

ABBHEY NATIONAL TREASURY SERVICES PLC
AS ISSUER

SANTANDER UK PLC
AS SELLER AND GROUP GUARANTOR

ABBHEY COVERED BONDS LLP
AS LLP AND GUARANTOR

AND

GOLDMAN SACHS INTERNATIONAL
AS MANAGER AND DEALER

SUBSCRIPTION AGREEMENT

IN RELATION TO

SERIES 53 €100,000,000 N COVERED BONDS DUE
JULY 2025

UNCONDITIONALLY GUARANTEED BY
SANTANDER UK PLC AND IRREVOCABLY AND
UNCONDITIONALLY GUARANTEED AS TO
PAYMENT OF PRINCIPAL AND INTEREST BY
ABBHEY COVERED BONDS LLP UNDER THE €35
BILLION GLOBAL COVERED BOND PROGRAMME

THIS AGREEMENT is made on 19 July 2013

BETWEEN:

- (1) **ABBEY NATIONAL TREASURY SERVICES PLC** (registered number 2338548), 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 (acting in its capacity as "**Issuer**");
- (2) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), 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 (acting in its capacities as the "**Seller**", and as a guarantor of payments of interest and principal under the Covered Bonds, the "**Group Guarantor**");
- (3) **ABBEY COVERED BONDS LLP** (registered number OC312644), a limited liability partnership established under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3 AN (acting in its capacity as a guarantor as to payments of interest and principal under the Covered Bonds, the "**LLP**" and, together with the Group Guarantor, the "**Guarantors**");
- (4) **GOLDMAN SACHS INTERNATIONAL** (registered number 2263951), an unlimited company incorporated under the laws of England and Wales whose registered office is at Peterborough Court, 133 Fleet Street, London EC4A 2BB (the "**Manager**" and "**Dealer**")

INTRODUCTION:

- (A) Abbey National Treasury Services plc (the "**Issuer**") proposes to issue Series 53 €100,000,000 N Covered Bonds due July 2025 (the "**Covered Bonds**") under the €35 billion Global Covered Bond Programme established by it. The Covered Bonds will be unconditionally and irrevocably guaranteed by Santander UK plc ("**Group Guarantor**") and unconditionally and irrevocably guaranteed as to payments of interest and principal by Abbey Covered Bonds LLP (the "**LLP**" and, together with the Group Guarantor, the "**Guarantors**"). The terms of the issue shall be as set out in the form of N Covered Bond Conditions attached to this Agreement as Schedule 1.
- (B) This Agreement is supplemental to the Programme Agreement (the "**Programme Agreement**") dated 3 June 2005, as amended and restated on 4 October 2007, 20 May 2008, 9 September 2010, 9 September 2011 and 12 July 2013, made between the Issuer, the Guarantors and the Dealers party thereto. All terms with initial capitals used herein without definition have the meanings given to them in the Programme Agreement.

We wish to record the arrangements agreed between us in relation to the issue:

1. This Agreement appoints the Manager which is not a party to the Programme Agreement (the "**New Dealer**") as a New Dealer in accordance with the provisions of Clause 12 (*Appointment of New Dealers*) of the Programme Agreement for the purposes of the issue of the Covered Bonds. The New Dealer confirms that it is in receipt of the documents referenced below:

- (a) a copy of the Programme Agreement; and
- (b) a copy of such of the documents delivered under Schedule 1 of the Programme Agreement as it has requested and finds the same to be satisfactory or (in the case of any or all of such documents) has waived such delivery.

For the purposes of the Programme Agreement the details of the Manager for service of notices are as follows:

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

Tel: 020 7774 1000
Fax: 020 7774 2330
Attention: Medium Term Note Desk

In consideration of the Issuer appointing the New Dealer as a Dealer in respect of the Covered Bonds under the Programme Agreement, the New Dealer hereby undertakes, for the benefit of the Issuer and the Guarantors, that, in relation to the issue of the Covered Bonds, it will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement, a copy of which it acknowledges it has received from the Issuer. The Issuer and each of the Guarantors confirm that the New Dealer shall be vested with all authority, rights, powers, duties and obligations of a Dealer in relation to the issue of the Covered Bonds as if originally named as a Dealer under the Programme Agreement provided that following the Issue Date of the Covered Bonds the New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the Covered Bonds.

