

EXECUTION VERSION

**AMENDED AND RESTATED CASH MANAGEMENT
AGREEMENT**

23 JUNE 2015

SANTANDER UK plc
as Cash Manager, Seller and Servicer

and

ABBEY COVERED BONDS LLP
as the LLP

and

DEUTSCHE TRUSTEE COMPANY LIMITED
as the Security Trustee

ALLEN & OVERY

Allen & Overy LLP

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THIS AMENDED AND RESTATED CASH MANAGEMENT AGREEMENT is made on 23 June 2015

BETWEEN:

- (1) **SANTANDER UK plc** (previously known as Abbey National plc), a public limited company incorporated under the laws of England and Wales (with registered number 2294747) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN, in its capacity as the **Cash Manager, Seller and Servicer**;
- (2) **ABBEY COVERED BONDS LLP** (registered number OC312644), a limited liability partnership incorporated under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (referred to herein as the **LLP**); and
- (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) On the First Issue Date and subsequent Issue Dates the Issuer will issue Covered Bonds constituted by the Trust Deed.
- (B) The Issuer will apply the proceeds of the issue of Covered Bonds to make available Term Advances to the LLP, subject to the terms of the Intercompany Loan Agreement.
- (C) The LLP will acquire Loans and their Related Security from the Seller from time to time pursuant to the Mortgage Sale Agreement, applying (*inter alia*) the proceeds of the Term Advances as exchanged (if applicable) into Sterling under the relevant Covered Bond Swap(s).
- (D) The LLP has agreed to guarantee the obligations of the Issuer under the Covered Bonds pursuant to the terms of the Covered Bond Guarantee.
- (E) The Cash Manager will provide cash management services to the LLP and the Security Trustee on the terms and subject to the conditions contained in this Agreement.
- (F) This Agreement amends and restates the Cash Management Agreement dated 3 June 2005, as amended and restated on 24 December 2012, between the parties hereto, in respect of a Covered Bond Programme established by the Issuer and shall take effect on and from the date hereof, save that Clause 6.3(b) and paragraphs (c) and (j)(ii) of Schedule 1 hereto shall not take effect unless and until the Issuer is admitted to the register of issuers by the FSA pursuant to Regulation 14 of the RCB Regulations.

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND 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, 24 December 2012, as further amended on 12 July 2013 and as further amended and restated on or about the date hereof (as the same may be 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, varied

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. APPOINTMENT OF CASH MANAGER

2.1 Appointment

Until termination pursuant to **Clause 11** (Termination), the LLP hereby appoints the Cash Manager as its lawful agent to provide the Cash Management Services set out in this Agreement and the Cash Manager hereby accepts such appointment on the terms and subject to the conditions of this Agreement.

2.2 Duties prescribed by Transaction Documents

For the avoidance of doubt and in connection with the appointment made pursuant to **Clause 2.1** (Appointment), save as expressly provided elsewhere in this Agreement, nothing herein shall be construed so as to give the Cash Manager any powers, rights, authorities, directions or obligations other than as specified in this Agreement and the other Transaction Documents.

2.3 Appointment conditional upon issuance of Covered Bonds

The appointment made pursuant to **Clause 2.1** is conditional upon the establishment of the Programme, the first issue of the Covered Bonds and the making of the first Term Advance under the Intercompany Loan Agreement. If the first issue of Covered Bonds by the Issuer has not occurred by 31 August 2005, or such later date as the Issuer, the Security Trustee and the Dealers may agree, this Agreement shall cease to be of further effect.

3. THE CASH MANAGEMENT SERVICES

3.1 General

The Cash Manager shall provide the services set out in this Agreement and the Schedules annexed hereto (the **Cash Management Services**).

3.2 Approvals and authorisations

The Cash Manager shall maintain, or procure the maintenance of, all approvals, authorisations, consents and licences required in connection with the business of the LLP that is the subject of this Agreement and shall prepare and submit, or procure the preparation and submission of, on behalf of the LLP, all necessary applications and requests for any further approvals, authorisations, consents or licences which may be required in connection with the business of the LLP that is the subject of this Agreement and shall, so far as it is reasonably able to do so, perform the Cash Management Services in such a way as not to prejudice the continuation of any such approvals, authorisations, consents or licences.

3.3 Liability of Cash Manager

- (a) Save as otherwise provided in this Agreement, the Cash Manager shall have no liability for the obligations of the LLP, the Security Trustee and/or any other person under any of the other Transaction Documents or otherwise and nothing herein shall constitute a guarantee, indemnity or similar obligation by or of the Cash Manager or in relation to the obligations of either the LLP, the Security Trustee and/or any other person under the other Transaction Documents.

- (b) The Cash Manager shall not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by the LLP, the Security Trustee and/or any other person as a result of the proper performance of the Cash Management Services by the Cash Manager save to the extent that such loss, liability, claim, expense or damage is suffered or incurred as a result of any negligence, bad faith or wilful default of the Cash Manager or as a result of a breach by the Cash Manager of the terms and provisions of this Agreement or any of the other Transaction Documents to which the Cash Manager is a party (in its capacity as such) in relation to such functions.
- (c) The Cash Manager shall indemnify each of the LLP and the Security Trustee on demand for any loss, liability, claim, expense or damage suffered or incurred by either of them in respect of the negligence, bad faith or wilful default of the Cash Manager in carrying out its functions as Cash Manager under this Agreement or under the other Transaction Documents to which the Cash Manager is a party (in its capacity as such) in relation to such functions or as a result of a breach by the Cash Manager of the terms and provisions of this Agreement or such other Transaction Documents to which the Cash Manager is a party (in its capacity as such) in relation to such functions.

4. PAYMENTS, ACCOUNTS, LEDGERS

4.1 Establishment of Bank Accounts

- (a) The Cash Manager hereby confirms that the GIC Account has been established on or before the date hereof pursuant to the Bank Account Agreement and the Guaranteed Investment Contract and that the GIC Account Mandate in the agreed form will apply thereto as at the Programme Date. The Cash Manager undertakes (so far as it is able to procure the same) that as at the Programme Date the GIC Account will be operative and that the Cash Manager will not create or permit to subsist any Security Interest in relation to the GIC Account other than as created under or permitted pursuant to the Deed of Charge.
- (b) [Reserved].
- (c) The Cash Manager hereby confirms that the initial Swap Payments Accounts and the Swap Collateral Accounts have been established on or before the date hereof pursuant to the Bank Account Agreement. The Cash Manager undertakes (so far as it is able to procure the same) that as at the Programme Date the initial Swap Payments Accounts and the Swap Collateral Accounts will be operative and that the Cash Manager will not knowingly create or permit to subsist any Security Interest in relation to the Swap Payments Accounts and the Swap Collateral Accounts other than as created under or permitted pursuant to the Deed of Charge.
- (d) Subject to **paragraph (e)**, the Cash Manager hereby confirms that if (i) the short-term, unsecured, unsubordinated and unguaranteed debt obligation rating of any of the Account Banks falls below P-1 by Moody's, A-1+ by S&P or F1 by Fitch or (ii) the the long-term unsubordinated, unguaranteed debt rating of the Account Bank falls below A by Fitch (or such other ratings that may be agreed between the parties to this Agreement and the relevant Rating Agency from time to time) (the **Account Bank Required Rating**), then, unless the relevant Account Bank within 30 calendar days of such occurrence:
 - (A) closes the LLP Accounts with it and opens replacement accounts with a financial institution (i) having at least the Account Bank Required Rating and (ii) which is an authorised institution under the FSMA;
 - (B) obtains a guarantee of its obligations under the Bank Account Agreement from a financial institution having at least the Account Bank Required Rating; or

- (C) takes such other action as the Security Trustee may require to ensure that the then current rating of the Covered Bonds is not adversely affected by it ceasing to have the Account Bank Required Rating,

and, in the case of each of (A) to (C) above, the Rating Agencies then rating the Covered Bonds confirm that the then current rating of the Covered Bonds would not be adversely affected thereby, the Cash Manager shall, upon the expiry of that 30 calendar day period:

- (i) immediately serve a written notice of termination of the Bank Account Agreement on the relevant Account Bank (such termination to be effective three London Business Days following service of such notice);
- (ii) [reserved];
- (iii) if an affected LLP Account is a Swap Collateral Account, open a replacement LLP Account with a financial institution (i) having at least the Account Bank Required Rating and (ii) which is an authorised institution under the FSMA;
- (iv) once the termination of the Bank Account Agreement is effective,
 - (A) if an affected LLP Account is the GIC Account, immediately transfer amounts standing to the credit of all Ledgers on the GIC Account except the Payment Ledger to a replacement account with the Requisite Ratings and amounts standing to the credit of the Payment Ledger on the GIC Account to a replacement account with the Requisite Ratings;
 - (B) if an affected LLP Account is a Swap Collateral Account, immediately transfer amounts standing to the credit of that Swap Collateral Accounts to any replacement Swap Collateral Account; and/or
 - (C) immediately transfer amounts standing to the credit of all other affected LLP Accounts (if any) to a replacement account with the Requisite Ratings,

provided always that where the aggregate amount on deposit in the GIC Account and any other account opened in the name of the LLP with all of the Account Banks who have a short term, unsecured, unsubordinated and unguaranteed debt obligation rating of less than A-1+ from S&P is, or within the above 30 calendar day period becomes, less than 20 per cent of the Sterling Equivalent of the Principal Amount Outstanding on the Covered Bonds then the minimum short term, unsecured, unsubordinated and unguaranteed debt obligation rating of such Account Banks required by S&P for the purposes of this Clause shall be A-1 (or such other rating as may be agreed between the parties to this Agreement and S&P from time to time) and references in this Clause to the Account Bank Required Rating shall in respect of S&P be to a rating of A-1 from S&P (or such other rating as may be agreed between the parties to this Agreement and S&P from time to time).

- (e) The Cash Manager hereby confirms that if the short term, unsecured, unsubordinated and unguaranteed rating of any Account Banks is less than A-1+ by S&P but is at least A-1 by S&P and the aggregate amount standing to the credit of the GIC Account and any other bank account that the LLP may hold with such Account Banks exceeds 20 per cent. of the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds then (except where either (A), (B) or (C) of **paragraph (d)** above applies, or where part or all of the amount exceeding 20 per cent. of the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds has been received by the LLP from the Issuer following any issue of Covered Bonds and the proceeds are to be applied no later than the next following Business Day after the relevant Issue Date to acquire New

Loans, Substitution Assets or Authorised Investments, to make payments or repayments under the Covered Bond Swaps or the Intercompany Loan Agreement and/or to make a distribution to Members), the Cash Manager shall immediately transfer (to the extent of amounts exceeding 20 per cent. of the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds) amounts standing to the credit of all Ledgers on the GIC Account except the Payment Ledger (and for any other bank account, other than the GIC Account, held by the LLP with such Account Banks) to a replacement account with the Requisite Ratings, amounts standing to the credit of the Payment Ledger on the GIC Account to a replacement account with the Requisite Ratings and amounts standing to the credit of the Swap Collateral Accounts to a replacement account having the Required Rating. The Cash Manager shall ensure that no more than 20 per cent. of the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds shall be maintained in aggregate in the GIC Account and any other account held by the LLP with the Account Banks unless or until such Account Banks are rated at least A-1+ by S&P.

4.2 Ledgers

- (a) The Cash Manager shall open and maintain in the books of the LLP certain Ledgers to be known as:
- (i) the Revenue Ledger;
 - (ii) the Principal Ledger;
 - (iii) the Capital Account Ledger;
 - (iv) the Reserve Ledger;
 - (v) the Pre-Maturity Liquidity Ledger;
 - (vi) the Payment Ledger; and
 - (vii) the Supplemental Liquidity Reserve Ledger (as defined in the LLP Deed),

and all the foregoing Ledgers shall together reflect the aggregate of all amounts of cash standing to the credit of the GIC Account and all amounts invested in Substitution Assets and Authorised Investments purchased from amounts standing to the credit of the GIC Account from time to time.

- (b) The Cash Manager shall also open and maintain in the books of the LLP the Intercompany Loan Ledger which shall record amounts repaid in respect of each Term Advance borrowed under the Facility made available to the LLP pursuant to the terms of the Intercompany Loan Agreement. The Intercompany Loan Ledger shall consist of one sub-ledger for each Term Advance which is made.
- (c) The Cash Manager shall make credits and debits to the Ledgers in accordance with **Schedule 2**.

4.3 Bank Accounts

- (a) The Cash Manager shall procure that the following amounts are paid into the GIC Account:
- (i) all Revenue Receipts;
 - (ii) all Principal Receipts;
 - (iii) all Cash Capital Contributions;

- (iv) all amounts received by the LLP pursuant to the Interest Rate Swaps (after first paying such amounts into the relevant Swap Payments Account (if it has not been closed)) (other than Swap Collateral Excluded Amounts);
 - (v) any other amounts whatsoever received by or on behalf of the LLP after the Programme Date other than payments from any Covered Bond Swap Provider (other than on an Issue Date), Swap Collateral and Swap Collateral Excluded Amounts.
- (b) The Cash Manager shall procure that:
- (i) amounts received by the LLP under the Interest Rate Swaps are paid into the relevant Swap Payments Account (provided it has not been closed) and, subject to sub-paragraph (iv), on the same day transferred to the GIC account or (if that Swap Payments Account has been closed) directly to the GIC Account;
 - (ii) amounts payable by the LLP under the Interest Rate Swaps are paid from the GIC Account into the relevant Swap Payments Account (provided it has not been closed) and on the same day applied to make such payment to the Interest Rate Swap Provider or (if that Swap Payments Account has been closed) such payment shall be made directly from the GIC Account;
 - (iii) amounts received by the LLP under any Covered Bond Swap, other than any Swap Collateral, are paid into the relevant Swap Payments Account and on the same day transferred to the GIC Account, or otherwise to discharge directly the payments which are required to be made by the LLP from such amounts under the terms of the Transaction Documents or (if that Swap Payments Account has been closed) directly to the GIC Account or otherwise to discharge directly the payments which are required to be made by the LLP from such amounts under the terms of the Transaction Documents; and
 - (iv) amounts payable by the LLP under any Covered Bond Swap are paid into the relevant Swap Payments Account (provided it has not been closed) and on the same day applied to make such payment to the relevant Covered Bond Swap Provider or (if that Swap Payments Account has been closed) such payment shall be made directly from the GIC Account.
- (c) The Cash Manager shall procure that all Swap Collateral will be credited to the relevant Swap Collateral Accounts. Amounts credited to the Swap Collateral Accounts will be allocated to individual ledgers which the Cash Manager shall establish within the Swap Collateral Accounts for each Covered Bond Swap Provider.
- (d) Except as provided in paragraph (e) below, the Cash Manager shall procure that all interest earned on the LLP Accounts (other than the Swap Collateral Account) and all investment proceeds from Substitution Assets and/or Authorised Investments purchased from amounts standing to the credit of the GIC Account, are credited to the GIC Account.
- (e) The Cash Manager shall procure that all interest earned on a Swap Collateral Account and all investment proceeds from Substitution Assets and/or Authorised Investments acquired using the proceeds of any Swap Collateral, are credited to that Swap Collateral Account.
- (f) The Cash Manager shall procure that the proceeds of each Term Advance are applied in accordance with **Clause 3.1** of the Intercompany Loan Agreement.
- (g) Each of the payments into the GIC Account shall be made forthwith upon receipt by the LLP or the Cash Manager, as the case may be, of the amount in question.

- (h) For the avoidance of doubt, as soon as reasonably practicable after becoming aware of the same, the Cash Manager shall withdraw moneys from any LLP Account if and to the extent that such moneys were credited thereto in error and shall use its reasonable endeavours to ensure that such moneys are applied correctly thereafter.
- (i) The Cash Manager shall promptly notify each of the LLP and the Security Trustee of any additional account which supplements or replaces any of the LLP Accounts and each of the parties hereto agrees to make any amendments to this Agreement that are required as a result of the establishment of any supplemental account.
- (j) Each of the Cash Manager and the LLP undertakes that, so far as it is able to procure the same, each of the LLP Accounts and all instructions and Mandates in relation thereto will continue to be operative and will not, save as permitted pursuant to the Bank Account Agreement, be changed without the prior written consent of the Security Trustee (such consent not to be unreasonably withheld or delayed provided that, where any LLP Account is to be changed, such replacement account is subject to security in favour of the Security Trustee on substantially the same terms as the security over the LLP Accounts granted to the Security Trustee pursuant to the Deed of Charge). For the avoidance of doubt, the Cash Manager may change the authorised signatories in respect of any instructions or Mandates relating to the LLP Accounts, without the prior written consent of the Security Trustee, in accordance with **Clause 3.2** (Amendment or Revocation) of the Bank Account Agreement.

