

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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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)