- 2. Subject to the terms and conditions of the Programme Agreement and this Agreement the Issuer agrees to issue the Covered Bonds and the Manager agrees to purchase the Covered Bonds at a price of 100 per cent. of the principal amount of the Covered Bonds (the "**Purchase Price**").
- 3. For the purposes of this Agreement:
 - 1.1.2 the sum payable on the Issue Date shall be EUR 100,000,000, representing the Purchase Price less any amount payable in respect of the Manager's expenses as provided in the agreement referred to in Clause 4 of this Agreement;
 - 1.1.3 "**Issue Date**" means 19 July 2013 or such other date as the Issuer and the Manager may agree; and
 - 1.1.4 "**Payment Instruction Date**" means the Issue Date unless there is to be a pre-closing for the issue in which case it means the business day (being a day on which banks and foreign exchange markets are open for general business in London) prior to the Issue Date.

4. The arrangements in relation to expenses have been separately agreed between the Issuer and the Manager.
5. The obligation of the Manager to purchase the Covered Bonds is conditional upon:
 - (a) the conditions set out in Clause 3.2 (other than that set out in Clause 3.2(i) (*Each issue*)) of the Programme Agreement being satisfied as of the Payment Instruction Date;
 - (b) all of the applicable Transaction Documents being in full force and effect; and
 - (c) the delivery to the Manager on the Payment Instruction Date of:
 - (i) a certificate dated the Payment Instruction Date signed by a duly authorised officer of the Issuer and a certificate dated the Payment Instruction Date signed by a duly authorised officer of each of the Guarantors giving confirmation of the conditions described in Clause 5(a);
 - (ii) receipt of notification from Fitch, Moody's and S&P that the ratings for the Covered Bonds described in the Prospectus have been assigned either without conditions or subject only to the execution and delivery on or before the Issue Date of the agreements contemplated herein;
 - (iii) (i) the Issuer having furnished or caused to be furnished to the Manager, the Bond Trustee and the Security Trustee at the Issue Date a solvency certificate, dated the Issue Date, of a duly authorised director of the Issuer in the agreed form; (ii) the LLP having furnished or caused to be furnished to the Manager, the Bond Trustee and the Security Trustee a solvency certificate dated the Issue Date of a duly authorised officer of the LLP in the agreed form and (iii) the relevant Seller having furnished or caused to be furnished to the Manager, the Bond Trustee and the Security Trustee and the Security Trustee a solvency certificate, dated the Issue Date, of a duly authorised officer of the relevant Seller in the agreed form;
 - (iv) legal opinions addressed to the Manager dated the Payment Instruction Date in such form and with such contents as the Manager may reasonably require from Clifford Chance LLP as to English law and from Allen & Overy LLP as to German law and United Kingdom withholding tax;
 - (v) confirmation from the Issuer that it has provided the FCA with the series issuance notification form pursuant to RCB 3.4.1D of the RCB Sourcebook; and
 - (vi) such other conditions precedent as the Manager and the Issuer may agree from time to time.

If any of the foregoing conditions is not satisfied on or before the Payment Instruction Date, this Agreement shall terminate on that date and the parties to this Agreement shall be under no further liability arising out of this Agreement (except for any

liability of the Issuer or failing the Issuer, the Guarantors in relation to expenses as provided in the agreement referred to in Clause 4 and except for any liability arising before or in relation to termination), provided that the Manager may in its discretion waive any of the aforesaid conditions (other than the conditions precedent contained in Clause 3.2(c) and (d) (*Each issue*) of the Programme Agreement) or any part of them.

