

CONFORMED VERSION

2018-1 Series 1 Class A1

From: Santander UK PLC
2 Triton Square
Regent's Place
London NW1 3AN

To: Holmes Master Issuer PLC
2 Triton Square
Regent's Place
London NW1 3AN

Attention: Company Secretary

To: The Bank of New York Mellon, acting through its London Branch
40th Floor, One Canada Square
London E14 5AL

Attention: Trustee Administration Manager

16 March 2018

Dear Sirs,

Confirmation – Issue Number 2018-1, Series 1 Class A1, U.S. Dollars to Sterling Currency Swap

The purpose of this letter is to confirm the terms and conditions of the swap transaction entered into between us on the Trade Date specified below (the ***Swap Transaction***). This letter constitutes a ***Confirmation*** as referred to in the 1992 ISDA Master Agreement (Multicurrency-Cross Border) (2018-1 Class A1) and the Schedule thereto entered into between Santander UK PLC, Holmes Master Issuer PLC and The Bank of New York Mellon, acting through its London Branch (the ***Master Issuer Security Trustee***) and dated as of 16 March 2018 as amended and supplemented from time to time (the ***Agreement***).

The definitions and provisions contained in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the ***Definitions***) are incorporated into this Confirmation. In the event of any inconsistency between any of the following, the first listed shall govern: (a) this Confirmation, (b) the Master Definitions Schedule, and (c) the Definitions.

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

1. The following terms relate to all Transactions to which this Confirmation relates:

Party A:	Santander UK PLC
Party B:	Holmes Master Issuer PLC
Trade Date:	9 March 2018
Effective Date:	16 March 2018

Termination Date:	The earlier of the Party B Payment Date falling in January 2019 and the date on which all of the Relevant Notes are redeemed in full
USD Currency Exchange Rate:	USD GBP
Business Days:	London Business Day, New York Business Day and TARGET Business Day (as defined in the Issuer Schedule)
Business Day Convention:	Modified Following
Calculation Agent:	Party A
Relevant Notes:	Issue Number 2018-1, Series 1 Class A1 Master Issuer Notes
Party A Floating Amounts:	
Party A Currency Amount:	In respect of each Party A Calculation Period, an amount in USD equal to the principal amount outstanding of the Relevant Notes on the first day of such Party A Calculation Period (after taking into account any redemption on such day).
Party A Payment Dates:	The 15th day of each calendar month from and including 15 April 2018 up to and including the Termination Date provided that, following the date of the earlier to occur of (i) a Trigger Event, (ii) enforcement of the security under and in accordance with the Master Issuer Deed of Charge or (iii) enforcement of the security under and in accordance with the Funding Deed of Charge (the date of such event being the Quarterly Commencement Date), the Party A Payment Dates will occur on 15th January, 15th April, 15th July and 15th October of each year up to and including the Termination Date.
Party A Calculation Periods:	Each period from and including one Party A Payment Date to, but excluding, the next Party A Payment Date, except that the first Party A Calculation Period will commence on, and include, the Effective Date and the last Party A Calculation Period shall end on, but exclude, the Termination Date.
Party A Floating Rate Option:	USD-LIBOR-BBA.

Designated Maturity:	One month, except for (i) the initial Party A Calculation Period, which shall be the Linear Interpolation of one week and one month and (ii) any Party A Calculation Period commencing on or after the Quarterly Commencement Date, which will be three months.
	Notwithstanding the above, where the Quarterly Commencement Date does not occur on a Party A Payment Date, the Floating Amount payable by Party A on the Payment Date next following the Quarterly Commencement Date will be calculated as if the Designated Maturity was one month in respect of the number of days in the relevant Calculation Period prior to but excluding the Quarterly Commencement Date and as if the Designated Maturity was three months (with a Reset Date on the Quarterly Commencement Date) in respect of the number of days in such Calculation Period from and including the Quarterly Commencement Date.
Spread:	per cent. per annum
Rounding:	Rounded to the nearest cent.
Reset Date:	First day of the relevant Party A Calculation Period.
Party A Floating Rate Day Count Fraction:	Actual/360.
Zero Interest Rate Method:	Applicable.
Party B Floating Amounts:	
Party B Currency Amount:	In respect of each Party B Calculation Period, an amount in Sterling equivalent to the principal amount outstanding of the Relevant Notes on the first day of such Calculation Period (after taking into account any redemption on such day), converted by reference to the USD Currency Exchange Rate.
Party B Payment Dates:	15th January, 15th April, 15th July and 15th October of each year commencing on 15 April 2018 up to and including the Termination Date.
Party B Calculation Periods:	Each period from and including one Party B Payment Date to, but excluding, the next Party B Payment Date, except that the first Party B Calculation Period will commence on, and include, the Effective Date and the last Party B

