EXECUTION VERSION

From: Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

To: Holmes Funding Limited
c/o Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Attention: Medium Term Funding

To: The Bank of New York Mellon, London Branch
40th Floor
One Canada Square
London
E14 5AL

Attention: Trustee Administration Manager

15 October 2019

Dear Sirs,

Confirmation - Funding Swap (Tracker Loans)

This letter amends and restates, with effect from the date of this letter, the Confirmation entered into between Santander UK plc, Holmes Funding Limited and The Bank of New York Mellon, London Branch (the "***Security Trustee***") on 24 May 2019 (the "***Old Confirmation***"), as amended and/or restated and/or supplemented from time to time. Accordingly, this letter constitutes the "***Confirmation***" in respect of the terms of the Transaction and the Old Confirmation shall no longer apply.

This Confirmation is subject to and forms part of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) entered into between us, you and the Security Trustee dated as of 24 May 2019 as amended and/or restated and/or supplemented from time to time (the "***Agreement***").

The definitions and provisions contained in the 2006 ISDA Definitions as published by the International Swaps & 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 Schedule (as defined below); and (iii) the Definitions. The following expressions shall have the following meanings:

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

Average Loan Balance means, in respect of a Calculation Period or a particular date, the average outstanding daily principal balance of the Loans on the first day of the relevant Calculation Period or the outstanding principal balance of the Loans on such date (as applicable), as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

Calculation Date means the first day of each calendar month or, as the case may be, the date on which (i) any Refinancing Contribution is made by the Seller to Funding pursuant to Clause 6 of the Mortgages Trust Deed, (ii) any consideration (excluding Deferred Consideration) is paid by Funding to the Seller in relation to any New Loans assigned to the Mortgages Trustee pursuant to Clause 4 of the Mortgage Sale Agreement, or (iii) any consideration (excluding Deferred Consideration) is paid by Funding to the Seller in relation to any acquisition by Funding from the Seller of an interest in the Trust Property pursuant to Clause 4 of the Mortgages Trust Deed.

Calculation Period means the period from (and including) a Calculation Date to (but excluding) the next following Calculation Date.

Calculation Period Funding Amount means, in respect of a Calculation Period, an amount in Sterling equal to the amount produced by applying the Weighted Average Tracker Rate for such Calculation Period to the Notional Amount for such Calculation Period, such amount to be calculated by the Calculation Agent on the basis of the actual number of days in such Calculation Period, *divided by* 365.

Calculation Period Funding Revenue Receipts means, in respect of a Calculation Period, the Funding Revenue Receipts received by Funding on the Distribution Date falling within that Calculation Period.

Daily Notional Amount means, in respect of each day in a Calculation Period, the Notional Amount in respect of that Calculation Period.

Daily Tracker SONIA Spread means, in respect of each day in a Calculation Period, the Tracker SONIA Spread in respect of that Calculation Period.

Funding Amount means, in respect of an Interest Period, the product of (i) the sum of each of the Calculation Period Funding Amounts in respect of that Interest Period's Relevant Calculation Periods and (ii) the Shortfall Ratio in respect of that Interest Period.

Funding Available Amount means, in respect of an Interest Period, an amount, subject to a minimum of zero, equal to the sum of (i) the Calculation Period Funding Revenue Receipts in respect of that Interest Period's Relevant Calculation Periods that are available to be applied on the Relevant Interest Payment Date minus (ii) the aggregate of the amounts required to be paid on the Relevant Interest Payment Date pursuant to items (a) to (c) (both inclusive) of the Funding Pre-enforcement Revenue Priority of Payments, each as notified by the Cash Manager in accordance with the terms of the Cash Management Agreement.

Funding Swap Confirmation means each Confirmation setting out the terms of transactions entered into under the Agreement and dated the date of this Confirmation.

Interest Payment Date means 15 January, 15 April, 15 July and 15 October in each year, commencing on 15 October 2000.

Interest Period means the period from (and including) one Interest Payment Date to (but excluding) the next succeeding Interest Payment Date, subject to adjustment in accordance with the Business Day Convention.

Issuer means each of Holmes Master Issuer PLC and any new wholly owned subsidiary of Holmes Holdings Limited which is not established as at the date of this Confirmation and which is established for the purpose of issuing notes and loaning the proceeds thereof to Funding.

