

EXECUTION VERSION

SUBSCRIPTION AGREEMENT

Santander UK plc

**Series 65 £1,000,000,000 Floating Rate Covered Bonds due 5 May 2020 (XS1607992424)  
irrevocably and unconditionally guaranteed as to payment of principal and interest by  
Abbey Covered Bonds LLP  
under the €35 billion  
Global Covered Bond Programme**

4 May 2017

To: Banco Santander, S.A.  
(the **Lead Manager**)

and

**Credit Suisse Securities (Europe) Limited**  
(as **Co-Manager**)

**HSBC Bank plc**  
(as **Co-Manager**)

**The Royal Bank of Scotland plc (trading as NatWest Markets)**  
(as **Co-Manager**, together with Credit Suisse Securities (Europe) Limited and HSBC Bank plc,  
the **Co-Managers**, and together with the Lead Manager, the **Managers**)

cc: Deutsche Trustee Company Limited as Bond Trustee and as Security Trustee  
Deutsche Bank AG, London Branch as Principal Paying Agent

Dear Sirs,

Santander UK plc (the **Issuer**) proposes to issue Series 65 £1,000,000,000 Floating Rate Covered Bonds due 5 May 2020 (XS1607992424) (the **Covered Bonds**) under the €35 billion Global Covered Bond Programme established by it. The Covered Bonds will be unconditionally and irrevocably guaranteed as to payments of interest and principal by Abbey Covered Bonds LLP (the **LLP**). The terms of the issue shall be as set out in the form of Final Terms Document attached to this Agreement as Annex 1.

This Agreement is supplemental to the Programme Agreement (the **Programme Agreement**) dated 3 June 2005, as amended and restated on 4 October 2007, 20 May 2008, 9 September 2010, 9 September 2011, 12 July 2013 and 1 June 2016, made between the Issuer, the LLP and the Dealers party thereto. All terms with initial capitals used herein without definition have the meanings given to them in the Programme Agreement.

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

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

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

For the purposes of the Programme Agreement the details of the Co-Managers for service of notices are as follows:

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

Telephone: +44 (0)20 7888 4021  
Fax: +44 (0)20 7905 6128  
Email: [tmg.documentation@credit-suisse.com](mailto:tmg.documentation@credit-suisse.com)  
Attention: DCM Transaction Management

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

Telephone: +44 (0)20 7991 8888  
Fax: +44 (0)20 7992 4973  
Attention: Transaction Management Group  
Email: [transaction.management@hsbcib.com](mailto:transaction.management@hsbcib.com)

**The Royal Bank of Scotland plc (trading as NatWest Markets)**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

Telephone No: +44 (0)20 7085 4154  
Fax: +44 (0)20 7085 2591  
Attention: Euro Medium Term Note Desk

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

2. Subject to the terms and conditions of the Programme Agreement and this Agreement the Issuer agrees to issue the Covered Bonds and the Managers jointly and severally agree to purchase the Covered Bonds (in an amount equal to the principal amount of the Covered Bonds set out against their name in Annex 2 of this Agreement) at a price of 99.85% of the principal amount of the Covered Bonds (the **Purchase Price**), being the issue price of 100% less a selling commission of 0.15% of such principal amount.

3. For the purposes of this Agreement:
- (a) the sum payable on the Issue Date shall be £998,500,000, representing the Purchase Price, less any amount payable in respect of the Managers' expenses as provided in the agreement referred to in Clause 4 of this Agreement;
  - (b) **Issue Date** means 11.00 a.m. (London time) on 5 May 2017 or such other time and/or date as the Issuer and the Lead Manager on behalf of the Managers may agree; and
  - (c) **Payment Instruction Date** means the Issue Date unless there is to be a pre-closing for the issue in which case it means the business day (being a day on which banks and foreign exchange markets are open for general business in London) prior to the Issue Date.
4. The arrangements in relation to expenses have been separately agreed between the Issuer and the Lead Manager or the Arranger.
5. The obligation of the Managers to purchase the Covered Bonds is conditional upon:
- (a) the conditions set out in Clause 3.2 (other than that set out in paragraph (i) of Clause 3.2) of the Programme Agreement being satisfied as of the Payment Instruction Date;
  - (b) all of the applicable Transaction Documents being in full force and effect; and
  - (c) the delivery to the Managers (or in the case of subparagraph (v) below, the Lead Manager) on the Payment Instruction Date of:
    - (i) a certificate dated the Payment Instruction Date signed by a duly authorised officer of the Issuer and a certificate dated the Payment Instruction Date signed by a duly authorised officer of the LLP giving confirmation of the conditions described in paragraph (a);
    - (ii) receipt of notification from Fitch, Moody's and S&P that the ratings for the Covered Bonds described in the Prospectus have been assigned either without conditions or subject only to the execution and delivery on or before the Issue Date of the agreements contemplated herein;
    - (iii) (A) the Issuer having furnished or caused to be furnished to the Managers, the Bond Trustee and the Security Trustee at the Issue Date a solvency certificate, dated the Issue Date, of a duly authorised director of the Issuer in the agreed form; (B) the LLP having furnished or caused to be furnished to the Managers, the Bond Trustee and the Security Trustee a solvency certificate dated the Issue Date of a duly authorised officer of the LLP in the agreed form and (C) the relevant Seller having furnished or caused to be furnished to the Managers, the Bond Trustee and the Security Trustee a solvency certificate, dated the Issue Date, of a duly authorised officer of the relevant Seller in the agreed form;
    - (iv) legal opinions addressed to the Managers dated the Payment Instruction Date in such form and with such contents as the Lead Manager, on behalf of the Managers, may reasonably require from Allen & Overy LLP as to English law, from Elliot Duffy Garrett as to Northern Irish law and from Shepherd and Wedderburn LLP as to Scots law;