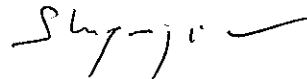
6. The Manager, may, by notice to the Issuer and the Guarantors, terminate this Agreement at any time prior to payment of the net purchase money to the Issuer if in the professional opinion of the Manager (after consultation with the Issuer and the Guarantors where practicable) there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the offering and distribution of the Covered Bonds or dealings in the Covered Bonds in the secondary market and, upon notice being given, the parties to this Agreement shall (except for any liability of the Issuer or failing the Issuer, the Guarantors in relation to expenses as provided in the agreement referred to in Clause 4 of this Agreement and except for any liability arising before or in relation to termination) be released and discharged from their respective obligations under this Agreement.
- ~~7. Abbey National Treasury Services plc covenants that it will not designate a Swap Reversion Date under the Amendment Agreement dated 24 December 2012 between Abbey National Treasury Services plc, Abbey Covered Bonds LLP and Deutsche Trustee Company Limited (the "Amendment Agreement"), unless upon the occurrence of the Swap Reversion Date, each Series of Covered Bonds issued on or after the Effective Date (as defined in the Amendment Agreement) would be hedged (on an equivalent basis to any Series of Covered Bonds issued prior to the Effective Date unless otherwise agreed by the LLP and the Security Trustee) by virtue of a Future Interest Rate Swap Transaction (as defined in the Amendment Agreement) being in place in respect of each such Series of Covered Bonds.~~
8. A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
9. This 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.
10. This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

Please confirm that this Agreement correctly sets out the arrangements agreed between us.

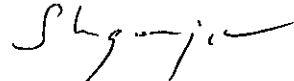
SIGNED by
ABBHEY NATIONAL TREASURY SERVICES plc
acting by its attorney

) 

SIGNED by
ABBEY COVERED BONDS LLP
acting by its attorney

)
)
) 

SIGNED by
SANTANDER UK plc
acting by its attorney

)
)
) 

We confirm that this Agreement correctly sets out the arrangements agreed between us.

GOLDMAN SACHS INTERNATIONAL

By:

Name:

Title:

SIGNED by)
SANTANDER UK plc)
acting by its attorney)

We confirm that this Agreement correctly sets out the arrangements agreed between us.

GOLDMAN SACHS INTERNATIONAL

By:

Name:

Title:

A handwritten signature in black ink, appearing to be a stylized 'J' or 'K' followed by a flourish.

SCHEDULE 1
FORM OF N COVERED BOND CONDITIONS

N COVERED BOND CONDITIONS

1. CURRENCY AND PRINCIPAL AMOUNT, FORM, CERTAIN DEFINITIONS

- 1.1 *Currency and Principal Amount.* This N Covered Bond (*gedeckte Namensschuldverschreibung*) is issued by Abbey National Treasury Services plc (the **Issuer**) in Euro (the **Specified Currency**) in the principal amount of *[insert principal amount]* (the **Principal Amount**) on *[insert issue date]* (the **Issue Date**).
- 1.2 *Form.* This N Covered Bond is represented by a certificate (the **Certificate**) which bears the manual or scanned signature of one duly authorised signatory of the Issuer and is manually authenticated by or on behalf of the Registrar and which is registered in the name of the Initial N Covered Bondholder (as defined in the Certificate). In case of an assignment of this N Covered Bond (as described in Condition 8 (*Assignment*) of these N Covered Bond Conditions) a new certificate in the name of an assignee will only be issued upon request and at the cost of the assignee and may be collected at the offices of the Registrar or dispatched to the address stated in the assignment and accession agreement at the risk of the relevant assignee and against delivery of any certificate issued previously to the relevant assignor.
- 1.3 *Certain Definitions.*

Register means the register maintained by the Registrar (as defined in Condition 9 (*Paying Agent and Registrar*) of these N Covered Bond Conditions) in relation to N Covered Bonds issued under the Programme.

N Covered Bondholder means the Initial N Covered Bondholder and, following an assignment, any person who is at any time registered in the Register maintained by the Registrar as N Covered Bondholder and who has executed an Assignment and Accession Agreement.

