory Repayment

Subject to **Clause 19.3** (Subordination) of the Deed of Charge, each Term Advance shall be repaid on the dates and in the amounts corresponding to the redemption and/or repayment and/or cancellation dates and amounts applicable to the corresponding Tranche or Series of Covered Bonds that funded it.

7.3 Discharge of the LLP's obligations under this Agreement

- (a) To the extent that the LLP purchases or otherwise acquires any Covered Bonds, the proceeds of which were originally applied by the Issuer to make a Term Advance to the LLP, (for the purposes of this **Clause 7.3**, the **Relevant Covered Bonds**) and the Relevant Covered Bonds are cancelled in accordance with **Conditions 6.10** and **6.11**, the Issuer will on such payment or repurchase being made become indebted to the LLP for an amount equal to the Principal Amount Outstanding of the repurchased Relevant Covered Bonds and any accrued interest thereon.
- (b) To the extent that the LLP makes, or there is made on its behalf, a payment under the terms of the Covered Bond Guarantee, the Issuer will on such payment being made become indebted to the LLP for an amount equal to such payment.
- (c) Any amounts owing by the Issuer to the LLP in respect of amounts paid by the LLP under the terms of the Covered Bond Guarantee or the repurchase of Relevant Covered Bonds, as applicable, shall be set-off automatically (and without any action being required by the LLP, the Issuer or the Security Trustee) against any amounts repayable by the LLP under the terms of this Agreement. The amount set-off shall be the amount (or the Sterling Equivalent of such amount if the relevant Term Advance is denominated in Sterling and the relevant payment on the Relevant Covered Bonds is denominated in a currency other than Sterling) of the relevant payment made by the LLP under the Covered Bond Guarantee or the Principal Amount Outstanding of any Relevant Covered Bonds purchased and cancelled by the LLP in accordance with **Conditions 6.10** and **6.11**, as applicable, which amount shall be applied to reduce amounts repayable under the Intercompany Loan in the following order of priority:
 - (i) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the outstanding principal balance of the relevant Term Advance;
 - (ii) *second*, to reduce and discharge the outstanding principal balance of the relevant Term Advance; and
 - (iii) *third*, to reduce and discharge any other amounts due and payable by the LLP to the Issuer under this Agreement.
- (d) If the payment of principal in respect of a Term Advance is deferred as a result of the service of an Asset Coverage Test Breach Notice pursuant to **Clause 16** of the LLP Deed, then (i) if such Asset Coverage Test Breach Notice is subsequently revoked, such payment of principal will be made on the next LLP Payment Date after the relevant Asset Coverage Test Breach Notice has been revoked or (ii) in all other cases, such payment of principal will be made in accordance with the relevant Priorities of Payments.

8. TAXES

8.1 No gross up

All payments by the LLP under this Agreement shall be made without any deduction or withholding for or on account of and free and clear of, any Taxes, except to the extent that the LLP is required by law to make payment subject to any Taxes.

8.2 Tax receipts

All Taxes required by law to be deducted or withheld by the LLP from any amounts paid or payable under this Agreement shall be paid, to the relevant taxation authority, by the LLP when due and the LLP shall, within 90 days of the payment being made, deliver to the Issuer evidence satisfactory to the Issuer (including all relevant Tax receipts) that the payment has been duly remitted to the appropriate taxation authority.

9. ILLEGALITY

If, at any time, it is unlawful for the Issuer to make, fund or allow to remain outstanding a Term Advance made or to be made by it under this Agreement, then the Issuer shall, promptly after becoming aware of the same, deliver to the LLP, the Security Trustee and (for information only and on the basis that they may not rely thereon) the Rating Agencies a legal opinion to that effect from reputable counsel and the Issuer may require the LLP to prepay, on any LLP Payment Date, having given not more than 60 days' and not less than 30 days' (or such shorter period as may be required by any relevant law) prior written notice to the LLP and the Security Trustee, the applicable Term Advance(s) without penalty or premium but subject to **Clause 19** (Exercise of Certain Rights) of the Deed of Charge and **Clause 10** (Mitigation) of this Agreement.

10. MITIGATION

If circumstances arise in respect of the Issuer which would, or would upon the giving of notice, result in:

- (a) the prepayment of the Term Advances pursuant to **Clause 9** (Illegality);
- (b) a withholding or deduction from the amount to be paid by the LLP on account of Taxes, pursuant to **Clause 8** (Taxes),

then, without in any way limiting, reducing or otherwise qualifying the obligations of the LLP under this Agreement, the Issuer shall:

- (a) promptly upon becoming aware of the circumstances, notify the Security Trustee, the LLP and the Rating Agencies; and
- (b) upon written request from the LLP, take such steps as may be practical to mitigate the effects of those circumstances including (without limitation) the assignment of all its rights under this Agreement to, and assumption of all its obligations under this Agreement by, another company reasonably satisfactory to the Security Trustee, which is willing to participate in the relevant Term Advances in its place and which is not subject to (a) or (b) above,

provided that no such transfer or assignment and transfer may be permitted unless the Rating Agencies confirm that there will be no downgrading of the then current rating of any Covered Bonds as a result and the LLP indemnifies (subject to **Clause 19** (Exercise of Certain Rights) of the Deed of

Charge) the Issuer and the Security Trustee for any reasonable costs and expenses properly incurred by them as a result of such transfer or assignment.

11. INTERCOMPANY LOAN EVENT OF DEFAULT

- 11.1 An Intercompany Loan Event of Default will occur if and only if the LLP does not pay on the due date and for a period of 90 Business Days after such due date any amount payable by it under this Agreement at the place and in the currency in which it is expressed to be payable in circumstances where the LLP has the funds available (subject to **Clause 19.3** (Subordination) of the Deed of Charge) to make the relevant payment. There are no other Intercompany Loan Events of Default.
- 11.2 The LLP shall notify the Issuer and the Security Trustee of any Intercompany Loan Event of Default promptly upon the LLP becoming aware of such event.

12. PAYMENTS

12.1 Payment

Subject to **Clause 19.3** (Subordination) of the Deed of Charge and while any amounts remain outstanding under the Covered Bonds, the Issuer directs that all amounts to be paid to the Issuer under this Agreement in relation to a Term Advance shall be paid in the currency of that Term Advance for value by the LLP to such account of the Bond Trustee (or, if so directed by the Bond Trustee, the Principal Paying Agent) as is notified to the LLP in writing by the Bond Trustee for this purpose by not less than five London Business Days' prior to the first Loan Interest Payment Date in respect of that Term Advance, unless the Issuer has paid or redeemed the corresponding payment under the relevant Series of Covered Bonds (in which case the relevant amount shall be paid by the LLP to such account of the Issuer as is notified to the LLP by the Issuer for this purpose). The Bond Trustee shall give at least five London Business Days' notice in writing of any change to the account details of the Bond Trustee (or, as applicable, the Principal Paying Agent). For the avoidance of doubt, the Issuer agrees that:

- (a) any payment made in accordance with the above direction of the Issuer shall discharge the relevant obligation of the LLP under this Agreement as if the payment had been made directly to the Issuer; and
- (b) any payment made by a Covered Bond Swap Provider to the Bond Trustee (or, as the case may be, the Principal Paying Agent) in accordance with **Clause 14.7** of the LLP Deed shall discharge the obligation of the LLP to make the payment of an amount equal to such amount under this Agreement.

12.2 Alternative payment arrangements

If, at any time, it shall become impracticable (by reason of any action of any governmental authority or any change in law, exchange control regulations or any similar event) for the LLP to make any payments under this Agreement in the manner specified in **Clause 12.1** (Payment), then the LLP shall make such alternative arrangements for the payment of amounts due under this Agreement as are acceptable to the Issuer and the Security Trustee (acting reasonably).

13. FURTHER PROVISIONS

13.1 No set-off

The Issuer agrees that it will advance the Term Advances to the LLP on each Issue Date (subject to the terms of this Agreement, including without limitation, **Clause 4** (Conditions Precedent)) without

set-off (including, without limitation, in respect of any amounts owed to it under any other Term Advance or in its capacity as a Member of the LLP) or counterclaim.

13.2 Evidence of indebtedness

In any proceeding, action or claim relating to this Agreement a statement as to any amount due and payable to the Issuer under this Agreement which is certified as being correct by an officer of the Security Trustee shall, unless otherwise provided in this Agreement, be prima facie evidence that such amount is in fact due and payable.

13.3 Rights cumulative, waivers

The respective rights of the LLP, the Issuer and the Security Trustee under this Agreement:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

13.4 Severability

If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

13.5 Notices

Any notices to be given pursuant to this Agreement to any of the parties hereto shall be in writing and shall be sufficiently served if sent by prepaid first class post, by hand or facsimile transmission and shall be deemed to be given (if by facsimile transmission) when despatched, (if delivered by hand) on the day of delivery if delivered before 5.00 p.m. (London time) on a London Business Day or on the next London Business Day if delivered thereafter or on a day which is not a London Business Day or (if by first class post) when it would be received in the ordinary course of post and shall be sent:

- (a) in the case of the LLP, to Abbey Covered Bonds LLP, c/o Abbey National plc, Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number +(44) 20 7756 5627) for the attention of the Company Secretary with a copy to Abbey Covered Bonds LLP, c/o Abbey National plc, Abbey House, (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number +(44) 1908 343019) for the attention of the Securitisation Team, Retail Credit Risk;
- (b) in the case of the Issuer and the Cash Manager, to Santander UK, plc, Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number +(44) 20 7756 5627) for the attention of the Company Secretary with a copy to Abbey National plc, Abbey House, (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number +(44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk; and

- (c) in the case of the Security Trustee, to Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester Street, London EC2N 2DB (facsimile number +(44) 20 7547 5919) for the attention of the Managing Director,

or to such other address or facsimile number or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this **Clause 13.5**.

13.6 Assignment

None of the Issuer, the LLP or the Cash Manager may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Security Trustee except as provided for in the Transaction Documents.

13.7 Amendments and Variation

Subject to the terms of the Deed of Charge, any amendments to this Agreement will be made only with the prior written consent of each party to this Agreement. No waiver of this Agreement shall be effective unless it is in writing and signed by (or by some person duly authorised by) each of the parties. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

13.8 Change of Issuer

If any entity assumes the obligations of the Issuer under the Covered Bonds, then for so long as any amount is outstanding under this Agreement, the parties to this Agreement shall execute such documents and take such action as the Security Trustee may reasonably require for the purposes of vesting in the Replacement Issuer all the rights and obligations of the Issuer under this Agreement.

13.9 Change of Security Trustee

In the event that there is any change in the identity of the Security Trustee or an additional Security Trustee is appointed in accordance with the Deed of Charge, as the case may be, the parties to this Agreement shall execute such documents and take such actions as such new Security Trustee may reasonably require for the purposes of vesting in such new Security Trustee the rights or powers of the Security Trustee under this Agreement and under the Deed of Charge and releasing the retiring Security Trustee from further obligations thereunder.

13.10 Security Trustee Liability

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 LLP, the Issuer or the Cash Manager under this Agreement notwithstanding any provision of this Agreement and that the Security Trustee has agreed to become a party to this Agreement for the purpose only of taking the benefit of this Agreement and agreeing to amendments to this Agreement pursuant to **Clause 13.7** (Amendments and Variation). For the avoidance of doubt, the parties to this Agreement acknowledge that the rights and powers of the Security Trustee are governed by the Deed of Charge. Any liberty or right which may be exercised or 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 provisions of **Clause 11.1** (Liability) of the Deed of Charge.

13.11 Counterparts

This Agreement may be signed (manually or by facsimile) and delivered in more than one counterpart all of which, taken together, shall constitute one and the same Agreement.

13.12 Third Party Rights

This Agreement does not create any right under the Contracts (Rights of Third Parties) Act 1999 which is enforceable by any person who is not a party to this Agreement.

14. REDENOMINATION

Each obligation under this Agreement which has been denominated in Sterling shall be redenominated in Euro in accordance with EMU legislation upon such redenomination of the relevant Covered Bonds.

15. GOVERNING LAW

This Agreement is governed by, and shall be construed in accordance with, English law.

SCHEDULE 1

TERM ADVANCE NOTICE

From: Santander UK plc (the **Issuer**)

To: Abbey Covered Bonds LLP (**LLP**)

Copy: Deutsche Trustee Company Limited (the **Security Trustee**)

Date:

Dear Sirs,

We refer to the agreement between, *inter alios*, ourselves, the LLP and the Security Trustee (as from time to time amended, restated, novated and/or supplemented, the **Intercompany Loan Agreement**) dated 3 June 2005 as amended and restated on 4 October 2007, 20 May 2008 and 26 April 2016 whereby a Facility was made available to the LLP. Terms defined in the Intercompany Loan Agreement shall have the same meaning in this Term Advance Notice.

We hereby give you notice that, pursuant to the Intercompany Loan Agreement and upon the terms and subject to the conditions contained therein, we wish to make the following Term Advances available to the LLP on *[Drawdown Date]*:

- Series [●] Tranche [●] Term Advance in a principal amount and currency of [●] to be funded by the Series [●] Tranche [●] Covered Bonds on the Issue Date

[List all Term Advances]

The aggregate amount available to be drawn under the Facility is [●] *[List amounts for each currency in which Term Advances are available]*¹.

The Loan Interest Periods applicable to the Term Advance are: [●] *[Set out relevant Interest Periods]*

The interest rate[s] applicable to the Term Advance [are] [shall be determined in accordance with the following method/ formula]: [●] *[Set out relevant interest rate[s]]*²

[The fee payable by the Issuer to the LLP is [●] [Set out relevant currency and fee payable]].³

[The fee payable by the LLP to the Issuer is [●] [Set out relevant currency and fee payable]].⁴

¹ If the Covered Bond Swap in relation to the relevant Series or Tranche of Covered Bonds is a Forward Starting Covered Bond Swap, the Term Advance will be made in Sterling.

² If the Covered Bond Swap in relation to the relevant Series or Tranche of Covered Bonds is a Forward Starting Covered Bond Swap, the rate of interest shall be one month Sterling LIBOR.

³ Include if a there is a fee payable by the Issuer to the LLP in accordance with Clause 6.4 (*Fees*) whereby the relevant Series or Tranche of Covered Bonds which is issued at a discount to its nominal amount. Such fee may be calculated on the following basis: an amount equal to the aggregate of: (A) the aggregate amount of the premium, and/or (B) the aggregate amount of the accrued interest (as applicable), and (C) the amount of any underwriting, selling or other fee, commission or concession deducted from the proceeds of the issue of the relevant Series or Tranche of Covered Bonds by the Dealers or underwriters thereof.

⁴ Include if a there is a fee payable by the LLP to the Issuer in accordance with Clause 6.4 (*Fees*) whereby the relevant Series or Tranche of Covered Bonds is issued at a premium to its nominal amount and/or if any amount representing accrued interest is paid to the Issuer.

A copy of the Final Terms Document for the corresponding [Tranche/Series] of Covered Bonds that will fund such Term Advance is attached to this Term Advance Notice.

We hereby confirm that no Abbey Event of Default is outstanding that has not been waived or remedied to the satisfaction of the Security Trustee or would result from the making of the Term Advance(s) specified in this Term Advance Notice.

Yours faithfully,

for and on behalf of

SCHEDULE 2 SANTANDER UK PLC

REQUEST

From: Abbey Covered Bonds LLP (**LLP**)

To: Santander UK plc (the **Issuer**)

Copy: Deutsche Trustee Company Limited (the **Security Trustee**)

Date:

Dear Sirs,

We refer to the agreement between, *inter alios*, ourselves, the Issuer and the Security Trustee (as from time to time amended, restated, novated and/or supplemented, the **Intercompany Loan Agreement**) dated 3 June 2005 as amended and restated on 4 October 2007, 20 May 2008 and 26 April 2016 whereby a multi-currency credit facility was made available to us. Terms defined in the Intercompany Loan Agreement shall have the same meaning in this Request.

We hereby give you notice that, pursuant to the Intercompany Loan Agreement and upon the terms and subject to the conditions contained therein, we wish the Term Advances specified in the attached Term Advance Notice to be made available to us on [Drawdown Date]

We confirm that following the making of the Term Advance requested, the aggregate of the Euro Equivalents of the principal amounts outstanding of all Term Advances will not exceed the Total Credit Commitment.

The net proceeds of this drawdown should be credited to our account numbered [] with [].