	Calculation Period shall end on, but exclude, the Termination Date.
Party B Floating Rate Option:	GBP-LIBOR-BBA.
Designated Maturity:	Three months, except for the initial Party B Calculation Period which shall be the Linear Interpolation of one week and one month.
Spread:	per cent. per annum.
Floating Rate Day Count Fraction:	Actual/365 (Fixed).
Rounding:	Rounded to the nearest penny.
Reset Date:	First day of the relevant Party B Calculation Period.
Initial Exchange:	
Initial Exchange Date:	16 March 2018
Party A Initial Exchange Amount:	
Party B Initial Exchange Amount:	
Interim Exchange:	
Interim Exchange Dates:	Each Party A Payment Date and Party B Payment Date (other than the Termination Date) on which any of the Relevant Notes are redeemed in whole or in part.
Party A Interim Exchange Amount:	In respect of each Interim Exchange Date, an amount in USD equal to the amount of the Relevant Notes redeemed on such Interim Exchange Date.
Party B Interim Exchange Amount:	In respect of each Interim Exchange Date, the Sterling equivalent of the Party A Interim Exchange Amount for such Interim Exchange Date converted by reference to the USD Currency Exchange Rate.
Final Exchange:	
Final Exchange Date:	Termination Date.

Party A Final
Exchange Amount: An amount in USD equal to the principal amount outstanding of the Relevant Notes on the Final Exchange Date (before taking into account any redemption on such day).

Party B Final
Exchange Amount: The Sterling equivalent of the Party A Final Exchange Amount for the Final Exchange Date converted by reference to the USD Currency Exchange Rate.

2. Deferral of Floating Amounts, Interim Exchange Amounts and Final Exchange Amounts:

If any payment of interest under the Relevant Notes is deferred in accordance with the terms and conditions of the Relevant Notes or if Party B otherwise makes only a partial payment of any Party B Floating Amount, Party B Interim Exchange Amount or Party B Final Exchange Amount, then a corresponding part of the Party B Floating Amount, Party B Interim Exchange Amount or Party B Final Exchange Amount (as the case may be) which would otherwise be due in respect of the relevant Party B Payment Date shall be deferred, and, if such Party B Payment Date is also a Party A Payment Date, then a corresponding part of the Party A Floating Amount, Party A Interim Exchange Amount or Party A Final Exchange Amount (as the case may be) which would otherwise be due in respect of the relevant Party A Payment Date (or, in the case of a partial payment, a part of the Party A Floating Amount equal to the aggregate of the pro rata parts of the Party A Floating Amounts due in respect of the relevant Party A Payment Date and the previous Party A Payment Dates which have occurred after the previous Party B Payment Date (if any)) shall be deferred.

On any subsequent occasion if any payment of interest under the Relevant Notes is deferred (including any payment of a previous shortfall of interest under the Relevant Notes or any payment of interest on such shortfall) in accordance with the terms and conditions of the Relevant Notes or if Party B otherwise makes only a partial payment of any Party B Floating Amount, Party B Interim Exchange Amount or Party B Final Exchange Amount, then a corresponding part of the Party B Floating Amount, Party B Interim Exchange Amount or Party B Final Exchange Amount (as the case may be) shall be deferred, and, if the relevant Party B Payment Date is also a Party A Payment Date, a corresponding part of the Party A Floating Amount, Party A Interim Exchange Amount or Party A Final Exchange Amount (as the case may be) (or, in the case of a partial payment, a part of the Party A Floating Amount equal to the aggregate of the pro rata parts of the Party A Floating Amounts due in respect of the relevant Party A Payment Date and the previous Party A Payment Dates which have occurred after the previous Party B Payment Date (if any)) shall be deferred.

Any such amount so deferred on the Party A Floating Amount shall be payable on the next Party A Payment Date (together with an additional floating amount accrued thereon at the applicable Party A Floating Rate) and the Party A Floating Amount due on such date shall be deemed to include such amounts.

