

INFORMATION FOR OUR DISTRIBUTORS

Family Mortgage



Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of our Family Mortgage (FM)

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 January 2026, we have conducted our assessment in line with our internal Fair Value Framework. This has concluded that our FM 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 Family Mortgage products are designed to meet the needs of the target group, in this case being borrowers who typically (but not exclusively) are first time buyers looking to purchase their first home.

Key product characteristics are listed below:

- Access to borrowing up to 100% LTV (with additional security required from family members)
- Family support options (subject to eligibility)
- Access to repayment products
- Monthly payments will be fixed for a defined period
- Valuation fee costs are either free (for properties up to £500k) or discounted (for properties above £500k)
- Cashback for all purchase applications
- 10% annual overpayment allowance which can be used to reduce the mortgage capital balance without incurring an Early Repayment Charge

- 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

Further product characteristics, exclusive to our FM:

- Available for new purchasers. Not available for remortgages, further advances or existing customer product switches
- The additional security can be provided by family members in the form of a charge over their home, cash savings (interest earning), or a combination of the two. Additional security required during the initial fixed rate period, which is around 5 years. Release is subject to certain criteria around payment performance of the mortgage during this period. Full details are provided in the Mortgage Offer.
- Enhanced maximum income multiples (5.33) versus those available as standard on our other products

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
Borrowers, typically (but not exclusively) first-time buyers, purchasing residential property which would be unobtainable without the inclusion of additional security and/or financial support under our standard lending criteria	<p>Either Direct[^] applications or Intermediary* channels</p> <p>Only available through advised sale.</p>	<ul style="list-style-type: none"> ▪ To finance the purchase of a new property ▪ To live in the mortgaged property ▪ Access to lending at a higher (100% maximum) LTV (compared to our 'Core' Owner Occupier product range) ▪ Access to an enhanced affordability assessment compared to our standard available income multiples. ▪ To repay the capital by the end of the mortgage term ▪ Receive support from other family members
<p>[^]Direct applications via our in-house Mortgage Advice Service, through our team of qualified Mortgage Advisors</p> <p>*Intermediary distribution through:</p> <ul style="list-style-type: none"> - Networks and their Appointed Representatives - Mortgage Clubs - Directly Authorised mortgage intermediaries - Packager firms (must be registered with us) 		

These products are not designed for customers who:

- Are new purchasers, requiring an interest only mortgage
- Are seeking to remortgage to us from another lender
- Are purchasing a property to let
- Are seeking to borrow more than 100%, and less than 80%, of the desired property value
- Do not meet our standard lending or property criteria

- Are severely credit impaired borrowers
- Require a loan amount of more than £750,000
- Require flexibility of repaying the total loan amount without incurring an Early Repayment Charge
- Do not need additional support from family members

4. Customers with characteristics of vulnerability

This product is designed primarily (but not exclusively) for the first-time buyer market, which is likely to include a greater proportion of customers with characteristics of vulnerability, or who will experience vulnerability over time. Further, family members providing security need to be fully aware that this security may be called upon to make up any shortfall of the mortgage term should default occur whilst the security remains in place. The additional security will normally be released upon expiry of the initial fixed rate, subject to the borrower meeting the criteria for release. Should the borrower not meet the criteria for release at the end of the fixed rate then this additional security will remain in place until they do meet the criteria.

Given the target market includes first time buyers, these customers are less likely to have a comprehensive understanding of mortgages or the mortgage market. Therefore, they may require additional 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.

Additionally, to ensure family members providing security to support the mortgage understand the arrangement, they must have received separate legal advice prior to completion of any new mortgage.

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
- A dedicated team who act as main point of contact for any 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 FM 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 FM 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 intra-category price differentials present within this category
- 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, namely our processing timescales for applications, 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)

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 January 2026 has concluded that our FM 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.