



Product names: Commercial Mortgage (Fixed Interest Rate), Commercial Mortgage (Variable Interest Rate), Real Estate Finance (REF) - (Development and Investment Loan)

Information sheet produced: 20 April 2023

Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product

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 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 assessment

We have assessed that:

- Our Commercial Mortgage and REF Loan product range currently meets the identified needs, characteristics, and objectives of customers in the intended target market.
- The current distribution strategy remains appropriate for the intended target market.
- The product range currently provides fair value to customers in the intended target market (i.e., the total benefits are proportionate to total costs).

2. Product characteristics and benefits

The product range is currently designed to meet the needs of the intended target groups, i.e., to meet funding needs to purchase, re-mortgage, or raise finance against commercial premises, build property for residential or commercial reasons, investing in residential or commercial rental property.

The current product range features and criteria are designed to support these needs.

Type	Characteristics	Benefits
Commercial Mortgage (Fixed Interest Rate)	<ul style="list-style-type: none"> • Facility amount – between £25,001 and £10,000,000 • Term – up to 25 years • Interest Rate – Fixed for 	<ul style="list-style-type: none"> • Certainty over repayments – protects against interest rate movements upwards • No Early Repayment Charge

2023-04-20CommercialLoansHRV01.00

Information Classification – Internal

National Westminster Bank plc. Registered in England No. 929027. Registered Office: 250 Bishopsgate, London EC2M 4AA. National Westminster Bank plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 121878.

The Royal Bank of Scotland plc. Registered in Scotland No. 83026. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 114724.

The Royal Bank of Scotland plc and National Westminster Bank plc are authorised to act as agent for each other.



	<ul style="list-style-type: none"> • up to 15 years with a loan tenor up to 25 years • Currency – Sterling (GBP) • Interest calculation frequency - Quarterly • Asset Type – Commercial premises • Capital Repayment Holiday (CRH) option – subject to bank approval • Arrangement and Security fees may apply, as well as valuation fees (depending upon size of loan) 	<ul style="list-style-type: none"> • Flexible Repayment Options: <ul style="list-style-type: none"> • Capital & Interest • Straight Line Capital • Interest Only • 90 days hold period of fixed interest rate pre-drawdown, which protects the customer from any short-term interest increases and provides certainty of future payments • CRH - Supports / helps cashflow where no capital is being repaid for a specified period • Long term funding – up to 25 years – supporting cashflow
<p>Commercial Mortgage (Variable Interest Rate)</p>	<ul style="list-style-type: none"> • Facility amount – From £25,001 to £10,000,00 • Term – Minimum 3 months up to 25 years • Interest Rate – variable • Reference rate – NatWest Bank (NWB) base rate • Currency – Sterling (GBP) • Secured or unsecured based on preference and credit and risk appetite • Asset Type – Commercial premises • CRH option – subject to bank approval • Interest Calculation frequency -Quarterly • Arrangement and Security fees may apply, as well as valuation fees (depending 	<ul style="list-style-type: none"> • Lower repayments if the NatWest Bank base rate falls • No Early Repayment Charge – conditions apply • Flexible repayment options: <ul style="list-style-type: none"> • Capital & Interest • Straight Line Capital • Interest Only • CRH - Supports / helps cashflows where no capital is being repaid for a specified period • Long term funding – up to 25 years – supporting cashflow

2023-04-20CommercialLoansHRV01.00

Information Classification – Internal

National Westminster Bank plc. Registered in England No. 929027. Registered Office: 250 Bishopsgate, London EC2M 4AA. National Westminster Bank plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 121878.

The Royal Bank of Scotland plc. Registered in Scotland No. 83026. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 114724.

The Royal Bank of Scotland plc and National Westminster Bank plc are authorised to act as agent for each other.