Notional Amount means,

(1) in respect of the first Relevant Calculation Period in respect of an Interest Period, an amount equal to the product of:

(A) an amount equal to:

(i) the aggregate principal amount outstanding of all SONIA-Linked Intercompany Loans on the first day of such Calculation Period; *minus*

(ii) the balance of the Principal Deficiency Ledger on the first day of such Calculation Period multiplied by the SONIA Ratio; *plus*

(iii) the aggregate principal amount of all SONIA-linked Intercompany Loans advanced after the first day of such Calculation Period and on or before the first London Banking Day prior to the first day of the relevant Interest Period; and

(B) the Tracker Ratio determined on the first day of the Relevant Calculation Period; and

(2) in respect of each subsequent Relevant Calculation Period in respect of such Interest Period, an amount equal to the amount determined pursuant to (1) above except that paragraphs (A)(i), (A)(ii) and (B) shall be determined in respect of the subsequent Relevant Calculation Period.

The Notional Amount calculated pursuant to paragraph (1) above shall be determined on the first day of the Relevant Calculation Period, as if any changes made on such date to the principal amount outstanding of the SONIA-Linked Intercompany Loans, the balance of the Principal Deficiency Ledger and the amount of principal receipts in the Funding GIC Account had become effective.

Relevant Average Tracker Loan Balance means, in respect of a Calculation Period, or a particular date, the average outstanding daily principal balance of the Relevant Tracker Loans on the first day of the relevant Calculation Period, or the outstanding principal balance of the Loans on such date (as applicable), as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

Relevant Calculation Period means, in respect of an Interest Period (or the related Interest Payment Date which falls immediately after such Interest Period), each Calculation Period which ends on a date falling after the first day of the calendar month in which such Interest Period commenced and before the first day of the calendar month in which such Interest Period ends.

Relevant Interest Payment Date means, in respect of an Interest Period, the Interest Payment Date immediately following the last day of that Interest Period.

Relevant Tracker Loans means Loans (which, for the avoidance of doubt, shall include any Further Advance in respect of a Loan, each to be regarded as a separate Loan for the purpose of this definition) to the extent that and for such period that their Mortgage Terms provide that they are subject to a rate of interest which may be set at a fixed or variable margin above or below rates set

from time to time by the Bank of England (and shall, for the avoidance of doubt, exclude (i) Loans (or any Further Advance in respect thereof, as the case may be) during the period that the interest on all of the Outstanding Principal Balance (or the relevant part of the Outstanding Principal Balance, in the case of a Further Advance) is fixed and (ii) Loans (or any Further Advance in respect thereof, as the case may be) for which the interest rate on all of the Outstanding Principal Balance (or the relevant part of the Outstanding Principal Balance, in the case of a Further Advance) may at any time be varied in accordance with the relevant Mortgage Terms).

Shortfall Ratio means, in respect of an Interest Period, the lesser of (i) 1; and (ii) an amount equal to (A) the Funding Available Amount in respect of that Interest Period; divided by (B) the sum, for all Funding Swaps (including this Transaction), of the Calculation Period Funding Amounts in respect of that Interest Period's Relevant Calculation Periods.

SONIA-Linked Intercompany Loan means any Intercompany Loan entered into from time to time between Funding, and Issuer, and the Security Trustee that pays a Compounded Daily SONIA rate.

SONIA Ratio means, in respect of any Calculation Period, an amount equal to the aggregate principal amount outstanding of all SONIA-Linked Intercompany Loans on the first day of such Calculation Period divided by the aggregate principal amount outstanding of all Intercompany Loans on the first day of such Calculation Period.

Swap Provider Amount means, in respect of an Interest Period, the product of (i) an amount produced by applying a rate equal to the Compounded Daily SONIA as it would be determined, in accordance with the provisions attached as Exhibit 1, for an Interest Period (applicable to a Term Advance) which is the same as the relevant Interest Period (for purposes of this Transaction) plus the Weighted Average Tracker SONIA Spread to an amount equal to the Weighted Average Notional Amount for such Interest Period, such amount to be calculated by the Calculation Agent on the basis of the actual number of days in such Interest Period, *divided by* 365 and (ii) the Shortfall Ratio.

Tracker Ratio means, in respect of a Calculation Period or a particular date, the Relevant Average Tracker Loan Balance *divided by* the Average Loan Balance, in each case, for such Calculation Period or date (as applicable).

