



Mortgage Product Fair Value and Target Market Assessment

This summary document has been created to fulfil our responsibilities under PRIN 2A.4.15R.

Product name: Premier Fixed Rate (Residential)
Value Assessment Date: April 2023
Date of next assessment to be completed: Within the next 12 months*

*We continually monitor our products and apply a risk-based approach to our product governance; the next review and assessment may take place before this date and this document updated accordingly.

We have completed our 2023 Annual Value Assessment for Premier Fixed Rate mortgages (Residential) and have assessed that:

- The product remains consistent with the needs of the identified target market.
- The product remains consistent with the fair value assessment.
- The intended distribution strategy remains appropriate.

Product Description:

The Premier Fixed Rate product is designed for borrowers who have limited credit impairment.

A fixed rate of interest offers security in monthly payments for an initial period, regardless of whether interest rates rise or fall.

After the initial fixed period, the product will revert to the Equifinance Managed Variable Rate for the remaining term of the mortgage.

The product may require the payment of a lender fee on application, and an Early Repayment Charge (ERC) if the borrower redeems the loan during the initial fixed rate period.

The product may allow repayment of a percentage of the capital balance annually without incurring Early Repayment Charges.

Who these products are designed for:

Premier fixed rate is designed for:

- Borrowers who are over the age of 18 and resident in the UK.
- Borrowers who are seeking stability in their monthly payments for a period.
- Borrowers who are living in the security property.
- Borrowers who are seeking a capital repayment mortgage.
- Borrowers where alternative methods of borrowing are not suitable for the customers' circumstances.

Distribution Strategy:

This product is intended for distribution via FCA authorised intermediaries who will only sell the product with advice. Intermediary firms must be registered with us in order to distribute our products.

Who these products are not designed for:

- Borrowers whose credit is seriously impaired.
- Borrowers who are looking for the flexibility of a variable rate with no early repayment charges.
- Customers seeking a bridging loan facility.
- Customers seeking a short-term borrowing facility.

Borrowers with characteristics of vulnerability:

The product is designed for a target market which is likely to include some customers with characteristics of vulnerability or who may experience vulnerability over time.

Intermediaries should continue to comply with their obligations to ensure that customers in vulnerable circumstances are treated fairly.

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

Fair Value Assessment:

Our Fair Value Assessments consider the performance of our products against pricing, customer experience, servicing metrics, target market alignment and product distribution arrangements including fees and add-ons to understand the impact on the overall value of the product to our customers.

Equifinance Product Development Process

When launching new products or making significant changes to existing products, we follow a robust internal governance process that ensures that the following areas are assessed and approved:

- Identification of the target market and non-target market for each product.
- Ensure that the distribution methods align with the needs of the target market.
- Assess that the costs, fees and charges are appropriate for the product, and demonstrate these represent fair value for our customers.
- Consider how we are meeting the requirements of vulnerable customers through our product design and distribution methods.
- Ensure that our customer communications are clear, easy to understand for the target market and timely.

Findings From Product Review

Product Performance:

During the lifecycle of our products, we collect MI and assess their performance by means of trends in short- term and long-term delinquency assessments, complaints, trends in consumer demographics, short term redemptions and vulnerability in the product cohort. Where we foresee consumer harm, we take relevant action to mitigate this and improve our products as outlined in our governance process. The findings of our fair value assessment have shown that this product is currently performing as expected and no consumer harm was identified.

Characteristics of the product that meet the needs of our target market:

The need of our target market is to ensure that their financial objectives are being pursued. This product allows our consumers to achieve their financial goals and includes features to meet their needs such as the ability to have a fixed term repayment of capital interest. Equifinance has an enhanced inhouse servicing function that provides consumers with tailored post- sale support. We offer multi-channel communication options to enable customers to engage effectively with the servicing function.

Pricing:

When setting prices Equifinance considers and measures the following aspects: competitive forces, underlying costs assessed in relation to fees and charges, risks and propensity of delinquency, and costs of funding. We ensure we maintain a transparent charging structure which is reviewed regularly to ensure fair value is provided. When designing our charging structure an assessment of the cost of delivery to market the product along with ongoing servicing costs are monitored and taken into consideration as well as ensuring the pricing is in line with market competition. We ensure all fees and charges are suitable and our product governance process is well documented however, should any risk of harm to a consumer come to light we will promptly improve the value or withdraw the product from sale. This allows our consumers to be confident that our product continues to provide fair value.

