

COVERED BOND SWAP CONFIRMATION

From: National Australia Bank Limited (**Party A**)
Level 1
800 Bourke Street
Victoria 3008
Melbourne, Australia

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)

18 September 2014

Dear Sirs,

Confirmation – Covered Bond Currency Swap

EUR 500,000,000 Fixed Rate Covered Bonds due 18 September 2024 (Series 60)

This letter constitutes a **Confirmation** as referred to in the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated as of 18 September 2014 entered into between us, you and the Security Trustee as amended and supplemented from time to time (the **Agreement**). The purpose of this Confirmation is to confirm the terms and conditions of the Swap Transaction entered into between us on the Trade Date specified below.

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

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

The **Covered Bonds** means the EUR 500,000,000 Fixed Rate Covered Bonds due 18 September 2024 issued on the Effective Date hereof.

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

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

Party A:	National Australia Bank Limited
Party B:	Abbey Covered Bonds LLP
Trade Date:	11 September 2014
Effective Date:	18 September 2014
Termination Date:	18 September 2024 (the Final Maturity Date), subject to adjustment in accordance with the Additional Provisions, but in no case shall the Termination Date be later than 18 September 2025 (the Extended Due for Payment Date), subject to adjustment in accordance with the Business Day Convention.
Covered Bond Swap Rate:	GBP 0.795544948 per EUR 1.00
Business Days:	London, TARGET 2
Business Day Convention:	Modified Following (save where expressly specified otherwise)
Calculation Agent:	As per Part 4(e) of the schedule to the Agreement.

Party A Fixed Amounts:

Party A Fixed Amount Currency Amount:	EUR 500,000,000
Party A Fixed Amount Payment Dates:	18 September in each year from, and including, 18 September 2015 to, and including, the Final Maturity Date, subject to adjustment in accordance with the Following Business Day Convention.
Party A Fixed Amount Period End Dates:	18 September in each year from, and including, 18 September 2015 to, and including, the Final Maturity Date, with No Adjustment.
Party A Fixed Amount Calculation Periods:	Each period from, and including, one Party A Fixed Amount Period End Date to, but excluding, the next Party A Fixed Amount Period End Date, except that (a) the initial Party A Fixed Amount Calculation Period will commence on, and include, the Effective Date and end on but exclude 18 September 2015 and (b) the final Party A Fixed Amount Calculation Period shall end on, but exclude, the Final Maturity Date.

Fixed Rate:	1.25 per cent. per annum.
Fixed Rate Day Count Fraction:	In respect of the calculation of a Party A Fixed Amount, a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the ICMA Rule Book) calculated in accordance with Rule 251 of the ICMA Rule Book, as applied to non US Dollar denominated straight and convertible bonds issued after December 31, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Party A Fixed Amount Calculation Period in respect of which payment is being made.
Party A Floating Amounts:	
Party A Floating Amount Currency Amount:	In respect of each Party A Floating Amount Calculation Period, the Principal Amount Outstanding of the Covered Bonds on the first day of such Party A Floating Amount Calculation Period (after taking into account any redemption of the Covered Bonds on such day).
Party A Floating Amount Payment Date:	Provided that no Redemption Notice (as defined below) has been given confirming that the Covered Bonds are redeemable in full on a Final Exchange Date on or before the Extension Determination Date (as defined below), the 18 th day of each calendar month from, but excluding, the Final Maturity Date to, and including, the Termination Date, subject to adjustment in accordance with the Business Day Convention
Party A Floating Amount Calculation Period:	Each period (if any) from, and including, each Party A Floating Amount Payment Date to, but excluding, the next Party A Floating Amount Payment Date during the Term of the Swap Transaction, except that (a) the initial Party A Floating Amount Calculation Period will commence on, and include, the Final Maturity Date and end on, but exclude, the first Party A Floating Amount Payment Date and (b) the final Party A Floating Amount Calculation Period shall end on, but exclude, the Termination Date.
Party A Floating Rate Option:	EUR-EURIBOR-Reuters
Designated Maturity:	1 month
Party A Spread:	0.14 per cent.
Party A Floating Rate Day	

