

**SUPPLEMENT DATED 10 SEPTEMBER 2018
TO THE PROSPECTUS RELATING TO THE
€35 BILLION GLOBAL COVERED BOND PROGRAMME OF:**



SANTANDER UK PLC

(INCORPORATED IN ENGLAND WITH LIMITED LIABILITY, REGISTERED NUMBER 2294747)

This supplement (the "**Supplement**", which definition shall also include all information incorporated by reference herein) to the prospectus (the "**Prospectus**", which comprises a base prospectus for the purpose of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") dated 24 April 2018, as supplemented on 25 June 2018, 25 July 2018 and 24 August 2018, relating to the €35 billion Global Covered Bond Programme (the "**Programme**"), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 ("**FSMA**").

Unless otherwise defined herein, capitalised terms used in this Supplement have the meanings given to them in the Prospectus.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus prepared by Santander UK plc as issuer (the "**Issuer**") under the Programme.

This Supplement has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of instruments under the Programme.

The Issuer and Abbey Covered Bonds LLP (each an "**Obligor**") accept responsibility for the information contained in this Supplement. To the best of the knowledge of each Obligor (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

PURPOSE

This Supplement has been prepared for the purposes of:

- (a) inserting a new risk factor;
- (b) amending the Form of Final Terms Document; and
- (c) amending Condition 4.2 (*Interest on Floating Rate Covered Bonds*),

in each case, as set out in further detail below.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus prior to the date of this Supplement, the statement in (a) above will prevail.

If any document which is incorporated by reference itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this

Supplement or the Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

Any information in the documents incorporated by reference which is not incorporated in and does not form part of this Supplement is not relevant for investors or is contained elsewhere in the Prospectus to which this Supplement relates.

Save as disclosed in this Supplement and the Prospectus, no significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

In circumstances where Sections 87Q(4) – (6) of the FSMA apply, investors who have agreed to purchase or subscribe for securities before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances by sending a written notice of withdrawal (which must include the full name and address of the person or entity wishing to exercise such statutory withdrawal right and identify the transferable securities to which that statutory withdrawal right relates) by electronic mail to treasurylegal@santander.co.uk.

(a) RISK FACTORS

The Risk Factors section on page 21 of the Prospectus is supplemented as set out below:

“The market continues to develop in relation to SONIA as a reference rate for Floating Rate Covered Bonds

Investors should be aware that the market continues to develop in relation to the Sterling Overnight Index Average (“**SONIA**”) as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market’s forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Covered Bonds that reference a SONIA rate issued under this Prospectus. Interest on Covered Bonds which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Covered Bonds which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Covered Bonds. Further, if the Floating Rate Covered Bonds become due and payable under Condition 9 (*Event of Default, Acceleration and Enforcement*), the Rate of Interest payable shall be determined on the date the Covered Bonds became due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Covered Bonds.”

(b) FORM OF FINAL TERMS DOCUMENT

In the Form of Final Terms Document, item 11 (*Interest Basis*) on page 113 of the Prospectus shall be deleted and replaced with the following:

- | | | |
|-----|-----------------|--|
| 11. | Interest Basis: | [[●] per cent. Fixed Rate]
[[SONIA/ LIBOR/ EURIBOR/ NIBOR/
U.S. Dollar LIBOR] +/- [●] per cent.
Floating Rate]
[except with respect to the first Interest
Period from and including the Issue Date to |
|-----|-----------------|--|

but excluding the first Interest Payment Date, which shall be determined on the basis of a linear interpolation between [●] [LIBOR/ EURIBOR/ NIBOR/ U.S. Dollar LIBOR] and [●] [LIBOR/ EURIBOR/ NIBOR/ U.S. Dollar LIBOR] +/- [●] per cent. [Floating Rate][Fixed Rate] [Zero Coupon]

In the form of Final Terms Document, the item “Reference Rate” under item 18(h) (*Floating Rate Covered Bond Provisions*) on page 114 of the Prospectus shall be deleted and replaced with the following:

Reference Rate: [SONIA]
[[●] month [LIBOR] [EURIBOR] [NIBOR]
[U.S. Dollar LIBOR]]

In the form of Final Terms Document, a new item “Observation Look-back Period” is added under item 18(h) (*Floating Rate Covered Bond Provisions*) on page 114 of the Prospectus as follows:

Observation Look-back Period [specify number]
(being no less than 5 London
Business Days):

(c) CONDITION 4.2 (INTEREST ON FLOATING RATE COVERED BONDS)

The following subsection shall be inserted at the end of Condition 4.2(b)(ii) (Screen Rate Determination for Floating Rate Covered Bonds):

“SONIA

Where Screen Rate Determination is specified in the applicable Final Terms Document as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms Document as being SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms Document) the Margin.

Compounded Daily SONIA means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms Document) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

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

where:

d is the number of calendar days in the relevant Interest Period;

d_o is the number of London Banking Days in the relevant Interest Period;

i is a series of whole numbers from one to d_0 , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

London Banking Day or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n_i , for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following London Banking Day;

Observation Period means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

p means for any Interest Period, the number of London Banking Days included in the Observation Look-back Period, as specified in the applicable Final Terms Document;

the **SONIA reference rate**, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

SONIA_{i-pLBD} means, in respect of any London Banking Day falling in the relevant Observation Period, the SONIA reference rate for the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i".

If, in respect of any London Banking Day in the relevant Observation Period, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms Document) determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA reference rate is to be determined; or (ii) any rate that is to replace the SONIA reference rate, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms Document) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA_i for the purpose of the relevant Series of Covered Bonds for so long as the SONIA reference rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms Document), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a

different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first Interest Period had the Covered Bonds been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Covered Bonds become due and payable in accordance with Condition 9 (*Event of Default, Acceleration and Enforcement*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms Document, be deemed to be the date on which such Covered Bonds became due and payable and the Rate of Interest on such Covered Bonds shall, for so long as any such Covered Bond remains outstanding, be that determined on such date.”

GENERAL

This Supplement will be published on the website of the London Stock Exchange at the following link: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.