

Product name: Residential ≤90% Loan to Value (LTV) Mortgages

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 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 Residential ≤90% Loan to Value (LTV) Mortgages 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, residential home buyers. The product features and criteria are designed to support these needs.

- Fixed or variable rate mortgages for purchase or re-mortgaging of residential properties in Wales and England up to 90% LTV.
- Promotional terms up to 5 years.
- Maximum loan size is:
 - LTV up to 65% is £1,000,000.
 - LTV from >65% to 75% is £750,000
 - >75% to 90% LTV is £650,000
- There may be incentives offered such as a free basic valuation or assisted legal fees.
- Cashback may be offered.
- A product fee may be charged.
- An Early Repayment Charge (ERC) of up to 5% is typically charged on full or partial repayments during the promotional term that exceed agreed overpayments. The ERC is tiered and will reduce over the term of the fixed period.
- Overpayments of up to 10% of the outstanding balance at the start of each calendar year can be made without incurring an ERC.

Full eligibility criteria can be accessed on our intermediary website via [Intermediaries \(principality.co.uk\)](https://principality.co.uk)

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
Customers purchasing a new home (including first time buyers)	Our mortgages can only be taken out with us directly or by registered Intermediaries and are sold on an advised basis.	Fixed rates for those who want certainty for their monthly repayments for a fixed period.
Customers re-mortgaging from a different lender		Variable rates for those who anticipate interest rates falling.
Existing mortgage customers seeking a rate switch at the end of a fixed period		Those who want to ensure that their mortgage will be paid off at the end of the loan term.
Customers moving home/upsizing/downsizing, looking to port their loan		Agreed flexibility to make overpayments without incurring a charge.
Customers seeking additional borrowing		The ability to obtain a lower interest rate as the equity in the property increases.

The Product is not designed for customers who:

- Want to purchase a property for the purpose of renting it out.
- Have an LTV of more than 90%.
- Want the flexibility to make large overpayments or early repayment without incurring a charge.
- Do not meet our lending criteria.

4. Customers with characteristics of vulnerability

The Product is designed for residential homebuyers, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

For our target market, characteristics of vulnerability that may be experienced include those of:

- Resilience – outgoings exceed income, for example, more likely with those who have less experience of long-term borrowing like first time buyers.
- Life events – reduction in disposable income due to unemployment, ill-health, or the arrival of children, for example.
- Life events – relationship breakdown may occur, particularly during periods of financial stress. Bereavement may be more prevalent in the older demographic.
- Health – physical and cognitive issues that may be associated with aging could affect the older demographic.

Where we identify customers displaying characteristics of vulnerability, we have a clear policy to offer support and to monitor that customers in these circumstances continue to be treated fairly and do not experience foreseeable harm.

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

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

5. Our assessment of value

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

We have implemented Fair Value into our pricing and approval process to evidence that we have considered fair value when we are setting the rates of our mortgage products and any fees we may charge. The outcomes of the assessment process are captured and reported, 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
The range of features that the Product provides, the quality of the Product, the level of customer service that is provided and any other features that the Product may offer.	The interest rates, fees and charges customers pay for the Product, comparable market rates, advice fees paid to intermediaries and non-financial costs associated with operating the Product.	The cost of funding the Product and any other reductions in costs to the customer made possible by economies of scale.	Any limitations on the scope and service we provide or the features of the Product.

Results of our assessment

Our assessment concluded that the products continue to deliver fair value for the target market.