

EXECUTION VERSION

COVERED BOND SWAP CONFIRMATION

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

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

Attention: Mortgage Backed Funding (TS1C)

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

Attention: Managing Director (ABS/MBS Group)

8 June 2012

Dear Sirs,

Confirmation – Covered Bond Currency Swap

EUR 35,000,000 3.34 per cent. Series 49 Covered Bonds due 2028

This letter constitutes a **Confirmation** as referred to in the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated as of 14 October 2009 entered into between us, you and the Security Trustee as amended and supplemented from time to time (the **Agreement**). The purpose of this Confirmation is to confirm the terms and conditions of the Swap Transaction entered into between us on the Trade Date specified below.

The definitions and provisions contained in the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the **Definitions**) are incorporated into this Confirmation. In the event of any inconsistency between any of the following, the first listed shall govern (i) this Confirmation; (ii) the Master Definitions and Construction Agreement; and (iii) the Definitions. The following expressions shall, for the purpose of this Confirmation, have the following meanings:

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

The **Covered Bonds** means the EUR 35,000,000 3.34 per cent. Series 49 Covered Bonds due 2028 issued on the Effective Date hereof.

1. This Confirmation supplements, forms part of, and is subject to, the Agreement. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

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

Party A: Abbey National Treasury Services plc

Party B: Abbey Covered Bonds LLP

Trade Date: 25 May 2012

Effective Date: 8 June 2012

Termination Date: 8 June 2028 (the **Final Maturity Date**), subject to adjustment in accordance with the Business Day Convention.

Covered Bond Swap Rate: GBP 0.802 per EUR 1.00

Business Days: London, TARGET 2

Business Day Convention: Modified Following (save where expressly specified otherwise)

Calculation Agent: Party A. Any failure by Party A (as determined by the Security Trustee, acting reasonably and in good faith) to perform its role as Calculation Agent shall entitle Party B, by notice to the parties hereto, to nominate itself or a third party reasonably selected by it as Calculation Agent and, upon such nomination, Party B or such third party shall become the Calculation Agent.

Party A Fixed Amounts:

Party A Currency Amount: EUR 35,000,000

Party A Payment Dates: 8 June in each year from, and including, 8 June 2013 to, and including, the Final Maturity Date, subject to adjustment in accordance with the Following Business Day Convention.

Party A Period End Dates: 8 June in each year from, and including, 8 June 2013 to, and including, the Final Maturity Date, with No Adjustment.

Party A Calculation Periods: Each period from, and including, one Party A Period End Date to, but excluding, the next Party A Period End Date, except that the initial Party A Calculation Period will commence on, and include, the Effective Date and end on but exclude 8 June 2013.

Fixed Rate: 3.34 per cent. per annum.

Fixed Rate Day Count Fraction: In respect of the calculation of a Party A Fixed Amount, a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**") calculated in

accordance with Rule 251 of the ICMA Rule Book, as applied to non US Dollar denominated straight and convertible bonds issued after December 31, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Party A Calculation Period in respect of which payment is being made.

Party B Floating Amounts:

Party B Currency Amount: In respect of each Party B Calculation Period, the Sterling equivalent of the Party A Currency Amount on the first day of such Party B Calculation Period converted by reference to the Covered Bond Swap Rate.

Party B Payment Dates: 8 March, 8 June, 8 September and 8 December in each year, from and including 8 September 2012 to, and including, the Final Maturity Date, subject to adjustment in accordance with the Business Day Convention.

Party B Calculation Periods: Each period from, and including, each Party B Payment Date to, but excluding, the next Party B Payment Date during the Term of the Swap Transaction, except that (a) the initial Party B Calculation Period will commence on, and include, the Effective Date and end on, but exclude, the first Party B Payment Date and (b) the final Party B Calculation Period shall end on, but exclude, the Termination Date.

Party B Floating Rate Option: GBP-LIBOR-BBA

Designated Maturity: 3 months.

Spread: 1.55 per cent.

Party B Floating Rate Day Count Fraction: Actual/365 (Fixed)

Reset Dates: The first day of each Party B Calculation Period.

Initial Exchange:

Initial Exchange Date: Effective Date

Party A Initial Exchange Amount: GBP 28,070,000

Party B Initial Exchange Amount: EUR 35,000,000

Final Exchanges:

Final Exchange Date: The Termination Date.

Party A Final Exchange Amounts: The Euro equivalent of the relevant Party B Final Exchange Amount converted by reference to the Covered Bond Swap Rate.

Party B Final

Exchange Amounts: The relevant Redemption Notice Amount (as defined below).

