

EXECUTION VERSION

COVERED BOND SWAP CONFIRMATION

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

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

Attention: Mortgage Backed Funding (TS1C)

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

Attention: Securitisation Team, Retail Credit

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

Attention: Managing Director (ABS/MBS Group)

24 May 2011

Dear Sirs,

Confirmation – Covered Bond Currency Swap

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

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

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

The **Covered Bonds** means the €100,000,000, Series 25, 4.63625% N Covered Bonds due 2021 issued on the Effective Date hereof.

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

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

Party A:	Abbey National Treasury Services plc
Party B:	Abbey Covered Bonds LLP
Trade Date:	13 May 2011
Effective Date:	24 May 2011
Termination Date:	24 May 2021 (the Final Maturity Date), subject to adjustment in accordance with the Modified Following Business Day Convention.
Covered Bond Swap Rate:	GBP 0.8768 per EUR 1.00
Business Days:	London, TARGET
Business Day Convention:	Following, (save where expressly specified otherwise)
Calculation Agent:	Party A. Any failure by Party A (as determined by the Security Trustee, acting reasonably and in good faith) to perform its role as Calculation Agent shall entitle Party B, by notice to the parties hereto, to nominate itself or a third party reasonably selected by it as Calculation Agent and, upon such nomination, Party B or such third party shall become the Calculation Agent.

Party A Fixed Amounts:

Party A Currency Amount:	EUR 100,000,000
Party A Payment Dates:	24 May in each year from, and including, 24 May 2012 to, and including, the Final Maturity Date, subject to adjustment in accordance with the Business Day Convention.
Party A Period End Dates:	24 May in each year from, and including, 24 May 2012 to, and including, the Final Maturity Date, with No Adjustment.
Party A Calculation Periods:	Each period from, and including, one Party A Period End Date to, but excluding, the next Party A Period End Date, except that the initial Party A Calculation Period will commence on, and include, the Effective Date and end on but exclude 24 May 2012.
Fixed Rate:	4.63625 per cent. per annum.
Fixed Rate Day Count Fraction:	In respect of the calculation of a Party A Fixed Amount, a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the " ICMA Rule Book ") calculated in accordance with Rule 251 of the ICMA Rule Book, as applied to non US Dollar denominated straight and convertible bonds issued after December 31, 1998, as though the interest coupon on a bond were being calculated for a coupon period

corresponding to the Party A Calculation Period in respect of which payment is being made.

Party B Floating Amounts:

Party B Currency Amount:	In respect of each Party B Calculation Period, the Sterling equivalent of the Party A Currency Amount on the first day of such Party B Calculation Period converted by reference to the Covered Bond Swap Rate.
Party B Payment Dates:	24 May, 24 August, 24 November and 24 February in each year, from and including 24 August 2011 to, and including, the Final Maturity Date, subject to adjustment in accordance with the Business Day Convention.
Party B Calculation Periods:	Each period from, and including, each Party B Payment Date to, but excluding, the next Party B Payment Date during the Term of the Swap Transaction, except that (a) the initial Party B Calculation Period will commence on, and include, the Effective Date and end on, but exclude, 24 May 2012 and (b) the final Party B Calculation Period shall end on, but exclude, the Termination Date.
Party B Floating Rate Option:	GBP-LIBOR-BBA
Designated Maturity:	3 months
Spread:	1.435 per cent.
Party B Floating Rate Day Count Fraction:	Actual/365 (Fixed)
Reset Dates:	The first day of each Party B Calculation Period.

Initial Exchange:

Initial Exchange Date:	Effective Date
Party A Initial Exchange Amount:	GBP 87,680,000
Party B Initial Exchange Amount:	EUR 100,000,000

Party A will pay Party B a premium of EUR 150,000 on the Effective Date.

Final Exchanges:

Final Exchange Date:	Final Maturity Date
Party A Final Exchange Amounts:	The Euro equivalent of the relevant Party B Final Exchange Amount converted by reference to the Covered Bond Swap Rate.
Party B Final Exchange Amounts:	The relevant Redemption Notice Amount (as defined below).

3. Additional Payment

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

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

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

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

4. **Additional Provisions**

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

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

5. **Account Details**

Payments to Party A in Sterling:	To be advised.
Payments to Party A in Euro:	To be advised.
Payments to Party B in Sterling:	To be advised.
Payments to Party B in Euro:	To be advised.

6. **Notice Details**

Party A:

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

Facsimile Number: +44 207 7756 5862

Attention: Mortgage Backed Funding (TS1C)

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

Attention: Securitisation Team, Retail Credit Risk

Party B:

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

Attention: Mortgage Backed Funding (TS1C)

Facsimile Number: +44 20 7756 5862

With a copy to:

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

Attention: Securitisation Team, Retail Credit Risk

Facsimile No.: +44 1908 343 019

With a copy to the Security Trustee:

Address: Winchester House
1 Great Winchester Street
London
EC2N 2DB

Attention: Managing Director (ABS/MBS Group)

Facsimile Number: +44 20 7547 5919

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

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

Facsimile No.: +44 207 7756 5862

Attention: Mortgage Backed Funding (TS1C)

Yours faithfully,

Abbey National Treasury Services plc

By: 

Name: JARED ZANZWINSKI

Title: AUTHORISED ATTORNEY

Confirmed and accepted as of the date first written:

Abbey Covered Bonds LLP

By: 

Name: R. Barker

Title: AUTHORISED ATTORNEY

Deutsche Trustee Company Limited

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____