




Private Banking

Secured  
Lending





Taking your  
wealth beyond.

Because you  
deserve a bank  
that works as  
hard as you do.

If you're looking for a financing solution to optimise your cash flow or seize short-term market opportunities without changing your long-term asset allocation, a secured loan could be an attractive option.

Secured Lending, granted in conjunction with a charge over your investments maintained in your investment account with us, increases your ability to respond to shifting circumstances.

# Why consider a secured loan?

Unlocking liquidity from your portfolio can create many benefits, such as:

- **Staying invested** in the market rather than selling off investment holdings to meet short-term personal or business liquidity needs
- **Peace of mind** knowing a credit line is available against your portfolio while remaining invested
- **Flexibility** to take advantage of compelling investment opportunities, without needing to sell your existing holdings and disrupt long-term strategies
- **Attractive lending rates** that may enhance your overall return

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**Please note:** We do not provide advice on whether a secured loan is suitable for your individual circumstances. We strongly recommend that you seek independent legal, financial, or other professional advice regarding the nature of the loan, its implications, your potential liabilities, and the associated risks.

# How does it work?

**Secured loans are designed to be straightforward, flexible and tailored to your needs:**

- The loan is granted alongside a charge over the investments held in your account with us, which serve as collateral for the facility
- Investment assets can be used as collateral for borrowing, up to a defined percentage of their value – known as the loan-to-value (LTV) ratio
- The amount we can lend will depend on several factors, including the type, currency, quality, volatility, and marketability of your investment assets, as well as the overall diversification of your portfolio
- You can draw and repay the loan at any time within the loan term, subject to minimum utilisation requirements, in line with your liquidity needs
- You can access your investment assets during the term of the loan, as long as the loan remains adequately secured
- We will regularly monitor the performance and value of your investments charged as collateral for the loan
- If the value of your investment assets falls, or if their loan-to-value ratios are adjusted following our monitoring, you will need to either provide additional collateral or reduce the outstanding loan accordingly. Failure to meet these obligations on time may result in the bank liquidating the charged assets

# What can you borrow against?

**The investment assets must be marketable and easily convertible to cash during the loan term. You can borrow against:**

- Cash deposits
- Equities
- Bonds (Fixed Income)
- Mutual Funds
- Exchange Traded Funds
- Structured Products

# What are the risks?

**Secured loans can be a powerful financial tool, offering flexibility and a range of benefits for different needs. At the same time, it's important to understand the potential risks to make informed decisions.**

## **Market risks**

- If the value of your investments falls below the level required to cover your loan, you may be asked at short notice to provide additional collateral or repay part of the outstanding amount to restore coverage. This is called a margin call and is often referred to as 'topping up' your loan.
- As a last resort, if you are unable to meet a margin call within the required timeframe or under extreme market conditions, we may liquidate sufficient investments to close your position and repay the outstanding loan, in full or in part. This process is referred to as a 'close-out event.' In the worst-case scenario, you could lose your entire investment and remain liable for any shortfall to the bank, which may exceed your original investment.

## **Interest rate risks**

- Fluctuations in the loan's interest rate may increase borrowing costs, which could result in the total cost of the loan over its term exceeding the anticipated return on your investment assets.

## **Loan-to-value ratio adjustments**

- Loan-to-value ratios may change as a result of our regular monitoring. When the loan-to-value of the collateral is reduced, you will need to have sufficient liquidity to 'top up' your loan at short notice.

## **Foreign exchange risks**

- Taking a loan in a currency different from your collateral assets exposes you to exchange rate risk. If the rate moves against you, your repayment amount may rise, and you could be required to provide additional collateral to 'top up' the loan.

## **Leverage effect**

- When loan proceeds are used to purchase additional investment assets, secured lending can amplify both potential gains and potential losses, depending on market conditions.

**Illustrative example:** You hold a Mutual Fund valued at £100,000 with an LTV ratio of 65%. We grant a secured loan facility of £65,000, which you use to purchase additional units in the same fund.

