



## Relationship Banking

Private Wealth Onboarding Journey  
Embracing the new opportunities by shifting my thinking



**Structured  
Lending**

Private Wealth Onboarding

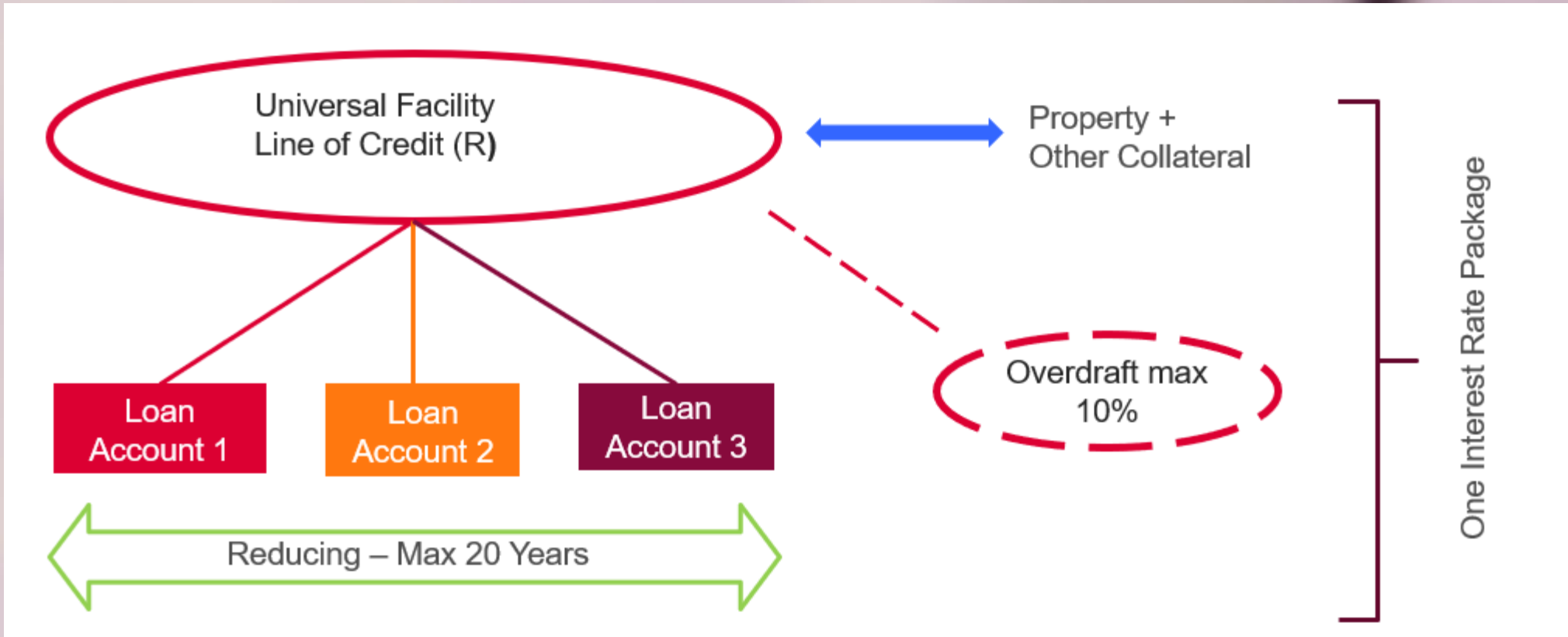
## Introduction to Structured Loans - The Ultimate Enabler

The Universal Package gives you the power of an ongoing line of credit that, once approved, is readily available, eliminating the need to go through the credit application process again in future. Once approved, the funds can be used as you see fit – to purchase a vehicle, secure a property, take advantage of an investment opportunity, grow your business, improve your lifestyle or enjoy a once-in-a-lifetime experience or purchase a gift. It truly provides the freedom to use the money as you choose.

Conveniently managed through your transactional account, clients can customise this powerful line of credit to suit your exact borrowing needs by structuring and naming individual loan accounts within it, each with repayment terms to suit you. Repayment is only required on the money allocated to each loan account and not on the unutilised balance of the credit line.

# Universal Structure – Schematic View

Transactional Account (Private Bank, Practice Management, Trust)



# Universal Structure

Line of Credit (R)

Overall Facility. All Lending done on single entity.

Loan  
Account/s

Up to 99 loan accounts. Amortising. Each loan will have a unique name for client to identify asset and its own tax certificate. Transact ability via tellers assisted transfers, ATM, Internet and telephone banking and Private Assist. Transactions only allowed between linked transactional account and loan account. Transactions between loan accounts, or from loan account to third party blocked. No credit interest payable on loan account. Each loan account will generate its own statement and tax certificate.

Overdraft  
10%

A maximum of 10% of the total approved facility may be utilized as an overdraft. Only available to individual and companies. Trusts not permitted to have an overdraft portion.