2. STATUS

- 2.1 *Status of the N Covered Bond.* This N Covered Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Issuer and ranks *pari passu* without any preference with other covered bonds (including N Covered Bonds) issued under the Programme (as defined below) and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than any obligations preferred by mandatory provisions of applicable law.
- 2.2 *Group Guarantee and Covered Bond Guarantee.* This N Covered Bond is issued under and, subject to the execution of or, in the case of an assignment, the accession by the assignee to the N Covered Bond Agreement between the Issuer, Santander UK plc (the **Group Guarantor**), Abbey Covered Bonds LLP (the **LLP**), Deutsche Trustee Company Limited (the **Bond Trustee**) and the Initial N Covered Bondholder (the **N Covered Bond Agreement**), forms part of the Issuer's €35 billion global covered bond programme (the **Programme**) which is unconditionally and irrevocably guaranteed by the Group Guarantor (such guarantee being the **Group Guarantee**) and unconditionally and irrevocably guaranteed as to payments of interest and principal when the same become Due for Payment by the LLP in accordance with the Regulated Covered Bonds Regulations 2008 in favour of the Bond Trustee for the benefit of the bondholders under the Programme as further described in the trust deed dated [●] (as amended, modified, superseded or replaced from time to time, the **Trust Deed**).

- 2.3 *Regulated Covered Bonds Regulations 2008*. The Programme, including this N Covered Bond, has been admitted to the register of regulated covered bonds and the Issuer has been admitted to the register of issuers, in each case pursuant to the Regulated Covered Bonds Regulations 2008.

3. INTEREST

- 3.1 *Rate of Interest and Interest Payment Dates*. This N Covered Bond bears interest on its Principal Amount Outstanding for each Fixed Interest Period from (and including) [*insert issue date as a calendar date or other date as required*] (the **Interest Commencement Date**) at the rate per annum equal to [*insert rate of interest*] per cent (the **Rate of Interest**) payable annually, subject as provided in these N Covered Bond Conditions, in arrear on the [*insert Interest Payment Date*] from and including [*insert first Interest Payment Date*] (each such date an **Interest Payment Date**) in each year up to (and including) the Final Maturity Date (as defined in Condition 4.1 (Final Redemption) of these N Covered Bond Conditions).
- 3.2 *Calculation of interest amount*. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding, multiplying such sum by the Day Count Fraction, and rounding the resultant figure to the nearest sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these N Covered Bond Conditions:

Business Day means a day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London; and
- (ii) a day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) payment system, which utilises a single shared platform and which was launched on 19 November 2007 (the **TARGET2 System**) is open;

Day Count Fraction means the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

Fixed Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

Principal Amount Outstanding means in respect of an N Covered Bond on any day the principal amount of that N Covered Bond on the Issue Date thereof less principal amounts received by the relevant N Covered Bondholder in respect thereof on or prior to that day; and

sub-unit means euro 0.01.

4. REDEMPTION

- 4.1 *Final Redemption*. Unless previously redeemed in full, or purchased and cancelled, this N Covered Bond will be redeemed by the Issuer at its [*insert final redemption amount*] (the **Final Redemption Amount**) in the Specified Currency on [*insert Final Maturity Date*] (the **Final Maturity Date**).

- 4.2 *Redemption for Taxation Reasons.* This N Covered Bond may be redeemed at the option of the Issuer in whole (but not in part) at any time giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 10 (*Notices*) of these N Covered Bond Conditions, the N Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that on the occasion of the next Interest Payment Date, (i) the Issuer or the Group Guarantor is or will be required to pay additional amounts as provided in Condition 6 (*Taxation*) of these N Covered Bond Conditions; or (ii) the Group Guarantor would, for reasons outside its control, in order procure payment by the Issuer or in making such payments itself, be required to pay such additional amounts. If this N Covered Bond is redeemed pursuant to this Condition 4.2 (*Redemption for Taxation Reasons*) of the N Covered Bond Conditions it will be redeemed at its Final Redemption Amount (as defined in Condition 4.1 (*Final Redemption*) of these N Covered Bond Conditions) together with interest accrued to (but excluding) the date of redemption. The Issuer shall inform the Registrar without undue delay about any exercise of the tax redemption option.
- 4.3 *Purchase of N Covered Bond.* The Issuer, the Group Guarantor or any of their respective subsidiaries (including the LLP) may at any time purchase or otherwise acquire the N Covered Bond at any price in the open market either by tender or private agreement or otherwise. If the purchase is made by tender, the tender must be available to all N Covered Bondholders alike. The N Covered Bond so purchased may be held, reissued, resold or, at the option of the Issuer, the Group Guarantor or the relevant subsidiary, surrendered to any Paying Agent and/or the Registrar for cancellation (except if purchased or otherwise acquired by the LLP in which case it must immediately be surrendered to any Paying Agent and/or the Registrar for cancellation).
- 4.4 *Cancellation of N Covered Bond upon Redemption or Purchase.* If this N Covered Bond is redeemed in accordance with this Condition 4 or surrendered for cancellation pursuant to Condition 4.3 (*Purchase of N Covered Bond*) of these N Covered Bond Conditions, it will be cancelled forthwith and may not be reissued or resold.