Although this product is designed for a customer base whose complexity and risk of consumer harm are sufficiently similar, Equifinance also considers client risk profile when setting prices.

This is a risk-based approach whereby adverse units are taken into account. This ensures that all customers purchasing the product are provided with fair value which best meets their needs, allowing them to pursue their financial objectives. Further details of our pricing and adverse units' criteria can be found in our product guide. Our assessments have revealed that this product is priced fairly.

Service Delivery:

Equifinance continuously seeks to enhance its service delivery, both at origination and ongoing servicing. Our intermediary partner feedback proves that our products provide fair value and efficient origination process. Our servicing function remains under constant review to ensure it can support those customers facing financial difficulty, together with meeting our regulatory obligations. As part of this review, given the current cost of living issues, a fresh initiative is to work with a national debt charity enabling direct referral of customers, thus ensuring they receive timely

independent support and guidance. We are also reviewing what additional support materials can be made available to our customers online.

Distribution:

To monitor our distribution, we collect and maintain detailed data and produce management information that indicates trends in the following areas: delinquency and product bias, volume of originations, packaging quality and complaints. Our findings are under constant review and dealt with by open communication with distributors. An annual review of individual distributors is also conducted by Equifinance.

Assurance Activity:

Equifinance undertakes a two stage defence checks in the following areas: underwriting, servicing, and distribution. An in-house compliance team reviews files in line with consumer risk to ensure good outcomes are being provided and consumer needs are being met, throughout the product and service lifecycle. A sample of cases is reviewed on a monthly basis and steps are taken to mitigate any consumer harm in a quick efficient manner.



Mortgage Product Fair Value and Target Market Assessment

This summary document has been created to fulfil our responsibilities under PRIN 2A.4.15R.

<p>Product name: Premier Managed Variable Rate (Residential) Value Assessment Date: April 2023 Date of next assessment to be completed: Within the next 12 months*</p>

*We continually monitor our products and apply a risk-based approach to our product governance; the next review and assessment may take place before this date and this document updated accordingly.

We have completed our 2023 Annual Value Assessment for Premier Managed Variable Rate mortgages (Residential) and have assessed that:

- The product remains consistent with the needs of the identified target market.
- The product remains consistent with the fair value assessment.
- The intended distribution strategy remains appropriate.

Product Description:

The Premier Managed Variable Rate product is designed for borrowers who have limited levels of credit impairment.

A variable rate of interest fluctuates with interest rates and allows borrowers to take advantage of falls in rates, whilst accepting the risk that the rate may rise in line with Bank of England rate fluctuations.

The product may require the payment of a lender fee on application but will not incur an Early Repayment Charge (ERC) if the borrower redeems the loan.

The product will allow repayment of a percentage of the capital balance at any time without incurring Early Repayment Charges.

Who these products are designed for:

Premier Managed Variable Rate is designed for:

- Borrowers who are over the age of 18 and resident in the UK.
- Borrowers who accept that the rate may rise but are willing to accept that risk whilst being able to take advantages of reductions in rate as and when they occur.
- Borrowers who are living in the security property.
- Borrowers who are seeking a capital repayment mortgage.
- Borrowers where alternative methods of borrowing are not suitable for the customers' circumstances.

Distribution Strategy:

This product is intended for distribution via FCA authorised intermediaries who will only sell the product with advice. Intermediary firms must be registered with us in order to distribute our products.

Who these products are not designed for:

- Borrowers whose credit is seriously impaired.
- Borrowers who are seeking stability in payments and interest for a period.
- Customers seeking a bridging loan facility.
- Customers seeking a short-term borrowing facility.

Borrowers with characteristics of vulnerability:

The product is designed for a target market which is likely to include some customers with characteristics of vulnerability or who may experience vulnerability over time.

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

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

Fair Value Assessment:

Our Fair Value Assessments consider the performance of our products against pricing, customer experience, servicing metrics, target market alignment and product distribution arrangements including fees and add-ons to understand the impact on the overall value of the product to our customers.

