



NatWest
Group

Product name: Variable Rate Loan (VRL), Fixed Rate Loan (FRL), Ulster Variable Rate Loan (UVRL)

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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 Variable and Fixed Rate 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 meet funding needs for the customer to manage planned events, invest in new equipment, property or to start a new project, or unplanned events, breakdown of equipment, damage to property or business assets. The current product range features and criteria are designed to support these needs.



Type	Characteristics	Benefits
NatWest Bank (NWB)/Royal Bank of Scotland (RBS) Variable Rate Loan and Ulster VRL	<ul style="list-style-type: none"> Facility amount – from £25,001; from £1,000 for Ulster Bank Term: from 3 months to 25 years Interest Rate - Variable Reference rate – Bank base rate Secured or Unsecured Currency – Sterling (GBP) Interest calculation frequency is quarterly 	<ul style="list-style-type: none"> Lower repayments if the Bank base rate falls Low cost on exit or partial reductions - No Early Repayment Charge Flexibility of Tranche Drawdown <p>* Flexible repayment options:</p> <ul style="list-style-type: none"> Interest Only Capital & Interest Capital only with interest applied separately
NWB/RBS Fixed Rate Loan	<ul style="list-style-type: none"> Facility amount – from £25,001 up to £10,000,000 Term – 3/5/7/10/15 years Maximum term up to 25 years Interest rate – Fixed Secured or Unsecured Currency – Sterling (GBP) 	<ul style="list-style-type: none"> Provides certainty over repayment amount over the term No Early Repayment Charge 90 days hold period of fixed interest rate pre-drawdown Capital Repayment Holiday (CRH): subject to Credit Approval – improves cashflow for a set period, as no capital payments

*** Repayment Types**

Capital & Interest: - The loan is fully amortising, with the customer making the same repayment value each month and the loan repaid in full during the term of the loan.

Straight Line Capital: - Interest is charged to the customer's current a/c each quarter, whilst the customer makes a regular payment to reduce the loan's capital balance each month/quarter. The total quarterly cost to the customer will be higher towards the start of the loan and lower towards the end of the loan.

Interest Only: - The customer's regular monthly repayment only covers interest costs, with the capital balance of the loan paid off in a single bullet payment at the end of the loan term.



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
<p>Variable rate loans</p> <ul style="list-style-type: none"> • Customer wants to borrow over £25,001 and is content with the notion interest rates may go up, as they want the upside when base rate falls 	<ul style="list-style-type: none"> • Via Relationship Manager (RMs) – where assigned • Intermediaries 	<ul style="list-style-type: none"> • Ability to repay the loan early with no Early Repayment Charge • Flexible repayment options to suit individual business customer circumstances • If the NWB base rate falls, the total amount needed to pay to fully repay the loan will decrease • Subject to Credit approval, customer has ability to stop capital payments on the loan to support the business manage their cashflows (CRHs)



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Fixed rate loans	<ul style="list-style-type: none">• Via Relationship Manager (RMs) – where assigned• Intermediaries	<ul style="list-style-type: none">• Ability to repay the loan early with no Early Repayment Charge• Certainty of fixed repayments over the term• Reduces exposure to the risk of higher interest rates if the rate rises
<ul style="list-style-type: none">• Customer wants to borrow between £25,001 up to £10,000,000 and prefers certainty of a fixed repayment		

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

- Require short-term working capital
- Are 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 prepack 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) – an RFI is 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
- Want to fund ongoing business losses
- 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 (United Kingdom)
- Businesses within listed sanctioned countries in line with AML (Anti Money Laundering) policies (please speak to your local contact)
- Fall into no appetite sectors as defined in the No Appetite Guidance (please speak to your local contact)
- Are personal customers

4. Customers with characteristics of vulnerability

The product range is designed for customers with a need for funding needs for a planned events, invest in new equipment, property or to start a new project, or unplanned events, breakdown of equipment, damage to property or business assets, 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
- 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 Variable and Fixed Rate 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
<p>Fixed Rate</p> <ul style="list-style-type: none"> • Certainty of monthly repayment amount • Flexible repayment methods • Reduces your exposure to the risk of higher interest rates • Certainty of debt servicing costs for your business • Ability to take advantage of preferential terms on business deals, as cash buyer 	<p>Fixed version:</p> <ul style="list-style-type: none"> • Customers are charged a base price based on the banks perceived risk of the business 	<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 	<p>Fixed version:</p> <ul style="list-style-type: none"> • Up to 15 year term • Borrowing amount - £25,000 minimum up to £25,000,000 • Fixed rate period can be agreed for 3, 5, 7,10 and 15 years • A new fixed rate could be agreed at the end of the initial fix period or this could revert to a variable rate if the customer decides • If the remaining loan term is less than 3 years customers will be moved to a variable rate



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Variable Rate

- The rate of interest will vary in accordance with the NWB base rate
- Ability to take advantage of preferential terms on business deals, as cash buyer

All Products

- No Early Repayment Charges
- The Family First proposition is our ongoing commitment to provide the additional support and flexibility our customers require when then 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.

Variable version:

- Customers are charged NatWest base rate, plus a margin based on the banks perceived risk of the business

- As above

Variable version:

- 3 months to 25-year term
- Borrowing amount - £25,000 minimum

Result of our assessment:

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