5. PAYMENTS

- 5.1 *General.* Subject as provided below, payments will be made against presentation (in case of payments of principal against presentation and surrender) of the Certificate at the specified office of the German Paying Agent (as defined in Condition 9 (*Paying Agent and Registrar*) of these N Covered Bond Conditions) by the German Paying Agent by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the N Covered Bondholder the details of which are recorded by the German Paying Agent (the **Designated Account**) provided that the details of such Designated Account have been notified to the German Paying Agent not later than 10 (ten) Business Days prior to any relevant payment date. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment. References to euro will include any successor currency under applicable law.
- 5.2 *Payments.* Payment of principal and interest on this N Covered Bond shall be made on the respective Payment Day thereof to the persons shown in the Register as the N Covered Bondholders at the close of business on the tenth Business Day before such due date (the **Record Date**).
- 5.3 *Assignments without Accrued Interest.* In case of an assignment of this N Covered Bond (in whole or in part) occurring during any Interest Period and unless the German Paying Agent has received a notice from the previous N Covered Bondholder that the assignment was made with accrued interest, payments of interest on this N Covered Bond shall be made on the respective due date pro rata temporis and on a pro rata basis with respect to the principal amount to each N Covered Bondholder for the period of his holding of the N Covered Bond and in each case from and including the previous Interest Payment Date or the Interest Commencement Date or, as the case may be, the relevant previous Transfer Date (as set out in the relevant assignment and accession agreement) to

but excluding the Interest Payment Date or, as the case may be, the relevant subsequent Transfer Date.

5.4 *Interpretation of principal and interest.* Any reference in these N Covered Bond Conditions to principal in respect of the N Covered Bond shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*) of these N Covered Bond Conditions or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the N Covered Bond;
- (c) any premium and any other amounts (other than interest) which may be payable under or in respect of the N Covered Bonds;
- (d) any Excess Proceeds attributable to principal which may be payable by the Bond Trustee to the LLP under or in respect of the N Covered Bonds.

Excess Proceeds means monies received (following the service of an acceleration notice on the Issuer and the Group Guarantor as set out in the Trust Deed) by the Bond Trustee from the Issuer, the Group Guarantor or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration, bank administrator, bank liquidator or other similar official appointed in relation to the Issuer or the Group Guarantor.

Any reference in these N Covered Bond Conditions to interest in respect of the N Covered Bond shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (*Taxation*) of these N Covered Bond Conditions.

5.5 *Payment Day.* If the date for payment of any amount in respect of the N Covered Bond is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition 5.5 (unless otherwise specified in the applicable N Covered Bond Agreement), **Payment Day** means any day which (subject to Condition 7 (*Counterclaims*)) of these N Covered Bond Conditions) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Frankfurt am Main and London; and
- (b) a day on which the TARGET2 System is open.

For the purposes of this Condition 5 (*Payments*), **Business Day** means a day on which banks are open for business in the city where the specified office of the Registrar is located.