- (v) comfort letters dated the Payment Instruction Date from the independent auditors of the Issuer and the LLP in such form and with such content as the Lead Manager may reasonably request;
- (vi) confirmation from the Issuer that it has provided the FCA with the series issuance notification form pursuant to RCB 3.4.1D of the RCB Sourcebook; and
- (vii) such other conditions precedent as the Lead Manager (on behalf of the Managers) and the Issuer may agree from time to time.

If any of the foregoing conditions is not satisfied on or before the Payment Instruction Date, this Agreement shall terminate on that date and the parties to this Agreement shall be under no further liability arising out of this Agreement (except for any liability of the Issuer or failing the Issuer, the LLP in relation to expenses as provided in the agreement referred to in Clause 4 and except for any liability arising before or in relation to termination), **provided that** the Lead Manager, on behalf of the Managers, may in its discretion waive any of the aforesaid conditions (other than the conditions precedent contained in paragraphs (c) and (d) of Clause 3.2 of the Programme Agreement) or any part of them.

6. The Lead Manager, on behalf of the Managers, may, by notice to the Issuer and the LLP, terminate this Agreement at any time prior to payment of the net purchase money to the Issuer if in the professional opinion of the Managers (after consultation with the Issuer and the LLP where practicable) there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the offering and distribution of the Covered Bonds or dealings in the Covered Bonds in the secondary market and, upon notice being given, the parties to this Agreement shall (except for any liability of the Issuer or failing the Issuer, the LLP in relation to expenses as provided in the agreement referred to in Clause 4 of this Agreement and except for any liability arising before or in relation to termination) be released and discharged from their respective obligations under this Agreement.
7. A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
8. This Agreement (and any non-contractual obligations arising out of or in connection with it) shall be governed by, and construed in accordance with, the laws of England.
9. This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

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

Yours faithfully,

**SIGNED by**  
**SANTANDER UK PLC**  
 acting by its attorney

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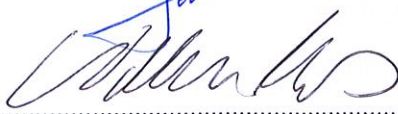
**SIGNED by**  
**ABBEY COVERED BONDS LLP**  
 acting by its attorney

)  
 )  
 ) 


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

For: **BANCO SANTANDER, S.A.** )

By: ..... 

By: ..... 

**BANCO SANTANDER, S.A.** )  
As attorney for and on behalf of each of: )  
**CREDIT SUISSE SECURITIES (EUROPE) LIMITED** )  
**HSBC BANK PLC** )  
**THE ROYAL BANK OF SCOTLAND PLC (TRADING** )  
**AS NATWEST MARKETS)** )

By: ..... 

By: ..... 