Equifinance Product Development Process

When launching new products or making significant changes to existing products, we follow a robust internal governance process that ensures that the following areas are assessed and approved:

- Identification of the target market and non-target market for each product.
- Ensure that the distribution methods align with the needs of the target market.
- Assess that the costs, fees and charges are appropriate for the product, and demonstrate these represent fair value for our customers.
- Consider how we are meeting the requirements of vulnerable customers through our product design and distribution methods.
- Ensure that our customer communications are clear, easy to understand for the target market and timely.

Findings From Product Review

Product Performance:

During the lifecycle of our products, we collect MI and assess their performance by means of trends in short- term and long-term delinquency assessments, complaints, trends in consumer demographics, short term redemptions and vulnerability in the product cohort. Where we foresee consumer harm, we take relevant action to mitigate this and improve our products as outlined in our governance process. The findings of our fair value assessment have shown that this product is currently performing as expected and no consumer harm was identified.

Characteristics of the product that meet the needs of our target market:

The need of our target market is to ensure that their financial objectives are being pursued. This product allows our consumers to achieve their financial goals and includes features to meet their needs. Equifinance has an enhanced inhouse servicing function that provides consumers with tailored post- sale support. We offer multi-channel communication options to enable customers to engage effectively with the servicing function.

Pricing:

When setting prices Equifinance considers and measures the following aspects: competitive forces, underlying costs assessed in relation to fees and charges, risks and propensity of delinquency, and costs of funding. We ensure we maintain a transparent charging structure which is reviewed regularly to ensure fair value is provided. When designing our charging structure an assessment of the cost of delivery to market the product along with ongoing servicing costs are monitored and taken into consideration as well as ensuring the pricing is in line with market competition. We ensure all fees and charges are suitable and our product governance process is well documented however, should any risk of harm to a consumer come to light we will promptly improve the value or withdraw the product from sale. This allows our consumers to be confident that our product continues to provide fair value.

Although this product is designed for a customer base whose complexity and risk of consumer harm are sufficiently similar, Equifinance also considers client risk profile when setting prices.

This is a risk-based approach whereby adverse units are taken into account. This ensures that all customers purchasing the product are provided with fair value which best meets their needs, allowing them to pursue their financial objectives. Further details of our pricing and adverse units' criteria can be found in our product guide. Our assessments have revealed that this product is priced fairly.

Service Delivery:

Equifinance continuously seeks to enhance its service delivery, both at origination and ongoing servicing. Our intermediary partner feedback proves that our products provide fair value and efficient origination process. Our servicing function remains under constant review to ensure it can support those customers facing financial difficulty, together with meeting our regulatory obligations. As part of this review, given the current cost of living issues, a fresh initiative is to work with a national debt charity enabling direct referral of customers, thus ensuring they receive timely independent support and guidance. We are also reviewing what additional support materials can be made available to our customers online.

Distribution:

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Assurance Activity:

Equifinance undertakes a two stage defence checks in the following areas: underwriting, servicing, and distribution. An in-house compliance team reviews files in line with consumer risk to ensure good outcomes are being provided and consumer needs are being met, throughout the product and service lifecycle. A sample of cases is reviewed on a monthly basis and steps are taken to mitigate any consumer harm in a quick efficient manner.



Mortgage Product Fair Value and Target Market Assessment

This summary document has been created to fulfil our responsibilities under PRIN 2A.4.15R.

Product name: Core Fixed Rate (Residential)
Value Assessment Date: April 2023
Date of next assessment to be completed: Within the next 12 months*

*We continually monitor our products and apply a risk-based approach to our product governance; the next review and assessment may take place before this date and this document updated accordingly.

We have completed our 2023 Annual Value Assessment for Core Fixed Rate mortgages (Residential) and have assessed that:

- The product remains consistent with the needs of the identified target market.
- The product remains consistent with the fair value assessment.
- The intended distribution strategy remains appropriate.

Product Description:

The Core Fixed Rate product is designed for borrowers who have varying levels of credit impairment.

A fixed rate of interest offers security in monthly payments for an initial period, regardless of whether interest rates rise or fall.

