

Product name: Commercial - Discounted Rate Mortgage Range

Information sheet produced: April 2023

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

Whilst non regulated lending is outside the scope of Consumer Duty rules, we have taken the voluntary decision to apply the same PRIN principles to our Commercial lending, and 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 ultimately 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 discounted variable rate product range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

2. Product characteristics & benefits

The products are designed to meet the needs of the target group, most notably customers that would benefit from a payment rate less than Cumberland Building Society Commercial Rate (CBVR) for the term of the mortgage with a 2 year Early Repayment Charge. The product features and criteria are designed to support these needs.

- Choice of repayment methods, Repayment, interest only (subject to lending criteria) or part and part repayment.
- Mortgage Terms of up to 25 years
- The ability to port your mortgage product rate to a new property without incurring Early repayment charges (subject to lending criteria at the time)
- The ability to overpay on your mortgage without penalty, up to 10% of your outstanding mortgage balance per calendar year.

3. Target market assessment and distribution strategy

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

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
Purchasing a new property	<ul style="list-style-type: none"> Available through our Commercial Team directly & Intermediary channels (Informed choice only) 	<ul style="list-style-type: none"> Flexibility to make overpayments of up to 10% without having to pay an ERC. Understand the possible fluctuation in the interest rate payable and the impacts on the mortgage payments. Open to customers who want to repay capital and interest to ensure the mortgage is repaid at the end of the term. Plan to repay only the interest each month and repay the capital balance at the end of the term. Open to customers who wish to have part of their mortgage on a capital and interest basis and part on an Interest Only basis. Available for customers who may want additional borrowing.
Remortgaging from another lender		
Existing borrowers looking for a product rate switch		
Looking for additional borrowing		

The Product is not designed for customers who:

- Borrowing entities outside the UK including beneficial ownership outside the UK.
- Loans secured on property outside UK
- Debt size - No greater than £5m for a single loan, and total loan value of £15m for a counterparty connected by legal liability
- Funding highly leveraged debt transactions.
- Business where there is a private equity house in place.
- Syndicated loan basis
- Industry sectors out with risk appetite.
- Do not meet our lending criteria.

4. Customers with characteristics of vulnerability

The Product is designed for customers who would benefit from a fixed monthly repayment for a defined period of time, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market who have characteristics of vulnerability.

We have a business framework to achieve good outcomes for vulnerable customers, which includes:

- Group training to ensure colleagues have the knowledge and skills in relation to identification, treatment and consideration of customer vulnerability.
- Defined processes for tracking, review, contact strategy, desired outcome and data update.

Intermediaries should continue to comply with your obligations to ensure that you 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.

5. Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our mortgage product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to our Product & Pricing Committee allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment has considered the following:

Benefits	Price	Costs	Limitations
<p>The range of features that the products provide, the quality of the products, the level of customer service that is provided and any other features that the products mat offer.</p>	<p>The interest rates, fees and charges customers pay for the products, comparable market rates, advice fees paid to the intermediaries and non financial costs associated with operating the products</p>	<p>The cost of funding the products</p>	<p>Any limitations on the scope and service of the product or the features of the product.</p>

Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.