4.4 Bank Account Statements

The Cash Manager shall take all reasonable steps to ensure that it receives a monthly bank statement in relation to each of the LLP Accounts and that it furnishes a copy of such statements to the LLP and the Security Trustee.

5. THIRD PARTY AMOUNTS

The Cash Manager shall withdraw any Third Party Amounts received by the LLP and standing to the credit of an LLP Account and pay the same to the relevant entity entitled to those Third Party Amounts provided that there are sufficient amounts standing to the credit of the relevant LLP Account to meet such payment. Third Party Amounts due to the Seller shall be paid by telegraphic transfer to such account as may be specified by the Seller from time to time, promptly following a request for such withdrawal being received from the Seller.

6. INFORMATION

6.1 Use of I.T. systems

- (a) The Cash Manager represents and warrants that at the date hereof in respect of the software which is to be used by the Cash Manager in providing the Cash Management Services it has in place all necessary licences and/or consents from the respective licensor or licensors (if any) of such software.
- (b) The Cash Manager undertakes that it shall for the duration of this Agreement, use reasonable endeavours to:
 - (i) ensure that the licences and/or consents referred to in **paragraph (a)** are maintained in full force and effect; and
 - (ii) except in so far as it would breach any other of its legal obligations, grant to any person to whom it may sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement and/or to such person as the LLP elects as a substitute cash

manager in accordance with the terms of this Agreement a licence to use any proprietary software together with any updates which may be made thereto from time to time.

- (c) The Cash Manager shall use reasonable endeavours to maintain in working order the information technology systems used by the Cash Manager in providing the Cash Management Services.
- (d) The Cash Manager shall pass to any person to whom it may sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement and/or to such person as the LLP and the Security Trustee may select as a substitute cash manager in accordance with the terms of this Agreement the benefit of any warranties in relation to the software insofar as the same are capable of assignment.

6.2 Access to Books and Records

Subject to all applicable laws, the Cash Manager shall permit the Auditors of the LLP, the Security Trustee and any other person nominated by the Security Trustee (to whom the Cash Manager has no reasonable objection) at any time during normal office hours upon reasonable notice to have access, or procure that such person or persons are granted access, to all books of record and account relating to the Cash Management Services provided by the Cash Manager and related matters in accordance with this Agreement.

6.3 Information Covenants

- (a) With the assistance of the Servicer, the Cash Manager shall prepare and provide the LLP, the Security Trustee, the Bond Trustee, the Seller and the Rating Agencies with the Monthly Asset Coverage Report within two London Business Days of each LLP Payment Date.
- (b) With the assistance of the Servicer, the Cash Manager shall (on behalf of the LLP) provide any and all information to the FSA (including, without limitation, information regarding the Loans and the Related Security, the Substitution Assets and the Authorised Investments comprised in the Asset Pool) as may be required to be provided by the LLP in accordance with the RCB Regulations and the RCB Sourcebook.
- (c) The Cash Manager shall notify the Rating Agencies in writing as soon as reasonably practicable of the details of (i) any material amendment to the Transaction Documents, and (ii) any other information relating to the Cash Manager as the Rating Agencies and the Security Trustee may reasonably request in connection with its obligations under this Agreement, provided that the Security Trustee shall not make such a request more than once every three months unless, in the reasonable belief of the Security Trustee, an Abbey Event of Default or Potential Abbey Event of Default or an LLP Event of Default or Potential LLP Event of Default or a Cash Manager Termination Event (as defined in **Clause 11.1** (Cash Manager Termination Events)) has occurred and is continuing, and provided further that such request does not adversely interfere with the Cash Manager's day to day provision of the Cash Management Services under the other terms of this Agreement.
- (d) The Cash Manager shall, at the request of the Security Trustee, furnish the Security Trustee and the Rating Agencies with such other information relating to its business and financial condition as it may be reasonable for the Security Trustee to request in connection with this Agreement, provided that such request does not adversely interfere with the Cash Manager's day to day provision of the Cash Management Services under the other terms of this Agreement.

7. REMUNERATION

7.1 Fee payable

- (a) Subject to **paragraph (b)** below, the LLP shall pay to the Cash Manager for its Cash Management Services hereunder a cash management fee which shall be agreed in writing between the LLP and the Cash Manager from time to time.
- (b) Unless and until otherwise agreed by the LLP in writing (notified to the Cash Manager), the LLP shall be solely responsible for paying the cash management fee to the Cash Manager which is referred to in **paragraph (a)** above.

7.2 Payment of fee

The cash management fee referred to in **Clause 7.1** (Fee payable) shall be paid to the Cash Manager in arrear on each LLP Payment Date in the manner contemplated by and in accordance with the provisions of the applicable Priorities of Payments.

8. COSTS AND EXPENSES

- 8.1 Subject to and in accordance with the applicable Priorities of Payments, the LLP will on each LLP Payment Date reimburse the Cash Manager for all out-of-pocket costs, expenses and charges (together with any amounts in respect of Irrecoverable VAT due thereon) properly incurred by the Cash Manager in the performance of the Cash Management Services including any such costs, expenses or charges not reimbursed to the Cash Manager on any previous LLP Payment Date and the Cash Manager shall supply the LLP with an appropriate VAT invoice issued by the Cash Manager or, if the Cash Manager has treated the relevant cost, expense or charge as a disbursement for VAT purposes, by the person making the supply.
- 8.2 Unless and until otherwise agreed by the LLP in writing (notified to the Cash Manager), the LLP shall be solely responsible for reimbursing the Cash Manager for the out-of-pocket costs, expenses and charges (together with any amounts in respect of Irrecoverable VAT due thereon) referred to in **Clause 8.1** above.

9. COVENANTS OF CASH MANAGER

9.1 Covenants:

The Cash Manager hereby covenants with and undertakes to each of the LLP and the Security Trustee that without prejudice to any of its specific obligations hereunder:

- (a) it will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions hereunder;
- (b) it will comply with any proper directions, orders and instructions which the LLP or the Security Trustee may from time to time give to it in accordance with the provisions of this Agreement and, in the event of any conflict, those of the Security Trustee shall prevail;
- (c) it will use its reasonable endeavours to keep in force all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Cash Management Services and prepare and submit all necessary applications and requests for any further approval, authorisation, consent or licence required in connection with the performance of the Cash Management Services;

- (d) save as otherwise agreed with the LLP and the Security Trustee, it will provide free of charge to the LLP during normal office hours office space, facilities, equipment and staff sufficient to fulfil the obligations of the LLP under this Agreement;
- (e) it will not knowingly fail to comply with any legal requirements in the performance of the Cash Management Services;
- (f) it will make all payments required to be made by it pursuant to this Agreement on the due date for payment thereof for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim; and
- (g) it will not without the prior written consent of the Security Trustee agree to any amendments to or termination of any of the Transaction Documents save in accordance with their terms.

9.2 Duration of covenants

The covenants of the Cash Manager in **Clause 9.1** (Covenants) shall remain in force until this Agreement is terminated but without prejudice to any right or remedy of the LLP and/or the Security Trustee arising from breach of any such covenant prior to the date of termination of this Agreement.

10. SERVICES NON-EXCLUSIVE

Nothing in this Agreement shall prevent the Cash Manager from rendering or performing services similar to those provided for in this Agreement to or for itself or other persons, firms or companies or from carrying on business similar to or in competition with the business of the LLP or the Security Trustee.

11. TERMINATION

11.1 Cash Manager Termination Events

- (a) If any of the following events (**Cash Manager Termination Events**) shall occur:
 - (i) the Cash Manager defaults in the payment on the due date of any payment due and payable by it under this Agreement or in the performance of its obligations under **Clause 4.3** (Bank Accounts) and **paragraph (f)** of **Schedule 1** and such default continues unremedied for a period of three London Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Security Trustee requiring the same to be remedied; or
 - (ii) the Cash Manager defaults in the performance or observance of any of its other covenants and obligations under this Agreement, which in the reasonable opinion of the Security Trustee is materially prejudicial to the interests of the Secured Creditors and such default continues unremedied for a period of thirty (30) days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Security Trustee requiring the same to be remedied; or
 - (iii) an Insolvency Event occurs in respect of the Cash Manager,

then the LLP and/or the Security Trustee may at once or at any time thereafter while such default continues by notice in writing to the Cash Manager terminate its appointment as Cash Manager under this Agreement with effect from a date (not earlier than the date of the notice) specified in the notice.