6. TAXATION

All amounts payable (whether in respect of principal, interest or otherwise) in respect of this N Covered Bond will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or the interpretation or administration thereof. In the event of a withholding or deduction being made by the Issuer or the Group Guarantor in respect of a payment made by it in respect of a tax imposed or levied by or on behalf of the United

Kingdom or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Issuer or the Group Guarantor, as the case may be, will pay such additional amounts as shall be necessary in order that the net amounts received by the N Covered Bondholder, after such withholding or deduction shall equal the respective amounts of principal and interest, if any, which would otherwise have been receivable in respect of this N Covered Bond in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any payment in respect of this N Covered Bond:

- (a) if it is presented for payment in the United Kingdom; or
- (b) if the N Covered Bondholder is (i) able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other claim for exemption to the relevant taxing authority but fails to do so; or (ii) liable for such taxes, duties, assessments or governmental charges in respect of this N Covered Bond by reason of his having some connection with the United Kingdom other than merely by reason of the holding of this N Covered Bond; or
- (c) if it is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 to 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such directive or any agreement between the European Community and any jurisdiction providing for equivalent measures; or
- (e) if it is presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting this N Covered Bond to another Paying Agent in a Member State of the European Union.

As used herein:

Relevant Date means the date on which such payment in respect of this N Covered Bond first becomes due and payable, except that, if the full amount of the monies payable on such date has not been received by the Bond Trustee, the Registrar or the German Paying Agent on or prior to such date, it means the date on which such monies shall have been so received and notice to that effect has been given to the holder of this N Covered Bond in accordance with Condition 10 (*Notices*) of these N Covered Bond Conditions.

7. COUNTERCLAIMS

- 7.1 *Set-off with unchallenged or recognised claims only.* The Issuer and the Group Guarantor shall only be entitled to set off against claims of any N Covered Bondholder under the N Covered Bond if the Issuer's and the Group Guarantor's claims are unchallenged or have been recognized by judgement.
- 7.2 *No set-off against restricted or cover pool assets.* As long as and to the extent that an N Covered Bond belongs to the restricted assets (*gebundenes Vermögen*) of an insurance company within the meaning of § 54 of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*) or to a cover pool based on statutory law for the issuance of *Pfandbriefe* or other covered bonds, the Issuer and the Group Guarantor waive (also in the event of insolvency of the N Covered Bondholder or in the event that insolvency proceedings or similar proceedings are instituted against the N Covered

Bondholder) any right of set-off against the claims of any N Covered Bondholder under the N Covered Bond, as well as the exercise of any pledge, right of retention or other rights which could adversely affect the claims under the N Covered Bond.

8. ASSIGNMENT

- 8.1 *Transfer by Assignment; Requirements.* The rights of the N Covered Bondholder arising from this N Covered Bond may be transferred by assignment in whole or in part with a minimum principal amount of EUR 1,000,000 or integral multiples thereof provided that no such assignment shall be effective until the assignee has been duly entered in the Register by the Registrar and that the assignment must be made and shall only be effective if made in accordance with the form of the Assignment and Accession Agreement attached as Schedule 2 to the N Covered Bond (the **Form of Assignment and Accession Agreement**) and in conjunction with the accession by the assignee to the N Covered Bond Agreement (as provided in the Form of Assignment and Accession Agreement).
- 8.2 *Persons to be treated as N Covered Bondholders.* Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Group Guarantor, the LLP, the German Paying Agent and the Registrar and the other Agents shall deem and treat the registered holder of this N Covered Bond as the sole holder of the rights arising from the N Covered Bond.
- 8.3 *Costs of Assignments.* Assignments will be effected without charge by or on behalf of the Issuer or the Registrar, except that the Issuer or the Registrar may require the payment of a sum sufficient to enable it to pay or satisfy any stamp duty, tax or other governmental charge that may be imposed in relation to the assignment.