After the initial fixed period, the product will revert to the Equifinance Managed Variable Rate for the remaining term of the mortgage.

The product may require the payment of a lender fee on application, and an Early Repayment Charge (ERC) if the borrower redeems the loan during the initial fixed rate period.

The product may allow repayment of a percentage of the capital balance annually without incurring Early Repayment Charges.

Who these products are designed for:

Core fixed rate is designed for:

- Borrowers who are over the age of 18 and resident in the UK.
- Borrowers who are seeking stability in their monthly payments for a period.
- Borrowers who are living in the security property.
- Borrowers who are seeking a capital repayment mortgage.
- Borrowers where alternative methods of borrowing are not suitable for the customers' circumstances.
- Borrowers who have varying levels of impaired credit and are therefore excluded from mainstream solutions.

- Borrowers who have had impaired credit because of a past life event but their situation has since improved and the product meets their needs.

Distribution Strategy:

This product is intended for distribution via FCA authorised intermediaries who will only sell the product with advice. Intermediary firms must be registered with us in order to distribute our products.

Who these products are not designed for:

- Borrowers whose credit is not impaired.
- Borrowers who are looking for the flexibility of a variable rate.
- Customers seeking a bridging loan facility.
- Customers seeking a short-term borrowing facility.

Borrowers with characteristics of vulnerability:

This product is designed for a target market which will include some characteristics of vulnerability, including potential financial vulnerability. These customers may require additional advice and support from the intermediary to ensure that they understand the information being presented to them and the implications of the arrangement that they are entering into to mitigate harm occurring. As such intermediaries should continue to comply with their obligations to ensure that customers in vulnerable circumstances are treated fairly.

Equifinance has always been customer centric when designing products and takes pride in not profiteering from those who have been in financial difficulty. We provide finance to some customers with adverse credit who would not otherwise be able to obtain credit, subject to the customer meeting our underwriting and lending policy.

We regularly monitor to ensure that we continue to meet and respond to the needs of customers with characteristics of vulnerability.

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

Fair Value Assessment:

Our Fair Value Assessments consider the performance of our products against pricing, customer experience, servicing metrics, target market alignment and product distribution arrangements including fees and add-ons to understand the impact on the overall value of the product to our customers.

Equifinance Product Development Process

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Findings From Product Review

Product Performance:

During the lifecycle of our products, we collect MI and assess their performance by means of trends in short- term and long-term delinquency assessments, complaints, trends in consumer demographics, short term redemptions and vulnerability in the product cohort. Where we foresee consumer harm, we take relevant action to mitigate this and improve our products as outlined in our governance process. The findings of our fair value assessment have shown that this product is currently performing as expected and no consumer harm was identified.

Characteristics of the product that meet the needs of our target market:

The need of our target market is to ensure that their financial objectives are being pursued. This product allows our consumers to achieve their financial goals and includes features to meet their needs such as the ability to have a fixed term repayment of capital interest. Equifinance has an enhanced inhouse servicing function that provides consumers with tailored post- sale support. We offer multi-channel communication options to enable customers to engage effectively with the servicing function.

Pricing:

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Service Delivery:

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Assurance Activity:

Equifinance undertakes a two stage defence checks in the following areas: underwriting, servicing, and distribution. An in-house compliance team reviews files in line with consumer risk to ensure good outcomes are being provided and consumer needs are being met, throughout the product and service lifecycle. A sample of cases is reviewed on a monthly basis and steps are taken to mitigate any consumer harm in a quick efficient manner.



Mortgage Product Fair Value and Target Market Assessment

This summary document has been created to fulfil our responsibilities under PRIN 2A.4.15R.

<p>Product name: Core Managed Variable Rate (Residential) Value Assessment Date: April 2023 Date of next assessment to be completed: Within the next 12 months*</p>
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*We continually monitor our products and apply a risk-based approach to our product governance; the next review and assessment may take place before this date and this document updated accordingly.

We have completed our 2023 Annual Value Assessment for Core Variable Rate mortgages (Residential) and have assessed that:

- The product remains consistent with the needs of the identified target market.
- The product remains consistent with the fair value assessment.
- The intended distribution strategy remains appropriate.