3. Additional Payment

Notwithstanding Section 2(a)(iii)(2) (but without prejudice to Section 2(a)(iii)(1)) and Section 6(c) of the Agreement, in the event that an Early Termination Date occurs in respect of the Transaction evidenced by this Confirmation as a result of an Additional Termination Event pursuant to Part 1(h)(i) or Part 1(h)(iii) of the Schedule to the Agreement, then on that Early Termination Date:

(i) Party A will pay to Party B an amount in Euro equal to the Principal Amount Outstanding of the Covered Bonds to be redeemed in whole or in part pursuant to Conditions 6.2 (Redemption for taxation reasons) or 6.6 (Redemption due to illegality or invalidity) or to be purchased and surrendered in whole or in part pursuant to Condition 6.10 (Purchases) of the Terms and Conditions (the **Party A Early Redemption Amount**); and

(ii) Party B will pay to Party A an amount in Sterling equal to the Party A Early Redemption Amount, converted by reference to the Covered Bond Swap Rate.

To the extent that, in respect of any payments described in (i) and (ii) above, Party B makes only a partial payment (or fails to make a full payment) of the amount due to Party A under (ii) above, then Party A shall reduce its corresponding payment to Party B under (i) above by the same percentage reduction, and shall have no other obligation to Party B in respect of such payment. For the avoidance of doubt, an amount calculated pursuant to Section 6(e) of the Agreement will also be due between the parties as a result of such Early Termination Date but such amount shall be calculated after taking into account the payments described in (i) and (ii) above. In the event that Party B intends to make only a partial payment (or to fail to make a full payment) of any amount due to Party A, Party B shall provide Party A with at least two London Business Days' notice of such intention.

4. Additional Provisions

Party B, or the Cash Manager acting on Party B's behalf, shall notify Party A of the amount of principal payments to be made on the Covered Bonds on the Final Exchange Date (for purposes of calculating payment of the Final Exchange Amounts). Such notification may be made in respect of the Final Exchange Date by receipt by Party A of written confirmation from Party B, or the Cash Manager acting on Party B's behalf, of an irrevocable payment instruction to a bank from Party B to make a payment to Party A in an amount equal to an amount in Sterling corresponding to the Covered Bonds to be redeemed on such Final Exchange Date converted by Party B by reference to the Covered Bond Swap Rate on or prior to 5:00 p.m., London time, two London Business Days prior to such Final Exchange Date (a **Redemption Notice**, and the Sterling Amount specified in the written confirmation delivered to Party A, the **Redemption Notice Amount**).

Party B agrees as soon as reasonably practicable after a Redemption Notice has been given to advise Party A by telephone (or email if provided in the notice details below) of the fact of such Redemption Notice; provided, however, that the failure by Party B, or the Cash Manager acting on Party B's behalf, to do so shall not affect the validity of any Redemption Notice under the Transaction evidenced by this Confirmation.

5. Account Details

Payments to Party A in Sterling: To be advised.

Payments to Party A in Euro: To be advised.

Payments to Party B in Sterling: To be advised.

Payments to Party B in Euro: To be advised.

6. Notice Details

Party A:

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

Attention: Mortgage Backed Funding (TS1C)

Facsimile Number: +44 207 7756 5862

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

Attention: Securitisation Team, Retail Credit Risk

Party B:

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

Attention: Mortgage Backed Funding (TS1C)

Facsimile Number: +44 20 7756 5862

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

Attention: Securitisation Team, Retail Credit Risk

Facsimile No.: +44 1908 343 019

With a copy to the Security Trustee:

Address: Winchester House
1 Great Winchester Street
London

EC2N 2DB

Attention: Managing Director (ABS/MBS Group)

Facsimile Number: +44 20 7547 5919

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing a copy of this Confirmation and returning it to us by facsimile transmission on the fax number listed below:

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

Attention: Mortgage Backed Funding (TS1C)

Facsimile No.: +44 207 7756 5862

Yours faithfully,

Abbey National Treasury Services plc

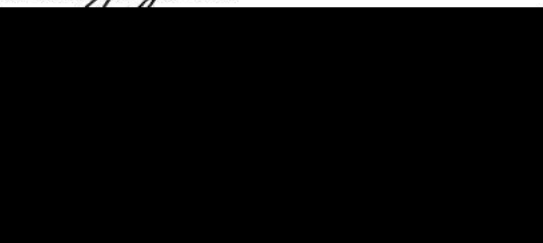
By: _____
Name: _____
Title: _____



Confirmed and accepted as of the date first written:

Abbey Covered Bonds LLP

By: _____
Name: _____
Title: _____



Deutsche Trustee Company Limited

By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____