



NatWest
Group

Product name: Overdraft (“Committed” / “On Demand” and “Ulster Bank NI Overdraft”)

Information sheet produced: 20 April 2023

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 Overdraft product range currently meet 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 products are designed to meet the needs of the target group. The product features and criteria are designed to support these needs.

The Overdraft product range is intended to provide peace of mind and flexibility to customers by allowing them to:

- Bridge a short-term funding gap
- Manage day to day cash flow needs
- Provide peace of mind that they have access to borrowing up to an agreed amount in case of need

The Overdraft provides short term help, for customers, for an unexpected expense or who may have a short term cashflow requirement or funding gap.

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Information Classification – Internal

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Value is provided to customers by giving customers access to a flexible product, which is unstructured in nature and primarily smooths over timing differences in cashflows.

Features of the product

Feature	Applies to most Overdraft Products	Variants which apply to specific Overdraft products
Term	<ul style="list-style-type: none"> Up to 12 months 	<ul style="list-style-type: none"> For customers who sit on our “On Demand” product, facilities may be offered on an “until further notice” basis. This product, which will be subject to an annual fee and pricing review, is communicated via a pricing advice letter For customers on our “Committed” product the maximum term available is 12 months. Upon expiry, the facility may be renewed. All documents are subject to an annual fee and pricing review and will be re-documented annually
Pricing	<ul style="list-style-type: none"> Arrangement/Renewal fee applicable annually Customers will also be charged Interest (margin over base rate) on debit balances 	
Interest calculation frequency	<ul style="list-style-type: none"> Interest is calculated daily and charged quarterly 	
Reference rate	<ul style="list-style-type: none"> NatWest / RBS (Royal Bank of Scotland) Base rate 	
Cancellations fees	<ul style="list-style-type: none"> None - The overdraft can be cancelled by the customer at any time without a fee 	
	<ul style="list-style-type: none"> Payable if the customer goes in excess of their agreed limit. Customers 	

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Unarranged Overdraft Fees:	will pay punitive fees, i.e., £20 Paid referral Fee per item, (max £100 per month), £12 unpaid item fee (max £60 per month), plus 15% annual interest rate	
Security	<ul style="list-style-type: none">• May be required. Security is taken depending on structure / type of legal entity and aggregated bank lending• Subject to security required, legal and/or professional fees may be charged on arranging a new facility	
Currency	<ul style="list-style-type: none">• Sterling (GBP)	<ul style="list-style-type: none">• Foreign Currencies: NatWest can offer the “On Demand Overdraft” facility in Foreign Currencies who sit in our Commercial Banking business with a turnover greater than £2million
Ability to change limits mid-term	<ul style="list-style-type: none">• The overdraft can be increased if required mid-term, subject to the bank's credit appetite being met. Additionally, reductions in the limit can be made	

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Benefits

Benefit	Applies to most Overdraft Products	Variants which apply to specific Overdraft products
Cancellation Fees	<ul style="list-style-type: none"> No cancellation fees 	
Multiple channels of application		<ul style="list-style-type: none"> Committed Variant: Our Mass market customers have the option to apply for unsecured lending up to £50,000 (aggregated debt) via their online banking channel or via the Telephony channel For those not registered for online banking there is also the option to apply for a facility via our website Please note – online applications are for sterling facilities only For relationship managed customers, they can also apply via their Relationship Manager
Flexible in nature	<ul style="list-style-type: none"> Which gives the customer the ability to take advantage of ad-hoc business opportunities, i.e., discounts on stocking, or the ability to move quickly on business deals knowing funding is in place 	
Minimises interest costs	<ul style="list-style-type: none"> The customer only pays interest on amounts borrowed 	
Annual renewals and reviews	<ul style="list-style-type: none"> Ability to renew the short-term facility annually, subject to bank approval. This annual review takes place to make sure the facility is still appropriate for the customers' needs 	

