

INFORMATION FOR OUR DISTRIBUTORS

INTEREST ROLL UP MORTGAGE (OWNER OCCUPIER)



Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of our Interest Roll-Up Mortgage products.

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 Fair Value assessment

As of August 2026, we have conducted our assessment in line with our internal Fair Value Framework. This has concluded that our Interest Roll-Up Mortgage provides fair value to customers within the identified target market and that there is a reasonable relationship between the benefits of the product and the price paid.

We have also concluded that the distribution strategy remains appropriate and that the product continues to meet the needs, characteristics and objectives of the intended target market.

When reaching this conclusion, we have considered several relevant factors. More detail is provided in section 5 of this document.

2. Product characteristics & benefits

Our Interest Roll-Up Mortgage is designed for High-Net-Worth customers purchasing or remortgaging a residential property for owner occupation in England and Wales.

The product has been developed for customers whose wider wealth position, asset profile and financial objectives mean that a conventional repayment or interest-only mortgage may not provide the most appropriate outcome.

Key product characteristics

- Available exclusively to High-Net-Worth customers meeting defined income or asset thresholds
- Loan sizes from £1 million to £12.5 million
- Available for residential lending in England and Wales
- No required monthly mortgage repayments
- Interest is rolled up and added to the mortgage balance each month
- Variable-rate products available on a "for term" basis

- Maximum projected end-of-term LTV of 65%
- Dedicated Senior Underwriter assigned from application through to completion, providing a more personal approach to lending decisions
- Lending decisions are based upon overall financial strength, assets and repayment strategy rather than a standard affordability assessment
- Product portability available, subject to lending criteria
- 10% annual overpayment allowance during any applicable Early Repayment Charge period
- Product rate can be ported to another property
- Customers benefit from standard service facilities at no additional cost, such as a) the option to administer accounts online, by telephone (standard geographic call charges) or post; and b) annual statements

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
High Net Worth customers meeting the Society's eligibility criteria and purchasing or remortgaging a residential property for owner occupation in England and Wales.	Regulated intermediary* firms only (not available for direct applications). Advised sales only.	▪ Access to borrowing without required monthly mortgage repayments whilst supporting wider financial, liquidity or estate-planning objectives. ▪ To live in the mortgaged property
*Intermediary distribution through: - Networks and their Appointed Representatives - Mortgage Clubs - Directly Authorised mortgage intermediaries - Packager firms (must be registered with us)		

Our Interest Roll-Up products are not designed for customers who:

- Do not have substantial net assets or sufficient financial resilience relative to the proposed borrowing
- Have limited experience of managing significant financial commitments, investments or property assets
- Do not understand compound interest or the impact of interest roll-up on the outstanding mortgage balance
- Cannot demonstrate a credible and sustainable repayment strategy
- Are unlikely to be able to withstand a material increase in indebtedness without foreseeable financial stress
- Could achieve their borrowing objectives through a conventional repayment or interest-only mortgage without material detriment
- Require preservation of maximum property equity
- Have limited financial assets available outside the mortgaged property
- Are dependent upon uncertain future income to repay the loan
- Are seeking the lowest overall borrowing cost
- Require a fixed-rate mortgage product

- Require a No Negative Equity Guarantee
- Require borrowing below the minimum loan size of £1 million
- Do not meet the Society's High Net Worth eligibility criteria
- Do not meet the Society's lending, property or credit criteria
- Are purchasing a property outside England and Wales and/or do not reside in England and Wales.

4. Customers with characteristics of vulnerability

Our Interest Roll-Up Mortgage is designed for a specific segment of the mortgage market. Whilst customers within the target market typically possess significant income, assets or wealth, vulnerability considerations remain relevant.

Potential characteristics of vulnerability within the target market may arise from:

- Advanced age.
- Declining physical or cognitive health.
- Sensory impairments.
- Bereavement.
- Increasing reliance on family members, attorneys or professional advisers.
- Difficulty understanding the long-term impact of roll-up borrowing, compounding interest and increasing indebtedness.

Particular attention should be given to ensuring customers understand:

- The impact of compounding interest.
- The increasing mortgage balance over time.
- The potential reduction in equity within their home.
- The requirement to repay the full balance at the end of the mortgage term.
- The risks associated with their proposed repayment strategy.

As the product is secured against the customer's primary residence, it is particularly important that customers understand the impact of rolled-up interest and the potential effect on their future equity position.

We have in place a framework to achieve good outcomes for vulnerable customers, including:

- Education and training for staff to identify and respond appropriately to vulnerability
- Monitoring to ensure we continue to meet and respond to customer needs
- Enhanced customer disclosures regarding rolled up and compounded interest
- A Borrower Risk Acknowledgement process designed to support customer understanding of key product risks
- Manual underwriting and case assessment.

Intermediaries should continue to comply with their obligations to ensure that they are treating customers with characteristics of vulnerability fairly.

Please contact us if you need any further information about how we support the needs of all our customers in relation to our Interest Roll-Up products.

5. Our approach to Fair Value assessments

Our Fair value assessments are conducted during the design stage of any potential new product line, or when a significant amendment to an existing product line is proposed (such as a material change to the target market, or the benefits and/or limitations applicable to the product). Assessments are then regularly conducted, at least annually throughout the life of the product, to review whether our products continue to deliver fair value for our customers. All assessments are conducted in line with the Society's internal Fair Value Framework, which has been approved by the Executive Committee and presented to the Board of Directors.

Fair value assessments are undertaken within the Product Development team. A summary of the documented assessments is provided to our Retail Conduct Risk Committee for noting, with any pertinent details or results also made available to the Society's Product Review Working Group.

Our fair value assessment has considered the following:

Benefits:

- The range of features attributed to our Interest Roll-Up products. Both 'financial' and 'non-financial' benefits have been reviewed.

Price:

- Interest Rates relative to comparable specialist High Net Worth lending propositions
- Contingent fees, with particular focus on the most significant of these, being the Exit/Early Repayment Charges
- Consideration of our distribution methods and the impact this may have on price paid
- Non-financial costs such as service levels, underwriting requirements and application processing times.

Limitations:

- Any limitations of the Product (either on the scope and service we provide or the product features themselves)

Feedback from consumers & distributors

Whilst the assessment framework allows for regular review of fair value, we recognise that, due to the nature of our product set, some factors may be subject to ongoing change as markets develop. Examples of such factors include, but are not limited to, interest rates within the market, shifts in funding costs (largely linked to retail savings market interest rates, as well as the markets for financial instruments), and non-financial costs such as application times and service standards. Metrics in relation to such factors are regularly monitored and assessed as a part of business-as-usual activities, with any resulting actions being taken by the relevant business area as deemed necessary.

Results of our assessment

Our most recent assessment conducted in August 2026 has concluded that our Interest Roll-Up products continue to deliver fair value for customers within the target market, and there is a reasonable relationship between the benefits and price paid for these products.