Tracker SONIA Spread means 0.90% per annum, or such other rate specified as the Tracker SONIA Spread in the most recent Final Terms, or such other rate as the Calculation Agent may, in consultation with the Cash Manager, on any Assignment Date, specify as being effective for one or more succeeding Calculation Periods provided that the Rating Agencies have confirmed to the Security Trustee in writing that such other rate will not cause the then current rating of the Rated Notes to be downgraded or placed under review for possible downgrade. If a written request for such confirmation is delivered to each Rating Agency and (a) either (i) a Rating Agency (a **Non-Responsive Rating Agency**) indicates that it does not consider such confirmation necessary in the circumstances or (ii) within 30 days of delivery of such request, such request elicits no confirmation and/or such request elicits no statement by such Non-Responsive Rating Agency that such confirmation could not be given; and (b) at least one Rating Agency gives such a confirmation based on the same facts, then the rate specified by the Calculation Agent shall be effective, so that there shall be no requirement for the confirmation from any Non-Responsive Rating Agency.

Weighted Average Notional Amount means, in respect of an Interest Period, the sum of the Daily Notional Amounts for each day in that Interest Period *divided by* the number of days in that Interest Period.

Weighted Average Tracker Rate means, in respect of a Calculation Period, the weighted average of the tracker rates of interest charged to borrowers of Relevant Tracker Loans on the first day of the

relevant Calculation Period as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

Weighted Average Tracker SONIA Spread means, in respect of an Interest Period, the sum of the Daily Tracker SONIA Spread for each day in that Interest Period *divided by* the number of days in that Interest Period.

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. Any terms not otherwise defined herein shall have the meanings given to them in the Fourteenth Amended and Restated Master Definitions and Construction Schedule signed for the purposes of identification by Allen & Overy LLP and Ashurst LLP on or about the date of this Confirmation, or any other applicable Master Definitions Schedule (the **Master Definitions Schedule**).

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

Party A:	Santander UK plc
Party B:	Holmes Funding Limited
Trade Date:	24 May 2019
Effective Date:	24 May 2019
Termination Date:	The date on which the aggregate principal amount outstanding of the SONIA-Linked Intercompany Loans is reduced to zero.
Business Day centres for all Payments:	London, New York, TARGET
Business Day Convention:	Modified Following

Interim Exchanges:

Total Interim Exchange Amount:	Shall be the amount specified as such in the Final Terms for the relevant Series of Notes in respect of the Funding Swaps as at any New Closing Date
Interim Exchange Amount:	Shall be the product of (i) the Total Interim Exchange Amount, (ii) the Tracker Ratio and (iii) the SONIA Ratio, all calculated as at the relevant New Closing Date (which shall constitute a Party A Interim Exchange Amount and a Party B Interim Exchange Amount)
Party B Interim Exchange Date:	In respect of an Interim Exchange Amount, the relevant New Closing Date
Party A Interim Exchange Date:	In respect of an Interim Exchange Amount, the Interest Payment Date immediately following the relevant Party B Interim Exchange Date

Calculation of Amounts: On the London Business Day immediately preceding each Interest Payment Date, the Calculation Agent shall calculate the Swap Provider Amount and the Funding Amount for the then current Interest Period, and forthwith notify Party A, Party B and the Cash Manager of the amounts so determined and of the net amount determined as set out below.

Payments: If, in relation to any Interest Payment Date:

(i) the Swap Provider Amount for the Interest Period ending on, but excluding, such Interest Payment Date exceeds the Funding Amount for the Interest Period ending on, but excluding, such Interest Payment Date, Party A shall pay the amount of such excess to Party B on such Interest Payment Date;

(ii) the Funding Amount for the Interest Period ending on, but excluding, such Interest Payment Date exceeds the Swap Provider Amount for the Interest Period ending on, but excluding, such Interest Payment Date, Party B shall pay the amount of such excess to Party A on such Interest Payment Date; or

(iii) the Swap Provider Amount for the Interest Period ending on, but excluding, such Interest Payment Date is equal to the Funding Amount for the Interest Period ending on, but excluding, such Interest Payment Date, no amount shall be due and payable by either party hereunder in relation to such Interest Payment Date.

Calculation Agent: Santander UK plc acting in its capacity of Servicer pursuant to the Servicing Agreement or of Cash Manager pursuant to the Cash Management Agreement, as the case may be.