Product Description:

The Core Managed Variable Rate product is designed for borrowers who have varying levels of credit impairment.

A variable rate of interest fluctuates with interest rates and allows borrowers to take advantage of falls in rates, whilst accepting the risk that the rate may rise in line with Bank of England rate fluctuations.

The product may require the payment of a lender fee on application but will not incur an Early Repayment Charge (ERC) if the borrower redeems the loan.

The product will allow repayment of a percentage of the capital balance at any time without incurring Early Repayment Charges.

Who these products are designed for:

Core variable rate is designed for:

- Borrowers who are over the age of 18 and resident in the UK.
- Borrowers who accept that the rate may rise but are willing to accept that risk whilst being able to take advantages of reductions in rate as and when they occur.
- Borrowers who are living in the security property.
- Borrowers who are seeking a capital repayment mortgage.
- Borrowers where alternative methods of borrowing are not suitable for the customers' circumstances.
- Borrowers who have varying levels of impaired credit and are therefore excluded from mainstream solutions.

- Borrowers who have had impaired credit because of a past life event but their situation has since improved and the product meets their needs.

Distribution Strategy:

This product is intended for distribution via FCA authorised intermediaries who will only sell the product with advice. Intermediary firms must be registered with us in order to distribute our products.

Who these products are not designed for:

- Borrowers whose credit is not impaired.
- Customers seeking a bridging loan facility.
- Customers seeking a short-term borrowing facility.

Borrowers with characteristics of vulnerability:

This product is designed for a target market which will include some characteristics of vulnerability, including potential financial vulnerability. These customers may require additional advice and support from the intermediary to ensure that they understand the information being presented to them and the implications of the arrangement that they are entering into to mitigate harm occurring. As such intermediaries should continue to comply with their obligations to ensure that customers in vulnerable circumstances are treated fairly.

Equifinance has always been customer centric when designing products and takes pride in not profiteering from those who have been in financial difficulty. We provide finance to some customers with adverse credit who would not otherwise be able to obtain credit, subject to the customer meeting our underwriting and lending policy.

We regularly monitor to ensure that we continue to meet and respond to the needs of customers with characteristics of vulnerability.

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

Fair Value Assessment:

Our Fair Value Assessments consider the performance of our products against pricing, customer experience, servicing metrics, target market alignment and product distribution arrangements including fees and add-ons to understand the impact on the overall value of the product to our customers.

Equifinance Product Development Process

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- Consider how we are meeting the requirements of vulnerable customers through our product design and distribution methods.

- Ensure that our customer communications are clear, easy to understand for the target market and timely.

Findings From Product Review

Product Performance:

During the lifecycle of our products, we collect MI and assess their performance by means of trends in short- term and long-term delinquency assessments, complaints, trends in consumer demographics, short term redemptions and vulnerability in the product cohort. Where we foresee consumer harm, we take relevant action to mitigate this and improve our products as outlined in our governance process. The findings of our fair value assessment have shown that this product is currently performing as expected and no consumer harm was identified.

Characteristics of the product that meet the needs of our target market:

The need of our target market is to ensure that their financial objectives are being pursued. This product allows our consumers to achieve their financial goals and includes features to meet their needs. Equifinance has an enhanced inhouse servicing function that provides consumers with tailored post- sale support. We offer multi-channel communication options to enable customers to engage effectively with the servicing function.

Pricing:

When setting prices Equifinance considers and measures the following aspects: competitive forces, underlying costs assessed in relation to fees and charges, risks and propensity of delinquency, and costs of funding. We ensure we maintain a transparent charging structure which is reviewed regularly to ensure fair value is provided. When designing our charging structure an assessment of the cost of delivery to market the product along with ongoing servicing costs are monitored and taken into consideration as well as ensuring the pricing is in line with market competition. We ensure all fees and charges are suitable and our product governance process is well documented however, should any risk of harm to a consumer come to light we will promptly improve the value or withdraw the product from sale. This allows our consumers to be confident that our product continues to provide fair value.

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This is a risk-based approach whereby adverse units are taken into account. This ensures that all customers purchasing the product are provided with fair value which best meets their needs, allowing them to pursue their financial objectives. Further details of our pricing and adverse units' criteria can be found in our product guide. Our assessments have revealed that this product is priced fairly.