Any such amount so deferred on the Party B Floating Amount shall be payable on the next Party B Payment Date (together with an additional floating amount accrued thereon at the applicable Party B Floating Rate) and the Party B Floating Amount due on such date shall be deemed to include such amounts.

Any such amount so deferred on the Party B Interim Exchange Amount shall be payable on the next Party B Payment Date on which any Relevant Notes are to be redeemed, and the related deferred portion of the Party A Interim Exchange Amount shall also be payable on such date.

Any such amount so deferred on the Party B Final Exchange Amount and Party A Final Exchange Amount shall not be payable and the parties shall have no further obligations to each other in respect of such amounts.

3. Additional Termination Event:

In relation to Section 5(b)(v) of the Agreement and the relevant Additional Termination Event set out in Part 1(8)(b) of the Schedule to the Agreement, in the case of a redemption in full of the Relevant Notes pursuant to Condition 6.4 or Condition 6.5 of the Terms and Conditions the following provisions shall apply:

- (i) the Early Termination Date shall be deemed to occur on the day which is 2 Local Business Days prior to the redemption date;
- (ii) notwithstanding Section 6(c)(ii) of the Agreement:
 - (a) Party B shall pay the Party B Final Exchange Amount to Party A and Party A shall pay the Party A Final Exchange Amount to Party B, in each case, on the Termination Date;
 - (b) Party A shall, on the Termination Date, pay the Party A Floating Amount calculated in respect of the final Party A Calculation Period to Party B; and
 - (c) Party B shall, on the Termination Date, pay the Party B Floating Amount calculated in respect of the final Party B Calculation Period to Party A; and
- (iii) for the purposes of Section 6(e), the Market Quotation in respect of this Terminated Transaction shall be deemed to be the Market Quotation determined in respect of a hypothetical Terminated Transaction having the same terms as this Terminated Transaction but using the anticipated rate of reduction in the Party A Currency Amount and Party B Currency Amount as if paragraph (ii)(a) above did not apply and as if the Termination Date were the Party A Payment Date falling in January 2019 *less* the Market Quotation determined in respect of a hypothetical Terminated Transaction having the same terms as this Terminated Transaction taking paragraph (ii)(a) above and the actual Termination Date as determined above into account.

4. Account Details:

Payments to Party A
in USD:

Payments to Party A
in Sterling:

Payments to Party B
in USD:

Payments to Party B
in Sterling:

5. Notice Details:

Party A:	Santander UK PLC
Address:	2 Triton Square Regent's Place London NW1 3AN
Attention:	Medium Term Funding
Email:	mtf@santander.co.uk
Telephone number:	+44 (0) 20 7756 7100
Party B:	Holmes Master Issuer PLC
Address:	2 Triton Square

Regent's Place
London NW1 3AN

Attention: Medium Term Funding

Email: mtf@santander.co.uk

Telephone number: +44 (0) 20 7756 7100

With a copy to the
Master Issuer Security
Trustee:

The Bank of New York Mellon, acting through its London Branch

Address: 40th Floor, One Canada Square
London E14 5AL

Facsimile Number: +44 (0) 20 7964 2509

Attention: Trustee Administration Manager

6. Notifications

For the purposes of making any determination or calculation hereunder, the Calculation Agent may rely on any information, report, notice or certificate delivered to it by the Master Issuer Cash Manager or Party B and the Calculation Agent will not be liable for any error, incompleteness or omission regarding such information.

Party B or the Master Issuer Cash Manager acting on its behalf will notify Party A of the amount of principal payments to be made on and the principal amount outstanding of the Relevant Notes on each Interest Payment Date no later than two Local Business Days prior to such Interest Payment Date. Party B, or the Master Issuer Security Trustee acting on its behalf, will notify Party A as soon as it is reasonably practical of any early redemption or purchase of the Relevant Notes in accordance with the Conditions of the Relevant Notes.

Yours faithfully,

SANTANDER UK PLC

By: Matthew Leung

Authorised Attorney

Confirmed as of the date first written:

HOLMES MASTER ISSUER PLC

By: Josh Fitzmaurice

Authorised Signatory

THE BANK OF NEW YORK MELLON

By: James Swain

Authorised Signatory