

**COVERED BOND SWAP CONFIRMATION**

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

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

Attention: Mortgage Backed Funding (TS1C)

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

Attention: Managing Director (ABS/MBS Group)

19 July 2013

Dear Sirs,

**Confirmation – Covered Bond Currency Swap**

**EUR 100,000,000 2.333 per cent. Series 53 N Covered Bonds due July 2025**

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 **N Covered Bonds** means the EUR 100,000,000 2.333 per cent. Series 53 N Covered Bonds due July 2025 issued on the Effective Date hereof except in respect of paragraph 3 below where such term has the meaning given to it in the Master Definitions and Construction Agreement and paragraph 4 below where such term has the meaning specified in such paragraph.

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:	12 July 2013
Effective Date:	19 July 2013
Termination Date:	18 July 2025 (the <b>Final Maturity Date</b> ), subject to adjustment in accordance with the Business Day Convention.
Covered Bond Swap Rate:	GBP 0.8635 per EUR 1.00
Business Days:	London, TARGET 2
Business Day Convention:	Modified 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:	18 July in each year from, and including, 18 July 2014 to, and including, the Final Maturity Date, subject to adjustment in accordance with the Following Business Day Convention.
Party A Period End Dates:	18 July in each year from, and including, 18 July 2014 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 18 July 2014.
Fixed Rate:	2.333 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 “ <b>ICMA Rule Book</b> ”) 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:	18 July, 18 October, 18 January and 18 April in each year, from and including 18 October 2013 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, the first Party B Payment Date 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:	0.44 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 86,350,000
Party B Initial Exchange Amount:	EUR 100,000,000

Final Exchanges:

Final Exchange Date:	The Termination 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 Termination Events**

In respect of each Transaction under the Agreement entered into in respect of a Series of N Covered Bonds (including this Transaction), the Additional Termination Events set out at Part 1(h)(i), Part 1(h)(iii) and Part 1(h)(iv) of the Schedule to the Agreement shall not apply and the following Additional Termination Events shall apply:

#### (i) **Redemption and Prepayment in whole of the relevant Series of N Covered Bonds**

The relevant Series of N Covered Bonds is redeemed in whole pursuant to Condition 4.2 (Redemption for Taxation Reasons) of the Terms and Conditions of the N Covered Bonds or Clause 4 (Redemption due to Illegality) of the N Covered Bond Agreement relating to the relevant Series of N Covered Bonds and Party A was notified of such redemption no later than three days prior to the relevant redemption date in which case:

- (A) Party B shall be the sole Affected Party;
- (B) the Transaction or Transactions related to that Series of N Covered Bonds shall be Affected Transactions; and
- (C) the Early Termination Date in respect of the Affected Transactions shall be the due date for redemption of that Series of N Covered Bonds.

Any amount payable pursuant to Section 6(e) of this Agreement will be payable on the Early Termination Date.

#### (ii) **Purchase and Cancellation of the relevant Series of N Covered Bonds**

The relevant Series of N Covered Bonds is purchased or otherwise acquired in accordance with Condition 4.3 (Purchase of N Covered Bond) and surrendered for cancellation in accordance with Condition 4.4. (Cancellation of N Covered Bond upon Redemption or Purchase) of the Terms and Conditions of the N Covered Bonds and Party A was notified of such purchase and surrender no later than three days prior to the relevant cancellation date, in which case:

- (A) Party B shall be the sole Affected Party;
- (B) the Transaction or Transactions related to that Series of N Covered Bonds shall be Affected Transactions; and
- (C) the Early Termination Date in respect of the Affected Transactions shall be the due date for redemption of that Series of N Covered Bonds,

provided that, in the event of a purchase and cancellation of a Series of N Covered Bonds in part, the Transaction or Transactions related to that Series of N Covered Bonds will partially terminate in respect of a Notional Amount equal to a pro rata proportion of the relevant amount of N Covered Bonds purchased and surrendered for cancellation, and the provisions of Section 6 shall apply mutatis mutandis in connection with such partial termination. For the avoidance of doubt, the remaining part of such Transaction or Transactions will not be terminated as a result of such partial termination and an Early Termination Date will only occur in respect of the terminated part of the Transaction or Transactions. Any amount payable pursuant to Section 6(e) of this Agreement will be payable on the Early Termination Date.

#### 4. **Additional Payment**

The paragraph headed "Additional Payment" of each Confirmation confirming a Transaction entered into under the Agreement in respect of an N Covered Bond prior to the date of this Confirmation shall be deleted and replaced with the following paragraph, which shall also apply to the Transaction evidenced by this Confirmation. "N Covered Bond" shall in each case mean the relevant Series of N Covered Bonds.

##### **"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 paragraph 3(i) and 3(ii) of the Confirmation in respect of the Transaction entered into in respect of the Series 53 N Covered Bonds under 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 N Covered Bonds to be redeemed in whole or in part pursuant to (a) Condition 4.2 (*Redemption for taxation reasons*) or to be purchased or otherwise acquired and surrendered for cancellation in whole or in part pursuant to Conditions 4.3 (*Purchase of N Covered Bond*) and 4.4 (*Cancellation of N Covered Bond upon Redemption or Purchase*) of the Terms and Conditions of the N Covered Bonds or (b) Clause 4 (*Redemption due to Illegality*) of the N Covered Bond Agreement (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."

#### 5. **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 N 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 N 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.

**6. 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.

**7. Notice Details**

Party A:

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

Attention: Mortgage Backed Funding (TS1C)

Facsimile Number: +44 207 7756 5862

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

Attention: Mortgage Backed Funding (TS1C)

Facsimile No.: +44 207 7756 5862

Yours faithfully,

**Abbey National Treasury Services plc**

By: [Signature]

Name: ANDY MOROIRO

Title: AUTHORIZED SIGNING

Confirmed and accepted as of the date first written:

**Abbey Covered Bonds LLP**

By: [Signature]

Name: SVJETLANA LUBONJIC

Title: Authorized Attorney

**Deutsche Trustee Company Limited**

By: \_\_\_\_\_ By: \_\_\_\_\_

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_



Yours faithfully,

**Abbey National Treasury Services plc**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Confirmed and accepted as of the date first written:

**Abbey Covered Bonds LLP**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Deutsche Trustee Company Limited**

By:  \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Alan Coster Associate Director
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By:  \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Clive Rakestrow Associate Director
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