- (b) Upon termination of the appointment of the Cash Manager pursuant to this **Clause 11.1**, the LLP agrees to use its reasonable endeavours to appoint a substitute cash manager (but shall have no liability to any person in the event that, having used reasonable endeavours, it is unable to appoint a substitute cash manager).

Any substitute cash manager:

- (i) must agree to enter into an agreement substantially on the same terms as the relevant provisions of this Agreement or on such terms as are satisfactory to the LLP and the Security Trustee; and
- (ii) must be a party that the Rating Agencies have previously confirmed in writing to the LLP and the Security Trustee will not cause the then current ratings of the Covered Bonds to be adversely affected; and
- (iii) will be subject to the prior written approval of the Security Trustee (such consent not to be unreasonably withheld, delayed or made subject to conditions).

11.2 Resignation of Cash Manager

The appointment of the Cash Manager under this Agreement may be terminated upon the expiry of not less than 12 months' notice of termination given by the Cash Manager to the LLP and the Security Trustee (or such shorter time as may be agreed between the Cash Manager, the LLP and the Security Trustee) provided that:

- (a) a substitute cash manager shall be appointed, such appointment to be effective not later than the date of such termination;
- (b) such substitute cash manager has cash management experience and is approved by the LLP and the Security Trustee;
- (c) the substitute cash manager enters into an agreement substantially on the same terms as the relevant provisions of this Agreement (or on such terms as are satisfactory to the LLP and the Security Trustee) and the Cash Manager shall not be released from its obligations under the relevant provisions of this Agreement until such substitute cash manager has entered into such new agreement and the rights of the LLP under such agreement are charged in favour of the Security Trustee on terms satisfactory to the Security Trustee; and
- (d) the then current ratings of the Covered Bonds are not adversely affected as a result thereof, unless otherwise agreed by an Extraordinary Resolution of the Covered Bondholders.

11.3 Effect of Termination

- (a) On and after termination of the appointment of the Cash Manager under this Agreement pursuant to this **Clause 11**, all authority and power of the Cash Manager under this Agreement shall be terminated and be of no further effect and the Cash Manager shall not thereafter hold itself out in any way as the agent of the LLP pursuant to this Agreement.
- (b) Upon termination of the appointment of the Cash Manager under this Agreement pursuant to this **Clause 11**, the Cash Manager shall:
 - (i) forthwith deliver (and in the meantime hold on trust for, and to the order of, the LLP or the Security Trustee, as the case may be) to the LLP or the Security Trustee, as the case may be or as the LLP or the Security Trustee shall direct (and in the event of a conflict between

directions from the LLP and directions from the Security Trustee, the directions of the Security Trustee shall prevail), all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belongings of the LLP or the Security Trustee, as the case may be (if practicable, on the date of receipt), any moneys then held by the Cash Manager on behalf of the LLP or, the Security Trustee and any other assets of the LLP and the Security Trustee;

- (ii) take such further action as the LLP or the Security Trustee, as the case may be, may reasonably direct at the expense of the LLP (including in relation to the appointment of a substitute cash manager), provided that the LLP or the Security Trustee, as the case may be, shall not be required to take or direct to be taken such further action unless it has been indemnified to its satisfaction (and in the event of a conflict between the directions of the LLP and the directions of the Security Trustee, the directions of the Security Trustee shall prevail);
- (iii) provide all relevant information contained on computer records in the form of flat file and/or upon electronic media (including, but not limited to, CD-ROM) together with details of the layout of the files set out in such flat file and/or such electronic media; and
- (iv) co-operate and consult with and assist the LLP or the Security Trustee or its nominee, as the case may be (which shall, for the avoidance of doubt, include any Receiver appointed by it), for the purposes of explaining the file layouts and the format of the flat file/electronic media containing such computer records on the computer system of the LLP or the Security Trustee or such nominee, as the case may be.

11.4 Notice of Event of Default

The Cash Manager shall deliver to the LLP and the Security Trustee as soon as reasonably practicable but in any event within three London Business Days of becoming aware thereof a notice of any Cash Manager Termination Event or any event which with the giving of notice or expiry of any grace period or certification, as specified in such Cash Manager Termination Event, would constitute the same or any Intercompany Loan Event of Default.

11.5 General provisions relating to termination

- (a) Termination of this Agreement or the appointment of a substitute cash manager under this Agreement shall be without prejudice to the liabilities of the LLP and the Security Trustee to the Cash Manager or *vice versa* incurred before the date of such termination. The Cash Manager hereby agrees that it shall have no right of set-off or any lien in respect of such amounts against amounts held by it on behalf of the LLP or the Security Trustee.
- (b) This Agreement shall terminate automatically at such time as the LLP's obligations under the Covered Bond Guarantee have been discharged and the security constituted by the Deed of Charge has been released.
- (c) On termination of the appointment of the Cash Manager under the provisions of this **Clause 11**, the Cash Manager shall be entitled to receive all fees and other moneys accrued up to (but excluding) the date of termination but shall not be entitled to any other or further compensation. Such moneys so receivable by the Cash Manager shall be paid by the LLP, on the dates on which they would otherwise have fallen due hereunder and under the terms of the LLP Deed and the Deed of Charge. For the avoidance of doubt, such termination shall not affect Abbey's rights to receive payment of all amounts (if any) due to it from the LLP other than in its capacity as Cash Manager under this Agreement.

- (d) Any provision of this Agreement which is stated to continue after termination of the Agreement shall remain in full force and effect notwithstanding termination.

12. FURTHER ASSURANCE, NO SET-OFF

12.1 Co-operation, etc

The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Agreement.

12.2 Powers of attorney

Without prejudice to the generality of **Clause 12.1** (Co-operation, etc), the LLP and the Security Trustee shall upon request by the Cash Manager forthwith give to the Cash Manager such further powers of attorney or other written authorisations, mandates or instruments as are necessary to enable the Cash Manager to perform the Cash Management Services.

12.3 No set-off

The Cash Manager agrees that it will not:

- (a) set off or purport to set off any amount which the LLP is or will become obliged to pay to it under this Agreement against any amount from time to time standing to the credit of or to be credited to any of the LLP Accounts or any replacement or additional bank account of the LLP; or
- (b) make or exercise any claims or demands, any rights of counterclaim or any other equities against or withhold payment of any and all sums of money which may at any time and from time to time be standing to the credit of any of the LLP Accounts or any replacement of additional bank account of the LLP.

12.4 Acknowledgement of Servicer and Seller

Each of the Servicer and the Seller acknowledge the Cash Management Services to be provided by the Cash Manager and agree to provide all information and assistance reasonably required by the Cash Manager in a timely fashion in order for the Cash Manager to comply with its obligations under this Agreement.

12.5 New parties

Each of the parties hereto agrees to make all changes that are reasonably necessary or desirable to this Agreement following the accession of a New Seller and/or New Servicer and/or New Member to the transaction constituted by the Transaction Documents.

13. SECURITY TRUSTEE

13.1 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 Cash Manager shall execute such documents with any other parties to this Agreement and take such actions as such new Security Trustee may reasonably require for the purposes of vesting in such new Security

Trustee the rights of the Security Trustee under this Agreement and under the Deed of Charge and while any of the Covered Bonds remain outstanding shall give notice thereof to the Rating Agencies.

13.2 Security Trustee Liability

- (a) For the avoidance of doubt, the Security Trustee shall not be liable to pay any amounts due under **Clauses 7** (Remuneration) and **8** (Costs and Expenses), and without prejudice to the obligations of the LLP, as the case may be, or any receiver appointed pursuant to the Deed of Charge in respect of such amounts.
- (b) 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 Cash Manager or the LLP under this Agreement notwithstanding any provision herein 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 16** (Amendments, Variation and Waiver). 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 therefore, 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.