Service Delivery:

Equifinance continuously seeks to enhance its service delivery, both at origination and ongoing servicing. Our intermediary partner feedback proves that our products provide fair value and efficient origination process. Our servicing function remains under constant review to ensure it can support those customers facing financial difficulty, together with meeting our regulatory obligations. As part of this review, given the current cost of living issues, a fresh initiative is to work with a

national debt charity enabling direct referral of customers, thus ensuring they receive timely independent support and guidance. We are also reviewing what additional support materials can be made available to our customers online.

Distribution:

To monitor our distribution, we collect and maintain detailed data and produce management information that indicates trends in the following areas: delinquency and product bias, volume of originations, packaging quality and complaints. Our findings are under constant review and dealt with by open communication with distributors. An annual review of individual distributors is also conducted by Equifinance.

Assurance Activity:

Equifinance undertakes a two stage defence checks in the following areas: underwriting, servicing, and distribution. An in-house compliance team reviews files in line with consumer risk to ensure good outcomes are being provided and consumer needs are being met, throughout the product and service lifecycle. A sample of cases is reviewed on a monthly basis and steps are taken to mitigate any consumer harm in a quick efficient manner.



Mortgage Product Fair Value and Target Market Assessment

This summary document has been created to fulfil our responsibilities under PRIN 2A.4.15R.

Product name: Plus Fixed Rate (Residential)
Value Assessment Date: April 2023
Date of next assessment to be completed: Within the next 12 months*

*We continually monitor our products and apply a risk-based approach to our product governance; the next review and assessment may take place before this date and this document updated accordingly.

We have completed our 2023 Annual Value Assessment for Plus Fixed Rate mortgages (Residential) and have assessed that:

- The product remains consistent with the needs of the identified target market.
- The product remains consistent with the fair value assessment.
- The intended distribution strategy remains appropriate.

Product Description:

The Plus Fixed Rate product is designed for borrowers who have limited levels of credit impairment.

A fixed rate of interest offers security in monthly payments for an initial period, regardless of whether interest rates rise or fall.

After the initial fixed period, the product will revert to the Equifinance Managed Variable Rate for the remaining term of the mortgage.

The product may require the payment of a lender fee on application but and an Early Repayment Charge (ERC) if the borrower redeems the loan.

The product will allow repayment of a percentage of the capital balance at any time without incurring Early Repayment Charges.

Who these products are designed for:

Plus fixed rate is designed for:

- Borrowers who are over the age of 18 and resident in the UK.
- Borrowers who are seeking stability in their monthly payments for a period.
- Borrowers who are living in the security property.
- Borrowers who are seeking a capital repayment mortgage.
- Borrowers where alternative methods of borrowing are not suitable for the customers circumstances.
- Borrowers who have limited or no impaired credit.
- Borrowers whose borrowing needs cannot be satisfied by mainstream unsecured solutions because of the limitations of the features of those products.

- Borrowers whose borrowing needs cannot be satisfied by mainstream re-mortgage products on the basis that they have insufficient equity in their residential property and therefore fall short of the criteria for a first charge solution.

Distribution Strategy:

This product is intended for distribution via FCA authorised intermediaries who will only sell the product with advice. Intermediary firms must be registered with us in order to distribute our products.

Who these products are not designed for:

- Borrowers whose credit is severely impaired.
- Borrowers who are looking for the flexibility of a variable rate with no early repayment charges.
- Customers seeking a bridging loan facility.
- Customers seeking a short-term borrowing facility.
- Customers whose remaining indebtedness after completion is excessive and might be better advised to seek debt counselling.

Borrowers with characteristics of vulnerability:

This product is designed for a target market which will include some characteristics of vulnerability, including potential financial vulnerability. These customers may require additional advice and support from the intermediary to ensure that they understand the information being presented to them and the implications of the arrangement that they are entering into to mitigate harm occurring. As such intermediaries should continue to comply with their obligations to ensure that customers in vulnerable circumstances are treated fairly.

