

# ISDA<sup>®</sup>

International Swaps and Derivatives Association, Inc.

## NOVATION AGREEMENT

dated as of 30 March 2016 among:

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

AND

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

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

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

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

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

Accordingly, the parties agree as follows: ---

### 1. Definitions.

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

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

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

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

## 3. Amendment Agreement

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

## 4. Representations and Warranties.

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

## **5. Counterparts.**

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

## **6. The Security Trustee**

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

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

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

## **8. Amendments.**

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

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

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

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(b) **Jurisdiction.**

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

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

[Redacted Signature]

Abbey Covered Bonds ELP

Deutsche Trustee Company Limited

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

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

[Redacted Signature]

Abbey National Treasury Services plc

[Redacted Signature]

Santander UK plc

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

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


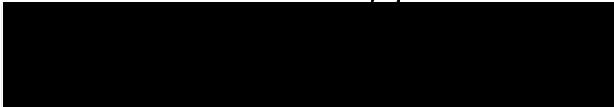
(b) **Jurisdiction.**

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

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

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

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

.....  
**Deutsche Trustee Company Limited** / *A*  
By:   
Name:  
Title:  
Date: 

30 March 2016

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

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

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

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

**ANNEX A**

**Identification of Old Transactions to be discharged**

**Part I**

**Old Non-Contingent Transactions**

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

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

**Amendments**

**Part I**

**The Old Agreement**

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

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

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

Attention: Medium Term Funding

Telephone: +44 207 756 7100

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

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

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

In respect of Party A: none.

In respect of Party B: none."

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

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

In respect of Party A: none.

In respect of Party B: none.

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

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

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

(iii) inserting the following definitions:

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

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

**Novation Date** means 30 March 2016

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

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

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

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

- (i) From the Novation Date until the Swap Reversion Date, no payments or deliveries will be required to be made under Section 2(a) of this Agreement in respect of the Original Interest Rate Swap Transactions or under the terms of the Original Interest Rate Swap Transactions and the parties shall instead comply with their obligations under the Cover Pool Swap.
  - (ii) Notwithstanding any of the terms of the Credit Support Annex:
    - (A) from the Novation Date until and excluding the Swap Reversion Date only the Cover Pool Swap will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex;
    - (B) on the Swap Reversion Date, each of the Cover Pool Swap and the Original Interest Rate Swap Transactions and Future Interest Rate Swap Transactions will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex; and
    - (C) from and excluding the Swap Reversion Date, each of the Original Interest Rate Swap Transactions and Future Interest Rate Swap Transactions will be a Transaction for the purposes of the Credit Support Annex including calculating the Exposure or any Credit Support Amount under the Credit Support Annex.
  - (iii) Upon the occurrence of a Swap Reversion Date:
    - (A) the Cover Pool Swap will terminate in accordance with its terms;
    - (B) payments and deliveries to be made under each of the Original Interest Rate Swap Transactions shall commence on the basis that:
      - (x) the first Interest Period under each of the Original Interest Rate Swap Transactions following the occurrence of a Swap Reversion Date shall commence on the Swap Reversion Date and end on (but exclude) the first Payment Date following the Swap Reversion Date;
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- (y) the first Portfolio Calculation Period under each of the Original Interest Rate Swap Transactions following the occurrence of a Swap Reversion Date shall commence on (and include) the Swap Reversion Date and end on (but exclude) the next following Calculation Date; and
  - (z) no payment or delivery shall be due from either Party A or Party B under the Original Interest Rate Transactions in respect of the period from the Novation Date to but excluding the Swap Reversion Date; and
- (C) the Effective Date will occur under each of the Future Interest Rate Swap Transactions on the Swap Reversion Date.
- (iv) Where the Termination Date of the relevant Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction has occurred prior to the Swap Reversion Date, such Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction shall be extinguished and no amounts shall be payable following such Termination Date or in respect of the period from (and including) the Novation Date to (and including) such Termination Date in respect of such Original Interest Rate Swap Transaction or Future Interest Rate Swap Transaction."
- (f) Paragraph 11(g) of the Old CSA shall be amended by deleting the paragraphs beginning with "Details to be obtained from" up to (but excluding) Party B", and replacing them with the following:

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

Attention: Medium Term Funding

Telephone: +44 207 756 7100

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

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**Part II**

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

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

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

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

Attention: Medium Term Funding

Telephone: +44 207 756 7100

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

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

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

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

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

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

Attention: Medium Term Funding

Telephone: +44 207 756 7100

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

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