



Commercial Notional Pooling

Liquidity solutions to support business

Commercial Notional Pooling (CNP) gives you the ability to combine credit and debit balances across a group of selected Santander accounts in order to minimise the total amount of debit interest you would be charged.

How does CNP work?

CNP structures are set up with a net limit and a gross limit. The minimum borrowing is £25,001 (either net or gross limit).

Debit or credit interest is calculated daily, based on the balance of the net position across the accounts and charged or paid monthly.

One account within the structure is designated as the main account (by you) and this is the account where debit interest is charged or credit interest paid based on the net position across the group. Interest is not settled to each individual account.

As a CNP structure provides balance set off, payments can be made from any of the accounts within the structure (subject to individual account conditions), including via Connect or Connect Plus, provided the structure is within the agreed net and gross limits (additional fees apply for the Connect service).

If you are making a Traded FX deal, please contact our Trade FX team.

What are the benefits?

- You can minimise the amount of debit interest you pay
- You may be able to reduce the number of separate Arranged Overdrafts, thereby reducing arrangement fees
- Account balances are not mixed (no co-mingling of funds)

What are net and gross limits?

- The gross position is the sum of all debit balances within the CNP structure. The gross limit is the maximum gross position we would allow you to reach
- The net position is the sum of the net limit and all of the balances within the CNP structure. The net limit is the maximum net position we would allow you to reach
- Net and Gross limits will be agreed at the outset and are subject to our standard lending policies as may be varied from time to time

What are the fees associated with a CNP?

- For set-up and maintenance fees applicable for CNP please see overleaf
- Where there is an Arranged Overdraft in place, the relevant Arranged Overdraft fees and charges will apply (including any arrangement fees). Please refer to the Arranged Overdraft factsheet for more details
- If the balance is not brought back into credit, or within an Arranged Overdraft limit, you will be charged interest at the Unarranged Overdraft Interest Rate until the account is brought back into credit or within the Arranged Overdraft limit. For the latest rates refer to the Non-Standard Charges Factsheet
- Any fees will vary depending on your circumstances and the specific requirements. Your Relationship Director will agree all fees with you under the terms of your CNP agreement. You may also incur fees if you seek independent professional advice

How long does a CNP last for?

- A CNP facility can be agreed initially for up to 12 months
- Prior to expiry, your agreement will be reviewed and you will be provided with the options available to you at the time (this could include extending for another 12 months or removing the limit/CNP structure if it's no longer required)

Which accounts can be included within a CNP?

- Santander Corporate Current Accounts
- Instant access deposit accounts

All accounts within the CNP group must be in Sterling.

Can I add or remove accounts?

- It's possible to add or remove accounts from a CNP once it's been running for up to 2 months. There are some restrictions for newly opened accounts - please speak to your Relationship Director for full details

What should I do if I need more information or guidance?

We do not provide you with any advice about the CNP product. If you're in doubt or need guidance, we strongly recommend that you get independent professional advice from your solicitor, tax advisor, or accountant before making any decision.

Please note: we've given the information in this document for information purposes only. These materials are the property of Santander UK plc and its affiliates (the Bank) and may not be provided to third parties. Nothing in these materials constitutes investment, legal, tax or accounting advice.

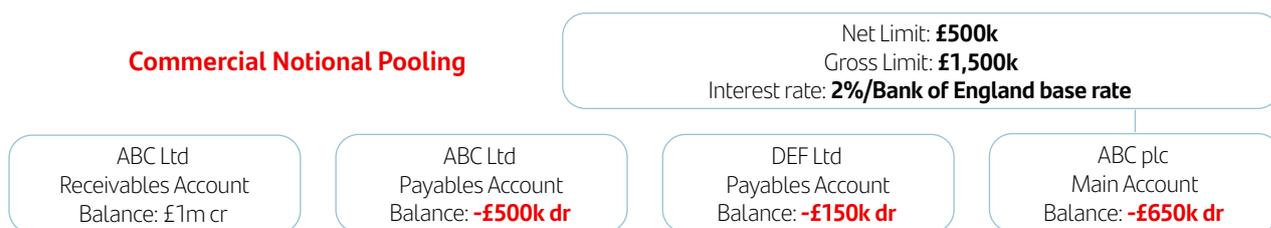
CNP Fees

		Up to 10 accounts	More than 10 accounts
Single Legal Entity	Set up fee (one-off)	£750 per structure	£1,000 per structure
	Maintenance fee (Monthly)	£20 per account	£20 per account
Multiple Legal Entity: with cross guarantees	Set up fee (one-off)	£1,000 per structure	£2,000 per structure
	Maintenance fee (Monthly)	£20 per account	£20 per account

Cross guarantees may be a condition of providing the CNP arrangement; where cross guarantees can't be taken, an additional fee may be applicable – up to 1% per annum of the gross limit – payable monthly. Your Relationship Director will discuss this with you.

Example (for illustration only)

ABC plc want to maximise their liquidity position by including four accounts within a CNP, one of which, (the Receivables account) is always in credit.



Gross Balance is the sum of all debit balances

Net Balance is the sum of all the balances and the Net Limits

Gross Balance: **-£1,300k dr (-£500k + -£150k + -£650k)**
Net Balance: £500k (net limit) + £1,000k **-£1300k** (debit balances) = **£200k**

Prior to entering the arrangement the Group would have had an annual net interest cost of £26,500. (This does not include other overdraft fees that could be incurred).

	Pre-CNP	
	Balance*	Interest paid/ received
ABC Ltd Receivables	£1m	£6,000
ABC Ltd Payables	-£500k	-£12,500
DEF Ltd	-£150k	-£3,750
ABC plc	-£650k	-£16,250
	Total	-£26,500

Once in the CNP the balances would be amalgamated, reducing the interest payable to £7,500 –a saving of £19,000 p.a. (calculation based on a debit interest rate of BoE Base Rate + 2%). Once the fees for operating the CNP are deducted the total net saving for ABC plc would be £9,540 in year 1, rising to £10,540 from year 2 onwards.

	Post-CNP set up			Annualised CNP fees		Annual Overdraft fee (1.5% of net limit)	Total saving
	Balance*	Interest paid**	Interest saving	Monthly CNP fee	CNP One-Off Set Up fee		
ABC Ltd Receivables	-£300k	-£7.5k	£19k	-£20 x 4 accounts x 12 months = -£960	-£1k	-£7.5k	Year 1 £9,540
ABC Ltd Payables							
DEF Ltd							
ABC plc							Year 2+ £10,540
*Balance - based on static annualised balances ** Annual interest charged							

Where can I find more information on Santander Corporate Current Accounts (including any associated fees)?

- For more information on CNPs, Santander Corporate Current Accounts and associated costs please visit santandercb.co.uk or contact your local Relationship Director

ANY PROPERTY USED AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR NOTIONAL POOLING STRUCTURE. APPLICATIONS ARE SUBJECT TO STATUS AND TERMS AND CONDITIONS. THE RIGHT TO DECLINE ANY APPLICATION IS RESERVED.