Equifinance has always been customer centric when designing products and takes pride in not profiteering from those who have been in financial difficulty. We provide finance to some customers with adverse credit who would not otherwise be able to obtain credit, subject to the customer meeting our underwriting and lending policy.

We regularly monitor to ensure that we continue to meet and respond to the needs of customers with characteristics of vulnerability.

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

Fair Value Assessment:

Our Fair Value Assessments consider the performance of our products against pricing, customer experience, servicing metrics, target market alignment and product distribution arrangements including fees and add-ons to understand the impact on the overall value of the product to our customers.

Equifinance Product Development Process

When launching new products or making significant changes to existing products, we follow a robust internal governance process that ensures that the following areas are assessed and approved:

- Identification of the target market and non-target market for each product.
- Ensure that the distribution methods align with the needs of the target market.

- Assess that the costs, fees and charges are appropriate for the product, and demonstrate these represent fair value for our customers.
- Consider how we are meeting the requirements of vulnerable customers through our product design and distribution methods.
- Ensure that our customer communications are clear, easy to understand for the target market and timely.

Findings From Product Review

Product Performance:

During the lifecycle of our products, we collect MI and assess their performance by means of trends in short- term and long-term delinquency assessments, complaints, trends in consumer demographics, short term redemptions and vulnerability in the product cohort. Where we foresee consumer harm, we take relevant action to mitigate this and improve our products as outlined in our governance process. The findings of our fair value assessment have shown that this product is currently performing as expected and no consumer harm was identified.

Characteristics of the product that meet the needs of our target market:

The need of our target market is to ensure that their financial objectives are being pursued. This product allows our consumers to achieve their financial goals and includes features to meet their needs such as the ability to have a fixed term repayment of capital interest. Equifinance has an enhanced inhouse servicing function that provides consumers with tailored post- sale support. We offer multi-channel communication options to enable customers to engage effectively with the servicing function.

Pricing:

When setting prices Equifinance considers and measures the following aspects: competitive forces, underlying costs assessed in relation to fees and charges, risks and propensity of delinquency, and costs of funding. We ensure we maintain a transparent charging structure which is reviewed regularly to ensure fair value is provided. When designing our charging structure an assessment of the cost of delivery to market the product along with ongoing servicing costs are monitored and taken into consideration as well as ensuring the pricing is in line with market competition. We ensure all fees and charges are suitable and our product governance process is well documented however, should any risk of harm to a consumer come to light we will promptly improve the value or withdraw the product from sale. This allows our consumers to be confident that our product continues to provide fair value.

Although this product is designed for a customer base whose complexity and risk of consumer harm are sufficiently similar, Equifinance also considers client risk profile when setting prices.

This is a risk-based approach whereby adverse units are taken into account. This ensures that all customers purchasing the product are provided with fair value which best meets their needs, allowing them to pursue their financial objectives. Further details of our pricing and adverse units' criteria can be found in our product guide. Our assessments have revealed that this product is priced fairly.

Service Delivery:

Equifinance continuously seeks to enhance its service delivery, both at origination and ongoing servicing. Our intermediary partner feedback proves that our products provide fair value and efficient origination process. Our servicing function remains under constant review to ensure it can support those customers facing financial difficulty, together with meeting our regulatory obligations. As part of this review, given the current cost of living issues, a fresh initiative is to work with a national debt charity enabling direct referral of customers, thus ensuring they receive timely independent support and guidance. We are also reviewing what additional support materials can be made available to our customers online.

Distribution:

To monitor our distribution, we collect and maintain detailed data and produce management information that indicates trends in the following areas: delinquency and product bias, volume of originations, packaging quality and complaints. Our findings are under constant review and dealt with by open communication with distributors. An annual review of individual distributors is also conducted by Equifinance.

Assurance Activity:

Equifinance undertakes a two stage defence checks in the following areas: underwriting, servicing, and distribution. An in-house compliance team reviews files in line with consumer risk to ensure good outcomes are being provided and consumer needs are being met, throughout the product and service lifecycle. A sample of cases is reviewed on a monthly basis and steps are taken to mitigate any consumer harm in a quick efficient manner.



Mortgage Product Fair Value and Target Market Assessment

This summary document has been created to fulfil our responsibilities under PRIN 2A.4.15R.