14. CONFIDENTIALITY

During the continuance of this Agreement or after its termination, each of the LLP, the Cash Manager, the Seller, the Servicer and the Security Trustee shall use its best endeavours not to disclose to any person, firm or company whatsoever any information relating to the business, finances or other matters of a confidential nature of any other party hereto of which it may exclusively by virtue of being party to the Transaction Documents have become possessed and shall use all reasonable endeavours to prevent any such disclosure as aforesaid, provided however that the provisions of this **Clause 14** shall not apply:

- (a) to any information already known to the recipient otherwise than as a result of entering into any of the Transaction Documents;
- (b) to any information subsequently received by the recipient which it would otherwise be free to disclose;
- (c) to any information which is or becomes public knowledge otherwise than as a result of the conduct of the recipient;
- (d) to any extent that the recipient is required to disclose the same pursuant to any law or order of any court of competent jurisdiction or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or any governmental or other authority (including, without limitation, any official bank examiners or regulators);
- (e) to the extent that the recipient needs to disclose the same for determining the existence of, or declaring, an Abbey Event of Default, an LLP Event of Default or a Cash Manager Termination Event, the protection or enforcement of any of its rights under any of the Transaction Documents or in connection herewith or therewith or for the purpose of discharging, in such manner as it thinks fit, its duties under or in connection with such agreements in each case to such persons as require to be informed of such information for such purposes; or

- (f) in relation to any information disclosed to the professional advisers of the recipient or (in connection with a prospective rating of any debt to be issued by the Issuer) to any Rating Agency or any prospective new cash manager or prospective new security trustee.

15. NOTICES

Any notices to be given pursuant to this Agreement to any of the parties hereto 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 17.00 hours 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 the post and shall be sent:

- (a) in the case of the Cash Manager, Seller and the Servicer, to Santander UK plc, 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 the Securitisation Team, Retail Credit Risk;
- (b) in the case of the LLP, to Abbey Covered Bonds LLP, c/o Santander UK plc, 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;
- (c) in the case of the Security Trustee and the Bond Trustee, to Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester Street, London EC2N 2DB (facsimile number (44) 207547 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 15**.

16. AMENDMENTS, VARIATION AND WAIVER

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; provided, however, that any Rating Agency rating referenced in this Agreement may only be amended, modified or varied with the prior written consent of the relevant Rating Agency and 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.

17. NO PARTNERSHIP, PROTECTION OF CERTAIN PARTIES

It is hereby acknowledged and agreed by the parties that nothing in this Agreement shall be construed as giving rise to any partnership between any of the parties.

18. ASSIGNMENT

18.1 Assignment by the LLP

The LLP may not assign or transfer any of its respective rights and obligations under this Agreement without the prior written consent of each of the Security Trustee and the Cash Manager, except that the LLP may assign its respective rights hereunder without such consent pursuant to the Deed of Charge.

18.2 No assignment by Cash Manager

The Cash Manager may not assign or transfer any of its rights and obligations under this Agreement without the prior written consent of the LLP and the Security Trustee.

19. EXCLUSION OF THIRD PARTY RIGHTS

The parties to this Agreement do not intend that any term of this Agreement should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

20. COUNTERPARTS

This Agreement may be executed in any number of counterparts (manually or by facsimile) each of which, when executed and delivered, shall constitute an original, but all the counterparts shall together constitute but one and the same instrument provided, however, that this Agreement shall have no force or effect until it is executed by the last party to execute the same and shall be deemed to have been executed and delivered in the place where such last party executed this Agreement.

21. GOVERNING LAW

This Agreement is governed by, and shall be construed in accordance with, the laws of England.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed the day and year first before written.

SCHEDULE 1

THE CASH MANAGEMENT SERVICES

The Cash Manager shall:

- (a) operate the LLP Accounts and ensure that payments are made into and from such accounts in accordance with this Agreement, the LLP Deed, the Deed of Charge, the Bank Account Agreement, the Guaranteed Investment Contract and any other applicable Transaction Document, provided however that nothing herein shall require the Cash Manager to make funds available to the LLP to enable such payments to be made other than as expressly required by the provisions of this Agreement and nothing herein shall constitute a guarantee, indemnity or other similar obligation by or of the Cash Manager of or in relation to all or any of the obligations of the LLP under any of the Transaction Documents;
- (b) keep any records necessary for all Taxation purposes
- (c) record each asset of the LLP falling within the definition of "asset pool" in Regulation 3 (*Asset Pool*) of the RCB Regulations (including the Loans and their Related Security) that is intended to be part of the Asset Pool as being part of the Asset Pool other than any Swap Collateral which, for the avoidance of doubt, shall not be recorded as forming part of the Asset Pool;
- (d) subject to approval thereof by the Members of the LLP, cause the annual accounts of the LLP to be audited by the Auditors of the LLP, procure (so far as it is able so to do) that the Auditors of the LLP make a report thereon as required by law and assist the Auditors of the LLP and provide such information to them as they may reasonably request for the purpose of carrying out their duties as auditors;
- (e) use its reasonable endeavours, on behalf of the LLP, to prepare or procure the preparation of and filing of all reports, annual returns, financial statements, statutory forms and other returns which the LLP is required by law to prepare and file, procure that copies of all such documents together with each report of the Auditors of the LLP referred to in **paragraph (d)** above are delivered to the LLP, the Bond Trustee and the Security Trustee as soon as practicable after the preparation thereof, make all determinations, give all notices and make all registrations and other notifications required in the day-to-day operation of the business of the LLP or required to be given or made by the LLP pursuant to the Transaction Documents, including notifications required to be made pursuant to any Covered Bond Swaps;
- (f) make withdrawals:
 - (i) on behalf of the LLP from the GIC Account, but only:
 - (A) if the Account Bank at which such account is maintained has confirmed to the Cash Manager that there are sufficient amounts standing to the credit of the GIC Account to make such withdrawal on such date;
 - (B) from the Payment Ledger on the GIC Account for application in accordance with the relevant Priorities of Payments or in accordance with **paragraph 5** of **Schedule 2** hereto or otherwise in accordance with the Transaction Documents;
 - (C) [reserved]; and

- (D) until the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice on the LLP (copied to the Cash Manager),

respectively as permitted by and in accordance with this Agreement, the LLP Deed, the Bank Account Agreement, the Guaranteed Investment Contract, the Deed of Charge and the other Transaction Documents, but shall not in carrying out its functions as Cash Manager under this Agreement otherwise make withdrawals from the LLP Accounts;

- (ii) on behalf of the LLP from each Swap Payments Account (provided it has not been closed), but only:

- (A) if the Account Bank at which such account is maintained has confirmed to the Cash Manager that there are sufficient amounts standing to the credit of the Swap Payments Account to make such withdrawal on such date;

- (B) from the Swap Payments Account for application in accordance with the relevant Priorities of Payments or in accordance with **paragraph 5 of Schedule 2** hereto or otherwise in accordance with the Transaction Documents:

- (aa) towards payment of the amounts required to be paid under the Interest Rate Swap Agreement;

- (bb) towards payment of the amounts required to be paid by the LLP under any Covered Bond Swap;

- (cc) (from the amounts received under any Interest Rate Swap), subject to paragraph (bb), to be paid into the GIC Account;

- (dd) (from the amounts received under any Covered Bond Swap) towards payment of amounts required to be paid into the GIC Account, to be paid by the LLP under the Intercompany Loan Agreement or, as the case may be, to be paid under the Covered Bond Swap Guarantee;

- (C) until the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice on the LLP (copied to the Cash Manager),

respectively as permitted by and in accordance with this Agreement, the LLP Deed, the Bank Account Agreement, the Guaranteed Investment Contract, the Covered Bond Swap Agreements, the Interest Rate Swap Agreements, the Deed of Charge and the other Transaction Documents, but shall not in carrying out its functions as Cash Manager under this Agreement otherwise make withdrawals from any Swap Payments Account;

- (iii) on behalf of the LLP from each Swap Collateral Account, but only:

- (A) if the Account Bank at which such account is maintained has confirmed to the Cash Manager that there are sufficient amounts standing to the credit of the Swap Collateral Account to make such withdrawal on such date;

- (B) from the Swap Collateral Account for application in accordance with the relevant Priorities of Payments or in accordance with **paragraph 5 of Schedule 2** hereto or otherwise in accordance with the Transaction Documents; and

- (C) until the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice on the LLP (copied to the Cash Manager),

respectively as permitted by and in accordance with this Agreement, the LLP Deed, the Bank Account Agreement, the Guaranteed Investment Contract, the Covered Bond Swap Agreements, the Interest Rate Swap Agreement, the Deed of Charge and the other Transaction Documents, but shall not in carrying out its functions as Cash Manager under this Agreement otherwise make withdrawals from any Swap Collateral Account;