We hereby confirm that no LLP Event of Default is outstanding that has not been waived or remedied to the satisfaction of the Security Trustee or would result from the making of such Term Advance(s).

Yours faithfully,

for and on behalf of

Abbey Covered Bonds LLP

IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed on the day and year appearing on Page 1.

LLP

SIGNED by)
ABBEY COVERED BONDS LLP)
acting by its attorney)

Original Issuer

SIGNED by)
ABBEY NATIONAL TREASURY SERVICES plc)
acting by its attorney)

Issuer and Cash Manager

SIGNED by)
SANTANDER UK plc)
acting by its attorney)

Security Trustee

SIGNED by)
duly authorised)
for and on behalf of)
DEUTSCHE TRUSTEE COMPANY LIMITED)

SCHEDULE 4
FORM OF AMENDED AND RESTATED LLP DEED

EXECUTION VERSION

**AMENDED AND RESTATED LIMITED
LIABILITY PARTNERSHIP DEED**

1 JUNE 2016

SANTANDER UK PLC
as Seller, Cash Manager and Member

ABBEY COVERED BONDS (LM) LIMITED
as Liquidation Member

ABBEY COVERED BONDS LLP
as LLP

and

DEUTSCHE TRUSTEE COMPANY LIMITED
as Bond Trustee and Security Trustee

**Relating to the €35 billion Global Covered Bond Programme
Modifying and Restating the LLP Deed Dated 3 June 2005 (as previously Supplemented,
Modified and/or Restated on 15 August 2005, 4 October 2007, 20 May 2008,
8 September 2009, 24 December 2012 and 12 July 2013)**

ALLEN & OVERY

Allen & Overy LLP

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CONTENTS

Clause	Page
1. Definitions and Construction.....	4
2. Establishment and Business of the LLP and Commencement of Deed.....	6
3. Registered Office.....	6
4. Registration	6
5. Designated Members	6
6. Termination of Membership.....	7
7. LLP Property	7
8. Cash Capital Contributions.....	7
9. Capital Contributions in Kind	8
10. Calculation of Capital Contributions.....	8
11. Asset Coverage Test.....	9
12. Amortisation Test	14
13. Pre-Maturity Liquidity.....	15
14. Allocation and distribution of Available Revenue Receipts prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security	17
15. Allocation and distribution of Available Principal Receipts prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security	21
16. Allocation and distribution of Available Revenue Receipts and Available Principal Receipts after service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked).....	24
17. Allocation and distribution of moneys following service of a Notice to Pay.....	24
18. Termination Payments Received in Respect of Swaps, Premiums Received in Respect of Replacement Swaps and Tax Credits Received in Respect of Swaps	29
19. Sale of Selected Loans.....	29
20. Method of Sale of Selected Loans	30
21. Application and Distribution of Monies when Covered Bonds Repaid	33
22. Withdrawal of Capital Contributions	33
23. Limit on Investing in Substitution Assets and Authorised Investments	34
24. Bank Accounts of LLP	34
25. Allocation of Profit and Losses/Contribution towards Losses	34
26. Statutory Accounts	34
27. Ledgers	35
28. Management	36
29. Decisions of Members.....	37
30. Restrictions on and Duties of Members	38
31. Transfers and Resignation	39
32. New Members	39
33. Duties and Covenants of the LLP.....	40
34. Winding Up	42
35. Subordination and Non-Petition	43
36. Further Assurances	44
37. Amendments.....	44
38. Calculations	44
39. No Waiver; Remedies.....	44
40. Execution in Counterparts; Severability.....	44

41.	Confidentiality	44
42.	Exclusion of Third Party Rights	45
43.	Addresses for Notices	45
44.	Governing Law and Submission to Jurisdiction.....	46
45.	Change of Security Trustee and Bond Trustee.....	46
46.	Protection of Members	46
47.	Exclusion of Section 459 Companies Act	47
48.	Survival of Certain Clauses	47

Schedule

1.	LLP Management Board Members as at 26 April 2016.....	48
2.	Deed of Admission	49
3.	Percentage Notification	54
4.	Depositor Set-Off Percentage Notification.....	55

Signatories	56
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THIS AMENDED AND RESTATED LIMITED LIABILITY PARTNERSHIP DEED is made on 1 June 2016

BETWEEN:

- (1) **SANTANDER UK PLC** (previously known as Abbey National plc), a public limited company incorporated under the laws of England and Wales (with registered number 2294747) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as Seller, Cash Manager and a Member and referred to as **Santander** or the **Seller**);
- (2) **ABBEY COVERED BONDS (LM) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5365645) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as a Member and referred to as the **Liquidation Member**);
- (3) **ABBEY COVERED BONDS LLP**, a limited liability partnership established under the laws of England and Wales (with registered number OC312644) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **LLP**); and
- (4) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as **Bond Trustee** and **Security Trustee**).

WHEREAS:

- (A) Santander and the Liquidation Member incorporated the LLP on 8 April 2005.
- (B) The Members have agreed to operate the business of the LLP (as described in this limited liability partnership deed (this **Deed**)) through the LLP.
- (C) The parties to this Deed have agreed to comply with the terms and subject to the conditions set out in this Deed in relation to their duties, powers and rights inter se.
- (D) The parties have agreed to amend and restate this Deed in order to clarify how certain amounts representing accrued interest payable to the LLP are to be applied as Available Revenue Receipts in the Pre-Acceleration Revenue Priority of Payments and to amend and restate this Deed accordingly.

NOW THIS DEED WITNESSES:

1. DEFINITIONS AND CONSTRUCTION

- 1.1 The master definitions and construction agreement made between, inter alios, the parties to this Deed on 3 June 2005, as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 8 November 2010, 9 September 2011 and 24 December 2012, as amended on 12 July 2013 pursuant to a Deed of Amendment and Termination and as amended and restated on 23 June 2015 and 1 April 2016 (as the same may be further amended, varied and/or supplemented from time to time, the **Master Definitions and Construction Agreement**) is expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Agreement (as so amended, restated and/or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals hereto and this Deed shall be construed in accordance with the interpretation provisions set out in clause 2 (Interpretation and Construction) of the Master Definitions and Construction Agreement.

1.2 Any reference in this Deed to a **Clause** or **Schedule** is, unless otherwise stated, to a clause hereof or a schedule hereto.

1.3 The following terms shall apply to this Agreement:

Cover Pool Swap means the interest rate and cover pool swap transaction entered into under the terms of the Interest Rate Swap Agreement;

Depositor Set-off Determination Date means if (a) the long-term unsubordinated, unguaranteed debt rating of the Issuer is rated at least A by Fitch, BBB+ by S&P and A2 by Moody's and the short-term unsubordinated, unguaranteed debt rating of the Issuer is rated at least F1 by Fitch and A-2 by S&P, January and July in each year or (b) the long-term unsubordinated debt rating of the Issuer is rated less than A by Fitch, BBB+ by S&P or A2 by Moody's or the short-term unsubordinated, unguaranteed debt rating of the Issuer is rated less than F1 by Fitch or A-2 by S&P, each Calculation Date. **Provided that**, if the long-term unsubordinated, unguaranteed debt rating of the Issuer is again rated at least A by Fitch, BBB+ by S&P and A2 by Moody's and the short-term unsubordinated, unguaranteed debt rating of the Issuer is again rated at least F1 by Fitch and A-2 by S&P, the Depositor Set-off Determination Date, will, be determined in accordance with (a) above;

Depositor Set-off Percentage means:

- (a) zero for so long as (i) the Issuer's credit ratings from S&P are at least BBB+ long-term and A-2 short-term; and (ii) the Issuer's long-term credit rating from Moody's is at least A2; and (iii) the Issuer's credit ratings from Fitch are at least A long-term and F1 short-term; or
- (b) 4.00% (such percentage to be reviewed as set out in the definition of **Depositor Set-off Determination Date**) or such other percentage as determined in accordance with, and subject to, the provisions of Clause 11.9 of this Deed;

Supplemental Liquidity Available Amount means (a) prior to the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount minus, if a Supplemental Liquidity Event has occurred which is continuing, an amount equal to the aggregate Current Balance of Loans sold to fund or replenish the Supplemental Liquidity Reserve Ledger, unless otherwise proposed to the Rating Agencies and (b) following the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount;

Supplemental Liquidity Event has the meaning given to it in Clause 13.3;

Supplemental Liquidity Reserve Amount means:

- (a) prior to the service of a Notice to Pay, an amount calculated on the basis of a method proposed by the Issuer to and accepted by the Rating Agencies in connection with the funding of the Supplemental Liquidity Reserve Ledger when required under the terms of the LLP Deed and which, as at the date hereof, is equal to five per cent. of the then Adjusted Aggregate Loan Amount as required under the Asset Coverage Test **provided that** for the purposes of calculating such Adjusted Aggregate Loan Amount the Asset Coverage Test was (i) calculated in respect of the Adjusted Aggregate Loan Amount without taking into account factor "U" and (ii) not failed; and
- (b) following the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount immediately prior to the service of such Notice to Pay minus an amount equal to the aggregate Current Balance of Loans sold to fund or replenish the Supplemental Liquidity Reserve Ledger, **provided that**, in each case, such amount shall be equal to at

least five per cent. of the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on each relevant Calculation Date; and

Supplemental Liquidity Reserve Ledger has the meaning ascribed thereto in Clause 27 and shall constitute a Ledger.

2. ESTABLISHMENT AND BUSINESS OF THE LLP AND COMMENCEMENT OF DEED

- 2.1 This Deed shall have effect from and including the Programme Date.
- 2.2 The LLP is a limited liability partnership and has been registered pursuant to the LLP Act and any change which may occur in the particulars to be furnished thereunder (by reason of this Deed or otherwise) shall forthwith be notified by the Designated Members to the LLP Registrar.
- 2.3 The Members have agreed with effect from the Programme Date that the business of the LLP shall be the acquisition, management and sale of Loans and their Related Security, the borrowing of monies to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any other business as the LLP Management Board shall decide (with the prior written consent of the Security Trustee, prior to the release of the Security constituted by or pursuant to the Deed of Charge whilst the Covered Bonds are outstanding).

3. REGISTERED OFFICE

The LLP shall at all times have a registered office in England or Wales. The location of such registered office in England or Wales may be determined from time to time by the LLP Management Board and shall be registered with the Registrar of Companies in accordance with the LLP Act.

4. REGISTRATION

The Designated Members shall ensure that the LLP complies with the notification and registration requirements under the LLP Act as required from time to time.

5. DESIGNATED MEMBERS

- 5.1 At all times there shall be at least two Designated Members. As at the date hereof, Santander and the Liquidation Member are the Designated Members.
- 5.2 If an administrator, bank administrator, liquidator or bank liquidator is appointed to Santander or Santander disposes of any of the Relevant Shares (such that it ceases to hold at least 20% of the share capital of the Liquidation Member) without the prior written consent of the LLP and, whilst any Covered Bonds are outstanding, the Security Trustee (a **Relevant Event**), then subject to Clause 5.1, the Liquidation Member (with the prior written consent of the Security Trustee whilst the Covered Bonds are outstanding) may by written notice to the LLP appoint a New Member (which must be a Subsidiary of the Liquidation Member) as a Designated Member.
- 5.3 For the avoidance of doubt, a New Member appointed pursuant to Clause 5.2 shall not be a New Seller and shall not be required to enter into a New Mortgage Sale Agreement.
- 5.4 Subject to Clause 5.2, no Designated Member can resign as a Designated Member whilst it is a Member. No appointment of a Member as a Designated Member shall be effective without the prior written consent of such Member. If any termination would reduce the number of Designated

Members to less than two, that termination shall not take effect unless and until a new Designated Member is appointed in accordance with this Deed.

5.5 The Designated Members shall have such duties as are specified in the LLP Act or otherwise at law and in this Deed.

5.6 Subject to Clauses 14.3 and 17.5 of this Deed, the LLP shall indemnify each Designated Member in respect of any personal liability arising as a result of its position as Designated Member, other than (a) any liability to Tax or stamp duties, (b) any liability arising as a result of its fraud, wilful default, negligence or breach of the terms of this Deed, or (c) any liability arising from the imposition of a criminal penalty.

6. TERMINATION OF MEMBERSHIP

6.1 For so long as Covered Bonds are outstanding, if a New Member is appointed as a Designated Member in accordance with Clause 5.2, Santander shall automatically cease to be a Member (and a Designated Member) of the LLP.

6.2 If Santander ceases to be a Member in accordance with Clause 6.1, Santander's Capital Contribution Balance as at the date it ceases to be a Member of the LLP will become a subordinated debt obligation owed by the LLP to Santander (the **Abbey Subordinated Loan**).

6.3 Repayment of the Abbey Subordinated Loan shall be made only in accordance with and subject to Clauses 14.3, 15.5, 17.5 and 21 below and clause 6.2 of the Deed of Charge.

6.4 Santander shall not be entitled to any interest in respect of the Abbey Subordinated Loan at any time.

6.5 Santander shall not transfer or otherwise dispose of its rights to receive repayment of the Abbey Subordinated Loan to any person without the prior consent in writing of the Security Trustee whilst any Covered Bonds are outstanding.

7. LLP PROPERTY

7.1 From time to time the Issuer shall make Term Advances to the LLP pursuant to and in accordance with the terms of the Intercompany Loan Agreement. A Term Advance to the LLP shall not constitute a Capital Contribution to the LLP.

7.2 From time to time the Seller shall sell Loans and their Related Security to the LLP pursuant to the terms of the Mortgage Sale Agreement. A Capital Contribution in Kind may constitute the whole or a part of the consideration for the sale of such Loans and Related Security to the LLP, as set out in Clause 9 below.

7.3 The Liquidation Member shall not make Capital Contributions to the LLP.

8. CASH CAPITAL CONTRIBUTIONS

8.1 Each Member (other than the Liquidation Member) may from time to time make Cash Capital Contributions to the LLP.

8.2 Prior to making any Cash Capital Contribution to the LLP, the relevant Member shall deliver to the LLP and the Security Trustee a solvency certificate signed by an authorised signatory of that Member dated the date of the making of the Cash Capital Contribution in a form which is acceptable to the LLP and the Security Trustee, such acceptance to not be unreasonably withheld.

- 8.3 If a Borrower takes a Payment Holiday in respect of a Loan in the Portfolio in accordance with the relevant Mortgage Terms, the Seller must pay to the LLP on the next Calculation Date an amount equal to the unpaid interest and principal associated with that Payment Holiday and any such payment shall be deemed to constitute a Cash Capital Contribution by the Seller (in its capacity as a Member) in respect of that Loan in an amount equal to the relevant payment. Cash Capital Contributions made in respect of a Payment Holiday shall, to the extent that they represent unpaid interest associated with that Payment Holiday, be credited to the Revenue Ledger and, to the extent that they represent unpaid principal associated with that Payment Holiday, be credited to the Principal Ledger.
- 8.4 Cash Capital Contributions will normally be credited to the Principal Ledger on the GIC Account and be applied as Available Principal Receipts. However, the Seller shall be entitled to require that the LLP credit Cash Capital Contributions to the Reserve Ledger on the GIC Account so that they may be applied as Available Revenue Receipts.

9. CAPITAL CONTRIBUTIONS IN KIND

- 9.1 Each sale of Loans and their Related Security by the Seller to the LLP in accordance with the terms of the Mortgage Sale Agreement shall constitute a Capital Contribution in Kind by the Seller (in its capacity as a Member) of those Loans and their Related Security in an amount equal to (a) the Outstanding Principal Balance of those Loans as at the relevant Assignment Date minus (b) any cash payment made by the LLP for the Loans and their Related Security on that Assignment Date. Any such Capital Contribution in Kind shall be reduced in an amount equal to any Capital Distribution made to the Seller on any Issue Date where the proceeds of a Term Advance are applied by the LLP to make a Capital Distribution to the Seller (in its capacity as Member) pursuant to clause 3.1(b) (Application of Term Advances by LLP) of the Intercompany Loan Agreement.
- 9.2 Any increase in the Outstanding Principal Balance of a Loan in the Portfolio due to Capitalised Arrears accruing on that Loan, shall be deemed to constitute a Capital Contribution in Kind by the Seller (in its capacity as a Member) in respect of that Loan in an amount equal to the relevant increase.
- 9.3 Any increase in the Outstanding Principal Balance of a Loan in the Portfolio due to the Seller making any Further Advance or Flexible Loan Drawing to a Borrower, shall be deemed to constitute a Capital Contribution in Kind by the Seller (in its capacity as a Member) in respect of that Loan in an amount equal to the relevant increase.