Count Fraction:	Actual/360
Party A Reset Dates:	The first day of each Party A Floating Amount Calculation Period.
Party B Floating Amounts:	
Party B Currency Amount:	In respect of each Party B Calculation Period, the Sterling equivalent of the Party A Fixed Amount Currency Amount or Party A Floating Amount Currency Amount (as the case may be) on the first day of such Party B Calculation Period converted by reference to the Covered Bond Swap Rate.
Party B Payment Dates:	(i) 18 September, 18 December, 18 March, 18 June in each year, from and including 18 December 2014 to, and including, the Final Maturity Date, subject to adjustment in accordance with the Business Day Convention; and (ii) the 18 th day of each calendar month from, but excluding, the Final Maturity Date to, and including, the Termination Date, subject to adjustment in accordance with the Business Day Convention.
Party B Calculation Periods:	Each period from, and including, one 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:	(i) 3 months in respect of each Reset Date falling on or after the Effective Date but prior to the Final Maturity Date; and (ii) 1 month in respect of each Reset Date falling on or after the Final Maturity Date.
Party B Spread:	0.5450 per cent.
Party B Floating Rate Day Count Fraction:	Actual/365 (Fixed)
Party B Reset Dates:	The first day of each Party B Calculation Period.
Initial Exchange:	
Initial Exchange Date:	Effective Date
Party A Initial Exchange Amount 1:	GBP 397,772,474

Party A Initial Exchange Amount 2: EUR 5,585,000
Party B Initial Exchange Amount: EUR 500,000,000

Final Exchanges:

Final Exchange Date: (i) The Final Maturity Date in respect of the Covered Bonds, (ii) each Business Day during the period (if any) commencing on, but excluding, the Final Maturity Date to, and including, the Extension Determination Date (if any and as defined below), (iii) the 18th day of each calendar month from, but excluding, the Extension Determination Date (if any and as defined below) to, but excluding, the Extended Due for Payment Date (if any), subject to adjustment in accordance with the Following Business Day Convention and (iv) the Extended Due for Payment Date (if any), provided that, if at any time a Redemption Notice (as defined below) is given confirming that the Covered Bonds then outstanding are redeemable in full on a Final Exchange Date, that Final Exchange Date will be the last Final Exchange Date.

Extension Determination Date means the date that is seven calendar days plus two Business Days from, and including, the Final Maturity Date.

Party A Final Exchange Amounts: In respect of each Final Exchange Date, 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: In respect of each Final Exchange Date, the relevant Redemption Notice Amount (as defined below), if any.

3. **Additional Payment**

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

- (i) Party A will pay to Party B an amount in Euro equal to the Principal Amount Outstanding of the Covered Bonds to be redeemed in whole or in part pursuant to Conditions 6.2 (*Redemption for taxation reasons*) or 6.6 (*Redemption due to illegality or invalidity*) or to be purchased and surrendered in whole or in part pursuant to Condition 6.10 (*Purchases*) or to be redeemed in whole or in part pursuant to Condition 6.4 (*Redemption at the option of the Issuer*) of the Terms and Conditions (the **Party A Early Redemption Amount**); and