- (g) provide accounting services, including reviewing receipts and payments, supervising and assisting in the preparation of interim statements and final accounts and supervising and assisting in the preparation of Tax returns;
- (h) provide or procure the provision of company secretarial and administration services to the LLP including the keeping of all registers, co-operate in the convening of management board and general meetings and provide registered office facilities;
- (i) on behalf of the LLP, provided that such moneys are at the relevant time available to the LLP, pay all the out-of-pocket expenses of the LLP, properly incurred by the Cash Manager on behalf of the LLP in the performance of the Cash Manager's duties hereunder, including without limitation:
 - (i) all Taxes which may be due or payable by the LLP;
 - (ii) all registration, transfer, filing and other fees and other charges payable in respect of the sale by the Seller of the Portfolio or any part of it to the LLP;
 - (iii) all necessary filing and other fees in compliance with regulatory requirements;
 - (iv) all legal and audit fees and other professional advisory fees;
 - (v) all communication expenses including postage, courier and telephone charges;
 - (vi) all premiums payable by the LLP in respect of the Insurance Policies; and
 - (vii) following service of a Notice to Pay on the LLP, all fees payable to the London Stock Exchange and any other stock exchange on which the Covered Bonds are listed but only if the Issuer has not otherwise paid those fees;
- (j) at the written request of the LLP or with the prior written consent of the Security Trustee, invest moneys standing from time to time to the credit of the GIC Account in Substitution Assets or Authorised Investments (any such purchase to be at the sole discretion of the Cash Manager), subject to the following provisions:
 - (i) any such Substitution Assets or, as applicable, Authorised Investments shall be purchased in the joint names of the LLP and the Security Trustee; and
 - (ii) not more than 10 per cent. of the total assets of the LLP at any time shall be invested in Substitution Assets;
 - (iii) if required by the Security Trustee on or prior to purchasing any Substitution Assets, the LLP has entered into appropriate hedging arrangements with a hedge provider that has the requisite ratings to hedge against the interest rate risk (if any) associated with such Substitution Assets, in each case on terms that are satisfactory to the Security Trustee; and
 - (iv) any costs properly and reasonably incurred in investing in, holding or disposing of any Substitution Assets and/or (as applicable) any Authorised Investments will be reimbursed to the Cash Manager and the Security Trustee by the LLP; and

- (v) all income or other distributions arising on, or proceeds following the disposal or maturity of, any Substitution Assets and/or Authorised Investments shall be credited to the GIC Account; and
 - (vi) the Security Trustee and the Cash Manager shall not be responsible (save where any loss results from the Security Trustee's or Cash Manager's own fraud, wilful default or negligence or that of its officers or employees) for any loss occasioned by reason of any such Substitution Assets or Authorised Investments whether by depreciation in value or otherwise provided that such Substitution Assets or Authorised Investments were made in accordance with the above provisions; and
 - (vii) following service of an Asset Coverage Test Breach Notice (until revoked) or a Notice to Pay on the LLP, the Cash Manager shall take all reasonable steps to sell the Substitution Assets then held in the name of the LLP and the Security Trustee as quickly as reasonably practicable and for the best price then reasonably available and credit the proceeds thereof to the GIC Account.
- (k) procure (so far as the Cash Manager, using its reasonable endeavours, is able so to do) compliance by the LLP with all applicable legal requirements and with the terms of the Transaction Documents to which the LLP is a party, provided always that the Cash Manager shall not lend or provide any sum to the LLP and the Cash Manager shall have no liability whatsoever to the LLP, the Security Trustee or any other person for any failure by the LLP to make any payment due, or to perform its other obligations, under any of the Transaction Documents other than to the extent arising from the Cash Manager failing to perform any of its obligations under this Agreement (but without prejudice to the obligations of Abbey in its separate capacities as Servicer, Seller and Member of the LLP);
- (l)
 - (i) at the written request of the LLP or with prior written consent of the Security Trustee, calculate, on the Calculation Date falling in January, April, July and October of each year, the WAFF and the WALs (and/or such figures calculated in accordance with such alternative methodologies as the Rating Agencies may prescribe) for the Portfolio as a whole or a random sample of the Loans in the Portfolio, such calculations to be made on the same basis throughout unless agreed otherwise by S&P and Fitch; and
 - (ii) the WAFF and WALs will be input by the Cash Manager to one or more cashflow models approved by the Rating Agencies.
 - (m)
 - (i) prior to service of a Notice to Pay on the LLP, do all calculations on each Calculation Date which are required to determine whether the Portfolio is in compliance with the Asset Coverage Test in accordance with **Clause 11** (Asset Coverage Test) of the LLP Deed and to determine, on each Cash Flow Model Calculation Date, the Asset Percentage in accordance with **Clause 11** of the LLP Deed;
 - (ii) following service of a Notice to Pay on the LLP, do all calculations on each Calculation Date which are required to determine whether the Portfolio is in compliance with the Amortisation Test in accordance with **Clause 12** (Amortisation Test) of the LLP Deed; and
 - (iii) to determine whether the Issuer is in compliance with the Pre-Maturity Test on each Pre-Maturity Test Date in accordance with **Clause 13** (Pre-Maturity Test) of the LLP Deed,
 - (n) (not later than two London Business Days following any Calculation Date in respect of which the Asset Monitor is obliged, in accordance with **Clause 2** of the Asset Monitor Agreement, to conduct tests of the calculations performed by the Cash Manager on that Calculation Date in respect of the Asset Coverage Test or the Amortisation Test, as applicable) despatch to the Asset Monitor the

information described in **Clause 3.1** or, as applicable, **Clause 3.2** of the Asset Monitor Agreement and (promptly upon receipt from the Asset Monitor of the results of such tests of calculations performed by the Asset Monitor) notify the Rating Agencies of the results of such tests;

- (o)
 - (i) act as calculation agent pursuant to the terms of the Interest Rate Swap Agreement and make the calculations referred to therein and notify the LLP and the Security Trustee of all amounts, balances and rates;
 - (ii) if on or prior to the repayment in full of the relevant Series of Covered Bonds, any Interest Rate Swap is terminated (other than as a result of an Event of Default (as defined in the Interest Rate Swap Agreement) where the LLP is the Defaulting Party (as defined in the Interest Rate Swap Agreement) or the service of an LLP Acceleration Notice on the LLP), purchase (on behalf of the LLP and the Security Trustee) a new hedge or hedges against the possible variance between (1) the Standard Variable Rate or other variable rates payable on the Variable Rate Loans, the fixed rates of interest payable on the Fixed Rate Loans and the rates of interest payable on the Tracker Loans in the Portfolio (or the relevant proportion thereof) and (2) an appropriate LIBOR-based rate for Sterling deposits. The Cash Manager may apply any early termination payment received from an Interest Rate Swap Provider pursuant to the Interest Rate Swap Agreement for such purpose;
- (p)
 - (i) act as calculation agent pursuant to the terms of each Covered Bond Swap Agreement and make the calculations referred to therein and notify the LLP and the Security Trustee of all amounts, balances and rates;
 - (ii) if on or prior to the repayment in full of the relevant Series of Covered Bonds, a Covered Bond Swap is terminated (other than as a result of an Event of Default (as defined in the relevant Covered Bond Swap Agreement) where the LLP is the Defaulting Party (as defined in the relevant Covered Bond Swap Agreement) or the service of an LLP Acceleration Notice on the LLP), purchase (on behalf of the LLP and the Security Trustee) a new swap to hedge the interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans in the Portfolio and/or the relevant Interest Rate Swap and amounts payable by the LLP (prior to service of a Notice to Pay) under the Intercompany Loan Agreement in respect of the relevant Term Advances or (following service of a Notice to Pay) under the Covered Bond Guarantee in respect of the relevant Covered Bonds. The Cash Manager may apply an early termination payment received from a Covered Bond Swap Provider pursuant to the relevant Covered Bond Swap Agreement for such purpose;
- (q) deliver to the LLP, the Security Trustee, the Bond Trustee and the Rating Agencies as soon as reasonably practicable but in any event within three Business Days of becoming aware thereof a notice of any:
 - (i) Cash Manager Termination Event or any event which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Cash Manager Termination Event;
 - (ii) Abbey Event of Default or Potential Abbey Event of Default; or
 - (iii) LLP Event of Default or any Potential LLP Event of Default; and
- (r) notify the LLP if the Cash Manager is aware that the purchase of a New Portfolio on an Assignment Date would adversely affect the then current rating by Moody's, S&P or Fitch of the Covered Bonds.