Investment without Secured Lending – Capital Gain / Annual Return Scenario

Investment Capital	Capital Gain		Annual Return
£100,000	£4,000 (4% of £100,000)	=	£4,000

Investment without Secured Lending – Capital Loss / Annual Loss Scenario

Investment Capital	Capital Loss		Annual Loss
£100,000	(£3,000) (3% of £100,000)	=	(£3,000)

Investment with Secured Lending - Capital Gain / Annual Return Scenario

Investment Capital	Capital Gain		Annual loan interest		Annual Return
£165,000	£6,600 (4% of £165,000)	-	£1,300 (2% of £65,000)	=	£5,300

Investment with Secured Lending - Capital Loss / Annual Loss Scenario

Investment Capital	Capital Loss		Annual loan interest		Annual Return
£165,000	(£4,950) (-3% of £165,000)	-	£1,300 (2% of £65,000)	=	(£6,250)

You must have the financial capacity to withstand fluctuations in the value of your investments and potential losses. It is also required that you possess adequate knowledge and experience to assess the risks associated with such investments and understand the consequences of a decline in value. Additionally, your net income and/or net asset position must be sufficient to ensure that any losses incurred during the investment period do not materially affect your financial circumstances and remain proportionate to your overall wealth.

# Product features

This table summarises the main features of our Secured Lending product, as well as the security requirements for the loan, and the criteria we will apply in assessing your credit worthiness.

## Secured Lending

Loan type	Fully flexible loan – borrower can drawdown and repay any amount, up to the maximum loan amount at any time in the loan term subject to the minimum utilisation requirements.
Loan currency	Sterling
Loan amount	Minimum: £250,000
Minimum utilisation amount	£75,000
Minimum utilisation balance	£75,000 at all times within the loan term
Loan term	5 Years, repayable on demand
Repayment Basis	Interest only
Eligible assets	<p>Subject to our approval, may include (but are not limited to) cash, equities, bonds, Mutual Funds (UK regulated unit trusts and OEICs, and offshore funds (UCITS)), Exchange Traded Funds and Structured Products.</p> <p>The investment portfolio acting as collateral for each loan must be adequately diversified by issuer and sector.</p>
Loan-to-value (LTV) ratios	LTVs will be dependent on the type, currency, quality, volatility and marketability of the investment assets, as well as on the diversification of the investment portfolio acting as collateral for the loan.
Secured assets monitoring frequency	At least daily
Indicative pricing	% over respective Central Bank Base Rate. Pricing is subject to individual approval and depends on loan size.
Interest servicing frequency	Monthly
Arrangement fee	1% of total loan amount
Other costs	Security establishment fee: £455 Any legal fees (if required) as specified in the facility letter.
Security requirements	<p>First ranking security interest over the borrower's rights in and to:</p> <ol style="list-style-type: none"><li>1. The documents entered into, in connection with the operation of the investment account</li><li>2. Any eligible investment assets held by the Custodian on the borrower's behalf</li><li>3. All bank accounts the borrower holds with Santander International</li></ol>
Affordability & Debt servicing assessment	The bank will assess whether the borrower has the financial means to service the loan interest and meet margin calls without the bank having to liquidate the investment portfolio acting as collateral. This will be based on the borrower's total net worth and net liquid assets.

All lending is subject to status and/or lending criteria.



## To find out more:



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except Wednesdays when we open at 9.30am



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All deposit accounts opened with Santander Financial Services plc, Jersey Branch have situs in Jersey and therefore are not covered by the Financial Services Compensation Scheme established under the UK Financial Services and Markets Act 2000 or by the Isle of Man Depositors' Compensation Scheme. Santander Financial Services plc, Jersey Branch is a participant in the Jersey Bank Depositors Compensation Scheme. The Scheme offers protection for eligible deposits of up to £50,000. The maximum total amount of compensation is capped at £100,000,000 in any 5 year period. Full details of the Scheme and banking groups covered are available on the Government of Jersey website [www.gov.je/dcs](http://www.gov.je/dcs), or on request.

All deposit accounts opened with Santander Financial Services plc, Isle of Man Branch have situs in the Isle of Man and therefore eligible deposits are covered by the Isle of Man Depositors' Compensation Scheme as set out in the Isle of Man Depositors' Compensation Scheme Regulations 2010 and not covered by the UK Financial Services Compensation Scheme or by the Jersey Bank Depositors Compensation Scheme. Full details of the Scheme and banking groups covered are available at the Isle of Man regulator's website, [www.iomfsa.im/consumers](http://www.iomfsa.im/consumers), or on request.

The value of investments and any income from them can go down as well as up and you may get back less than the full amount you invested. Investments should be held for the medium to long term, typically for at least 5 years or more. If you cash in some or all of your investments, particularly in the early years, you may get back less than you paid in. Some funds carry more risk in order to give greater potential returns. No advice on investments has been given. If you are in any doubt as to whether the investment service is suitable for you, you should seek advice from a suitably qualified adviser. Santander International does not provide tax advice to its clients. The tax treatment depends on your individual circumstances and may be subject to change in the future.

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