10. CALCULATION OF CAPITAL CONTRIBUTIONS

- 10.1 There shall be no limit on the amount of Capital Contributions the Seller (in its capacity as a Member) may make to the LLP from time to time (whether Cash Capital Contributions or Capital Contributions in Kind).
- 10.2 The Capital Contributions made or deemed to be made by each Member from time to time shall be credited to that Member's separate Capital Account Ledger and Capital Distributions made to each Member will be debited to that Member's Capital Account Ledger. The Capital Contribution Balance of each Member shall represent that Member's interest in the capital of the LLP. The LLP (or the Cash Manager on its behalf) shall maintain the Capital Account Ledgers. Any increase or decrease in the Capital Contribution Balance of a Member shall be credited or debited to that Member's Capital Account Ledger on each Calculation Date.
- 10.3 On each Calculation Date or on the date that the LLP is wound up or on any date on which Clause 6.2 applies, the Capital Contribution Balance of the Seller (in its capacity as Member) in respect of the immediately preceding Calculation Period will be recalculated. The Capital Contribution

Balance of the Seller will be an amount calculated in Sterling (and to the extent that any amount denominated in a currency other than Sterling, converted into Sterling at the relevant Covered Bond Swap Rate) as follows:

$$A + B - C$$

where:

A = the Outstanding Principal Balance of the Loans in the Portfolio as of the last day of the preceding Calculation Period;

B = the amounts standing to the credit of the Principal Ledger of the GIC Account and the principal amount of Substitution Assets and Authorised Investments as of the last day of the preceding Calculation Period; and

C = the Sterling Equivalent of the aggregate Principal Amount Outstanding under the Covered Bonds as of the last day of the preceding Calculation Period.

10.4 Save as provided in Clause 6.2 above, any Capital Contributions credited to the Capital Account Ledger of the Seller under this Clause 10 shall not be a debt owed by the LLP to the Seller but shall increase the Seller's equity interest in the LLP.

10.5 The Seller and each other Member agree that they will amend the calculation in Clause 10.3 if Capital Contributions are made or deemed made by Members other than the Seller.

11. ASSET COVERAGE TEST

11.1 For so long as the Covered Bonds remain outstanding, the LLP and each Member (other than the Liquidation Member) shall procure that on each Calculation Date prior to the service of a Notice to Pay, the Adjusted Aggregate Loan Amount (as defined below) shall be in an amount at least equal to the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the **Asset Coverage Test**).

11.2 The **Adjusted Aggregate Loan Amount** means the amount calculated on each Calculation Date as follows:

$$A + B + C + E - (U + V + W + X + Y + Z)$$

where:

A = the lower of (a) and (b), where:

(a) = the Aggregate Adjusted Outstanding Principal Balance; and

(b) = the Aggregate Arrears Adjusted Outstanding Principal Balance *multiplied by* the Asset Percentage;

Aggregate Adjusted Outstanding Principal Balance shall be equal to:

(i) the sum of the **Adjusted Outstanding Principal Balance** of each Loan in the Portfolio as at the relevant Calculation Date, which, in relation to each relevant Loan, shall be the lower of:

- (1) the actual Outstanding Principal Balance of the relevant Loan as calculated on the relevant Calculation Date; and
- (2) the Indexed Valuation relating to that Loan multiplied by M (where for all Loans that are not Defaulted Loans, $M = 0.75$, for all Loans that are Defaulted Loans and have an Outstanding Principal Balance to Indexed Valuation ratio of less than or equal to 75%, $M = 0.40$ and for all Loans that are Defaulted Loans and have an Outstanding Principal Balance to Indexed Valuation ratio of more than 75%, $M = 0.25$),

minus

- (ii) the aggregate sum of the following deemed reductions to the aggregate Adjusted Outstanding Principal Balance of the Loans in the Portfolio if any of the following occurred during the previous Calculation Period:
 - (1) a Loan or its Related Security was, in the immediately preceding Calculation Period, in breach of the Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted Outstanding Principal Balance of the relevant Loan or Loans (as calculated on the relevant Calculation Date) of the relevant Borrower; and/or
 - (2) the Seller, in the preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the LLP in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the LLP by the Seller to indemnify the LLP for such financial loss);

Aggregate Arrears Adjusted Outstanding Principal Balance equals:

- (i) the sum of the **Arrears Adjusted Outstanding Principal Balance** of each Loan in the Portfolio as at the relevant Calculation Date, which, in relation to each Loan, shall be the lower of:
 - (1) the actual Outstanding Principal Balance of the relevant Loan as calculated on the relevant Calculation Date; and
 - (2) the Indexed Valuation relating to that Loan multiplied by N (where for all Loans that are not Defaulted Loans, $N = 1$, for all Loans that are Defaulted Loans and have an Outstanding Principal Balance to Indexed Valuation ratio of less than or equal to 75%, $N = 0.40$ and for all Loans that are Defaulted

Loans and have an Outstanding Principal Balance to Indexed Valuation ratio of more than 75%, $N = 0.25$),

minus

(ii) the aggregate sum of the following deemed reductions to the aggregate Arrears Adjusted Outstanding Principal Balance of the Loans in the Portfolio if any of the following occurred during the previous Calculation Period:

(1) a Loan or its Related Security was, in the immediately preceding Calculation Period, in breach of the Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Arrears Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Arrears Adjusted Outstanding Principal Balance of the relevant Loan or Loans (as calculated on the relevant Calculation Date) of the relevant Borrower; and/or

(2) the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the immediately preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Arrears Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the LLP in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the LLP by the Seller to indemnify the LLP for such financial loss);

B = the aggregate amount of any Principal Receipts on the Loans in the Portfolio up to the end of the immediately preceding Calculation Period (as recorded in the Principal Ledger) which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with this Deed and/or the other Transaction Documents (including, for the avoidance of doubt, any amount then standing to the credit of the GIC Account and any Authorised Investments (but without double counting));

C = the aggregate amount of any Cash Capital Contributions made by the Members (as recorded in the Capital Account Ledger of each Member) or proceeds of Term Advances which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with this Deed and/or the other Transaction Documents;

D = the aggregate principal amount of any Substitution Assets as at the relevant Calculation Date;

E = the aggregate of (i) any amount standing to the credit of the GIC Account and credited to the Pre-Maturity Liquidity Ledger as at the relevant Calculation Date plus (ii) any amount

standing to the credit of the GIC Account and credited to the Supplemental Liquidity Reserve Ledger as at the relevant Calculation Date (in each case, without double counting);

- U = an amount equal to the Supplemental Liquidity Reserve Amount;
- V = (a) 100% of the sum of the aggregate cleared credit balances in respect of Flexible Plus Loans in the Portfolio as at the relevant Calculation Date; or
- (b) so long as (i) the Issuer's credit ratings from S&P are at least BBB+ long-term and A-2 short-term; and (ii) the Issuer's long-term credit rating from Moody's is at least A2; and (iii) the Issuer's long-term credit rating from Fitch is at least A and the Issuer's short-term credit rating from Fitch is at least F1, the greater of (i) zero and (ii) the amount by which the sum of the aggregate cleared credit balances in respect of Flexible Plus Loans in the Portfolio as at the relevant Calculation Date exceeds 5% of the Asset Pool;
- W = the Depositor Set-off Percentage of the aggregate Outstanding Principal Balance of the Loans in the Portfolio, as calculated as at the relevant Calculation Date;
- X = eight per cent. of the Flexible Draw Capacity (as defined below in Clause 11.5), *multiplied by three*;
- Y = the aggregate amount of all Reward Cashbacks which the Seller will be required to pay over the remaining life of the Reward Loans in the Portfolio; and
- Z = (a) zero for so long as the Cover Pool Swap provides for the hedging of interest received in respect of (i) any Substitution Assets and (ii) cash balances held in the GIC Account; or
- (b) if an alternative hedging methodology is put in place, the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding *multiplied by* the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds *multiplied by* the Negative Carry Factor, where the **Negative Carry Factor** is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.50%.

11.3 The LLP (or the Cash Manager on its behalf) will calculate the Asset Percentage as follows:

- (a) The **Asset Percentage** on any Calculation Date shall be the lowest of:
- (i) 91%;
- (ii) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf) that is necessary to ensure that all outstanding Covered Bonds maintain the then current ratings assigned to them by Fitch and S&P; and
- (iii) the percentage figure most recently effectively notified by the LLP (or the Cash Manager on its behalf) to Moody's and the Security Trustee in accordance with paragraph (c) of Clause 11.3.
- (b) Notwithstanding anything to the contrary in this Clause 11.3, the Asset Percentage may not, at any time, exceed 91%.

- (c) On any London Business Day, the LLP (or the Cash Manager on its behalf) may (but is not required to) determine the amount of credit enhancement required for the Covered Bonds to achieve an Aaa rating by Moody's using Moody's expected loss methodology and taking into account the Supplemental Liquidity Reserve Amount. For the avoidance of doubt, the Supplemental Liquidity Reserve Amount shall be equal to at least 5% of the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on each relevant Calculation Date. The LLP (or the Cash Manager on its behalf) may notify the corresponding asset percentage (being the difference between 100% and the amount of credit enhancement determined in accordance with the first sentence of this paragraph (c)) to Moody's and the Security Trustee. This percentage figure will apply with effect from the Calculation Date immediately following (or, where relevant, that occurs on) the date on which notice is given to Moody's and the Security Trustee. Any notice given under this Clause 11 must be given in the form of Schedule 3 and in accordance with Clause 43 or given by electronic mail. If a notice is sent before 5pm (London time) on a London Business Day, the notice shall be deemed to have been served on that London Business Day. If a notice is not sent on a London Business Day or is sent after 5pm (London time) on a London Business Day, it shall be deemed to have been served on the following London Business Day.
- 11.4 If, on any Calculation Date, the Adjusted Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date, then the LLP (or the Cash Manager on its behalf) shall immediately notify in writing the Members, the Bond Trustee and the Security Trustee thereof and each Member (other than the Liquidation Member) shall use all reasonable endeavours to sell sufficient further Loans and their Related Security to the LLP in accordance with the Mortgage Sale Agreement or make Cash Capital Contributions to the LLP in an aggregate amount sufficient to ensure that the Asset Coverage Test is met on the next following Calculation Date.
- 11.5 **Flexible Draw Capacity** means the amount equal to the excess of (a) the maximum amount that Borrowers may draw under Flexible Loans included in the Portfolio (whether or not drawn) over (b) the aggregate Outstanding Principal Balance in respect of Flexible Loans in the Portfolio on the relevant Calculation Date.
- 11.6 If, on the next following Calculation Date, the Adjusted Aggregate Loan Amount is less than the aggregate Principal Amount Outstanding of all Covered Bonds, the Asset Coverage Test will be breached and the LLP (or the Cash Manager on its behalf) must notify the Bond Trustee and the Security Trustee. Following receipt of such notification, the Bond Trustee must serve an Asset Coverage Test Breach Notice on the LLP.
- 11.7 **Provided that** neither a Notice to Pay nor an LLP Acceleration Notice has been served, the Bond Trustee shall revoke an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third Calculation Date after an Asset Coverage Test Breach Notice has been served, the Asset Coverage Test is subsequently satisfied.
- 11.8 Following service by the Bond Trustee of an Asset Coverage Test Breach Notice (which has not been revoked):
- (a) the LLP will be required to sell Selected Loans in accordance with Clause 19.1 and in the manner set out in Clause 20;
 - (b) prior to the occurrence of an Abbey Event of Default and service of an Abbey Acceleration Notice or, if earlier, the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, Clause 16 shall apply; and

(c) the Issuer will not be permitted to make to the LLP and the LLP will not be permitted to borrow from the Issuer any new Term Advances under the Intercompany Loan Agreement.

- 11.9 The Depositor Set-off Percentage shall be determined by the LLP or the Cash Manager on its behalf on the basis of the most up-to-date information available to it for such purpose and notified to the LLP (with a copy to the Security Trustee), and notified to and agreed with, the Rating Agencies on each Depositor Set-off Determination Date, subject to the receipt by the Issuer (or on its behalf, with a copy to the Security Trustee) of a Rating Agency Confirmation or a confirmation email from a Rating Agency that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result thereof (in the event that any such Rating Agency does not propose to provide a Rating Agency Confirmation) in the event that such Depositor Set-off Percentage is lowered in comparison to the Depositor Set-off Percentage which was applicable as at the immediately preceding Depositor Set-off Determination Date. The Depositor Set-off Percentage so determined and agreed shall be published in the Investor Report (in the section setting out the Asset Coverage Test calculation). Any notification to the Rating Agencies pursuant to this Clause 11.9 shall be made in the form of Schedule 4 (Depositor Set-off Percentage Notification) and delivered in accordance with the provisions of Clause 43 (in the case of the Security Trustee).
- 11.10 The LLP (or the Cash Manager on its behalf) shall promptly notify to the Security Trustee any loss of the required ratings in relation to items "V" and "W" of the Adjusted Aggregate Loan Amount in Clause 11.2 above. Such notice shall be delivered in accordance with the provisions of Clause 43.

12. AMORTISATION TEST

- 12.1 For so long as the Covered Bonds remain outstanding, the LLP and each Member (other than the Liquidation Member) shall procure that on each Calculation Date following the service of a Notice to Pay on the LLP (but prior to the service of an LLP Acceleration Notice on the LLP and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security), the Amortisation Test Aggregate Loan Amount (as defined below) will be in an amount at least equal to the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the **Amortisation Test**).
- 12.2 The **Amortisation Test Aggregate Loan Amount** will be calculated on each Calculation Date as follows:

$$A + B + C - Y - Z$$

where:

A = the aggregate **Amortisation Test Outstanding Principal Balance** of each Loan in the Portfolio, which shall be the lower of (a) the actual Outstanding Principal Balance of the relevant Loan as calculated on the relevant Calculation Date multiplied by M and (b) 100% of the Indexed Valuation multiplied by M,

(where for all Loans that are not Defaulted Loans, **M** = 1 and for all Loans that are Defaulted Loans, **M** = 0.7);

B = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Revenue Receipts received in the immediately preceding Calculation Period);

C = the aggregate outstanding principal balance of any Substitution Assets;

Y = an amount equal to the Supplemental Liquidity Reserve Amount; and

Z = the weighted average remaining maturity of all Covered Bonds then outstanding (expressed in years) *multiplied by* the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds *multiplied by* the Negative Carry Factor.

12.3 If, on any Calculation Date following the service of a Notice to Pay on the LLP, the Amortisation Test Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date, then the Amortisation Test shall be deemed to be breached and an LLP Event of Default shall occur. The LLP (or the Cash Manager on its behalf) shall immediately notify the Members and, whilst the Covered Bonds are outstanding, the Security Trustee and the Bond Trustee, of any breach of the Amortisation Test.

13. PRE-MATURITY LIQUIDITY

13.1 This Clause 13 only applies if Hard Bullet Covered Bonds, specified as such in the relevant Final Terms Document, have been issued and remain outstanding.

13.2 On each London Business Day (each, a **Pre-Maturity Test Date**) prior to the occurrence of an Abbey Event of Default or the occurrence of an LLP Event of Default, the LLP or the Cash Manager on its behalf shall determine whether the Issuer is in compliance with the Pre-Maturity Test in respect of each Series of Hard Bullet Covered Bonds. If it is not, the LLP or the Cash Manager on its behalf will immediately notify the Members and the Security Trustee thereof in writing.

13.3 The Issuer will fail the **Pre-Maturity Test** on any Pre-Maturity Test Date if:

- (a) the Issuer's short-term credit rating from S&P is lower than A-1 (or such higher rating as is notified by the Issuer to S&P and the Security Trustee from time to time) and the Final Maturity Date of any Series of Hard Bullet Covered Bonds occurs within 12 months (or such longer period as is notified by the Issuer to S&P and the Security Trustee from time to time) following the relevant Pre-Maturity Test Date; or
- (b) the Issuer's (i) long-term credit rating from Moody's is lower than A2 (or such higher rating as is notified by the Issuer to Moody's and the Security Trustee from time to time) or (ii) short-term credit rating from Moody's is lower than P-1 and, in either case, the Final Maturity Date of any Series of Hard Bullet Covered Bonds occurs within 12 months (or such longer period as is notified by the Issuer to Moody's and the Security Trustee from time to time) following the relevant Pre-Maturity Test Date; or
- (c) the Issuer's short-term credit rating from Fitch is lower than F1+ (or such higher rating as is notified by the Issuer to Fitch and the Security Trustee from time to time) and the Final Maturity Date of any Series of Hard Bullet Covered Bonds occurs within 12 months (or such longer period as is notified by the Issuer to Fitch and the Security Trustee from time to time) following the relevant Pre-Maturity Test Date,

(each a **Supplemental Liquidity Event**).