SCHEDULE 2

CASH MANAGEMENT AND MAINTENANCE OF LEDGERS

1. Determination

- (a) On the Calculation Date immediately preceding each LLP Payment Date, the LLP or the Cash Manager on its behalf shall calculate:
 - (i) the amount of Available Revenue Receipts available for distribution on the immediately following LLP Payment Date; and
 - (ii) the Reserve Fund Required Amount.
- (b) If the Pre-Maturity Test has been breached in respect of a Series of Hard Bullet Covered Bonds, on each Calculation Date falling in the five months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds the LLP or the Cash Manager on its behalf shall calculate whether or not the amount standing to the credit of the Pre-Maturity Liquidity Ledger on that Calculation Date is less than the Required Redemption Amount for that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of any other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).
- (c) On each Calculation Date, the LLP or the Cash Manager on its behalf will calculate the amount of Available Principal Receipts available for distribution on the immediately following LLP Payment Date. Except to the extent permitted by paragraph 15(b) of Schedule 2, amounts credited to the Supplemental Liquidity Reserve Ledger shall not constitute Available Principal Receipts.
- (d) Without prejudice to the obligations of the Calculation Agent, the Cash Manager shall, if necessary, perform all currency conversions free of charge, cost or expense at the relevant exchange rate (for the purposes of any calculations referred to above, (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (e.g. 9.876541% being rounded down to 9.87654%) and (ii) any currency amounts used in or resulting from such calculations will be rounded in accordance with the relevant market practice).
- (e) Each determination made in accordance with this **paragraph 1** shall (in the absence of demonstrable error) be final and binding on all persons.

2. Notification of Determinations

- (a) The Cash Manager may make all the determinations referred to in **paragraph 1(a)** on the basis that the amount of any Losses will not increase and on the basis of any other reasonable and proper assumptions as the Cash Manager considers appropriate (including without limitation as to the amount of any payments to be made or amounts received under the relevant Priorities of Payments during the period from and including the LLP Payment Date following the relevant Calculation Date to but excluding the next following LLP Payment Date).

The Cash Manager shall notify the LLP and the Security Trustee on request of any such other assumptions and shall take account of any representations made by the Issuer and the Security Trustee (as the case may be) in relation thereto.

- (b) Each determination made in accordance with this **paragraph 2** shall (in the absence of demonstrable error) be final and binding on all persons.

- (c) The Cash Manager shall procure that the determinations and notifications required to be made by the LLP pursuant to the Terms and Conditions of the Covered Bonds are made.

3. Pre-Acceleration Revenue Priority of Payments

On each LLP Payment Date, the LLP or the Cash Manager on its behalf will transfer Available Revenue Receipts from the Revenue Ledger and the Reserve Ledger, as applicable, to the Payment Ledger on the GIC Account in accordance with **Clause 14** (Allocation and Distribution of Revenue Receipts prior to service of a Notice to Pay) of the LLP Deed.

Subject to **paragraph (f) of Schedule 1**, prior to service of a Notice to Pay or an LLP Acceleration Notice on the LLP, the Cash Manager will procure that Available Revenue Receipts standing to the credit of the Payment Ledger on the GIC Account are applied on each LLP Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments (subject to, if an Asset Coverage Test Breach Notice has been served and has not been revoked, **Clause 16** of the LLP Deed).

4. Pre-Acceleration Principal Priority of Payments

On each LLP Payment Date, the Cash Manager on behalf of the LLP will transfer funds from the relevant Ledgers on the GIC Account to the Payment Ledger on the GIC Account in accordance with **Clause 15** (Allocation and Distribution of Principal Receipts prior to service of a Notice to Pay) of the LLP Deed.

Subject to **paragraph (f) of Schedule 1**, prior to service of a Notice to Pay or an LLP Acceleration Notice on the LLP, the Cash Manager will procure that Available Principal Receipts standing to the credit of the Payment Ledger on the GIC Account are applied on each LLP Payment Date in accordance with the Pre-Acceleration Principal Priority of Payments (subject to, if an Asset Coverage Test Breach Notice has been served and has not been revoked, **Clause 16** of the LLP Deed).

5. Other Payments

Subject to **paragraph (f) of Schedule 1**, the Cash Manager agrees, and the LLP concurs, that (save as otherwise specified below) amounts may be transferred from the relevant Ledgers on the GIC Account to the Payment Ledger on the GIC Account, and the following payments may be made from the Payment Ledger on the GIC Account (to the extent that withdrawal of those amounts would not cause the balance of the Payment Ledger on the GIC Account to become overdrawn) on any date:

- (i) if any amount has been received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to either that Borrower or the Seller (in relation to Loans sold by the Seller) or the LLP, to pay such amount when due to such third party or, in the case of the payment of an insurance premium, where such third party and the Cash Manager have agreed that payment of commission should be made by deduction from such insurance premium, to pay such amount less such commissions when due to such third party and to pay such commission to the Cash Manager and to pay any premiums in respect of any Insurance Policy or other insurance policy relating to any Loan comprised in the Portfolio;
- (ii) subject to **Clause 5.2** of the Mortgage Sale Agreement, to pay to any person (including the Seller) any amounts due arising from any overpayment by any person or arising from any reimbursement by any person of any such overpayment (including, for the avoidance of doubt, where arising from the failure of a direct debit);

- (iii) subject to **Clauses 2.11** and **5.2** of the Mortgage Sale Agreement, to pay when due (but subject to any right to refuse or withhold payment or of set-off that has arisen by reason of the Borrower's breach of the terms of the relevant Mortgage or Loan) any amount payable to a Borrower under the terms of the Mortgage or the Loan to which that Borrower is a party;
- (iv) to pay to the Seller any Early Repayment Fees, High Loan-to-Value Fees or other Third Party Amounts, which shall be paid on request to the Seller (to the extent actually received by the LLP);
- (v) to pay when due and payable any amounts due and payable by the LLP to third parties and incurred without breach by the LLP of the Transaction Documents and not provided for payment elsewhere in the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments including, without limitation payments to or from the Swap Payments Accounts or, as the case may be, the Swap Collateral Accounts;
- (vi) to refund any amounts due arising from the rejection of any payments in respect of a Loan and any other amounts which have not been received by the LLP as cleared funds; and
- (vii) to refund to the Seller any amounts owed to the Seller pursuant to **Clause 3** (Trust of Moneys) of the Mortgage Sale Agreement.

6. Use of Ledgers

- (a) The Cash Manager shall forthwith record moneys received or payments made by it on behalf of the LLP in the Ledgers in the manner set out in this Agreement and the LLP Deed.
- (b) A debit item shall only be made in respect of any of the Ledgers and the corresponding payment or transfer (if any) may only be made from the GIC Account or any other LLP Account, as the case may be, to the extent that such entry does not cause the relevant Ledger to have a debit balance.
- (c) Following service of a Notice to Pay on the LLP the Cash Manager shall not be obliged to maintain the Ledgers other than the Capital Account Ledger, the Intercompany Loan Ledger and the Supplemental Liquidity Reserve Ledger.
- (d) The Cash Manager shall establish any new Ledgers required by the LLP or the Security Trustee to record payments under the Covered Bond Guarantee or otherwise.
- (e) If, at any time, the Cash Manager is in any doubt as to which Ledger a particular amount should be credited or debited, it shall consult with the Security Trustee thereon.

7. Pre-Maturity Liquidity Ledger

- (a) Following a breach of the Pre-Maturity Test by the Issuer, the Cash Manager shall ensure that the following amounts are credited to the Pre-Maturity Liquidity Ledger:
 - (i) all Cash Contributions made by the Members (other than the Liquidation Member) in accordance with Clause 13.4 of the LLP Deed;
 - (ii) any sale proceeds from the sale of Selected Loans to the Sellers or to Purchasers in accordance with Clause 13.5 of the LLP Deed;
 - (iii) any Available Revenue Receipts credited to the Pre-Maturity Liquidity Ledger in accordance with Clauses 13.9 and 14 (Allocation and Distribution of Available Revenue Receipts prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been

revoked), a Notice to Pay or an LLP Acceleration Notice and/or the Commencement of Winding-up Proceedings against the LLP and/or the Realisation of the Security) of the LLP Deed; and

- (iv) any Available Principal Receipts credited to the Pre-Maturity Liquidity Ledger in accordance with Clauses 13.9 and 15 (Allocation and Distribution of Available Principal Receipts prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the Commencement of Winding-up Proceedings against the LLP and/or the Realisation of the Security) of the LLP Deed.