**ANNEX 1**  
**TO THE SUBSCRIPTION AGREEMENT**  
**FINAL TERMS DOCUMENT**

## FINAL TERMS DOCUMENT

4 May 2017

**Santander UK plc**

**Issue of Series 65 £1,000,000,000 Floating Rate Covered Bonds due 5 May 2020  
(XS1607992424)**

**irrevocably and unconditionally guaranteed as to payment of principal and interest by  
Abbey Covered Bonds LLP  
under the €35 billion  
Global Covered Bond Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 1 June 2016 and the supplements to it dated 30 June 2016, 27 July 2016, 16 August 2016, 26 October 2016, 26 January 2017, 23 February 2017 and 26 April 2017 (each a **Supplemental Prospectus**), which together constitute a base prospectus for the purposes of the Prospectus Directive (2003/71/EC) (as amended, which includes amendments made by Directive 2010/73/EU to the effect that such amendments have been implemented in a relevant Member State) (the **Prospectus Directive**). This document constitutes the final terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus, as so supplemented. Full information on the Issuer and the LLP and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms Document and the Prospectus, as so supplemented. Copies of the Prospectus and each Supplemental Prospectus are available free of charge to the public at the registered office of the Issuer and from the specified office of each of the Paying Agents.

- |    |     |  |                                     |
|----|-----|--|-------------------------------------|
| 1. | (a) | Issuer:  | Santander UK plc                    |
|    | (b) | Guarantor:   | Abbey Covered Bonds LLP             |
| 2. | (a) | Series Number:   | 65                                  |
|    | (b) | Tranche Number:  | 1                                   |
|    | (c) | Series which Covered Bonds will be consolidated and form a single Series with:                                 | Not Applicable                      |
|    | (d) | Date on which the Covered Bonds will be consolidated and form a single Series with the Series specified above: | Not Applicable                      |
| 3. |     | Specified Currency or Currencies:  | Sterling ( <b>GBP</b> or <b>£</b> ) |
| 4. |     | Money Market Covered Bonds:  | No                                  |

5. Do the Covered Bonds have the benefit of remarketing arrangements: No
6. Aggregate Nominal Amount of Covered Bonds admitted to trading:
- (a) Series: £1,000,000,000
- (b) Tranche: £1,000,000,000
7. Issue Price: 100 per cent. of the aggregate nominal amount
8. (a) Specified Denominations: £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Covered Bonds in definitive form will be issued with a denomination above £199,000
- (b) Calculation Amount: £1,000
9. (a) Issue Date: 5 May 2017
- (b) Interest Commencement Date: Issue Date
10. (a) Final Maturity Date: 5 May 2020
- (b) Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee: 5 May 2021
11. Interest Basis: 3 month GBP LIBOR + 0.27 per cent. per annum Floating Rate from and including the Interest Commencement Date to but excluding the Final Maturity Date (further particulars specified below)
12. Redemption/Payment Basis: Redemption at par
13. Change of Interest Basis or Redemption/Payment Basis: From and including the Final Maturity Date to but excluding the Extended Due for Payment Date the following Interest provisions apply:
- Interest Basis: 1 month GBP LIBOR +0.27 per cent. per month Floating Rate



Interest Payment Dates: 5<sup>th</sup> day of each month commencing on 5 June 2020 and including the Extended Due for Payment Date

Interest Period: The period from and including the Final Maturity Date, or as the case may be an Interest Payment Date, to but excluding the next following Interest Payment Date

Modified Following Business Day Convention

Business Days: London

Day Count Fraction: Actual/365 (Fixed), adjusted

Interest Determination Dates: the first London Business Day of each Interest Period

Screen Rate Determination Relevant Screen Page: Bloomberg page BBAM1

- |     |                                  |                |
|-----|----------------------------------|----------------|
| 14. | Put/Call Options:                | Not Applicable |
| 15. | (a) Status of the Covered Bonds: | Senior         |
|     | (b) Status of the Guarantees:    | Senior         |
| 16. | Method of distribution:          | Syndicated     |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |  |   |
|-----|--|---|
| 17. | Fixed Rate Covered Bond Provisions:    | Not Applicable  |
| 18. | Floating Rate Covered Bond Provisions: | Applicable  |
|     | (a) Interest Period(s):                | The period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and subsequently, each period from and including an Interest Payment Date to but excluding the next Interest Payment Date |
|     | (b) Specified Interest Payment Dates:  | 5 February, 5 May, 5 August and 5 November in each year, up to and including the Final Maturity Date  |

(c)	First Interest Payment Date:	5 August 2017
(d)	Business Day Convention:	Modified Following Business Day Convention
(e)	Business Day(s):	London
	Additional Business Centre(s):	Not Applicable
(f)	Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination
(g)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	Not Applicable
(h)	Screen Rate Determination:	Applicable
	Reference Rate:	3 month GBP LIBOR to but excluding the Final Maturity Date and 1 month GBP LIBOR thereafter
	Interest Determination Date(s):	The first London Business Day of each Interest Period
	Relevant Screen Page:	Bloomberg page BBAM1
(i)	ISDA Determination:	Not Applicable
(j)	Margin(s):	+0.27 per cent. per annum
(k)	Minimum Rate of Interest:	Not Applicable
(l)	Maximum Rate of Interest:	Not Applicable
(m)	Day Count Fraction:	Actual/365 (Fixed), adjusted
(n)	Fallback denominator provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Terms and Conditions:	Not Applicable
19.	Zero Coupon Covered Bond Provisions:	Not Applicable