13.4 Without prejudice to the general right of each Member (other than the Liquidation Member) to make Cash Capital Contributions at any time, each Member may, following a failure of the Pre-Maturity Test, make a Cash Capital Contribution to the LLP in accordance with Clause 8 above in an amount equal to:

- (a) the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds; less

- (b) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to repay any other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds.
- 13.5 Following a failure of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the LLP shall as soon as practicable offer to sell Loans and their Related Security to the Sellers in accordance with Clause 20 below, with the intention of bringing about the situation that there will be an amount standing to the credit of the Pre-Maturity Liquidity Ledger at least equal to the Required Redemption Amount of that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).
- 13.6 The proceeds of any Cash Capital Contribution made by the Members in accordance with Clause 13.4 and/or the proceeds of any sale of Loans and their Related Security made in accordance with Clause 13.5 or 13.8 shall be deposited by the LLP in the GIC Account and a corresponding credit entry shall be made in the Pre-Maturity Liquidity Ledger and, in the case of a Cash Capital Contribution, in the relevant Capital Account Ledger(s).
- 13.7 Following a failure of the Pre-Maturity Test, the Issuer may not issue Covered Bonds until the earlier to occur of:
 - (a) the date on which an amount is standing to the credit of the Pre-Maturity Liquidity Ledger at least equal to the Required Redemption Amount of each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds); and
 - (b) the date on which the Pre-Maturity Test is no longer being failed by the Issuer.
- 13.8 If, within ten Business Days of the date on which the LLP offers to sell Selected Loans and their Related Security in accordance with Clause 13.5:
 - (a) the Sellers have not purchased the Selected Loans and their Related Security; and
 - (b) the amount then standing to the credit of the Pre-Maturity Liquidity Ledger is less than the Required Redemption Amount of each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds)then the LLP shall immediately commence the process for selling the Selected Loans and their Related Security to Purchasers in accordance with Clause 20 of this Deed.
- 13.9 Where the Pre-Maturity Test has been failed in respect of a Series of Hard Bullet Covered Bonds, if on any Calculation Date falling in the 11 months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, the amount standing to the credit of the Pre-Maturity Liquidity Ledger is less than the Required Redemption Amount of such Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds), then the LLP shall credit Available Revenue Receipts and Available Principal Receipts to the Pre-Maturity Liquidity Ledger in accordance with the Pre- Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments.

- 13.10 Amounts may not be withdrawn from the GIC Account to the extent that the Pre-Maturity Liquidity Ledger would be debited except in accordance with this Deed.
- 13.11 If a Notice to Pay is served on the LLP, the LLP shall, on the Final Maturity Date of the Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained, debit the Pre-Maturity Liquidity Ledger with an amount equal to the lower of:
- (a) the amount (in respect of principal) then due and payable on the Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained or, as applicable, the amount then due and payable (as a currency exchange amount) under the applicable Covered Bond Swap in respect of that Series of Hard Bullet Covered Bonds (in each case after taking account of any payment made by the Issuer and/or the Guarantors in respect thereof); and
 - (b) the amount standing to the credit of the Pre-Maturity Liquidity Ledger.

Notwithstanding the Priorities of Payments, the funds debited from the Pre-Maturity Liquidity Ledger shall be transferred to the Transaction Account, from which the LLP shall (in accordance with Clause 17), on the relevant Final Maturity Date, (subject to making the requisite payment to the Covered Bond Swap Provider) make a payment to the Bond Trustee or (if so directed by the Bond Trustee) to the Principal Paying Agent in and towards the amount due on the relevant Series of Hard Bullet Covered Bonds.

- 13.12 If the Issuer and/or the Group Guarantor fully repays the relevant Series of Hard Bullet Covered Bonds on the Final Maturity Date, amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the GIC Account shall be applied by the LLP in accordance with Clause 15 unless:
- (a) the Issuer is failing the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case the amounts shall remain credited to the Pre-Maturity Liquidity Ledger to the extent required for such other Series of Hard Bullet Covered Bonds; or
 - (b) the Issuer is not failing the Pre-Maturity Test, but the Management Board decides to retain the amounts on the Pre-Maturity Liquidity Ledger in order to provide liquidity for any future Series of Hard Bullet Covered Bonds.
- 13.13 If the Issuer is no longer failing the Pre-Maturity Test, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger shall be applied and paid in accordance with Clause 15 hereof on the next LLP Payment Date.

14. ALLOCATION AND DISTRIBUTION OF AVAILABLE REVENUE RECEIPTS PRIOR TO SERVICE ON THE LLP OF AN ASSET COVERAGE TEST BREACH NOTICE (WHICH HAS NOT BEEN REVOKED), A NOTICE TO PAY OR AN LLP ACCELERATION NOTICE AND/OR THE COMMENCEMENT OF WINDING-UP PROCEEDINGS AGAINST THE LLP AND/OR THE REALISATION OF THE SECURITY

- 14.1 Subject to Clause 21 below, prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, and whilst amounts are outstanding in respect of the Covered Bonds, Available Revenue Receipts shall be applied in accordance with this Clause 14.

- (a) On the Calculation Date immediately prior to each LLP Payment Date, the LLP (or the Cash Manager on its behalf) shall calculate:
 - (i) the amount of Available Revenue Receipts available for distribution or the amount of any provision required to be made on the immediately following LLP Payment Date; and
 - (ii) the Reserve Fund Required Amount.
 - (b) If the Pre-Maturity Test has been failed in respect of a Series of Hard Bullet Covered Bonds, on each Calculation Date falling in the 11 months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, the LLP (or the Cash Manager on its behalf) shall calculate whether or not the amount standing to the credit of the Pre-Maturity Liquidity Ledger on that Calculation Date is less than the Required Redemption Amount for that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of any other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).
- 14.2 On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will transfer Available Revenue Receipts from the Revenue Ledger and the Reserve Ledger, as applicable, to the Payment Ledger on the GIC Account, in an amount equal to the lower of (a) the amount required to make the payments set out in Clause 14.3 below and (b) the amount of Available Revenue Receipts standing to the credit of the GIC Account.
- 14.3 On each LLP Payment Date (except for the amounts for which provision is made, which shall be paid when due), the LLP (or the Cash Manager on its behalf) will apply Available Revenue Receipts to make the following payments and provisions in the following order of priority (the **Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):
- (a) *first*, in or towards payment of any amounts due and payable by the LLP to the Bond Trustee, the Security Trustee, each Agent and to other third parties and incurred without breach by the LLP of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in this Pre-Acceleration Revenue Priority of Payments) and to provide for any such amounts expected to become due and payable by the LLP in the immediately succeeding LLP Payment Period and to discharge any liability of the LLP for Taxes and stamp duties;
 - (b) *second*, in or towards payment pro rata and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the immediately succeeding LLP Payment Period, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
 - (ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement in the immediately succeeding LLP Payment Period, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;

- (iii) amounts (if any) due and payable to the Account Bank or, as applicable, the Stand-by Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement or the Stand-by Bank Account Agreement, as the case may be, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
 - (iv) amounts (including costs and expenses) due and payable to the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
 - (v) amounts due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement (other than the amounts referred to in paragraph (i) below), together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
- (c) *third*, in or towards payment on the LLP Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine, of any amount due or to become due and payable to the Interest Rate Swap Provider (including any termination payment due and payable by the LLP under the Interest Rate Swap Agreement, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the Interest Rate Swap Agreement;
- (d) *fourth*, in or towards payment on the LLP Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine (and in the case of any such payment or provision, after taking into account any provisions previously made and any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine), of:
- (i) any amounts due or to become due and payable to the Covered Bond Swap Providers (other than in respect of principal) pro rata and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) pursuant to the terms of the relevant Covered Bond Swap Agreements; and
 - (ii) if the LLP is required to make a deposit to the Pre-Maturity Liquidity Ledger in accordance with Clause 13.9 above, towards a credit to the GIC Account with a corresponding credit to that Ledger of an amount up to but not exceeding the difference (ie the amounts by which (A) exceeds (B)) between:
 - (A) the Required Redemption Amount as calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and

(B) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after deducting from that Ledger the Required Redemption Amounts of all other Series of Hard Bullet Covered Bonds as calculated on that Calculation Date which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;

(for the purposes of this paragraph (ii), the amount required to be credited to the GIC Account in respect of each relevant Series of Hard Bullet Covered Bonds shall be calculated sequentially and each calculation shall take account of amounts to be credited in respect of other Series of Hard Bullet Covered Bonds (to avoid double counting))

- (e) *fifth*, any amounts due or to become due and payable (excluding principal amounts), pro rata and *pari passu* in respect of each relevant Term Advance, to the Issuer pursuant to the terms of the Intercompany Loan Agreement;
- (f) *sixth*, if a Servicer Event of Default has occurred, all remaining Available Revenue Receipts to be credited to the GIC Account (with a corresponding credit to the Revenue Ledger) until such Servicer Event of Default is either remedied or waived by the Security Trustee or a new servicer is appointed to service the Portfolio (or the relevant part thereof);
- (g) *seventh*, in or towards a credit to the Reserve Ledger on the GIC Account of an amount required to ensure that the Reserve Fund is funded to the Reserve Fund Required Amount as calculated on the immediately preceding Calculation Date;
- (h) *eighth*, in or towards payment pro rata and *pari passu* in accordance with the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the LLP under the Covered Bond Swap Agreements and the Interest Rate Swap Agreement, except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers;
- (i) *ninth*, in or towards payment pro rata and *pari passu* in accordance with the respective amounts thereof of any indemnity amount due to the Members pursuant to this Deed and any indemnity amount due to the Asset Monitor pursuant to the Asset Monitor Agreement;
- (j) *tenth*, in or towards payment of Deferred Consideration (including any Postponed Deferred Consideration) due to the Seller for the sale of the Loans and their Related Security to the LLP, to pay all remaining Available Revenue Receipts (if the amount of the remaining Available Revenue Receipts is greater than the amount of the profit and fees to be paid to the Members in accordance with paragraphs (k) and (l) below, after deducting an amount equal to the profit to be paid to the Members in accordance with paragraphs (k) and (l) below) to the Seller (subject to deducting any amounts due to the LLP or the Security Trustee by way of set-off pursuant to clause 5.3 of the Mortgage Sale Agreement);
- (k) *eleventh*, in or towards payment of a fee of £600 (inclusive of any VAT) due to the Liquidation Member; and
- (l) *twelfth*, towards payment pro rata and *pari passu* to the Members of the sum of £3,000 per annum (or such other sum as may be agreed by the Members from time to time) in aggregate, to be allocated and paid to each Member in proportion to their respective Capital Contribution Balances as at the relevant Calculation Date subject to a minimum of £1 per annum each, as their profit for their respective interests as Members of the LLP.

- 14.4 Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under the Interest Rate Swap Agreement on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, plus any other amounts remaining after the amounts in Clause 14.3(a)-(c) (inclusive) have been paid in full, to make payments (other than in respect of principal) due and payable pro rata and *pari passu* in respect of each relevant Covered Bond Swap under the Covered Bond Swap Agreements and, after the amounts in Clause 14.3(a)-(d) have been paid in full, each relevant Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine.
- 14.5 Any amounts (other than in respect of principal and other than Swap Collateral Excluded Amounts) received by the LLP under a Covered Bond Swap on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, to make payments (other than principal) due and payable pro rata and *pari passu* in respect of each relevant Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine.
- 14.6 Any amounts (other than Swap Collateral Excluded Amounts) received under the Interest Rate Swap Agreement and any amounts (other than in respect of principal and other than Swap Collateral Excluded Amounts) received under the Covered Bond Swap Agreements on the LLP Payment Date or on any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (d) of Clause 14.3, Clause 14.4 or Clause 14.5, and subject to Clause 14.7 below, will be credited to the Revenue Ledger on the GIC Account and applied as Available Revenue Receipts on the next succeeding LLP Payment Date.
- 14.7 In accordance with clause 12.1 of the Intercompany Loan Agreement, the LLP shall direct each Covered Bond Swap Provider to pay any amounts due to the LLP under a Covered Bond Swap, the proceeds of which would otherwise be applied by the LLP in accordance with subparagraph (d)(ii) above, directly to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent, unless the Issuer has paid or discharged the corresponding payment under the relevant Series of Covered Bonds (in which case the relevant amount shall be paid by the LLP to such account of the Issuer as is notified to the LLP by the Issuer for this purpose).
- 14.8 If the LLP requires any Available Revenue Receipts to be exchanged into a currency other than Sterling, and such exchange would not be subject to or covered by the terms of a Covered Bond Swap Agreement, then the LLP (or the Cash Manager on its behalf) shall perform all necessary currency conversions at the then prevailing spot rate of exchange.
- 14.9 If any Swap Collateral Available Amounts are received by the LLP on an LLP Payment Date, such amounts shall be applied by the LLP or by the Cash Manager on its behalf on that LLP Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.
- 15. ALLOCATION AND DISTRIBUTION OF AVAILABLE PRINCIPAL RECEIPTS PRIOR TO SERVICE ON THE LLP OF AN ASSET COVERAGE TEST BREACH NOTICE (WHICH HAS NOT BEEN REVOKED), A NOTICE TO PAY OR AN LLP ACCELERATION NOTICE AND/OR THE COMMENCEMENT OF WINDING-UP PROCEEDINGS AGAINST THE LLP AND/OR THE REALISATION OF THE SECURITY**
- 15.1 Subject to Clause 21 below, prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the

commencement of winding-up proceedings against the LLP and/or the realisation of the Security, Available Principal Receipts shall be applied in accordance with this Clause 15.

- 15.2 On each Calculation Date, the LLP (or the Cash Manager on its behalf) shall calculate the amount of Available Principal Receipts available for distribution on the immediately following LLP Payment Date.
- 15.3 On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will transfer funds from the Principal Ledger or the Capital Account Ledger, as the case may be, to the Payment Ledger on the GIC Account, in an amount equal to the lower of (a) the amount required to make the payments or credits set out in Clauses 15.4 and 15.5 below and (b) the amount of Available Principal Receipts standing to the credit of the GIC Account.
- 15.4 If any payments of principal are required to be made by the LLP on an Interest Payment Date, the distribution of Available Principal Receipts under the Pre- Acceleration Principal Priority of Payments will be delayed until the Issuer has made the Scheduled Interest and/or principal payments under the Covered Bonds on that Interest Payment Date unless, notwithstanding the proviso in paragraph (d) of Clause 15.5 and in Clause 15.6, payment is made by the LLP directly to the Bond Trustee (or the Principal Paying Agent at the direction of the Bond Trustee) in accordance with Clause 15.8.
- 15.5 On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will apply all Available Principal Receipts in making the following payments or provisions or credits in the following order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full:
- (a) *first*, if the Pre-Maturity Test has been failed by the Issuer in respect of a Series of Hard Bullet Covered Bonds, to credit all Principal Receipts to the Pre-Maturity Liquidity Ledger in an amount up to but not exceeding the difference between (ie the amount by which (i) exceeds (ii)):
 - (i) the Required Redemption Amount calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and
 - (ii) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after deducting from that Ledger the Required Redemption Amounts of all other Series of Hard Bullet Covered Bonds as calculated on that Calculation Date which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds,where for the purposes of this limb (ii), the amount required to be credited to the GIC account in respect of each relevant Series of Hard Bullet Covered Bonds shall be calculated sequentially, and each calculation shall take account of amounts to be credited in respect of other Series of Hard Bullet Covered Bonds (to avoid double counting);
 - (b) *second*, to acquire New Loans and their Related Security offered to the LLP by the Seller in accordance with the terms of the Mortgage Sale Agreement and to acquire Substitution Assets in an amount sufficient to ensure that, taking into account the other resources available to the LLP, the LLP is in compliance with the Asset Coverage Test;
 - (c) *third*, to deposit the remaining Available Principal Receipts in the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, taking into account the other resources available to the LLP, the LLP is in compliance with the Asset Coverage Test;

- (d) *fourth*, in or towards repayment on the LLP Payment Date (or to provide for repayment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine) of the corresponding Term Advance related to such Series of Covered Bonds by making the following payments:
- (i) the amounts (in respect of principal) due or to become due and payable to the relevant Covered Bond Swap Providers pro rata and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreements, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
 - (ii) (where appropriate, after taking into account any amounts in respect of principal receivable from a Covered Bond Swap Provider on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine) the amounts (in respect of principal) due or to become due and payable to the Issuer pro rata and *pari passu* in respect of each relevant Term Advance,
- provided that** no amounts shall be applied to make a payment to the Issuer in respect of a Term Advance if the principal amounts outstanding under the related Series of Covered Bonds which have fallen due for payment have not been repaid in full by the Issuer or the Group Guarantor; and
- (e) *fifth*, subject to complying with the Asset Coverage Test, to make a Capital Distribution pro rata and *pari passu* to each Member (other than the Liquidation Member) by way of return of that Member's Capital Contribution to the LLP (or, if Santander is not then a Member of the LLP, towards repayment of the Abbey Subordinated Loan) in accordance with this Deed.

