

Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product name: Interest Rate Collar

PRIP manufacturer:

Santander UK plc

Contact number for PRIP manufacturer:

Call +44 20 7756 7186

Website:

<https://www.santandercb.co.uk/rsgterms>

Competent Authority: Authorised by the UK Financial Conduct Authority

Date: 01-Mar-2023

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type: An Over the Counter (OTC) contract - Interest Rate Collar

Objectives:

The objective of this product is to protect against rising interest rates and to partially benefit in falling interest rates. Both will be subject to pre-agreed limits in the form of a cap rate and floor rate. There may be a premium payable for this product.

The product achieves its objective by Santander UK plc agreeing on the Trade Date the terms of an Interest Rate Collar with you under which: (1) Santander UK plc agrees to compensate you if the **Floating Rate** exceeds the pre-agreed **Cap Rate** on any of a series of **Rollover Dates** in the future and (2) you agree to compensate Santander UK plc if the **Floating Rate** is less than the pre-agreed **Floor Rate** on any of a series of **Rollover Dates** in the future.

Typically on each **Rollover Date**:

- if the **Floating Rate** is greater than the **Cap Rate**, the amount you will **receive** from Santander UK plc on the relevant payment date is the difference between those two rates applied to the **Notional Amount** of the Interest Rate Collar; or
- if the **Floating Rate** is lower than the **Floor Rate**, you will **pay** to Santander UK plc on the relevant payment date the difference between the two rates applied to the **Notional Amount** of the Interest Rate Collar.

The exact terms will be set out in an individual trade confirmation.

Intended retail investor:

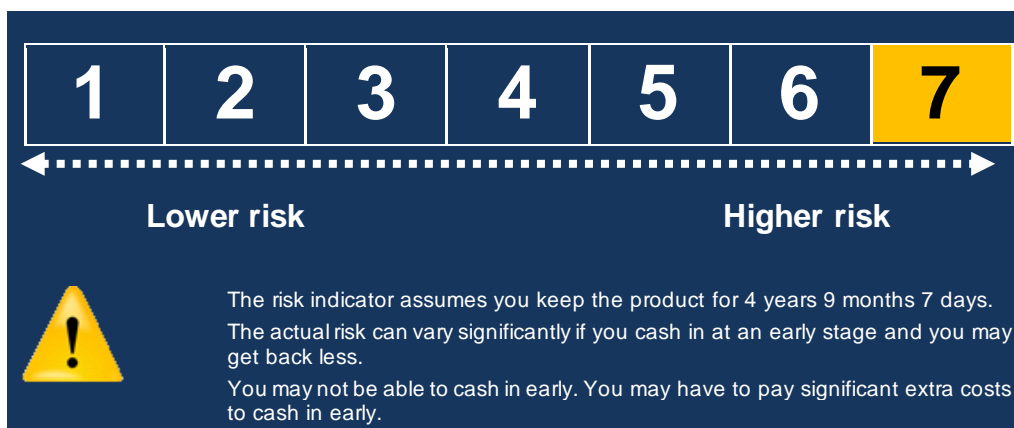
- This product is intended for retail investors who have an exposure to interest rates who wish to benefit from a favourable movement in interest rates, and who wish to pay a reduced premium. The ability to benefit in favourable movements will be limited to a pre-agreed floor level in exchange for the reduction in premium payable when compared to an interest rate cap.
- Investors who are prepared to stay invested until the Maturity Date.
- This product is intended for retail investors who are assessed to have appropriate knowledge and experience to understand the interest rate risks arising from their commercial activity.

Term

The Maturity Date of the Interest Rate Collar will be set out in the confirmation for the product. The Interest Rate Collar is a bilateral agreement that cannot ordinarily be terminated unilaterally by either you or Santander UK plc. The product terms provide that if certain exceptional events occur Santander UK plc or you may terminate the product early. These events are specified in more detail in your ISDA master agreement/confirmation. The amount (if any) you pay or receive on such early termination is likely to be different from the scenarios described in this document.

What are the risks and what could I get in return?

Risk indicator:



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 7 out of 7, which is the highest risk class.

This rates the potential losses from future performance at a very high level.

In some circumstances you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.**

This product does not include any protection from future market performance so you could lose some or all of your investment.

If we are not able to pay you what is owed, you could lose your entire investment.

Performance Information:

This product can be used to hedge your exposure to the volatility of interest rates, and the main factor that can affect the way this product performs is the movement of the floating interest rate and your returns will depend on how the floating interest rate performs against the Cap Rate and Floor Rate on each rollover date. The most relevant index is the specific floating interest rate benchmark for this product such as the Base Rate or SONIA compounded.

What could affect my return positively?

If the Floating Rate is higher than the Cap Rate on each Rollover Date, then you will receive a payment from the bank and the higher the floating interest rate is above the Cap Rate, the higher the payment you will receive. Therefore, your return with this product would be higher.

What could affect my return negatively?

If the Floating Rate is lower than the Floor Rate on each Rollover Date, then you will make a payment to the bank and the lower the floating interest rate is below the Floor Rate, the higher the payment you will have to make. Therefore, your return with this product would be lower.

It is important to note that severely adverse market conditions are difficult to predict, and floating interest rates can be zero or even negative, therefore resulting in paying the Floor Rate (or more if the floating interest rate is negative) and receive nothing in exchange on each Rollover Date.

What happens if Santander UK plc is unable to pay out?

The product is not protected by the Financial Services Compensation Scheme or any other investor compensation or guarantee scheme. This means that if Santander UK plc is unable to pay out, you may not receive any amount from Santander UK plc under Interest Rate Collar.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for the recommended holding period. They include potential early exit penalties. The figures assume you invest GBP 10,000. The figures are estimates and may change in the future.

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment of GBP 10,000	If you cash in at the recommended holding period
Total costs	GBP 250.00
Impact on return (RIY) per year	0.50 %

Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the term.
- the meaning of the different cost categories.

This table shows the impact on return per year

One-off costs	Entry costs	0.50 %	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less.
	Exit costs	0.00 %	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.00 %	The impact of the costs of us buying and selling underlying investments for the product.

	Other ongoing costs	0.00 %	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	0.00%	The impact of the performance fee. We take these from your investment if the product outperforms its benchmark.
	Carried interests	0.00%	The impact of carried interests. We take these when the investment has [performed better than x %]. [A payment of y % of the final return will take place subsequently to the exit of the investment.]

How long should I hold it and can I take money out early?

Recommended holding period: When entering into an Interest Rate Collar the term will be defined by you. This product is designed to be held until the Maturity Date. This product cannot easily be early terminated. You will either be unable to cancel early or you will have to pay high costs or make a large loss if you do so.

How can I complain?

Complaints about the product, the conduct of Santander UK plc and/or the person advising on, or selling the product, should be addressed in writing to us at Santander Corporate and Commercial Complaints Team at Santander UK plc, Zone 1/3 South, 301 St Vincent Street, Glasgow, UK, G2 5NB. For more information on how to make a complaint, please see <https://www.santandercb.co.uk/contact-us/complaints>.

Other relevant information

This document sets out the generic risks of the PRIIP that you may be considering as a financial investment, in order that you can compare it to other products. The specific terms of the product that you enter into will be set out in the confirmation in relation to that product. The full terms and conditions of the product are set out in your ISDA master agreement, as supplemented and amended by the confirmation. The se documents are made available to you on your request.