## **PROVISIONS RELATING TO REDEMPTION**

- |     |   |                                |
|-----|---|--------------------------------|
| 20. | Issuer Call:  | Not Applicable                 |
| 21. | Investor Put:   | Not Applicable                 |
| 22. | Final Redemption Amount of each Covered Bond:   | £1,000 per Calculation Amount  |
| 23. | Early Redemption Amount of each Covered Bond payable on redemption for taxation reasons or on event of default, etc. and/or the method of calculating the same (if required): | As set out in Condition 6.8(a) |

## **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

- |     |  |   |
|-----|--|---|
| 24. | Form of Covered Bonds:   | Bearer Covered Bonds:<br><br>Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds only upon an Exchange Event |
| 25. | New Global Covered Bond:   | Yes   |
| 26. | Financial Centre(s):   | Not Applicable  |
| 27. | Talons for future Coupons or Receipts to be attached to Bearer Definitive Covered Bonds (and dates on which such Talons mature):   | No  |
| 28. | Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: | Not Applicable  |
| 29. | Details relating to Instalment Covered Bonds:  |   |
|     | (a) Instalment Amount(s):  | Not Applicable  |
|     | (b) Instalment Date(s):  | Not Applicable  |

- |     |   |                |
|-----|---|----------------|
| 30. | Redenomination renominatisation and reconventioning provisions: | Not Applicable |
| 31. | Post-perfection SVR-LIBOR Margin:                               | 2.95 per cent. |

**DISTRIBUTION**

- |     |                            |   |
|-----|----------------------------|---|
| 32. | U.S. Selling Restrictions: | Reg. S Compliance Category 2 TEFRA D applicable |
|-----|----------------------------|---|

**PURPOSE OF FINAL TERMS DOCUMENT**

This Final Terms Document comprises the final terms required for issue and admission to trading on the London Stock Exchange's Regulated Market of the Covered Bonds described herein pursuant to the €35 billion Global Covered Bond Programme of Santander UK plc.

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING:

- (a) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the London Stock Exchange's Regulated Market with effect from the Issue Date
- (b) Estimate of total expenses related to admission to trading: £3,600

### 2. RATINGS:

Ratings: The Covered Bonds to be issued have been rated:

S & P: AAA

Moody's: Aaa

Fitch: AAA

### 3. COVERED BOND SWAP:

Covered Bond Swap Provider: Not Applicable

Nature of Covered Bond Swap: Not Applicable

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

Save as discussed in *Subscription and Sale and Transfer and Selling Restrictions*, so far as the Issuer and the LLP are aware, no person involved in the offer of the Covered Bonds has an interest material to the offer. The Managers and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with and may perform other services for the Issuer and/or the LLP and/or their affiliates in the ordinary course of business.

### 5. HISTORICAL INTEREST RATES:

Details of historical BBAM1 rates can be obtained from Bloomberg.

6. **TRADEABLE AMOUNTS:**

So long as the Covered Bonds are represented by a Global Covered Bond and Euroclear Bank SA and Clearstream Banking, *société anonyme* so permit, the Global Covered Bond shall be tradeable in minimum principal amounts of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000 (the **Tradeable Amount**) in addition thereto.

7. **OPERATIONAL INFORMATION:**

- (a) ISIN Code: XS1607992424
- (b) Common Code: 160799242
- (c) Delivery: Delivery against payment

Name and address of Initial Paying Agent(s): Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility: Yes

Signed on behalf of the **Issuer**:

By:

*Duly authorised*

Signed on behalf of the **LLP**:

By:

*Duly authorised*

**ANNEX 2**

**TO THE SUBSCRIPTION AGREEMENT**

**LEAD MANAGER AND CO-MANAGERS COMMITMENTS**

<b>Lead Manager</b>	<b>Commitment</b>
Banco Santander, S.A.	£250,000,000
<b>Co-Managers</b>	
Credit Suisse Securities (Europe) Limited	£250,000,000
HSBC Bank plc	£250,000,000
The Royal Bank of Scotland plc (trading as NatWest Markets)	£250,000,000