- 15.6 Any amounts in respect of principal (other than Swap Collateral Excluded Amounts) received by the LLP under a Covered Bond Swap on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, (**provided that** all principal amounts outstanding under the related Series of Covered Bonds which have fallen due for repayment on such date have been repaid in full by the Issuer or the Group Guarantor), to make payments in respect of principal due and payable to the Issuer in respect of the corresponding Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine.
- 15.7 Any amounts of principal (other than Swap Collateral Excluded Amounts) received under the Covered Bond Swap Agreements on the LLP Payment Date or any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (d) of Clause 15.5 or Clause 15.6 will be credited to the Principal Ledger on the GIC Account and applied as Available Principal Receipts on the next succeeding LLP Payment Date.
- 15.8 In accordance with clause 12.1 of the Intercompany Loan Agreement, the LLP shall direct each Covered Bond Swap Provider to pay any amounts due to the LLP under a Covered Bond Swap, the proceeds of which would be applied by the LLP in accordance with paragraph (d)(ii) of Clause 15.5 or Clause 15.6, directly to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent.

16. ALLOCATION AND DISTRIBUTION OF AVAILABLE REVENUE RECEIPTS AND AVAILABLE PRINCIPAL RECEIPTS AFTER SERVICE ON THE LLP OF AN ASSET COVERAGE TEST BREACH NOTICE (WHICH HAS NOT BEEN REVOKED)

16.1 At any time after the service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security and for so long as any Covered Bonds remain outstanding, the LLP (or the Cash Manager on its behalf) will apply Available Revenue Receipts in accordance with Clause 14.3 above, save that no monies will be applied under subparagraphs (e), (i) (to the extent only that amounts are payable to the Members), (j), (k) or (l) of Clause 14.3.

16.2 At any time after the service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security and for so long as any Covered Bonds remain outstanding, the LLP (or the Cash Manager on its behalf) will apply Available Principal Receipts in accordance with Clause 15.5 above save that no monies will be applied under subparagraphs (b), (d)(ii) or (e).

17. ALLOCATION AND DISTRIBUTION OF MONEYS FOLLOWING SERVICE OF A NOTICE TO PAY

17.1 On and from the date of service of a Notice to Pay on the LLP, but prior to the service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, all Available Revenue Receipts and all Available Principal Receipts shall be applied in accordance with this Clause 17.

17.2 If a Notice to Pay is served on the LLP, the LLP shall on the relevant Final Maturity Date apply (to the extent required) all moneys standing to the credit of the Pre- Maturity Liquidity Ledger (and transferred to the Transaction Account in accordance with Clause 13.11) to repay the Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger was established that is then due for payment. Thereafter, any remaining monies standing to the credit of the Pre-Maturity Liquidity Ledger shall be debited from that Ledger and shall be available for distribution in accordance with Clause 17.5 below.

17.3 Subject to Clause 17.2 above, on each LLP Payment Date, the LLP or the Cash Manager on its behalf shall transfer Available Revenue Receipts and Available Principal Receipts from the Revenue Ledger, the Reserve Ledger, the Principal Ledger or the Capital Account Ledger, as the case may be, to the Payment Ledger on the GIC Account, in an amount equal to the lower of (a) the amount required to make the payments set out in the Guarantee Priority of Payments and (b) the amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of such ledgers of the GIC Account.

17.4 The LLP shall create and maintain Ledgers for each Series of Covered Bonds and record amounts allocated to such Series of Covered Bonds in accordance with paragraph (e) of Clause 17.5 below, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the Covered Bond Swap in respect of the relevant Series of Covered Bonds on the Scheduled Payment Dates therefor.

17.5 On each LLP Payment Date on and from the date that a Notice to Pay is served on the LLP, but prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, the LLP (or the Cash Manager on its behalf) will apply moneys standing to the credit of the Payment Ledger on the GIC Account to make the following payments and provisions in the following order of

priority (the **Guarantee Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

- (a) *first*, in or towards payment pro rata and *pari passu* according to the respective amounts thereof of:
 - (i) all amounts due and payable or to become due and payable to the Bond Trustee in the immediately succeeding LLP Payment Period under the provisions of the Trust Deed together with interest and applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein; and
 - (ii) all amounts due and payable or to become due and payable to the Security Trustee in the immediately succeeding LLP Payment Period under the provisions of the Deed of Charge together with interest and applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
- (b) *second*, in or towards payment pro rata and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Agents under or pursuant to the Agency Agreement together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein; and
 - (ii) any amounts then due and payable by the LLP to third parties and incurred without breach by the LLP of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and to provide for any such amounts expected to become due and payable by the LLP in the immediately succeeding LLP Payment Period and to pay or discharge any liability of the LLP for Taxes and stamp duty;
- (c) *third*, in or towards payment pro rata and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding LLP Payment Period under the provisions of the Servicing Agreement together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
 - (ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding LLP Payment Period under the provisions of the Cash Management Agreement, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
 - (iii) amounts (if any) due and payable to the Account Banks or, if applicable, the Stand-by Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement or the Stand-by Bank Account Agreement, as the case may be, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
 - (iv) amounts due and payable to the Corporate Services Provider pursuant to the Corporate Services Agreement together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;

- (v) amounts (if any) due and payable to the FSA under the RCB Regulations (other than the initial registration fees) together with applicable VAT (or other similar taxes) thereon; and
 - (vi) amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (k) below) pursuant to the terms of the Asset Monitor Agreement, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
- (d) *fourth*, in or towards payment on the LLP Payment Date, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine, of any amount due or to become due and payable to the Interest Rate Swap Provider (including any termination payment due or to become due and payable by the LLP under the Interest Rate Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) pursuant to the terms of the Interest Rate Swap Agreement;
- (e) *fifth*, in or towards payment on the LLP Payment Date or to provide for payment on such date in the future of such proportion of the relevant payments falling due in the future as the Cash Manager may reasonably determine, of:
- (i) the amounts due or to become due and payable to the relevant Covered Bond Swap Providers (other than in respect of principal) pro rata and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreements, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
 - (ii) Scheduled Interest that is Due for Payment (or that will become Due for Payment) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders pro rata and *pari passu* in respect of each Series of Covered Bonds,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine, **provided that** if the amount available for distribution under this paragraph (e) (excluding any amounts received or to be received from the Covered Bond Swap Providers) would be insufficient to pay the Sterling Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under subparagraph (ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a pro rata basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under subparagraph (i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (f) *sixth*, in or towards payment on the LLP Payment Date or to provide for payment prior to the next LLP Payment Date, of:

- (i) the amounts in respect of principal due or to become due and payable to the relevant Covered Bond Swap Provider pro rata and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
- (ii) (where appropriate, after taking into account any amounts in respect of principal receivable from a Covered Bond Swap Provider and available to make payments in respect thereof) Scheduled Principal that is Due for Payment (or that will become Due for Payment in the immediately succeeding LLP Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders pro rata and *pari passu* in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (f) (excluding any amounts received or to be received from the Covered Bond Swap Providers) would be insufficient to pay the Sterling Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under subparagraph (ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a pro rata basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under subparagraph (i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (g) *seventh*, in or towards payment on the LLP Payment Date (if such date is an Interest Payment Date) or to provide for payment on any Interest Payment Date prior to the next following LLP Payment Date of the Final Redemption Amount (or portion thereof remaining unpaid) of any Series of Covered Bonds to which an Extended Due for Payment Date applies and whose Final Redemption Amount was not paid in full by the Extension Determination Date, by making the following payments:
 - (i) the amounts due or to become due and payable to the relevant Covered Bond Swap Providers (whether or not in respect of principal) pro rata and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the Covered Bond Swap Agreement, but excluding any Excluded Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
 - (ii) the Final Redemption Amount or the relevant proportion thereof pro rata and *pari passu* under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider in respect of the Interest Rate Swap and, if applicable, any amounts (whether or not in respect of principal) receivable from the relevant Covered Bond Swap Provider in respect of the corresponding Covered Bond Swap, **provided that** if the amount available for distribution under this paragraph (g) (excluding

any amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the Sterling Equivalent of the Final Redemption Amount in respect of the relevant Series of Covered Bonds under sub- paragraph (ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a pro rata basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each Series of Covered Bonds under sub- paragraph (i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (h) *eighth*, to deposit the remaining moneys in the GIC Account for application on the next following LLP Payment Date in accordance with the priority of payments described in paragraphs (a) to (g) (inclusive) above, until the Covered Bonds have been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);
- (i) *ninth*, in or towards payment pro rata and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the LLP under the Covered Bond Swap Agreements and the Interest Rate Swap Agreement, except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers;
- (j) *tenth*, in or towards payment of any amounts due or to become due and payable in the immediately succeeding LLP Payment Period (whether in respect of principal or interest) under the Intercompany Loan Agreement, pro rata and *pari passu* in respect of each relevant Term Advance;
- (k) *eleventh*, in or towards payment pro rata and *pari passu* according to the respective amounts thereof of any indemnity amount due to the Members pursuant to Clauses 5.6 and 33 of this Deed (and, if Santander is not then a Member of the LLP, towards repayment of the Abbey Subordinated Loan) and certain costs, expenses and indemnity amounts due by the LLP to the Asset Monitor pursuant to the Asset Monitor Agreement; and
- (l) *twelfth*, thereafter any remaining moneys will be applied in accordance with Clause 21 of this Deed.

17.6 Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under the Interest Rate Swap Agreement after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payment made on any preceding LLP Payment Date, to make payments (other than in respect of principal) due and payable pro rata and *pari passu* in respect of each Covered Bond Swap under the Covered Bond Swap agreement or, as the case may be, in respect of interest due under the Covered Bond Guarantee pro rata and *pari passu* in respect of each relevant Series of Covered Bonds.

17.7 Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under a Covered Bond Swap (whether or not in respect of principal) after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payment made on any preceding LLP Payment Date, to make payments of interest or principal, as the case may be, in respect of the Covered Bond Guarantee pro rata and *pari passu* in respect of each relevant Series of Covered Bonds.

17.8 Any amounts (other than Swap Collateral Excluded Amounts) received under the Interest Rate Swap Agreement or any Covered Bond Swap Agreement on the LLP Payment Date or any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance

with paragraph (e), (f) or (g) of Clause 17.5 or Clauses 17.6 or 17.7 will be credited to the Revenue Ledger or the Principal Ledger on the GIC Account (as appropriate) and applied as Available Revenue Receipts or Available Principal Receipts, as the case may be, on the next succeeding LLP Payment Date.

- 17.9 If the LLP requires any available funds to be exchanged into a currency other than Sterling, and such exchange would not be subject to or covered by the terms of a Covered Bond Swap Agreement, then the LLP (or the Cash Manager on its behalf) shall perform all necessary currency conversions at the then prevailing spot rate of exchange.
- 17.10 If any Swap Collateral Available Amounts are received by the LLP on an LLP Payment Date, such amounts shall be applied by the LLP or by the Cash Manager on its behalf on that LLP Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

18. TERMINATION PAYMENTS RECEIVED IN RESPECT OF SWAPS, PREMIUMS RECEIVED IN RESPECT OF REPLACEMENT SWAPS AND TAX CREDITS RECEIVED IN RESPECT OF SWAPS

- 18.1 If the LLP receives any termination payment from a Swap Provider in respect of a Swap, such termination payment will first be used (prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security) to pay a replacement Swap Provider to enter into a replacement Swap with the LLP, unless a replacement Swap has already been entered into on behalf of the LLP. If the LLP receives any premium from a replacement Swap Provider in respect of a replacement Swap, such premium will first be used to make any termination payment due and payable by the LLP with respect to the previous Swap, unless such termination payment has already been made on behalf of the LLP.

18.2 Gross Up Amounts Received in Respect of Covered Bond Swaps

In the event that the LLP receives a Gross Up Amount from a Covered Bond Swap Provider pursuant to the terms of a Covered Bond Swap and any Member receives a Tax Credit as a result thereof, that Member will pay, as soon as practicable after receipt of the Tax Credit, an amount equal to the cash benefit which it receives to the LLP in order for the LLP to comply with its obligations under that Covered Bond Swap.

For the purposes of this Clause 18.2, references to **Gross Up Amount**, **Tax Credit** and **cash benefit** have the same meaning as provided for in the relevant Covered Bond Swap.

19. SALE OF SELECTED LOANS

- 19.1 After service of an Asset Coverage Test Breach Notice (which has not been revoked) on the LLP but prior to service of a Notice to Pay and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, the LLP shall sell Selected Loans in the Portfolio and their Related Security in accordance with Clause 20 below, subject to any right of pre-emption in favour of the Seller pursuant to clause 9 of the Mortgage Sale Agreement and subject to any Cash Capital Contributions made by the Members. The proceeds from any such sale shall be credited to the GIC Account and applied in accordance with Clause 16 above.
- 19.2 After service of a Notice to Pay on the LLP but prior to service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, the LLP shall sell Selected Loans in the Portfolio and their Related Security in accordance with Clause 20 below, subject to any right of pre-emption in favour of the Seller pursuant to clause 9

of the Mortgage Sale Agreement. The proceeds from any such sale shall be credited to the GIC Account and applied in accordance with Clause 17 above.

- 19.3 In addition to any required sale of Selected Loans in accordance with Clauses 19.1 or 19.2, if the LLP is required to sell Selected Loans as set out in Clauses 19.1 or 19.2 or if a Supplemental Liquidity Event has occurred which is continuing, then the LLP is permitted (but not required) to sell Selected Loans with the aim to fund or replenish the Supplemental Liquidity Reserve Ledger, **provided that** the aggregate Outstanding Principal Balance of Selected Loans so sold shall not exceed the Supplemental Liquidity Reserve Amount.
- 19.4 Except to the extent permitted by paragraph 15(b) of Schedule 2 to the Cash Management Agreement, amounts credited to the Supplemental Liquidity Reserve Ledger in accordance with Clause 19.3 shall not constitute Available Principal Receipts.
- 19.5 Notwithstanding any provisions contained in the Transaction Documents, the requirement for Selected Loans to have in aggregate the Required Outstanding Principal Balance Amount shall not apply to a sale of Selected Loans in accordance with Clause 19.3.

20. METHOD OF SALE OF SELECTED LOANS

- 20.1 This Clause 20 shall apply if the LLP is required or permitted to sell Selected Loans in the Portfolio and their Related Security in accordance with Clauses 13 or 19 above.
- 20.2 If the LLP is required to sell Selected Loans as set out in Clauses 13, 19.1 or 19.2, the LLP shall ensure that:
- (a) the Selected Loans have been selected from the Portfolio on a Random Basis; and
 - (b) the Selected Loans have an aggregate Outstanding Principal Balance in an amount (the **Required Outstanding Principal Balance Amount**) which is as close as possible to the amount calculated as follows:
 - (i) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay), such amount that would ensure that, if the Selected Loans were sold at their Outstanding Principal Balance plus the Arrears of Interest and Accrued Interest thereon, the Asset Coverage Test would be satisfied on the next Calculation Date taking into account the payment obligations of the LLP on the LLP Payment Date following that Calculation Date (assuming for this purpose that the Asset Coverage Breach Test Notice is not revoked on the next Calculation Date); or
 - (ii) following the service of a Notice to Pay or a breach of the Pre-Maturity Test:

$$N \times \frac{\text{Outstanding Principal Balance of all the Loans in the Portfolio less the Supplemental Liquidity Available Amount}}{\text{the Sterling Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where:

N is an amount equal to:

- (A) in respect of Selected Loans and their Related Security being sold pursuant to Clause 13, the Sterling Equivalent of the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds *less* amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required by Clause 13 to be held on the Pre-Maturity Liquidity Ledger for

any other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds; and

- (B) (in all other cases) the Sterling Equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds *less* amounts standing to the credit of the GIC Account and the principal amount of any Substitution Assets or Authorised Investments (excluding all amounts to be applied on the next following LLP Payment Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds).