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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"> Customers want to borrow up to £50,000 (aggregated debt) for a short-term* business need 	<ul style="list-style-type: none"> Online application form (via online banking) Telephony Relationship Manager Through Intermediaries 	<ul style="list-style-type: none"> Businesses who might need funding support at short notice due to an unexpected expense/event that has temporarily impacted trading ability Seasonal businesses who need working capital support “out of season” Need support bridging timing differences between creditor and debtor payments Customers looking for a 'safety net' Looking for short-term borrowing knowing they will not be committed to long-term financing Customer looking to expand/grow and use the facility to ease working capital pressures in the short term Customer looking for a flexible product, knowing they will only pay interest on the amount they borrow and can cancel at short notice if the product is no longer required
<ul style="list-style-type: none"> Customers want to borrow over £50,000 (aggregated debt) for a short-term* business need 	<ul style="list-style-type: none"> Online application form (external website) Relationship Manager Through Intermediaries 	<ul style="list-style-type: none"> As above

*Short-term being less than 12 months

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

- Are looking for the certainty of a fixed repayment schedule
- Are looking to bridge a long-term funding gap or need
- Are looking to finance an asset over a greater period than 12 months (i.e., Vehicle)
- Are looking to fund losses / on-going losses.
- Are in financial difficulty other than when, in exceptional circumstances, we may provide a facility to help the customers situation
- Hold a Foundation Current Account
- Fail the Bank's affordability and/or eligibility criteria. This constitutes that the customer need aligns with the purpose of the product, and we can demonstrate that a customer can afford the overdraft they are applying for
- Are within a bank "no appetite" sector. (For details on no appetite sectors please speak to a Relationship Manager or your local contact)
- Are a business within listed sanctioned countries (Please contact your Bank contact)
- Have had their account frozen by the NatWest / RBS / UBNI Ulster Bank Northern Ireland (UBNI) (this could be for a variety of reasons)
- NatWest Group cannot provide any lending to customers deemed as a Relevant Financial Institutions (an institution which potentially has a significant exposure to the global financial markets and whose failure could potentially give rise to the failure of other organization's)
- NatWest Group does not sell to Phoenix companies (an entity that has been established to purchase the shares, and/or other assets of a company that has failed, and/or is set up to take the place of the failed company) and prepack administrations
- Have an Invoice Finance facility, unless there are mitigating circumstances e.g., Working Capital element not covered by the Invoice Discounting line

4. Customers with characteristics of vulnerability

Overdrafts are designed for business customers ranging from micro enterprises all the way to large corporates, however, it is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time. There are no specific barriers that prevent vulnerable customers being included in the target market (other than credit and affordability checks) and customers should not be denied access to borrowing purely based on a vulnerability.

The Bank has policies and procedures in place to support our customers who may be vulnerable. All customers are at risk of becoming vulnerable, but this risk is increased by having characteristics of

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vulnerability. These could be poor health, cognitive impairment, life events (such as new caring responsibilities), low resilience to cope with financial or emotional shocks and low capability (e.g., poor literacy or numeracy skills).

Where a customer is thought to be vulnerable, NatWest Group provide the customer with appropriate reasonable adjustments to the way in which we do business with and interact with them and/or facilitate the necessary arrangements to assist them in their dealings with the bank.

The support options available to vulnerable customers are more focused on direct interactions with customer facing staff, e.g., being more patient and does not include options related to offline interactions such as sending important facility documentation more frequently or more in advance of any deadline (e.g., the expiry of the facility expiring).

Examples of support options / framework in place to achieve good outcomes for vulnerable customers, which includes but not limited to:

- Education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of vulnerable customers
- Flexible policies, where appropriate, to support vulnerable members
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability

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 Overdraft 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:

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Benefits	Price	Costs	Limitations
<ul style="list-style-type: none"> • Simplicity and flexibility of the product • Competitive pricing in a mature market • Self-service digital journey • The Family First proposition is our ongoing commitment to provide the additional support and flexibility our customers require when they need it most. This proposition allows customers who have a family care need increased flexibility in their lending, either through a Fee-Free Overdraft or a Capital Repayment Holiday, applies to RBS and NatWest only. 	<ul style="list-style-type: none"> • Arrangement/Renewal fee applicable and any associated fees e.g., security fees / punitive fees for breaching the limit or paid referral fees • Customers are charged a base price based on the bank's perceived risk • Product range is a competitively priced offering in the market and follows a similar fee structure to most high street competitors 	<ul style="list-style-type: none"> • The primary driver of costs for Overdrafts are: <ol style="list-style-type: none"> 1. Funding rate 2. Capital costs 3. Operational costs • Any fees paid to Intermediaries for the referral 	<ul style="list-style-type: none"> • Product is limited to customers with working capital needs only who meet the bank's eligibility and affordability criteria

Result of our assessment:

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

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