



# Business Banking Agricultural Mortgage

April 2023

## Our approach to meeting the products & services outcome and price & value outcome – information for distributors of the product

This summary document is provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2). It's designed to support you so that you comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R.

You are responsible for meeting your obligations under The Consumer Duty.

This is a confidential business-to-business document and should not be provided to customers.

### 1. Summary of our assessment

We've assessed that:

- Our agricultural mortgage product 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 the total costs)
- In assessing the fair value of this product, Barclays UK has considered the fees and commissions paid by Barclays UK to brokers. It has not assessed any separate fees charged by brokers, directly to customers, for their services or advice. Brokers will need to separately assess whether any such fees and charges represent fair value to the customer, including whether they could affect the overall fairness of the value of the product to the customer.

### 2. Product characteristics and benefits

The product is designed to meet the needs of the target group of farmers or growers, who are UK-domiciled business owners, who need to borrow for their business. They should be able and willing to secure the debt against a business asset in return for a lower rate of interest than an unsecured product. The product features and criteria are designed to support these needs.

- Lump sum borrowing from £25,001 and above
- Maximum loan size of up to 80% of property or land valuation
- Must be secured by a first legal charge over the trading farming premises or agricultural land
- Lending terms between 1 year and 25 years (subject to credit approval and may be restricted depending on purpose)
- Risk-based pricing, based upon factors including business tenure and performance
- Owners, partners, and directors must be 18 or over and able to prove 12 months' UK residency
- The business must be an SME and hold a Business Current Account with Barclays UK or another provider
- Capital repayment holidays are available immediately and during the term of the loan (subject to credit agreement)
- The maximum variable rate term is 25 years and maximum fixed rate term is 10 years
- Fixed rate and variable rates available

- Flexible repayment profiles available
- Ability to overpay by up to 10% per annum without penalty.

Full eligibility criteria can be found on our website: <https://www.barclays.co.uk/business-banking/>

### 3. Target market assessment and distribution strategy

This target market assessment puts the target customers into a matrix for the product, recognising their unique needs so that you can tailor the services you provide when you distribute the product.

Customer circumstances	Distribution strategy	Customer needs and objectives
<p>The customer is a farmer or grower and requires one-off sum borrowing and has security available.</p> <p>This agricultural mortgage offers flexible, competitive finance to farmers and growers. It can be used for purchasing land, releasing equity to support farming activities, and purchasing, extending, or renovating owner-occupied farm buildings.</p>	<p>Available directly through Barclays UK and via brokers.</p>	<p>The customer needs a flexible loan product to make a large purchase or equity release and would like to repay over a period that meets their financial commitments and affordability.</p> <p>The customer is able and willing to offer the required security for an agricultural mortgage, which will be the first charge over the trading premises or agricultural land.</p>

The product is not designed for customers who:

- Are severely credit impaired
- Do not meet our lending criteria
- Do not have, or are unwilling to provide, the necessary security against their borrowing
- Require borrowing of less than £25,001
- Require a revolving credit facility (such as an overdraft)
- Are not farmers or growers.

### 4. Customers with characteristics of vulnerability

Barclays UK recognises that all customers could, at any time, face personal circumstances which may result in them being susceptible to detriment.

Our definition of a customer in a vulnerable circumstance is any existing or potential customers who, due to their personal circumstances e.g., financial difficulty, long term medical conditions, or other personal circumstances, are especially susceptible to detriment. The overall treatment of these customers is guided by relevant sections within the Barclays Customer Engagement Standard.

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

- All colleagues in Barclays UK are required to complete annually refreshed mandatory vulnerability training as part of an annual training programme
- Barclays UK has a common framework of vulnerability indicators to enable customers to disclose vulnerabilities and notify us of their support needs, enabling colleagues to support customers in circumstances of vulnerability and make appropriate adjustments
- Suitable customer service provision and communications
- Flexible policies, where appropriate, to support vulnerable customers

- If customers experience short- or long-term financial difficulty, they can access support and advice through our dedicated and specialist teams.
- Performance monitoring to ensure we are meeting the needs of customers with characteristics of vulnerability.

## 5. Our assessment of value

We've completed a comprehensive and robust assessment of an agricultural mortgage to assess whether it provides fair value to customers.

In assessing the fair value of this product Barclays UK has considered the commission paid by Barclays UK to credit brokers. It has not assessed any separate fees charged by credit brokers, directly to customers, for their services/advice because, in our assessment, regulated products with separate broker fees represent a small minority of our customer base. Credit brokers will need to separately assess whether any such fees/charges represent fair value to the customer, including whether they could affect the overall fair value of the product to the customer.

Our fair value assessment has considered the following:

Benefits	Price	Costs	Limitations
<p>An agricultural mortgage product enables agricultural customers to borrow larger amounts of money to assist with purchases.</p> <p>The customer can choose from a variety of repayment profiles and term lengths.</p>	<p>Pricing is risk based and is calculated on a case-by-case basis.</p> <p>Our assessment includes consideration of the interest rate, fees, charges that customers pay for the product, distribution fees paid to intermediaries, early repayment fees, fixed-rate breakage fees, and security fees.</p> <p>Additional fees, such as CHAPs fees, are passed on to customers at the cost detailed in their tariff.</p> <p>Our agricultural mortgage products are comparable to</p>	<p>The various funding costs include: the customer service costs, and the administrative costs of underwriting and administering the product.</p> <p>The cost of customers exiting the product earlier in the term than expected.</p> <p>Additional variable funding costs arising from external factors, such as movements in the market and economic shocks.</p> <p>Additional fees, such as CHAPs fees, are passed onto customers at the cost detailed in their tariff.</p>	<p>Overpayments of more than 10% per annum will be subject to early repayment fees.</p> <p>Any repayment of a fixed-rate loan will be subject to breakage costs.</p> <p>Customers are unable to apply for or service this product online.</p>

other lenders in  
the market.

Our internal fair  
pricing principles  
are followed for all  
lending products.

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