(b) The Cash Manager shall ensure that:

- (i) if a Notice to Pay is served on the LLP, the Pre-Maturity Liquidity Ledger is debited with:
 - (1) the amount to be withdrawn from the GIC Account to repay the Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger was established (but so that if the amount to be withdrawn from the GIC Account to repay that Series of Hard Bullet Covered Bonds is greater than the amount standing to the credit of the Pre-Maturity Liquidity Ledger, the balance recorded on the Pre-Maturity Liquidity Ledger shall be zero); and
 - (2) subject to sub-paragraph (1) above, all remaining monies standing to the credit of the Pre-Maturity Liquidity Ledger are applied in accordance with the Guarantee Priority of Payments and the amounts are debited from the Pre-Maturity Liquidity Ledger accordingly; and
- (ii) if the Issuer and/or the Group Guarantors repay the relevant Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof then, subject to Clause 13.12 of the LLP Deed, in respect of those amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are distributed in accordance with the Pre-Acceleration Principal Priority of Payments, the Cash Manager shall make a corresponding debit to the Pre-Maturity Liquidity Ledger.

8. Revenue Ledger

The Cash Manager shall ensure that:

- (a) the following amounts shall be credited to the Revenue Ledger:
 - (i) all Revenue Receipts;
 - (ii) all interest received by the LLP on the LLP Accounts;
 - (iii) all amounts received by the LLP representing income on any Substitution Assets and Authorised Investments;
 - (iv) the amount of any premium received by the LLP from a new Swap Provider as consideration for the entry by the LLP into a new Swap, except to the extent applied to pay any termination payment under the relevant Swap being replaced;
 - (v) the proceeds from any sale of Loans to the extent that such proceeds comprise Accrued Interest or Arrears of Interest; and

- (vi) any other revenue income of the LLP which is not referred to in **paragraphs (i) to (iv)** above and which is not referred to in the receipts to be credited to the Principal Ledger in **paragraph 9** below; and
- (b) any payment or provision made under the Pre-Acceleration Priority of Payments or made under **paragraph 5** above (but only to the extent that such payment made under **paragraph 5** has been recorded as a receipt on the Revenue Ledger) shall be debited to the Revenue Ledger.

9. Principal Ledger

The Cash Manager shall ensure that:

- (a) the following shall be credited to the Principal Ledger:
 - (i) all Principal Receipts;
 - (ii) the proceeds of any Term Advance (where such proceeds have not been applied to acquire New Portfolios, refinance an existing Term Advance or invest in Substitution Assets);
 - (iii) the proceeds received from any sale of Loans to the extent that such proceeds represent principal but excluding principal received under the Covered Bond Swap Agreements;
 - (iv) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap;
 - (v) any amount to be transferred to the Principal Ledger from the Supplemental Liquidity Reserve Ledger in accordance with paragraph 15 below, and
- (b) any payment or provision made under the Pre-Acceleration Principal Priority of Payments or made under **paragraph 5** above (but only to the extent that such payment made under **paragraph 5** has been recorded as a receipt on the Principal Ledger), shall be debited to the Principal Ledger.

10. Capital Account Ledgers

- (a) The Cash Manager shall ensure that:
 - (i) each Capital Contribution made by a Member (other than any Cash Capital Contributions to the Reserve Fund at the direction of the Seller which are credited to the Reserve Ledger); and
 - (ii) on each Calculation Date, any increase in a Member's Capital Contribution Balance due to an increase in the Capital Balance of the Loans in the immediately preceding Calculation Period due to Capitalised Interest accruing on a Loan or the relevant Member making a Further Advance or paying a Flexible Loan Drawing to a Borrower, in each case where the relevant Loan was sold by the relevant Member to the LLP,

shall be credited to that Member's Capital Account Ledger or, as applicable, debited from that Member's Capital Account Ledger where a Capital Contribution has been made pursuant to **Clause 10.1** of the LLP Deed. The Cash Manager shall record on each Member's Capital

Account Ledger whether the relevant Capital Contribution was a Cash Capital Contribution or a Capital Contribution in Kind.

- (b) The Cash Manager shall ensure that each Capital Distribution to a Member shall be debited to that Member's Capital Account Ledger.

11. Reserve Ledger

The Cash Manager shall ensure that:

- (a) any Term Advances (or part thereof) borrowed by the LLP under the Intercompany Loan Agreement that are specifically required to be credited to the Reserve Fund, shall be credited to the Reserve Ledger;
- (b) any Cash Capital Contributions to the Reserve Fund at the direction of the Seller shall be credited to the Reserve Ledger;
- (c) amounts shall be credited to the Reserve Ledger in accordance with the Pre-Acceleration Revenue Priority of Payments; and
- (d) amounts shall be debited to the Reserve Ledger on each LLP Payment Date in order to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments or, as applicable, the Guarantee Priority of Payments.

12. Payment Ledger

The Cash Manager shall ensure that amounts shall be debited and credited to the Payment Ledger in accordance with paragraphs 3, 4 and 5 of this Schedule.

13. Intercompany Loan Ledger

The Cash Manager shall ensure that all payments of interest and repayments of principal on each of the Term Advances are recorded in the Intercompany Loan Ledger.

14. Payments to Principal Paying Agent

Each of the Bond Trustee and the LLP agree that all amounts payable by the Cash Manager in respect of the Intercompany Loan or under the Covered Bond Guarantee, in accordance with the applicable Priorities of Payments, may be paid directly to the Principal Paying Agent.

15. Supplemental Liquidity Reserve Ledger

The Cash Manager shall ensure that:

- (a) all proceeds of a sale or refinancing of Selected Loans with the aim to fund or replenish the Supplemental Liquidity Reserve Ledger shall be credited to the Supplemental Liquidity Reserve Ledger; and
- (b) amounts that are credited to the Supplemental Liquidity Reserve Ledger will only be available:
 - (i) prior to the service of a Notice to Pay, if and to the extent the relevant sale or refinancing of Selected Loans relates to a Supplemental Liquidity Event (as defined

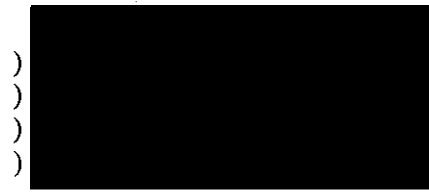
in the LLP Deed) which is continuing, for credit to the Pre-Maturity Liquidity Ledger up to an amount equal to the Required Redemption Amount of each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained or, if the Supplemental Liquidity Event is not continuing, for credit to the Principal Ledger;

- (ii) following the service of a Notice to Pay, but prior to service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, on the Final Maturity Date of the Earliest Maturing Covered Bonds of any Series of Hard Bullet Covered Bonds or on the Extended Due for Payment Date of the Earliest Maturing Covered Bonds of any Series of Covered Bonds to which an Extended Due for Payment Date applies, as the case may be, for payment of principal then due and payable on the relevant Series of Covered Bonds or, as applicable, the amount then due and payable in respect of principal under a Swap Agreement (if applicable) in respect of the relevant Series of Covered Bonds (in either case after taking account of any payment made by the Issuer in respect thereof or expected to be made by the Seller in respect thereof in accordance with the relevant Priority of Payments or from the Pre-Maturity Liquidity Ledger) or, if no Series of Covered Bonds is outstanding, for transfer to the Principal Ledger; and
- (iii) following the service of a Notice to Pay and of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, to be credited to the Principal Ledger.

SCHEDULE 3
FORM OF LLP MONTHLY ASSET COVERAGE REPORT

SIGNATORIES

SIGNED by
SANTANDER UK plc
in its capacity as the Cash Manager, Seller and Servicer
acting by its attorney **KAYLEIGH PENDER**



SIGNED by
ABBEY COVERED BONDS LLP
acting by its attorney **WILLIAM PERKINS**



SIGNED by
duly authorised
for and on behalf of
DEUTSCHE TRUSTEE COMPANY LIMITED
in its capacity as the Security Trustee

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SIGNATORIES

SIGNED by)
SANTANDER UK plc)
in its capacity as the Cash Manager, Seller and Servicer)
acting by its attorney)

SIGNED by)
ABBEY COVERED BONDS LLP)
acting by its attorney)

SIGNED by)
duly authorised)
for and on behalf of)
DEUTSCHE TRUSTEE COMPANY LIMITED)
in its capacity as the Security Trustee)