20.3 The LLP will offer the Selected Loans and their Related Security for sale to Purchasers for the best price reasonably available but in any event:

- (a) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay), for an amount not less than the Outstanding Principal Balance of the Selected Loans plus the Arrears of Interest and Accrued Interest thereon; and
- (b) following service of a Notice to Pay, for an amount not less than the Adjusted Required Redemption Amount,

where **Adjusted Required Redemption Amount** means the Sterling Equivalent of:

- (i) the Required Redemption Amount;
plus (if an amount is payable by the LLP) or *minus* (if an amount is payable to the LLP)
- (ii) any swap termination amounts payable to or by the LLP under the Covered Bond Swap Agreement in respect of the relevant Series of Covered Bonds;
plus (if an amount is payable by the LLP) or *minus* (if an amount is payable to the LLP)
- (iii) any swap termination amounts payable to or by the LLP under the Interest Rate Swap Agreement in respect of the relevant Series of Covered Bonds;
minus
- (iv) (A) in respect of a sale in connection with the Pre-Maturity Test, amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds; or
(B) in respect of a sale following service of a Notice to Pay, amounts standing to the credit of the GIC Account and the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following LLP Payment Date to pay or repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds).

20.4 Following service of a Notice to Pay, if Selected Loans have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to, as applicable, if the Earliest Maturing Covered Bonds are not subject to an Extended Due for

Payment Date in respect of the Covered Bond Guarantee, the Final Maturity Date of the Earliest Maturing Covered Bonds or, if the Earliest Maturing Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the LLP will offer the Selected Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

- 20.5 Following service of a Notice to Pay, in addition to offering Selected Loans for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the LLP (subject to the right of pre-emption in favour of the Seller pursuant to clause 9 of the Mortgage Sale Agreement) is permitted to offer for sale a portfolio of Selected Loans, in accordance with this Clause 20, in respect of other Series of Covered Bonds.
- 20.6 The LLP is permitted to offer for sale to Purchasers part of any portfolio of Selected Loans (a **Partial Portfolio**). Where a Notice to Pay has been served, except in circumstances where the portfolio of Selected Loans is being sold within six months of, as applicable, the Final Maturity Date of the Earliest Maturing Covered Bonds or, if the Earliest Maturing Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, the sale price of the Partial Portfolio (as a proportion of the Adjusted Required Redemption Amount of the relevant portfolio of Selected Loans) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Loans.
- 20.7 The LLP will, through a tender process, appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Loans to Purchasers (except where the Seller is buying the Selected Loans in accordance with its right of pre-emption in the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender shall be approved by the Security Trustee.
- 20.8 In respect of any sale of Selected Loans and their Related Security following service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked) or a Notice to Pay, the LLP will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Loans are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and, where relevant, the scheduled repayment dates of the Covered Bonds and the terms of this Deed.
- 20.9 The terms of any sale and purchase agreement with respect to the sale of Selected Loans and their Related Security (which shall give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee. The Security Trustee will not be required to release the Selected Loans and their Related Security from the Security unless the conditions relating to the release of the Security as set out in clause 3 of the Deed of Charge are satisfied.
- 20.10 Following service of a Notice to Pay, if Purchasers accept the offer or offers from the LLP so that some or all of the Selected Loans and their Related Security shall be sold prior to the Final Maturity Date of the Earliest Maturing Covered Bonds or, if the Earliest Maturing Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the LLP will, subject to Clause 20.9, enter into a sale and purchase agreement with the relevant Purchasers which will require, inter alia, a cash payment from the relevant Purchasers. Any such sale will not include any representations and warranties from the LLP or the Seller (or the applicable New Seller) in respect of the Loans and the Related Security unless expressly agreed by the Security Trustee or otherwise

agreed with the LLP and the Seller (or the applicable New Seller). The Seller (or the applicable New Seller) and the LLP will enter into such documentation as is required under such sale and purchase agreement to enable the Purchaser to obtain valid title to the Selected Loans and their Related Security to be sold thereunder.

- 20.11 If, in an LLP Payment Period, the LLP is permitted to sell Selected Loans in accordance with Clause 19.3, then it shall ensure that Selected Loans are selected on a random basis.

21. APPLICATION AND DISTRIBUTION OF MONIES WHEN COVERED BONDS REPAID

From the date when either (a) the Covered Bonds have been fully repaid and the security constituted by or pursuant to the Deed of Charge has been released by the Security Trustee or (b) the Security Trustee is satisfied that the LLP has an amount in cash standing to the credit of the GIC Account equal to the Required Redemption

Amount in respect of each Series of Covered Bonds outstanding, all remaining monies standing to the credit of the LLP Accounts (excluding all amounts required to repay higher ranking amounts in the relevant Priority of Payments) shall be allocated and paid:

- (a) *first*, to apply any such monies which constitute Available Revenue Receipts to the Sellers *pari passu* as Deferred Consideration due to the Sellers for the transfer of the Loans and their Related Security to the LLP (except for an amount equal to the profit to be paid to each of the Members in accordance with paragraph (b) below);
- (b) *second*, to apply any such monies which constitute Available Revenue Receipts towards payment pro rata and *pari passu* to the Members of the sum of £3,000 (or such other sum as may be agreed by the Members from time to time) in aggregate, to be allocated and paid to each Member in proportion to their respective Capital Contribution Balances as at the relevant Calculation Date, subject to a minimum of £600 each, as their profit for their respective interests as Members in the LLP;
- (c) *third*, to apply any such monies which constitute Principal Receipts towards payment pro rata and *pari passu* to Santander (in its capacity as a Member) by way of a Capital Distribution in an amount equal to any remaining Available Principal Receipts and (if applicable) to Santander by way of repayment of the Abbey Subordinated Loan; and
- (d) *fourth*, to pay all remaining monies to the Members by way of Capital Distribution (being a distribution of that Member's equity in the LLP) pro rata and *pari passu* to their respective Capital Contribution Balances as calculated on the immediately preceding Calculation Date and (if applicable) to Santander by way of repayment of the Abbey Subordinated Loan.

22. WITHDRAWAL OF CAPITAL CONTRIBUTIONS

- 22.1 Until such time as the LLP's obligations under the Covered Bond Guarantee are satisfied (or provided for) in full and except as expressly set out in this Deed and the other Transaction Documents, the Members may not draw out or receive back any part of their Capital Contributions.
- 22.2 No Member is entitled to any interest on its Capital Contribution.

23. LIMIT ON INVESTING IN SUBSTITUTION ASSETS AND AUTHORISED INVESTMENTS

- 23.1 Prior to the service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay on the LLP, the LLP shall be permitted to invest Available Revenue Receipts, Available Principal Receipts and the proceeds of Term Advances in Substitution Assets, **provided that** the aggregate amount so invested shall not exceed 10% of the total assets of the LLP at any one time and **provided that** such investments are made in accordance with the terms of the Cash Management Agreement.
- 23.2 Following the service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay on the LLP, all Substitution Assets shall be sold by the LLP (or the Cash Manager on its behalf) as quickly as reasonably practicable and the proceeds credited to the GIC Account.
- 23.3 The LLP shall at any time (prior to and following service of a Notice to Pay) be permitted to invest all available moneys in Authorised Investments without limitation, **provided that** such investments are made in accordance with the terms of the Cash Management Agreement.
- 23.4 Nothing in this Clause 23 shall limit the amount that the LLP (or the Cash Manager on its behalf) may credit to the GIC Account from time to time.

24. BANK ACCOUNTS OF LLP

The LLP shall open the following bank accounts with the Account Bank prior to the Programme Date, subject to and in accordance with the terms of the Bank Account Agreement:

- (a) the GIC Account;
- (b) the Swap Payment Account(s); and
- (c) the Swap Collateral Account(s).

25. ALLOCATION OF PROFIT AND LOSSES/CONTRIBUTION TOWARDS LOSSES

- 25.1 Subject as provided in this Deed, the Members shall not be required to contribute to the losses of the LLP, which shall be borne by the LLP.
- 25.2 The Members hereby acknowledge and agree that:
- (a) the Liquidation Member's entitlement to share in the profit of the LLP shall be limited to the amounts distributable to it in accordance with paragraph (k) of Clause 14.3 and paragraph (b) of Clause 21 and clause 6.2 of the Deed of Charge;
 - (b) the Liquidation Member's share of any accounting losses in the LLP required to be allocated for tax purposes shall be limited to £1.00; and
 - (c) the Liquidation Member has no interest in the capital of the LLP.

26. STATUTORY ACCOUNTS

- 26.1 The Audited Accounts of the LLP shall be made up to the Annual Accounting Date in each Fiscal Period and shall, unless otherwise required by law, be prepared in accordance with generally accepted accounting principles in the United Kingdom.
- 26.2 A profit and loss account shall be taken in every year on the Annual Accounting Date and a balance sheet as at the same date shall be prepared.

- 26.3 The Members shall, in compliance with the LLP Act and the Companies Act, appoint the Auditors as the auditors for each Fiscal Period of the LLP and shall have the power to fix their remuneration.
- 26.4 The Members shall ensure that the Audited Accounts are drawn up in the format and give the information required in the LLP Act and the Companies Act and the Audited Accounts shall be audited by the Auditors. The Auditors shall report to the Members and will state whether or not the Audited Accounts give a true and fair view of the profit or loss of the LLP for the Fiscal Period.
- 26.5 The LLP Management Board shall ensure that all the necessary and proper financial records of accounts shall be kept to enable the Audited Accounts to be made up as above and retained for at least six years after the end of the relevant Fiscal Period or such periods of time as required by law at the registered office (or such other place as the Members may determine by Majority Decision) of the LLP in compliance with the LLP Act and such records shall be available for inspection by each Member and by the Auditors for the time being at all times. Each Member shall be responsible for ensuring that full and proper entries of all transactions entered into by it on account of the LLP are made.
- 26.6 As soon as the Audited Accounts have been finalised, and no later than ten months after the Annual Accounting Date, the Audited Accounts and Auditors' Report will be distributed to each Member and will be presented at the next duly convened Members' Meeting for approval. The Audited Accounts must be approved by a Unanimous Decision of the Members. Once the Audited Accounts have been approved they shall be binding on the Members, save in the event that an error is discovered within three months of the date of that approval, in which event such error shall be rectified in the manner required by the Companies Act.
- 26.7 Following the approval of the Audited Accounts by the Members in accordance with Clause 26.6 the Members shall then sign the Audited Accounts on the balance sheet as required by the Companies Act.
- 26.8 The Members shall, in respect of each Fiscal Period, deliver to the LLP Registrar a copy of the approved Audited Accounts and Auditors' Report as required by, and within the time period permitted by, the Companies Act.
- 26.9 Where additional reporting or accounting information is required by the Auditors to allow them to complete the Auditors' Report or comply with any statutory requirement to which the LLP is subject (including, without limitation, the provision of any information requested by the inspectors of the UK Department for Business, Enterprise and Regulatory Reform), that information will be provided by the relevant Member or Members at the expense of the LLP as soon as practicable.

27. LEDGERS

The LLP shall maintain, or shall procure that there are maintained, the following Ledgers:

- (a) the Principal Ledger, which shall record all receipts of Principal Receipts and distribution of Principal Receipts in accordance with the terms of this Deed;
- (b) the Revenue Ledger, which shall record all receipts of Revenue Receipts and distribution of Revenue Receipts in accordance with the terms of this Deed;
- (c) the Pre-Maturity Liquidity Ledger, which shall record all receipts and distribution of moneys available to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Test has been breached;

- (d) the Supplemental Liquidity Reserve Ledger, which shall record the credits and debits of monies available from the proceeds of sales of Selected Loans sold with the aim to fund or replenish such Supplemental Liquidity Reserve Ledger;
- (e) the Capital Account Ledger for each Member, which shall record the balance of each Member's Capital Contributions and distribution of those Capital Contributions;
- (f) the Reserve Ledger, which shall record the crediting of Revenue Receipts and (if so directed by the Seller) Cash Capital Contributions to the Reserve Fund and the debiting of such Reserve Fund; and
- (g) the Payment Ledger, which shall record the credits and debits of Available Revenue Receipts and Available Principal Receipts for application in accordance with the relevant Priority of Payments.

28. MANAGEMENT

- 28.1 There shall be an LLP Management Board which shall act on behalf, and for the benefit, of the LLP.
- 28.2 Subject to Clause 28.14 below, the LLP Management Board shall at all times consist of four directors, officers or employees of Santander, appointed from time to time by Santander by notice in writing to the LLP and each other Member. The members of the LLP Management Board as at 26 April 2016 are named in Schedule 1.
- 28.3 The members of the LLP Management Board shall appoint one of their number to act as the chairman of the LLP Management Board **provided that** subject to Clause 28.14, the chairman shall always be a member of the LLP Management Board that has been appointed by Santander.
- 28.4 The LLP Management Board shall hold such meetings as it considers necessary for the dispatch of business.
- 28.5 A meeting of the LLP Management Board may be called at any time by any LLP Management Board member giving at least three London Business Days' notice in writing to the other LLP Management Board members (or such shorter period of notice that each LLP Management Board member may agree).
- 28.6 The meetings of the LLP Management Board shall be chaired by the LLP Management Board Chairman except that in his absence he shall nominate another LLP Management Board member to act in his stead.
- 28.7 Each LLP Management Board member shall have one vote.
- 28.8 Subject to Clause 29, all matters shall be decided by a simple majority of the votes cast. In the event of no majority, the LLP Management Board Chairman shall have a casting vote.
- 28.9 The quorum for the transaction of business shall be at least two LLP Management Board members.
- 28.10 An LLP Management Board member may nominate another person as his proxy to attend any meeting and to vote on any item specified in the proxy document **provided that** such person is a director, officer or employee of (a) in respect of a proxy for an LLP Management Board member appointed by Santander, Santander and (b) in respect of a proxy for any other Member's appointee on the LLP Management Board, that Member.

- 28.11 The LLP Management Board shall produce detailed minutes within two weeks after each LLP Management Board meeting and provide each of the Members and the Security Trustee with copies of those minutes.
- 28.12 Subject to the prior written approval of the Security Trustee whilst the Covered Bonds are outstanding, the LLP Management Board may appoint an agent on behalf of the LLP, on such terms as it shall determine, to administer the LLP's business and may delegate all or any of the functions of the LLP to it.
- 28.13 The members of the LLP Management Board are hereby authorised to execute or authorise the execution of any documents or deeds on behalf of the LLP and shall ensure that all such documents (including promissory notes, cheques or similar bills) contain such details as required by Sections 349 and 351 of the Companies Act in legible form.
- 28.14 Following a Relevant Event and for so long as there are Covered Bonds outstanding:
- (a) the right to appoint and to remove members of the LLP Management Board shall rest solely with the Liquidation Member (subject to the prior written consent of the Security Trustee thereto) and there shall be no requirement that such members of the LLP Management Board be directors, officers or employees of Santander; and
 - (b) the LLP Management Board Chairman may be appointed by the Liquidation Member (with the prior written consent of the Security Trustee thereto) and the LLP Management Board Chairman need not be a member that has been appointed by Santander.
- 28.15 The members of the LLP Management Board may not resign their positions if that would result in there being fewer than two members on the LLP Management Board.

29. DECISIONS OF MEMBERS

- 29.1 A meeting of the Members will be held annually or more frequently if a Members' meeting is called by any of the Members or the LLP Management Board.
- 29.2 The LLP Management Board shall, on behalf of the LLP, give at least 14 Business Days' prior notice of any Members' meeting.
- 29.3 Any Member may be represented at any Members' meeting by any member of its board of directors or any other duly authorised representative of that Member.
- 29.4 The quorum for a Members' meeting is at least one representative of two of the Members. If within a reasonable period a quorum is not present, the meeting will stand adjourned until a date agreed between the Members.
- 29.5 The following matters may only be determined by Unanimous Decision of the Members:
- (a) approval of the Audited Accounts;
 - (b) subject to Clauses 28 and 35, a resolution for the voluntary winding up of the LLP under Section 84(1) of the Insolvency Act 1986; and
 - (c) a resolution to contribute to the losses of the LLP contrary to the provisions of Clause 25.

