

Product name: Coutts Commercial Base Rate, Fixed Rate and SONIA Loans

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Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2).

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are responsible for meeting your obligations under ‘The Consumer Duty.’

This information is intended for intermediary use only and should not be provided to customers.

1. Summary of our assessment

We have assessed that:

- Our Commercial Loan product range currently meets the identified needs, characteristics, and objectives of customers in the intended target market.
- The current distribution strategy remains appropriate for the intended target market.
- The product range currently provides fair value to customers in the intended target market (i.e., the total benefits are proportionate to total costs).

2. Product characteristics and benefits

The product range is currently designed to meet the needs of the intended target group, i.e., to acquire business premises or assets, stocking finance, consolidate debts, and for cash injection purposes. The current product range features and criteria are designed to support these needs.

Type	Characteristics	Benefits
<p>Commercial Base Rate Loans</p>	<ul style="list-style-type: none"> • Minimum borrowing amount – £25,001 no maximum • Term: 1 to 25 years • Interest Rate – Agreed interest margin plus Coutts Base Rate • Currency – only available in Sterling (GBP) • Payment frequency – Monthly or Quarterly • Can be secured or unsecured (collateral incl. Commercial property, investment property, land, deposits, unsecured (sterling only), not Investment Back Lending)) 	<ul style="list-style-type: none"> • No early repayment charges to close early, so allows flexibility • Flexible repayment options to suit needs: <ul style="list-style-type: none"> • Capital & Interest • Interest Only • Can be secured against most assets (including a mixture of assets against a single lend)

	<ul style="list-style-type: none"> Interest is calculated daily and charged to client's current account in line with monthly/quarterly charging cycles 	
Fixed Rate Loans	<ul style="list-style-type: none"> Minimum borrowing amount is £100,000 with no maximum Term – 1 to 10 years Interest Rate – Fixed by Treasury depending on risk and fixture term Currencies include – Sterling (GBP), Euro (EUR) US dollar (USD), Japanese yen (JPY), Swiss franc (CHF) Payment frequency – Monthly or Quarterly Can be secured or unsecured Interest is calculated daily & charged to client's current account in line with monthly/quarterly charging cycles 	<ul style="list-style-type: none"> Flexible repayment options to suit needs: <ul style="list-style-type: none"> Capital & Interest Interest Only Allows for certainty of budgeting Both Interest Capitalised (IC) and Interest Paid (IP) available but IC only available on bullet repayments
SONIA Loans	<ul style="list-style-type: none"> Minimum borrowing amount of £2,000,000 with no maximum Term – 1 to 25 years Interest Rate – Sonia Currency – only available in Sterling (GBP) Payment frequency – Monthly or Quarterly Can be secured or unsecured Interest is calculated daily and charged to client's current account in line with monthly/quarterly charging cycles 	<ul style="list-style-type: none"> Flexible repayment options to suit needs: <ul style="list-style-type: none"> Capital & Interest Interest Only Development loans are available to be drawn in tranches

Full eligibility criteria can be obtained via your Broker Development Manager

3. Target market assessment and distribution strategy

This intended target market assessment matrix segments the target customers for the product range, recognising their different needs to enable you to tailor the services you provide when you distribute the product range.

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
<ul style="list-style-type: none"> To acquire business premises, assets Customers that require stocking Finance Can be used to consolidate debts Cash injection – longer term 	<ul style="list-style-type: none"> Via Commercial Banker Via Intermediaries 	<p>All Products</p> <ul style="list-style-type: none"> Funds to be borrowed for business purposes <p>Base Rate</p> <ul style="list-style-type: none"> Min amount of borrowing is £25,001

- If the Coutts base rate falls, the total amount needed to pay to fully repay the loan will decrease (Variable Rate Loans)
- If Coutts base rate falls repayments will decrease
- Ability to repay the loan early with no Early Repayment Charge

Fixed Rate

- Minimum amount of borrowing is £100,000
- Reduces your exposure to the risk of higher interest rates if the rate rises
- Certainty of monthly repayment amount throughout the life of the loan

SONIA

- Minimum amount of borrowing is £2,000,000
- The SONIA interest element (not the margin) is compounded daily through the fixture period. Clients are signposted to the external ICE calculator to pre-empt their loan costs

The product range **is not** designed for customers who:

- Are aged under 18
- Borrow for personal use
- Clients in Breathing Space – (Breathing space allows clients a Moratorium period where they can access professional debt advice enabling them to enter an appropriate debt solution, and gives them the right to legal protections from creditor action for a specified period)
- Relevant Financial Institution (RFI) (a credit institution or investment firm, or a parent of such an entity or subsidiary of such an entity that is subject to consolidated supervision with its parent).
- Are showing signs of financial difficulty and steps are being taken to insolvency
- Are using monies for non-agreed / permitted purposes (e.g., Gambling, crypto, high-risk spending, personal use)
- Have multiple borrowing facilities externally where we are unable to understand the full financial picture.
- Are unable to evidence affordability or have a declining trend in profitability
- Are declared bankrupt (note – there are exceptions as we potentially could lend to someone whose bankruptcy has been discharged.)
- Would like to secure their borrowing with their investment portfolio

4. Customers with characteristics of vulnerability

The product range is designed for customers with a need for, medium to long-term borrowing to suit their business needs, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Some examples being;

- When an in-life event causes a change in the customer's ability to repay the agreement, and/or manage their business
- Personal ill health resulting in a sole trader unable to work, causing financial difficulties.
- Volatility within the business sector resulting in loss of income and customers not being able to maintain monthly payments
- A key person is unable to work impacting the business and causes financial difficulties.
- Death of a partner, leaving the remaining partner(s) in a vulnerable financial position.
- Business falling into financial difficulties, and customers requiring support to maintain their monthly payments.

Customers facing financial difficulties at any time from the finance being set up and throughout the life of the agreement can receive support through our Specialist Financial Support Team (SFST). SFST also consistently monitors customers falling into financial difficulties and provides appropriate support.

Intermediaries should continue to comply with their obligations to ensure that they treat customers in vulnerable circumstances fairly.

Please contact us if you need any further information about how we support the needs of all our customers in relation to the product range.

5. Our assessment of value

In reviewing the intended value of our Commercial Loan product range, we have considered the product benefits, price, costs, and limitations to ascertain if the product range delivers fair value for its intended target market.

A summary of the key areas considered during our value assessment are set out in the table below:

Benefits	Price	Costs	Limitations
Commercial Base Rate Loan <ul style="list-style-type: none"> • The rate of interest will vary in accordance with the Coutts base rate • Variable interest rates allow a customer to benefit from lower payments if interest rates fall, however, if rates increase payments will increase 	Commercial Base Rate Loan <ul style="list-style-type: none"> • Customers are charged Coutts base rate, plus a margin based on the banks perceived risk to the business and its funding costs • There is an arrangement fee charged • Pricing is based on the strength of the financial 	The primary drivers of costs for all products are: <ul style="list-style-type: none"> • Funding Costs • Treasury Costs • Expected Losses • Operational Costs • Capital Costs 	All products <ul style="list-style-type: none"> • Clients are unable to use funds to purchase NWG (NatWest Group) Capital Securities • Unable to overpay and then redraw (not a revolving facility)

<p>Fixed Rate Loans</p> <ul style="list-style-type: none"> • Repayments and interest are fixed throughout the term of the agreement • Fixed payments allow customers to budget without payment fluctuations or interest rate increases • Removes the risk of interest rates increases and increasing monthly payments 	<p>performance of the business</p>	<p>For all introduced Loans</p> <ul style="list-style-type: none"> • Any fees paid to Intermediaries for the referral 	<ul style="list-style-type: none"> • Term outlined non-negotiable
<p>SONIA Loan</p> <ul style="list-style-type: none"> • Offers competitive pricing for clients seeking borrowing over £2,000,000 	<p>Fixed Rate Loans</p> <ul style="list-style-type: none"> • Customers are charged a fixed price based on the banks perceived risk to the business and its funding costs • There is an arrangement fee charged • An early repayment charge is applicable if the agreement is settled early 		<p>Fixed Rate Loans</p> <ul style="list-style-type: none"> • Both Interest Capitalised (IC) and Interest Paid (IP) are available, but IC is only available on bullet repayments • If variable interest rates are below the fixed rate, clients cannot benefit from that lower rate • Early settlement will incur an Early Repayment Charge

Result of our assessment:

Based on the above factors the product range currently delivers fair value for its intended target market.