	upon size of loan)	
Real Estate Finance (Development Loan)	<ul style="list-style-type: none"> • Facility amount – between £50,000 and £10,000,000 • Term – up to 3 years • Interest Rate – variable • Reference rate - for variable: NatWest Bank base rate • Currency – Sterling (GBP) • Interest calculation frequency - Monthly, Quarterly, Bi-annual, Annually • Asset Type – Residential Property new builds • Interest Calculation frequency – Quarterly • Arrangement and Security fees may apply, as well as valuation fees (depending upon size of loan) 	<ul style="list-style-type: none"> • Lower repayments if the NatWest Bank base rate falls • No Early Repayment Charge – conditions apply • Tranche drawdown • Repayment options: <ul style="list-style-type: none"> • Capital & Interest – conditions apply • Interest only • Straight Line Capital
Real Estate Finance (Investment Loan)	<ul style="list-style-type: none"> • Facility amount - £50,000 and £10,000,000 • Term – from 3 months up to 20 years • Interest Rate – variable or fixed • Reference rate - for variable: NatWest Bank base rate • Currency – Sterling (GBP) • Interest calculation frequency – Monthly, Quarterly, Bi-annual, Annually 	<ul style="list-style-type: none"> • For the variable rate: customer will benefit from lower repayments if the NatWest Bank base rate falls • For the fixed rate loan: certainty over repayments and borrowing costs for the fixed rate period • No Early Repayment Charge • Flexible repayment options: <ul style="list-style-type: none"> • Capital & Interest • Interest Only • Tranche drawdown

2023-04-20CommercialLoansHRV01.00

Information Classification – Internal

National Westminster Bank plc. Registered in England No. 929027. Registered Office: 250 Bishopsgate, London EC2M 4AA. National Westminster Bank plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 121878.

The Royal Bank of Scotland plc. Registered in Scotland No. 83026. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 114724.

The Royal Bank of Scotland plc and National Westminster Bank plc are authorised to act as agent for each other.



	<ul style="list-style-type: none"> • Asset Type – Fixed • Asset valuation – may be required • Arrangement and Security fees may apply, as well as valuation fees (depending upon size of loan) 	<ul style="list-style-type: none"> • 90 days hold period of fixed interest rate pre-drawdown, protecting the customer from any short-term interest increases and providing certainty of future payments
--	---	--

Capital & Interest: - The loan is fully amortising, with the customer making same repayment value each month and the loan repaid in full during the term of the loan.

Straight Line Capital: - Interest is charged to the customer's current account quarterly, whilst the customer makes a regular payment to reduce the loan's capital balance each month/quarter. The total quarterly cost to the customer will be higher towards the start of the loan and lower towards the end of the loan.

Interest Only: - The customer's regular monthly repayment only covers interest costs, with the capital balance of the loan paid off in a single bullet payment at the end of the loan term.

In summary eligibility will be assessed based on Responsible Lending Criteria covering:

- Probability of default – assessing the viability of business in the short / medium / long term
- Adverse credit – ensuring credit worthiness / track record of borrower is reviewed
- Affordability – assessing business income vs business expenditure; ensuring adequate coverage, to include a safety “buffer” to absorb one-offs and unforeseen circumstances
- Responsible loan to value assessments - ensure customers are not over committing themselves and fall within credit appetite
- Experience – ensuring the management team have the necessary skills and experience to manage the business successfully in the short / medium / long term
- Business Model – an assessment of the overall business model to ensure a viable going concern



3. Target market assessment and distribution strategy

This intended target market assessment matrix segments the target customers for the product range, recognising their different needs to enable you to tailor the services you provide when you distribute the product range.

Customer Circumstances	Distribution Strategy	Customer Needs and Objectives
<ul style="list-style-type: none"> Funding to purchase / re-mortgage or raise finance against a commercial premise 	<ul style="list-style-type: none"> Intermediaries Relationship Managers (where allocated) 	<p>All Products</p> <ul style="list-style-type: none"> Ability to repay the loan early with no Early Repayment Charge – conditions apply <p>Fixed Rate</p> <ul style="list-style-type: none"> Reduces your exposure to the risk of higher interest rates if the rate rises Certainty of monthly repayment amount throughout the life of the loan If rates do decrease however a customer would not benefit from a reduction <p>Variable Rate</p> <ul style="list-style-type: none"> If the NWB base rate falls, the total amount needed to pay to fully repay the loan will decrease (variable rate loans) however, if rates increase customer payments will increase If NWB base rate falls repayments will decrease <p>REF Investment Only</p> <ul style="list-style-type: none"> Offers 3 months bridging facility for short term needs
<ul style="list-style-type: none"> Build property for residential or commercial reasons 	<ul style="list-style-type: none"> Intermediaries Relationship Managers (where allocated) 	<ul style="list-style-type: none"> As above
<ul style="list-style-type: none"> Investing in residential or commercial rental property 	<ul style="list-style-type: none"> Intermediaries Relationship Managers (where allocated) 	<ul style="list-style-type: none"> As above

2023-04-20CommercialLoansHRV01.00

Information Classification – Internal

National Westminster Bank plc. Registered in England No. 929027. Registered Office: 250 Bishopsgate, London EC2M 4AA. National Westminster Bank plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 121878.