Property + Other  
Collateral

Residential, vacant land (1), commercial property (professional practice), shares, fixed deposits, Absa unit trust, AIMS portfolio investment, Absa Money Market fund, Endowment policies, ABSA off-shore investment.

# Universal Structure



One Interest  
Rate Package

All loan accounts including the overdraft will have a single debit interest rate.

For individual – Private Bank Cheque Account

**Transactional  
Account**

For business entities trading as a Sole Proprietor/Close Corporation/Company/Partnership – Private Practice Cheque Account

For Trust – Private Bank Trust Account

# Target Market

- The target market for the Universal Facility is unique in the sense that it caters for individuals, professional practices as well as trust. It also includes entities registered as Close Corporation, Pty (Ltd)'s, Incorporated Companies, Partnerships and Sole Proprietors.
- New APB clients must earn R750k per annum. Existing Business Bank growth clients with a turnover of R10,000,000 and above will automatically qualify for Private Bank status. However normal credit process to apply for facilities.
- Chartered Accountants/CTA (Hons) and Medical Registrars may qualify without meeting income criteria
- An existing APB client may qualify regardless of income
- Professional Practice must be limited to three practioners. Annual turnover of the practice may not exceed R15 million.
- A trust may qualify as long as one or more of the Trustees is an APB client. The trust must be a trust (i.e. family trust) created for wealth preservation or creation purposes. Passive dividend, interest and rental income as an income stream will be acceptable.

## Product Features

The Universal Loan Package will provide clients with a means to:

- Acquire any type of asset i.e. residential property, vehicles, luxury items, equipment etc
- Do daily transactional banking
- Grow their individual wealth or grow their practice
- Effectively manage individual or practice financial requirements through structured loan management

The Universal Loan Package offers a line of credit that can be structured to the clients exact needs. What makes this package unique to the market is the availability of up to 99 loans accounts linked to a versatile transactional account.

The loan accounts will be of an amortising nature and must be paid off in regular instalments. The loan accounts are not of a transactional nature and only debit orders will be accepted as a form of loan repayment. Additional payments can however be made via electronic transfers.



# Repayment Structure

- Monthly Repayment of the loan account must be via a debit order from the linked APB transactional account
- Additional funds may be credited to the loan accounts via electronic transfer from any source
- Each loan account must have a set repayment / term as decided by the client
- The repayment period, per loan account should be determined by:
  - What is being financed
  - The lifespan of the article
  - The clients cash flow
- The loan account must have a “limited end date”
- The repayment period / term per any loan may not exceed twenty years (or 75 years of age)

## Approved Security and LTV Rules

Residential Property	85% < R3m > 75%
Residential land	50% LTV
Commercial Property: if 70% owner occupied by Professional Practice	70% < R3m > 60% LTV
JSE Listed Shares: Top 40	50% of market value
Other Shares	30% to 50% of market value (other shares)
Unit Trusts	50% of market value
Share Portfolios: 60% must be Top 40 shares	50% of market value
Absa Fixed Deposit	100%
SA financial institutions fixed deposits	90%
Absa Money markets	90%
Life / Endowment policies	100% of the Net surrender value
Off-Shore Investments	30% market value if redeemable in SA

# Snapshot of Facility Agreement

## How our Credit Facility works

Our Private Bank Universal credit facility allows you to borrow money on an open ended basis up to a limit. The amount that you borrow is secured by property or other assets.

You can draw up to 10% (ten percent) of the credit facility on your transactional account with us ('Overdraft portion'). You can draw the balance of the credit facility in multiple tranches ('Sub-facilities').

## Structuring your Sub-facilities

Each Sub-facility will be:

- created for the purpose you request;
- have its own credit limit ('sub-limits'), that may not be changed or exceeded;
- repayable over the period you request, provided that the period does not exceed the Termination Date; and
- linked to your Account as a separate facility.

## Ending the Credit Facility

The Credit Facility ends automatically on the expiration 20 (twenty) years from the date of this Agreement or;

- if you are an individual, your 75th birthday, if earlier; or
- if you are a trust, the termination date of the trust in the deed of trust, if earlier;

## Let's Recap – Universal Facility – Key Benefits

- Free cash-flow benefit to customer
- Enables several types of asset classes to be used as collateral for financing, over 20-year term, at home loan rates
- Maximise asset leveraging
- Enables customers to pool their assets into one facility, where the 20-year term and home loan rate enables highest affordability in the market, maximising potential leverage
- Sub-facilities enables effective management
- Ability to set up multiple lines/sub-facilities, with option to have its own term, and loan statement (for tax purposes). All at the same prime-linked interest rate
- Overdraft facility
- 10% of the overall facility can be utilised as an overdraft, at the same home loan rate, if in the name of the individual
- 24hr turnaround time to access available funds within the facility



# Questions

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