9. PAYING AGENT AND REGISTRAR

- 9.1 *Specified Offices.* The names of the German paying agent (the **German Paying Agent**) and the registrar (the **Registrar**) and their initial specified offices are set out below:

Deutsche Bank Aktiengesellschaft, GTO IBO Debt Securities Europe, Structured Securities Operations, Frankfurt Issuance und Treasury Support, Grosse Gallusstrasse 10-14, 60272 Frankfurt am Main, Tel.: +49 69 910 38547, Fax: +49 69 910 41325

In the event of the appointed office of any such bank being unable or unwilling to continue to act as the German Paying Agent or the Registrar, or failing duly to determine the Rate of Interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer shall appoint the office of such other bank as may be approved by the Bond Trustee to act as such in its place. The German Paying Agent and the Registrar may not resign their duties or be removed from office without a successor having been appointed as aforesaid

- 9.2 *Termination and Variation of Appointment.* The Issuer is entitled, pursuant to the provisions of the agency agreement relating to the Programme (the **Agency Agreement**), with the prior written approval of the Bond Trustee, to vary or terminate the appointment of the German Paying Agent or the Registrar and/or appoint additional paying agents (each a **Paying Agent**) or other agents (each an **Agent**) and/or approve any change in the specified office through which any Paying Agent or any other Agent or the Registrar acts, **provided that:**

- (a) there will at all times be at least one paying agent (being either the German Paying Agent or another Paying Agent), and a registrar ;
- (b) the Issuer will, so long as N Covered Bonds are outstanding, maintain a Paying Agent (which may be the principal paying agent appointed under the Programme) having a specified office in a city approved by the Bond Trustee in Europe; and

- (c) the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26 to 27 November 2000 or any law implementing or complying with, or introduced in order to conform to any such directive, provided that the Issuer shall not, under any circumstances, be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one European Member State does not require a Paying Agent making payments through a specified office in that Member State to so withhold or deduct tax.

Notice of any variation, termination, appointment or change will be given by the Issuer to the N Covered Bondholders and the LLP as soon as reasonably practicable in accordance with Condition 10 (*Notices*) of these N Covered Bond Conditions.

- 9.3 *Agents of the Issuer.* In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the LLP and, in certain circumstances specified therein, of the Bond Trustee and do not assume any obligation to, or relationship of agency or trust with, any holders of N Covered Bonds. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

10. NOTICES

Notices to the N Covered Bondholder may be given by the Issuer to the German Paying Agent and Registrar for submission to the N Covered Bondholder appearing in the Register by post, fax, email or an equivalent way of electronic communication. If sent by post, notices will be deemed to have been given on the fourth Business Day after the mailing by the German Paying Agent to the N Covered Bondholder.

11. PRESCRIPTION

The obligations of the Issuer to pay principal and interest in respect of this N Covered Bond shall be prescribed (i) in respect of principal upon the expiry of ten years following the respective due date for the payment of principal and (ii) in respect of interest upon the expiry of five years following the respective due date for the relevant payment of interest.

12. REPLACEMENT OF THE CERTIFICATE

If the Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the applicant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Certificate must be surrendered before a replacement certificate will be issued.

13. GOVERNING LAW, PLACE OF JURISDICTION AND PARTIAL INVALIDITY

- 13.1 *Governing Law.* With the exception of Condition 2.2 (*Group Guarantee and Covered Bond Guarantee*) and Condition 2.3 (*Regulated Covered Bonds Regulations 2008*) of these N Covered Bond Conditions which shall be governed by and construed in accordance with English law, this N Covered Bond and all rights and obligations arising under this N Covered Bond (including any non-contractual rights and obligations) shall be governed by and construed in accordance with German law.

- 13.2 *Place of Jurisdiction.* The courts of England and Wales shall have the exclusive jurisdiction for any dispute arising out of or in connection with this N Covered Bond and the Issuer and the N Covered Bondholder waives any right to invoke, and undertake not to invoke, any claim of *forum non conveniens* and irrevocably submit to the jurisdiction of the courts of England and Wales in respect of any action or proceeding relating in any way this N Covered Bond.
- 13.3 *Partial Invalidity.* If any provision of these N Covered Bond Conditions is or becomes invalid or unenforceable in whole or in part, the validity and enforceability of the remaining provisions shall not be affected thereby.

14. LANGUAGE

These N Covered Bond Conditions are written in the English language and may be provided with a German language translation. Only the English text shall be binding.