

INFORMATION FOR OUR DISTRIBUTORS

OWNER OCCUPIER EXPAT PRODUCTS



Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of our Expat 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 September 2025, we have conducted our assessment in line with our internal Fair Value Framework. This has concluded that our Expat products provide fair value to customers within the target market, and there is a reasonable relationship between the benefits of the product and the price paid. We also conclude that the distribution strategy remains appropriate; and the products continue 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 **Expat** range features and criteria are designed to meet the needs of the target group, which is primarily (although not exclusively) the need to own a property in England or Wales whilst living abroad as a UK Expat.

Key product characteristics and benefits are listed below:

- LTV banded products, available up to a maximum of 80% LTV
- Interest only options
- Discounted rate products
- Valuation fee costs are either free (for properties up to £500k) or discounted (for properties above £500k)
- £500 cashback towards legal costs for remortgages
- 10% annual overpayment allowance which can be used to reduce the mortgage capital balance without incurring an Early Repayment Charge
- Product rate can be ported to another property
- All mortgage applications are manually underwritten, providing a more personal approach to lending decisions

- 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; b) annual statements, and c) the ability to switch to a new product at the end of the initial term without incurring another product fee

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
UK nationals aged 18 and over who are working abroad with families remaining in England or Wales, who wish to purchase or remortgage residential property	Either Direct [^] applications or Intermediary* channels Only available through advised sale.	<ul style="list-style-type: none"> To finance the purchase of a new property, or to borrow money against the value of a home already owned To maintain residential property for family members to reside in whilst one of the borrowers resides and works abroad
UK Nationals resident in England or Wales, who are paid in a foreign currency	Either Direct [^] applications or Intermediary* channels Only available through advised sale.	<ul style="list-style-type: none"> To finance the purchase of a new property, or to borrow money against the value of a home already owned, using non-sterling income for affordability purposes To live in the mortgaged property
Existing FBS / NCBS Expat borrowers wishing to increase their borrowing or transfer their existing mortgage balance to another product	Either Direct [^] applications or Intermediary* channels Additional borrowing only available through advised sale. Product switches can be execution only.	<ul style="list-style-type: none"> Access to further Expat products when existing mortgage products come to maturity (<i>existing customers can switch products prior to maturity date, usually subject to ERCs</i>) Access to additional borrowing from an Expat product, up to 80% LTV
[^] Direct applications via our in-house Mortgage Advice Service, through our team of qualified Mortgage Advisors *Intermediary distribution through: <ul style="list-style-type: none"> - Networks and their Appointed Representatives - Mortgage Clubs - Directly Authorised mortgage intermediaries - Packager firms (must be registered with us) 		

Our Expat products are not designed for customers who:

- Are purchasing a property to let
- Are seeking to borrow more than 80% of the desired property value
- Are seeking a loan amount of less than £100,000
- Require flexibility of repaying the total loan amount without incurring an Early Repayment Charge
- Do not meet our standard lending or property criteria

- Are severely credit impaired borrowers
- Want to buy a property that is outside of England or Wales
- Require a capital and interest mortgage
- Reside in a country that is not included in our list of acceptable countries

As well as these, there are other considerations:

- The property must be used by the borrower and / or their family members
- Sterling income will be calculated using the lowest exchange rate over the last 10 years

4. Customers with characteristics of vulnerability

This product is designed for the Expat market segment. Certain aspects of Expat mortgage arrangements, such as exchange rate risk as well as the fact customers are residing in another country, mean there are likely to be customers who may experience vulnerability throughout the term of the mortgage. To provide some mitigation over the potential impact of exchange rate movements on affordability, we assess all applications by converting the foreign income to pounds by using the worst exchange rate in the last 10-year period, to try and replicate a 'worst-case' scenario.

Over time, these customers' personal circumstances, plans or objectives may change throughout the mortgage term. Therefore, they may require advice and support to understand they understand the information being presented to them and the implications of the arrangement they are entering into to reduce the risk of harm occurring.

We considered the needs, characteristics and objectives of customers with characteristics of vulnerability at all stages of the design process for our Expat products, to ensure these products meet their needs.

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

- 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
- 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 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 Expat products.

5. Our assessment of value

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 Expat products. Both 'financial' and 'non-financial' benefits have been reviewed.

Price:

- Interest Rates relative to a wide range of market pricing for similar products in a competitive marketplace
- Any price differentiation present within this category
- Contingent fees, with particular focus on the most significant of these, being Exit/Early Repayment Charges
- Consideration of our distribution methods and the impact this may have on price paid
- Non-financial costs, namely our processing times from application to offer stage, and offer to completion

Limitations:

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

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.

Feedback from consumers & distributors

Results of our assessment

Our most recent assessment conducted in September 2025 has concluded that our Expat 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.