- 29.6 Other than those matters listed in Clause 29.5 above and the admission of a New Member pursuant to Clause 32 below, the Members delegate all other matters to the members of the LLP Management Board, who may decide such matters by Majority Decision, or (subject to Clause 28.12) sub-delegate any matter or otherwise determine such matters as they consider appropriate, **provided that** the following matters may only be determined by the Unanimous Decision of the LLP Management Board and, whilst any Covered Bonds are outstanding, with the consent of the Security Trustee:
- (a) the appointment of a liquidator in accordance with Clause 34.4;
 - (b) any change to the LLP Name;
 - (c) any amendment to this Deed;
 - (d) a decision not to indemnify the LLP in accordance with Clause 30.5; and
 - (e) a transfer of the whole or any part of the businesses of the LLP in accordance with Clause 34.7.
- 29.7 Following a Relevant Event, decisions which are reserved to the Members shall be made by the Liquidation Member only.

30. RESTRICTIONS ON AND DUTIES OF MEMBERS

- 30.1 The Members shall at all times be just and faithful to each other and to the LLP and at all times give to the other Members and the LLP full information and truthful explanations of all matters relating to the affairs of the LLP and afford the other Members every assistance in carrying on the LLP Business to the mutual advantage of the Members and will comply with all statutory duties and any other applicable laws and regulations imposed on it, in its capacity as a Member of the LLP, from time to time.
- 30.2 Save where expressly provided for in this Deed or in any other Transaction Document, no Member shall act in any capacity, or purport to act in any capacity, on behalf of the LLP. Any Member that commits a breach of this Clause 30.2 shall indemnify and keep indemnified the LLP and each other Member from any Liabilities, Expenses or other claims arising directly or indirectly out of such breach save that this indemnity shall not apply to the extent that such Liability, Expense or other claim arises out of the fraud, wilful default, gross negligence or breach of the terms of this Deed by the LLP or by the other Members.
- 30.3 Each Member shall devote such necessary resources to the LLP Business so as to enable it to perform its duties to the LLP.
- 30.4 Each Member shall be responsible for the payment of its own Tax and stamp duty liabilities and shall indemnify the LLP and the other Members from any Liabilities, Expenses or other claims which they incur as a result of its non-payment of Tax and stamp duty, save that this indemnity shall not apply to the extent that such Liability, Expense or other claim arises out of the fraud, wilful default, negligence or breach of the terms of this Deed by the LLP or such other Members.
- 30.5 Notwithstanding Clause 25, if any liabilities of the LLP are occasioned by the dishonesty, wilful default, wilful neglect or negligence of a Member or any of its directors, officers or employees, that Member shall (unless otherwise resolved by the Unanimous Decision of the LLP Management Board and, for so long as the Covered Bonds are outstanding, with the prior written consent of the Security Trustee) pay an amount equal to that liability to the LLP.

31. TRANSFERS AND RESIGNATION

- 31.1 Subject to the terms of the Transaction Documents, each Member covenants with and undertakes to the LLP and the Security Trustee that it shall not, and shall not purport to, sell, transfer, convey, create or permit to arise any security interest on, declare a trust over, create any beneficial interest in, or otherwise dispose of its interest in the LLP and/or its rights under this Deed (and, in the case of Santander, to dispose of the Relevant Shares) without the prior written consent of the LLP and, whilst the Covered Bonds are outstanding, the Security Trustee.
- 31.2 Subject to Clause 6.1 above, neither of Santander nor the Liquidation Member shall be permitted to resign as Members in the LLP for so long as amounts are outstanding in respect of the Covered Bonds. If any New Member is appointed in accordance with Clause 32 below after the Commencement Date, no such member shall be permitted to resign for so long as any Loans that it has sold to the LLP are in the Portfolio and/or amounts are payable to that Member under any of the Priorities of Payments (including, for the avoidance of doubt, Deferred Consideration and Capital Distributions).
- 31.3 Notwithstanding any resignation of any Member, Clauses 30, 35, 41, and 44 shall continue to apply to the former Member.

32. NEW MEMBERS

- 32.1 Other than a New Member admitted pursuant to Clause 5.2 and subject to Clause 32.2 below, a New Member may only be admitted to the LLP as a Member subsequent to the Commencement Date by an Ordinary Decision of the Members **provided that**:
- (a) subject to Clause 32.3, for so long as amounts are outstanding in respect of the Covered Bonds, each New Member shall be a New Seller and the prior written consent of the Security Trustee will be required to the admission of the New Member;
 - (b) no New Member shall be admitted where such admission would violate any relevant law; and
 - (c) the Rating Agencies confirm that the then current ratings of the Covered Bonds will not be adversely affected.
- 32.2 The Security Trustee may impose conditions to the giving of its consent to the admission of a New Member to the LLP pursuant to Clause 32.1 above, including that a legal and/or tax opinion in form and substance satisfactory to the Security Trustee is delivered to it considering, inter alia, the effect of the admission of the New Member on the transaction constituted by the Transaction Documents.
- 32.3 Any admission of a New Member shall be effective on the execution by or on behalf of the LLP, the Security Trustee and by that New Member of a Deed of Admission in the form set out in Schedule 2 hereto. Each Member (other than the Liquidation Member) hereby agrees that it shall not be required to execute any Deed of Admission, which may be signed on its behalf by the Liquidation Member. Upon admission, each New Member shall have the rights and duties of a Member, and will be bound by the provisions of this Deed as if it had been an original party hereto, **provided that** if a New Member is admitted during any Fiscal Period its financial rights shall be determined by reference to an interim closing statement to be prepared by the LLP as of the date of such admission.

32.4 Any New Member shall:

- (a) enter into a New Mortgage Sale Agreement with the LLP and the Security Trustee, in each case so that it has, in relation to those New Seller Loans and their Related Security to be sold by such New Member, substantially the same rights and obligations as the Seller had in relation to those Loans and their Related Security comprised in the Initial Portfolio under the Mortgage Sale Agreement;
- (b) accede to such Transaction Documents and enter into such other documents as may be required by the Security Trustee, the Bond Trustee, the Cash Manager and/or the LLP (in each case acting reasonably) to give effect to the addition of such New Member to the transactions contemplated under the Programme;
- (c) ensure that any New Loans and their Related Security sold by such New Member to the LLP comply with the eligibility criteria set out in the New Mortgage Sale Agreement;
- (d) procure that either the Servicer services the New Seller Loans and their Related Security sold by the New Member on the terms set out in the Servicing Agreement (with such subsequent amendments as may be agreed by the parties thereto) or the New Member (or its nominee) enter into a servicing agreement with the LLP and the Security Trustee which sets out the servicing obligations of the New Member (or its nominee) in relation to the New Seller Loans and their Related Security and which is on terms substantially similar to the terms set out in the Servicing Agreement (such that any fees payable to the Servicer or the New Member (or its nominee) acting as servicer of such New Seller Loans and their Related Security would be determined on the date of the accession of such New Member to the Programme); and
- (e) procure that the Security Trustee is satisfied that any modification of the Transaction Documents in order to accommodate the accession of the New Seller to the Programme will not be materially prejudicial to the interests of the relevant Secured Creditors and has received a Rating Agency Confirmation in relation thereto.

If the above conditions are met, the consent of Covered Bondholders will not be obtained to the accession of a New Member to the Programme.

33. DUTIES AND COVENANTS OF THE LLP

33.1 The LLP shall comply with all statutory duties imposed on it from time to time and do all such things as may be reasonably necessary to maintain the status of any legal or regulatory approvals granted to it from time to time.

33.2 Subject to the terms of the relevant Priorities of Payments, the LLP shall indemnify the Members (or their agents, directors, officers, employees and other delegates) in respect of payments made and liabilities incurred by them (save for liabilities in respect of Tax or stamp duty):

- (a) in the ordinary and proper conduct of the LLP Business; or
- (b) in or about anything necessarily done for the preservation of the LLP Business,

within the scope of the authority conferred by this Deed, save where such payments and/or personal liabilities are incurred through fraud, wilful default, gross negligence or breach of the terms of this Deed by the Members.

33.3 Save with the prior written consent of the LLP Management Board (and with the consent of the Security Trustee, for so long as the Covered Bonds are outstanding) or as provided in or envisaged by or pursuant to this Deed and/or the other Transaction Documents, the LLP shall not:

- (a) create or permit to subsist any mortgage, standard security, assignation, pledge, lien, charge or other security interest whatsoever (unless arising by operation of law), upon the whole or any part of its assets (including any uncalled capital) or its undertakings, present or future;
- (b) dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so;
- (c) have an interest in any bank account;
- (d) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;
- (e) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (f) have any employees or premises or subsidiaries;
- (g) acquire any assets;
- (h) engage in any activities in the United States (directly or through agents) or derive any income from United States sources as determined under United States income tax principles or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States tax principles;
- (i) enter into any contracts, agreements or other undertakings;
- (j) compromise, compound or release any debt due to it; or
- (k) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets,

and the LLP undertakes that:

- (i) it shall maintain its registered office in England and Wales;
- (ii) it shall hold all meetings of the Management Board of the LLP in England and Wales;
- (iii) it shall, following an insolvency of the Issuer, provide such information as it is required by Regulation 24 of the RCB Regulations to provide to the FSA and notify the FSA if the requirements set out in Regulation 24(1)(a)(ii) or Regulation 24(1)(a)(iii) of the RCB Regulations are not, or are not likely to be, satisfied at any time after such an insolvency in accordance with the provisions of the RCB Regulations;
- (iv) it shall ensure that the Asset Pool will only comprise those assets set out in items (a) to (h) of Regulation 3(1) (Asset Pool) of the RCB Regulations;
- (v) it shall ensure that the Loans and the Related Security, the Substitution Assets and the Authorised Investments contained in the Asset Pool comply with the definition of "eligible property" in Regulation 2 (Eligible Property) of the RCB Regulations;

- (vi) at any time when the LLP proposes to transfer ownership of the Asset Pool, it shall comply with its obligations under Regulation 25 (Change of Owner) of the RCB Regulations and RCB 3.5 of the RCB Sourcebook and, in particular, it shall make arrangements to give the FSA notice of the proposed change of ownership and such information in respect of the proposed new owner as the FSA may direct; and
- (vii) no application has been made nor will be made for the LLP to be treated as a member of a group for the purposes of Section 43 VATA with any person and no steps have been taken nor will any steps be taken (whether by act or omission or otherwise) which could give rise to a direction, pursuant to Schedule 9A VATA, which would require the assumption that the LLP is to be treated as a member of a group for such purposes with any person or which could otherwise result in it being treated as a member of such a group.

34. WINDING UP

- 34.1 The LLP may only be wound up voluntarily under Section 84(1) of the Insolvency Act, in accordance with Clause 29.5 above. The date of that resolution shall be the date on which the LLP is wound up and the LLP shall be wound up in accordance with the Companies Act 1985.
- 34.2 The Members shall file a copy of the determination made by Members for a voluntary winding up with the LLP Registrar within ten Business Days from when it was made in accordance with Section 84(3) Insolvency Act and advertise the same in the London Gazette.
- 34.3 The Members shall (if they are satisfied that the LLP is able to pay its debts together with interest as described in Section 89(1) of the Insolvency Act) make a statutory declaration of solvency as required by the Insolvency Act and file the same with the LLP Registrar in accordance with Section 89 Insolvency Act.
- 34.4 A liquidator may be appointed by the Members or failing such a resolution, appointed by the Auditors.
- 34.5 The date of the winding up of the LLP shall be deemed to be an Annual Accounting Date.
- 34.6 Upon the winding up of the LLP, the liquidator may, subject to Clauses 14, 15, 16, 17, 19 and 20 of this Deed and subject to the other Transaction Documents to which the LLP is a party (including, but not limited to, the Deed of Charge and the Covered Bond Guarantee), realise some or all of the assets of the LLP and the proceeds of sale or assets remaining after the discharge of the LLP's creditors shall be distributed in cash or in specie in repayment of the outstanding credit balance of the Member's Capital Accounts. Any remaining balance will be distributed to the Members pro rata and *pari passu* in the proportions which their respective outstanding Capital Contributions bear to the aggregate outstanding Capital Contributions of the Members immediately prior to the liquidation.
- 34.7 The LLP Business (or any of it) may be transferred to one or more other partnerships, bodies corporate or any analogous entity in consideration for the issue to Members of shares, membership rights or analogous rights in that entity which are broadly equivalent to their interests in the LLP upon such terms as shall be approved by an unanimous decision of the LLP Management Board and, whilst any of the Covered Bonds is outstanding, with the prior written consent of the Security Trustee.
- 34.8 For the purposes of Section 74 of the Insolvency Act each of the Members agrees to contribute £100 to the assets of the LLP on a winding up and shall be a contributory for the purposes of Section 79 of the Insolvency Act accordingly.

34.9 The provisions of this Deed shall remain binding notwithstanding that the LLP has been wound up or become insolvent in so far as the obligations and covenants set out in it remain or require to be performed.

35. SUBORDINATION AND NON-PETITION

35.1 Whilst any amounts are outstanding in respect of the Covered Bonds or the Covered Bond Guarantee, each of the Members agrees that it shall not:

- (a) dissolve or purport to dissolve the LLP; or
- (b) institute any winding-up, administration, insolvency or other similar proceedings against the LLP.

35.2 Each of the Members hereby agrees to be bound by the terms of the Priorities of Payment set out in this Deed and the Deed of Charge. Without prejudice to Clause 35.1, each of the Members further agrees with each other party to this Deed that, notwithstanding any other provision contained herein or in any other Transaction Document:

- (a) it will not demand or receive payment of, or any distribution in respect of or on account of, any amounts payable by the LLP (or the Cash Manager on its behalf) or the Security Trustee, as applicable, to that Member under the Transaction Documents, in cash or in kind, and will not apply any money or assets in discharge of any such amounts payable to it (whether by set off or by any other method), unless all amounts then due and payable by the LLP to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full or appropriate provisions have been made for their payment;
- (b) without prejudice to the foregoing, whether in the liquidation of the LLP or any other party to the Transaction Documents or otherwise, if any payment or distribution (or the proceeds of any enforcement of any security) is received by a Member in respect of any amount payable by the LLP (or the Cash Manager on its behalf) or the Security Trustee, as applicable, to that Member under the relevant Transaction Document at a time when, by virtue of the provisions of the relevant Transaction Document, this Deed and the Deed of Charge, no payment or distribution should have been made, the amount so received shall be held by the Member upon trust for the entity from which such payment was received and shall be paid over to such entity forthwith upon receipt (whereupon the relevant payment or distribution shall be deemed not to have been made or received); and
- (c) it shall not claim, rank, prove or vote as creditor of the LLP or its estate in competition with any prior ranking creditors in the relevant Priorities of Payments, the Security Trustee or the Bond Trustee, as applicable, or claim a right of set-off until all amounts then due and payable to creditors who rank higher in the relevant Priorities of Payments have been paid in full.

35.3 Neither the LLP nor the Security Trustee shall pay or repay, or make any distribution in respect of, any amount owing to a creditor under the relevant Transaction Documents (in cash or in kind) unless and until all amounts then due and payable by the LLP or the Security Trustee to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full or appropriate provisions have been made for their payment.

35.4 The perpetuity period for the trusts in Clause 35.2 shall be 80 years.

36. FURTHER ASSURANCES

The parties to this Deed agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Deed.

37. AMENDMENTS

37.1 No amendment or waiver of any provision of this Deed nor consent to any departure by any of the parties hereto therefrom shall in any event be effective unless the same shall be in writing and signed by each of the parties to this Deed. In the case of a waiver or consent, such waiver or consent shall be effective only in the specific instance and as against the party or parties to this Deed giving it for the specific purpose for which it is given.

37.2 This Deed contains a final and complete integration of all prior expressions by the parties to this Deed with respect to the subject matter of this Deed and constitutes the entire agreement among the parties to this Deed with respect to the subject matter of this Deed, superseding all prior oral or written understandings other than the other Transaction Documents.

38. CALCULATIONS

In the absence of manifest error, any determination or calculation made by or on behalf of the LLP in connection with the provisions of this Deed shall be deemed to be conclusive.

