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Group

Product name: SIPP (Self Invested Personal Pension) & SSAS (Small Self-Administered Scheme) Loans

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 SIPP and SSAS 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 and are used to provide SIPP and SSAS pension schemes with funding to invest in commercial property (up to 50% of the value of the pension scheme fund can be borrowed). The current product range features and criteria are designed to support these needs.

Type	Characteristics	Benefits
SIPP / SSAS	<ul style="list-style-type: none"> • Maximum term of 25 years • SIPP and SSAS providers can borrow up to 50% of the assets in the scheme at the time of drawdown • Fixed and variable rates available 	<ul style="list-style-type: none"> • For fixed rate loans - certainty over repayments and borrowing costs for the fixed rate period • For variable rate loans - customers will benefit from lower repayments if the Bank base rate falls • Flexibility - No early repayment charges

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Information Classification – Internal

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	<ul style="list-style-type: none"> • Joint / syndicated borrowing is supported • Only first legal /standard charge security over a commercial premises is considered • Part loans over a property can be considered • Arrangement and security fees may apply 	<ul style="list-style-type: none"> • There is no personal or business Liability to the individual for the loans that the scheme have taken • The rent generated by the property will accumulate in the scheme minus any Loan repayments • It is possible to have several pension schemes come together to purchase a property, or a pension plus another entity
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In summary eligibility will be assessed based on Responsible Lending Criteria covering:

- Probability of default – assessing the viability of business in the short, medium / long term
- Adverse credit – ensuring credit worthiness / track-record of borrower is reviewed
- Affordability – assessing business income vs business expenditure; ensuring adequate coverage, to include a safety “buffer” to absorb one-offs and unforeseen circumstances
- Responsible loan to value assessments - ensure customers are not over committing themselves and fall within credit appetite
- Experience – ensuring the management team have the necessary skills and experience to manage the business successfully in the short / medium / long term
- Business Model – an assessment of the overall business model to ensure a viable going concern

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"> • SIPP and SSAS pension schemes with funding to invest in commercial property 	Via Relationship Managers (RM) – where allocated Via Intermediaries	<ul style="list-style-type: none"> • SIPP and SSAS pension schemes with funding to invest in commercial property

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

- Are not a UK (United Kingdom) based SIPP provider
- Are personal customers
- Are looking for day-to-day working capital needs
- Are deemed a Phoenix company (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 or Pre-Pack Administrations (is a deal for the sale of an insolvent company's business and / or assets which is put in place before the company goes into a formal insolvency process and is rapidly executed once the insolvency practitioner is formally appointed)
- Are under the age of 18
- Are a 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 in financial difficulty other than when, in exceptional circumstances, we may do so to help the customer's situation
- Have been made bankrupt or a business that has been liquidated
- Fall under cross-border restrictions i.e., Customer's address is outside the UK
- Businesses within listed sanctioned countries in line with the Bank AML (Anti Money Laundering) policies (please speak to your local contact)
- Fall into no appetite sectors as defined by the bank (please speak to your local contact)

4. Customers with characteristics of vulnerability

The product range is designed to provide SIPP and SSAS pension schemes with funding to invest in commercial property (up to 50% of the value of the pension scheme fund can be borrowed) which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

To determine vulnerability, we rely on bank wide processes and functionality (called “Banking My Way”) through which customers can self-declare and indicate what support is required, if any.

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 loan documentation more frequently or more in advance of any deadline (e.g., the fixed rate 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 customers



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- 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 SIPP and SSAS 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
<ul style="list-style-type: none"> • Suitable for larger borrowing amounts • Fixed rate loans provide certainty over repayments for the fixed period • Can borrow against the customers pension fund up to a specified amount 	<ul style="list-style-type: none"> • Fixed version: Customers are charged a base price based on the bank's assessment of risk • Variable version: Customers are charged NatWest base rate, plus a margin based on the bank's assessment of risk 	<p>The primary driver of costs for loans are:</p> <ul style="list-style-type: none"> • Funding rate • Capital costs (driven primarily by customer credit risk classification and term of loan) • Operational costs • Any fees paid to Intermediaries for the referral 	<ul style="list-style-type: none"> • VAT Loans are available if taken in conjunction with a secured loan over a property • Customers must have a SIPP / SSAS provider although, some SIPP providers are not supported by the scheme (please speak to your Broker Development Manager for details) <p>Fixed version:</p> <ul style="list-style-type: none"> • Fixed rate period can be agreed for 3, 5, 7,10 & 15 years • A new fixed rate can be agreed at the end of the initial fix period • If the remaining term does not align to the fix period customers will be moved to a variable rate

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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