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

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

4. **Additional Provisions**

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

If Party A does not receive a Redemption Notice with respect to any Final Exchange Date, then the parties will not be required to pay any Final Exchange Amounts on such Final Exchange Date. In addition, if Party A does not receive a Redemption Notice confirming that the Covered Bonds are redeemable in full on the Final Maturity Date (and the Covered Bonds are not redeemed in full on or prior to the Extension Determination Date): (i) the Termination Date for this Transaction shall be deemed to be the Final Exchange Date in respect of which a Redemption Notice is given and, taking into account such Redemption Notice and each other Redemption Notice, the sum of all Redemption Notice Amounts equals the Party A Initial Exchange Amount 1; (ii) for the avoidance of doubt, Party A's obligation to pay the Party A Fixed Amounts shall cease as from the Final Maturity Date and Party A shall from (but excluding) such date be obliged to pay the Party A Floating Amounts to Party B, and Party B shall be obliged to continue to pay the Party B Floating Amounts; and (iii) the final Party A Calculation Period and the final Party B Calculation Period shall end on, but exclude, the Termination Date. Without prejudice to the generality of the above provisions, Party B, or the Cash Manager acting on Party B's behalf, shall notify Party A at least two London Business Days prior to the Final Maturity Date whether or not the Covered Bonds will be redeemed (in whole or in part) on the Final Maturity Date and, if they will not be, whether or not the Covered Bonds will be redeemed (in whole or in part) on or prior to the Extension Determination Date.

If on the Extended Due for Payment Date the Principal Amount Outstanding of the Covered Bonds has not been reduced to zero (whether by redemption or cancellation) then on the Extended Due for Payment Date:

- (i) Party B will pay to Party A an amount in Sterling equal to the amount to be applied on the Extended Due for Payment Date toward redemption of the Covered Bonds converted at the Covered Bond Swap Rate; and

- (ii) Party A will pay the Euro equivalent of the amount received from Party B, converted at the Covered Bond Swap Rate.

For purposes of calculating any amount due under Section 6(e) of the Agreement in respect of a Termination Event that occurs during the period from, but excluding, the Final Maturity Date to, and including, the Extension Determination Date, the Termination Date shall be deemed to be the Final Maturity Date, unless Party B or the Cash Manager has determined as of that date that Party B has insufficient funds to pay the Guaranteed Amounts, in which case the Termination Date shall be deemed to be the Extended Due for Payment Date (subject as provided above).

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

5. Account Details

Payments to Party A in Sterling: Royal Bank of Scotland
SWIFT Code: RBOSGB2L
Sort Code: 160034
Account Number: 12231081
IBAN: GB81RBOS16003412231081.

Payments to Party A in Euro: Deutsche Bank AG, Frankfurt
SWIFT Code: DEUTDEFF
Clearing Code/BLZ: 50070010
Account Number: 10095039541000
IBAN: DE54500700100950395410.

Payments to Party B in Sterling: To be advised.

Payments to Party B in Euro: To be advised.

6. Notice Details

Party A:

Address: Level 35
500 Bourke Street
Melbourne VIC 3000
Australia

Attention: Manager Documentation

Facsimile Number: +613 8641 5801

With a copy to: National Australia Bank Limited
Level 30
500 Bourke Street

Melbourne VIC 3000
Australia

Email: crossassetstructuring@nab.com.au

Attention: Cross Asset Solutions

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: Level 35
500 Bourke Street
Melbourne VIC 3000
Australia

Attention: Manager Documentation

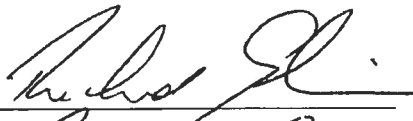
Facsimile No.: +613 8641 5801

Yours faithfully,

National Australia Bank Limited

NATIONAL AUSTRALIA BANK LIMITED

Series 60
Execution Copy

By: 
Name: RICHARD GIBSON
Title: DIRECTOR

Confirmed and accepted as of the date first written:

Abbey Covered Bonds LLP

By: _____

Name: _____

Title: _____

Deutsche Trustee Company Limited

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

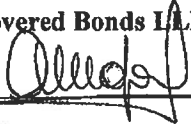
By: _____

Name: _____

Title: _____

Confirmed and accepted as of the date first written:

Abbey Covered Bonds LLP

By: 

Name: ~~Amaya Williams~~

Title: Authorised Attorney

Deutsche Trustee Company Limited

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

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

By: _____

Name: Raman Subberwal

Title: Associate Director