3. Account Details:

Payments to Party A:	Direct via CHAPS	
	Sort Code:	72-01-00
	Account Number:	10500150
Payments to Party B:	Bank:	Santander UK plc
	Sort Code	09-02-40
	Account Number:	00008258
	Reference:	Holmes Funding Limited (8258)

4. Notice Details:

Party A:	Santander UK plc
Address:	2 Triton Square Regent's Place

	London NW1 3AN
Telephone:	+44 20 7756 7100
Attention:	Medium Term Funding
Email:	MTF@santander.co.uk
Party B:	Holmes Funding Limited
Address:	c/o Santander UK plc 2 Triton Square Regent's Place London NW1 3AN
Email:	MTF@santander.co.uk
Attention:	Medium Term Funding
With a copy to the Security Trustee:	The Bank of New York Mellon, London Branch
Address:	40th Floor One Canada Square London E14 5AL
Attention:	Trustee Administration Manager

Yours faithfully,

SANTANDER UK PLC

By: [redacted]
Name:
Title:
Date:

Confirmed as of the date first written: 15 October 2019

HOLMES FUNDING LIMITED

By:
Name:
Title:
Date:

THE BANK OF NEW YORK MELLON, LONDON BRANCH

By:
Name:
Title:
Date:

Yours faithfully,

SANTANDER UK PLC

By:
Name:
Title:
Date:

Confirmed as of the date first written:

HOLMES FUNDING LIMITED

By:
Name:
Title:
Date:

THE BANK OF NEW YORK MELLON, LONDON BRANCH

By:
Name:
Title:
Date:

Yours faithfully,

SANTANDER UK PLC

By:
Name:
Title:
Date:

Confirmed as of the date first written:

HOLMES FUNDING LIMITED

By:
Name:
Title:
Date:

THE BANK OF NEW YORK MELLON, LONDON BRANCH

By:
Name:
Title:
Date:

EXHIBIT 1
COMPOUNDED DAILY SONIA RATE

The following is extracted from the Master Intercompany Loan Agreement and sets out in detail the calculations for Compounded Daily SONIA rate. Please refer to the Master Intercompany Loan Agreement for further details.

In relation to any Term Advance which pays a Compounded Daily SONIA rate, as specified in the relevant Term Advance Supplement, the Term Advance Rate of Interest will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the relevant Term Advance Supplement, the Relevant Margin) and the Term Advance Interest Amount in respect of such Term Advance shall be determined on the basis of the provisions set out below:

Compounded Daily SONIA means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank on the Interest Determination Date in relation to such Term Advance, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{i-pLBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

d is the number of calendar days in the relevant Interest Period;

d_o is the number of London Banking Days in the relevant Interest Period;

i is a series of whole numbers from 1 to d_0, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

London Banking Day or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n_i, for any day *i*, means the number of calendar days from and including such day *i* up to but excluding the following London Banking Day;

Observation Period means the period from and including the date falling *p* London Banking Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling *p* London Banking Days prior to the Funding 1 Interest Payment Date for such Interest Period (or the date falling *p* London Banking Days prior to such earlier date, if any, on which the Term Advance becomes due and payable);

Observation Look-Back Period, as specified in the relevant Term Advance Supplement;

p means, for any Interest Period, the number of London Banking Days included in the **Observation**

Look-Back Period, being not less than 5 London Banking Days, as specified in the relevant Term Advance Supplement;

SONIA Reference Rate, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

SONIA$_{i\text{-}pLBD}$ means, in respect of any London Banking Day falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling *p* London Banking Days prior to the relevant London Banking Day *i*.

If, in respect of any London Banking Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined; or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, subject to receiving written Instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA$_i$ for the purpose of the relevant Term Advance for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors. To the extent that any amendments or modifications to the Conditions or the Transaction Documents are required in order for the Agent Bank (or such other party responsible for the calculation of the Term Advance Rate of Interest, as specified in the applicable Term Advance Supplement) to follow such guidance in order to determine SONIA$_i$, the Agent Bank (or such other party responsible for the calculation of the Term Advance Rate of Interest, as specified in the applicable Term Advance Supplement) shall have no obligation to act until such amendments or modifications have been made in accordance with the Conditions and the Transaction Documents.

In the event that the Term Advance Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Term Advance Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date in relation to such Term Advance (though substituting, where a different Relevant Margin is to be applied to the Relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Term Advance Rate of Interest which would have been applicable to such Term Advance for the first Interest Period had the Term Advance existed for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the first Loan Payment Date (but applying the Relevant Margin applicable to the first Interest Period).