Product name: Plus Managed Variable Rate (Residential)
Value Assessment Date: April 2023
Date of next assessment to be completed: Within the next 12 months*

*We continually monitor our products and apply a risk-based approach to our product governance; the next review and assessment may take place before this date and this document updated accordingly.

We have completed our 2023 Annual Value Assessment for Plus Managed Variable Rate mortgages (Residential) and have assessed that:

- The product remains consistent with the needs of the identified target market.
- The product remains consistent with the fair value assessment.
- The intended distribution strategy remains appropriate.

Product Description:

The Plus Managed Variable Rate product is designed for borrowers who have limited levels of credit impairment.

A variable rate of interest fluctuates with interest rates and allows borrowers to take advantage of falls in rates, whilst accepting the risk that the rate may rise in line with Bank of England rate fluctuations.

The product may require the payment of a lender fee on application but will not incur an Early Repayment Charge (ERC) if the borrower redeems the loan.

The product will allow repayment of a percentage of the capital balance at any time without incurring Early Repayment Charges.

Who these products are designed for:

Plus managed variable rate is designed for:

- Borrowers who are over the age of 18 and resident in the UK.
- Borrowers who accept that the rate may rise but are willing to accept that risk whilst being able to take advantages of reductions in rate as and when they occur.
- Borrowers who are living in the security property.
- Borrowers who are seeking a capital repayment mortgage.
- Borrowers where alternative methods of borrowing are not suitable for the customers' circumstances.
- Borrowers who have limited or no impaired credit.

- Borrowers whose borrowing needs cannot be satisfied by mainstream unsecured solutions because of the limitations of the features of those products.
- Borrowers whose borrowing needs cannot be satisfied by mainstream re-mortgage products on the basis that they have insufficient equity in their residential property and therefore fall short of the criteria for a first charge solution.

Distribution Strategy:

This product is intended for distribution via FCA authorised intermediaries who will only sell the product with advice. Intermediary firms must be registered with us in order to distribute our products.

Who these products are not designed for:

- Borrowers whose credit is severely impaired.
- Customers seeking a bridging loan facility.
- Customers seeking a short-term borrowing facility.
- Customers whose remaining indebtedness after completion is excessive and might be better advised to seek debt counselling.

Borrowers with characteristics of vulnerability:

This product is designed for a target market which will include some characteristics of vulnerability, including potential financial vulnerability. These customers may require additional advice and support from the intermediary to ensure that they understand the information being presented to them and the implications of the arrangement that they are entering into to mitigate harm occurring. As such intermediaries should continue to comply with their obligations to ensure that customers in vulnerable circumstances are treated fairly.

Equifinance has always been customer centric when designing products and takes pride in not profiteering from those who have been in financial difficulty. We provide finance to some customers with adverse credit who would not otherwise be able to obtain credit, subject to the customer meeting our underwriting and lending policy.

We regularly monitor to ensure that we continue to meet and respond to the needs of customers with characteristics of vulnerability.

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

Fair Value Assessment:

Our Fair Value Assessments consider the performance of our products against pricing, customer experience, servicing metrics, target market alignment and product distribution arrangements including fees and add-ons to understand the impact on the overall value of the product to our customers.

Equifinance Product Development Process

When launching new products or making significant changes to existing products, we follow a robust internal governance process that ensures that the following areas are assessed and approved:

- Identification of the target market and non-target market for each product.
- Ensure that the distribution methods align with the needs of the target market.

- Assess that the costs, fees and charges are appropriate for the product, and demonstrate these represent fair value for our customers.
- Consider how we are meeting the requirements of vulnerable customers through our product design and distribution methods.
- Ensure that our customer communications are clear, easy to understand for the target market and timely.

Findings From Product Review

Product Performance:

During the lifecycle of our products, we collect MI and assess their performance by means of trends in short- term and long-term delinquency assessments, complaints, trends in consumer demographics, short term redemptions and vulnerability in the product cohort. Where we foresee consumer harm, we take relevant action to mitigate this and improve our products as outlined in our governance process. The findings of our fair value assessment have shown that this product is currently performing as expected and no consumer harm was identified.

Characteristics of the product that meet the needs of our target market:

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