39. NO WAIVER; REMEDIES

No failure on the part of any party to this Deed to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The remedies in this Deed are cumulative and are not exclusive of any remedies provided by law.

40. EXECUTION IN COUNTERPARTS; SEVERABILITY

40.1 This Deed may be executed in any number of counterparts each of which when so executed and delivered (manually or by facsimile) is an original, but all the counterparts together constitute the same document.

40.2 Where any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Deed, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

41. CONFIDENTIALITY

41.1 Unless otherwise required by applicable law, and subject to Clause 41.2 below, each of the parties to this Deed agrees not to disclose to any person any information relating to the business, finances or other matters of a confidential nature of or relating to any other party to this Deed or any of the Transaction Documents which it may have obtained as a result of having entered into this Deed or otherwise.

41.2 The provisions of Clause 41.1 above shall not apply:

- (a) to the disclosure of any information to any person who is a party to any of the Transaction Documents as expressly permitted by the Transaction Documents;

- (b) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the wrongful conduct of the recipient;
- (c) to the extent that the recipient is required to disclose the same pursuant to any law or order of any court or pursuant to any direction or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Taxation authority;
- (d) to the disclosure of any information to professional advisers who receive the same under a duty of confidentiality;
- (e) to the disclosure of any information with the consent of the parties to this Deed;
- (f) to the disclosure to the Rating Agencies or any of them of such information as may be requested by any of them for the purposes of setting or reviewing the rating assigned to the Covered Bonds (or any of them), **provided that** no information which would disclose the identity of a Borrower shall be disclosed to the Rating Agencies or any of them; or
- (g) to any disclosure for the purposes of collecting in or enforcing any claims against the LLP's property or any of it.

42. EXCLUSION OF THIRD PARTY RIGHTS

The parties to this Deed do not intend that any term of this Deed should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed.

43. ADDRESSES FOR NOTICES

Any notices to be given pursuant to this Deed will be sufficiently served if sent by prepaid first class post, by hand or facsimile transmission and will be deemed to be given (in the case of facsimile transmission) when despatched, (if delivered by hand) on the day of delivery if delivered before 5pm on a London Business Day or on the next London Business Day if delivered thereafter or (if by first class post) when it would be received in the ordinary course of the post and shall be sent:

- (a) in the case of Santander, to Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number (44) 20 7756 5627) for the attention of the Company Secretary with a copy to Santander UK plc, 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk;
- (b) in the case of the Liquidation Member, to Abbey Covered Bonds (LM) Limited, c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (facsimile number (44) 20 7397 3601) for the attention of the Company Secretary with a copy to Santander UK plc, 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk;
- (c) in the case of the LLP, to Abbey Covered Bonds LLP, c/o Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number (44) 20 7756 5627) for the attention of the Company Secretary with a copy to Santander UK plc, 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk; and

- (d) in the case of the Bond Trustee or the Security Trustee, to Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester Street, London EC2N 2DB (facsimile number (44) 20 7547 5919) for the attention of the Managing Director,

or to such other address or facsimile number or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this Clause 43.

44. GOVERNING LAW AND SUBMISSION TO JURISDICTION

44.1 This Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

44.2 Each party to this Deed hereby irrevocably submits to the non-exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Deed (including an action or proceeding relating to any non-contractual obligations arising out of or in connection with this Deed), and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Deed hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding.

45. CHANGE OF SECURITY TRUSTEE AND BOND TRUSTEE

45.1 If there is any change in the identity of the Security Trustee in accordance with the Deed of Charge or the Bond Trustee in accordance with the Trust Deed, the Seller and the LLP shall execute such documents and take such action as the successor Security Trustee or the successor Bond Trustee, as the case may be, and the outgoing Security Trustee or the outgoing Bond Trustee, as the case may be, may reasonably require for the purpose of vesting in the successor Security Trustee or the successor Bond Trustee, as the case may be, the rights of the outgoing Security Trustee or the outgoing Bond Trustee, as the case may be, under this Deed.

45.2 It is hereby acknowledged and agreed that by its execution of this Deed neither the Security Trustee nor the Bond Trustee shall assume or have any obligations or liabilities to any Member or the LLP under this Deed notwithstanding any provision herein and that each of the Security Trustee and the Bond Trustee has agreed to become a party to this Deed for the purpose only of taking the benefit of this Deed and agreeing to amendments to this Deed pursuant to Clause 37. For the avoidance of doubt, the parties to this Deed acknowledge that the rights and powers of the Security Trustee are governed by the Deed of Charge and the rights and powers of the Bond Trustee are governed by the Trust Deed. Any liberty or right which may be exercised or determination which may be made under this Deed by the Security Trustee or the Bond Trustee may be exercised or made in the Security Trustee's or the Bond Trustee's absolute discretion without any obligation to give reasons therefor and the Security Trustee or the Bond Trustee, as the case may be, shall not be responsible for any liability occasioned by so acting but subject always to the provisions of clause 11.1 (Liability) of the Deed of Charge and clause 18 of the Trust Deed, as applicable.

46. PROTECTION OF MEMBERS

No Member, nor any director or officer or Holding Company, Subsidiary or other affiliate of a Member shall by reason of its fiduciary position be in any way precluded from:

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with the LLP or any of its Subsidiaries and or affiliates (including without limitation any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making or assignment or assignation or

placing into trust of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Covered Bonds or any other covered bonds, bonds, stocks, shares, debenture stock, debentures or other securities of, any Member or any of their respective Subsidiaries or affiliates);

- (b) being a member of any other limited liability partnership constituting or securing any other securities issued by or guaranteed by, or relating to that limited liability partnership, or accepting any other office or profit under that limited liability partnership or from any of their respective Subsidiaries or affiliates; or
- (c) providing services to any other limited liability partnership or person or entity or carrying on any business (including, without limitation, any business in competition with the LLP) and including, without limitation, the making or assigning or assignment or putting into trust of loans, the provision of financial facilities or financial advice to, or the issue, purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, any other covered bonds, bonds, stocks, shares, debenture stock, debentures or other securities of any type whatsoever.

47. EXCLUSION OF SECTION 459 COMPANIES ACT

For so long as the LLP remains in existence, no Member shall have any right to apply to the court by petition for an order under Part XVII of the Companies Act in relation to the LLP's affairs.

48. SURVIVAL OF CERTAIN CLAUSES

The Clauses 30, 35, 41, 44 and Clause 47 of this Deed shall survive any termination of this Deed.

IN WITNESS of which this Deed has been executed by the parties hereto as a deed which has been delivered on the date first appearing on page one.

SCHEDULE 1

LLP MANAGEMENT BOARD MEMBERS AS AT 26 APRIL 2016

Santander Appointees

Thomas Ranger	Director of Funding & Collateral Management, Santander UK plc
Rachel Morrison	Director of Financial Control and Reporting, Santander UK plc
Bill Shao	Director of Liquidity and Banking Market Risk, Santander UK plc

SCHEDULE 2

DEED OF ADMISSION

THIS DEED is made on [●],

BETWEEN:

- (1) [●] of [●] (the **New Member**);
- (2) **ABBEY COVERED BONDS (LM) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5365645) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as a Member and referred to as the **Liquidation Member**);
- (3) **SANTANDER UK PLC**, a public limited company incorporated under the laws of England and Wales (registered number 2294747) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as Seller, Cash Manager and a Member and referred to as **Santander**);
- (4) **ABBEY COVERED BONDS LLP** a limited liability partnership established under the laws of England and Wales (registered number OC312644) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **LLP**); and
- (5) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales whose principal office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as **Bond Trustee** and **Security Trustee**).

WHEREAS:

- (A) The LLP was incorporated on 8 April 2005 by Santander and the Liquidation Member (the **Members**).
- (B) The New Member wishes to be admitted, and the Members have agreed to admit the New Member, as a member of the LLP pursuant to Clause 32 of the limited liability partnership deed dated 3 June 2005 and made between the parties hereto (as supplemented on 15 August 2005 and as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 24 December 2012, 12 July 2013 and 1 June 2016) (the **LLP Deed**) by the execution of this deed (which is substantially in the form as set out in Schedule 2 to the LLP Deed, as varied and supplemented from time to time).
- (C) Terms used in this deed shall have the meaning attributed to them in the LLP Deed unless the contrary is stated in this deed in which case the terms of this deed shall prevail.

NOW THIS HEREBY agreed that:

1. The New Member is admitted as a Member by the execution of this deed which shall be deemed to have had effect from the date of the LLP Deed as if it had been an original party thereof.
2. The New Member will accordingly be entitled to all the rights of a Member provided for under the LLP Deed.
3. The New Member agrees to be admitted as and perform all the duties, obligations and responsibilities of a Member under the LLP Deed.

4. [The New Member agrees to make a Capital Contribution of [●] on the date of this deed.]
5. This deed is governed by, and shall be construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this deed, whether contractual or non-contractual, is governed by, and shall be determined in accordance with, English law.
6. The provisions of Clause 44.2 of the LLP Deed as so modified shall be incorporated in this deed as if set out in full in this deed and as if references therein to "Deed" were references to this deed.

IN WITNESS whereof, this deed has been executed as a deed and delivered the day and year first before written.

SIGNATORIES

EXECUTED as a **DEED** by)
SANTANDER UK PLC)
in its capacity as Cash Manager)
a Member and Seller)
acting by its attorney)
in the presence of:)

Witness's Signature:

Name:

Address:

Occupation:

EXECUTED as a **DEED** by)
ABBEY COVERED BONDS (LM))
LIMITED)
in its capacity as Liquidation Member)
acting by its attorney)
in the presence of:)

Witness's Signature:

Name:

Address:

Occupation:

EXECUTED as a **DEED** by)
ABBEY COVERED BONDS LLP)
acting by **ABBEY COVERED**)
BONDS (LM) LIMITED as a Member)
in each case **SIGNED** by their attorney)
in the presence of:)

.....
Witness
(for the attorney to
ABBEY COVERED BONDS (LM)
LIMITED):

Name:

Address:

.....
Witness
(for the attorney to
SANTANDER UK PLC
(as applicable)):

Name:

Address:

THE COMMON SEAL of)
DEUTSCHE TRUSTEE COMPANY)
LIMITED in its separate capacities as)
Bond Trustee and Security Trustee was)
affixed to this **DEED** in the presence of:)

.....
Associate Director

.....
Associate Director

EXECUTED as a **DEED** by)
ABBEY COVERED BONDS LLP)
acting by **ABBEY COVERED**)
BONDS (LM) LIMITED)
as a Member and)
SANTANDER UK PLC)
in each case **SIGNED** by their attorney)
in the presence of:)

.....
Witness (for the attorney to
ABBEY COVERED
BONDS (LM) LIMITED):

Name:

Address:

.....
Witness (for the attorney to
SANTANDER UK PLC
(as applicable)):

Name:

Address:

THE COMMON SEAL of)
DEUTSCHE TRUSTEE COMPANY)
LIMITED in its separate capacities as)
Bond Trustee)
and Security Trustee was affixed to)
this **DEED** in the presence of:)

.....
Associate Director

.....
Associate Director

SCHEDULE 3

PERCENTAGE NOTIFICATION

From: Abbey Covered Bonds LLP (the **LLP**)

To: Moody's Investors Services Limited

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

Date:

Dear Sirs,

We refer to the limited liability partnership deed dated 3 June 2005 as supplemented on 15 August 2005 and as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 24 December 2012, 12 July 2013 and 1 June 2016 and made between ourselves, Santander UK plc, Abbey Covered Bonds (LM) Limited and Deutsche Trustee Company Limited (in its capacities as Bond Trustee and Security Trustee) (the **LLP Deed**).

Capitalised terms defined in the LLP Deed shall bear the same meanings when used in this letter.

Pursuant to Clause 11 of the LLP Deed, we are entitled to inform you of the percentage figure selected by us (or by the Cash Manager on our behalf) to be applied on the next following Calculation Date. This percentage figure is the difference between 100% and the amount of credit enhancement required for the Covered Bonds to achieve an "Aaa" rating by Moody's using the Moody's expected loss methodology and taking into account the additional 5% Supplemental Liquidity Reserve Amount, which has been established. For the avoidance of doubt, the Supplemental Liquidity Reserve Amount shall always be, by definition, equal to at least 5% of the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds.

We hereby notify you that the percentage figure selected by us in accordance with Clause 11 of the LLP Deed is [●]% based on a Supplemental Liquidity Reserve Amount of [5]%.

We hereby confirm that this percentage figure shall apply for the purposes of Clause 11 of the LLP Deed until such time as we send further notice to you in accordance with the terms of Clause 11 of the LLP Deed.

Yours faithfully,

.....
ABBEY COVERED BONDS LLP

SCHEDULE 4

DEPOSITOR SET-OFF PERCENTAGE NOTIFICATION

From: [[Abbey Covered Bonds LLP (the **LLP**)]/[Santander UK plc (in its capacity as **Cash Manager**) for and on behalf of Abbey Covered Bonds LLP]]

To: Moody's Investors Services Limited
Fitch Ratings Limited
Standard & Poor's Rating Services
Deutsche Trustee Company Limited (the **Security Trustee**)
[Abbey Covered Bonds LLP]

Date: [●]

Dear Sirs,

We refer to the limited liability partnership deed dated 3 June 2005 as supplemented on 15 August 2005 and as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 24 December 2012, 12 July 2013 and 1 June 2016 and made between ourselves, Santander UK plc, Abbey Covered Bonds (LM) Limited and Deutsche Trustee Company Limited (in its capacities as Bond Trustee and Security Trustee) (the **LLP Deed**), pursuant to Clause 11.9 of the LLP Deed of which we are entitled to inform you of the percentage figure selected by ourselves (or the Cash Manager on our behalf) to be applied on the next following Calculation Date or where the date of this notification is a Calculation Date, the date hereof, being the Depositor Set-off Percentage.

We hereby confirm that the percentage figure selected by ourselves (or the Cash Manager on our behalf) in accordance with Clause 11.9 of the LLP Deed is [●]%.

We additionally confirm that the percentage set out in the immediately preceding paragraph shall apply for the purposes of the Asset Coverage Test from and including the next following Calculation Date or, where the date of this notification is a Calculation Date, the date hereof until such time as we send further notice to you in accordance with the terms of Clause 11.9 of the LLP Deed.

Yours faithfully,

.....
[[**ABBEY COVERED BONDS LLP**]/
[**SANTANDER UK PLC**
(in its capacity as Cash Manager)
for and on behalf of
ABBEY COVERED BONDS LLP]]

SIGNATORIES

EXECUTED as a **DEED** by)
SANTANDER UK PLC)
in its capacity as Cash Manager)
a Member and Seller)
acting by its attorney)
in the presence of:)

Witness's Signature:

Name:

Address:

Occupation:

EXECUTED as a **DEED** by)
ABBEY COVERED BONDS (LM))
LIMITED)
in its capacity as Liquidation Member)
acting by its attorney)
in the presence of:)

Witness's Signature:

Name:

Address:

Occupation:

EXECUTED as a **DEED** by)
ABBEY COVERED BONDS LLP)
acting by **ABBEY COVERED**)
BONDS (LM) LIMITED as a Member)
in each case **SIGNED** by their attorney)
in the presence of:)

.....
Witness
(for the attorney to
ABBEY COVERED BONDS (LM)
LIMITED):

Name:

Address:

.....
Witness
(for the attorney to
SANTANDER UK PLC
(as applicable)):

Name:

Address:

THE COMMON SEAL of)
DEUTSCHE TRUSTEE COMPANY)
LIMITED in its separate capacities as)
Bond Trustee and Security Trustee was)
affixed to this **DEED** in the presence of:)

.....
Associate Director

.....
Associate Director

EXECUTED as a **DEED** by)
ABBEY COVERED BONDS LLP)
acting by **ABBEY COVERED**)
BONDS (LM) LIMITED)
as a Member and)
SANTANDER UK PLC)
in each case **SIGNED** by their attorney)
in the presence of:)

.....
Witness (for the attorney to
ABBEY COVERED
BONDS (LM) LIMITED):

Name:

Address:

.....
Witness (for the attorney to
SANTANDER UK PLC
(as applicable)):

Name:

Address:

THE COMMON SEAL of)
DEUTSCHE TRUSTEE COMPANY)
LIMITED in its separate capacities as)
Bond Trustee)
and Security Trustee was affixed to)
this **DEED** in the presence of:)

.....
Associate Director

.....
Associate Director