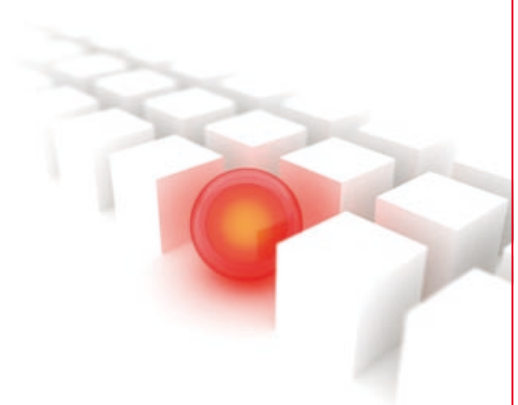


Santander Corporate Banking

Dedicated to businesses



FINANCE | DEPOSITS | RISK MANAGEMENT | INTERNATIONAL | CORPORATE MONEY MANAGEMENT | SUPPLY CHAIN

Loan pricing explained

If you're looking to borrow funds for your business, you'll naturally want to understand how we price our loans. This guide gives you a simple explanation, along with straightforward ideas on how you can keep your borrowing costs down.

Although it costs less for a business to borrow than it did three years ago, it now costs banks much more to lend. Here's why:

- **Banks' funds cost more**, as banks are sourcing more funds from longer term markets which attract higher interest rates
- **Lending is riskier in a downturn**, and banks have to factor this into their lending costs
- **Costs of capital are higher** as a result of decreased asset values and increased risk



Our AA rating means a better deal for you

As one of only three banks in the UK awarded an AA credit rating by Standard & Poor's*, we're renowned for our strength and stability. This in turn means we're able to source more competitively priced funding than most other banks – and better value funding for us means great value borrowing for you.

There are other ways we can help you keep your borrowing costs down:

Keep a low risk profile

The lower your risk profile, the lower the amount of capital we have to allocate against your borrowing, which in turn keeps borrowing costs down. You can keep a low risk profile if you:

- Demonstrate a strong balance sheet with a consistently high level of net assets and retained profit.
- Provide a good level of quality security against your borrowing.
- Demonstrate a good borrowing and deposits record through always making loan payments on time, keeping within your agreed overdraft limits and keeping a high level of turnover through your accounts.

You can also help us by providing as much information about your business as you can – the better view we have of your risk profile, the easier it is for us to deliver the right funding for you.

Keep capital and funding costs down

You can also help us keep our capital costs down – and in turn your borrowing costs - if you:

- Keep your overdraft facility to an appropriate level. We are required to hold capital against your overdraft limit, even if you don't use it. This costs more for us, and that cost is reflected in the fees we charge.
- Keep long-term borrowing to a minimum. Lending long term costs us more - our funding costs are higher and we're required to hold more capital.

At Santander Corporate Banking, we understand our own success depends on building solid, long-term relationships with our customers. We also believe loyalty should be rewarded, which is why the more you do business with us, the better deal you'll get across all our products.

Talk to your Relationship Director about how we can help your business grow, both now and in the future. For more information visit:

www.santandercb.co.uk



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