The Royal Bank of Scotland plc. Registered in Scotland No. 83026. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 114724.

The Royal Bank of Scotland plc and National Westminster Bank plc are authorised to act as agent for each other.

The product range **is not** designed for customers who:

Type	Non-target market
Commercial Mortgage (Fixed Interest Rate)	<ul style="list-style-type: none"> Wishes to borrow funds against a commercial premises but does not require the certainty of fixed repayments and is comfortable accepting interest rate risks
Commercial Mortgage (Variable Interest Rate)	<ul style="list-style-type: none"> Wishes to borrow funds against a commercial premises but wishes certainty over their repayments and interest costs
Real Estate Finance (Development Loan)	<ul style="list-style-type: none"> Are not building a residential / commercial premises or making substantive developments / changes to it Are mid-way through a development, and require another bank to take over the financing
Real Estate Finance (Investment Loan)	<ul style="list-style-type: none"> We should not provide REF loans to customers who are not investing in residential or commercial properties, to let to tenants
All Products	<ul style="list-style-type: none"> Are looking for day-to-day working capital needs Are deemed a Phoenix company (an entity that has been established to purchase the shares, and / or other assets of a company that has failed, and / or is set up to take the place of the failed company or Pre-Pack Administrations (is a deal for the sale of an insolvent company's business and / or assets which is put in place before the company goes into a formal insolvency process and is rapidly executed once the insolvency practitioner is formally appointed) Are under the age of 18 Are a Relevant Financial Institution (RFI) (a credit institution or investment firm, or a parent of such an entity or subsidiary of such an entity that is subject to consolidated supervision with its parent) Are in financial difficulty other than when, in exceptional circumstances, we may do so to help the customers situation Want to fund ongoing losses Have been made bankrupt or a business that has been liquidated fall under cross border restrictions e.g., Customer's address is outside the UK (United Kingdom)

2023-04-20CommercialLoansHRV01.00

Information Classification – Internal

National Westminster Bank plc. Registered in England No. 929027. Registered Office: 250 Bishopsgate, London EC2M 4AA. National Westminster Bank plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 121878.

The Royal Bank of Scotland plc. Registered in Scotland No. 83026. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 114724.

The Royal Bank of Scotland plc and National Westminster Bank plc are authorised to act as agent for each other.



NatWest Group

	<ul style="list-style-type: none"> • Businesses within listed sanctioned countries in line with the Bank AML (Anti Money Laundering) policies (please speak to your local contact) • Fall into no appetite sectors as defined by the bank (please speak to your local contact) • A personal customer
--	---

4. Customers with characteristics of vulnerability

The product range is designed for customer with a need to meet funding needs to purchase, re-mortgage, or raise finance against commercial premises, build property for residential or commercial reasons, investing in residential or commercial rental property ,which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

To determine vulnerability, we rely on bank wide processes and functionality (called “Banking My Way”) through which customers can self-declare and indicate what support is required, if any.

The support options available to vulnerable customers are more focused on direct interactions with customer facing staff, e.g., being more patient and does not include options related to offline interactions such as sending important loan documentation more frequently or more in advance of any deadline (e.g., the fixed rate expiring).

Examples of support options / framework in place to achieve good outcomes for vulnerable customers, which includes but not limited to:

- 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
- Flexible policies, where appropriate, to support 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 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 Products.



5. Our assessment of value

In reviewing the intended value of our Commercial Mortgage and REF Loan product range we have considered the product benefits, price, costs, and limitations to ascertain if the product range delivers fair value for its intended target market.

A summary of the key areas considered during our value assessment are set out in the table below:

For - Commercial Mortgage Fixed Interest Rate / Commercial Mortgage Variable Interest Rate / Real Estate Finance Investment Loan

Benefits	Price	Costs	Limitations
<p>Fixed rate</p> <ul style="list-style-type: none"> • Certainty of monthly repayment amount • Flexible repayment methods • Reduces your exposure to the risk of higher interest rates • Certainty of debt servicing costs for your business 	<p>Fixed version:</p> <ul style="list-style-type: none"> • Customers are charged a base price based on the banks perceived business risk 	<p>The primary driver of costs for loans are:</p> <ul style="list-style-type: none"> • Funding rate • Capital costs (driven primarily by customer credit risk classification and term of loan) • Operational costs • Any fees paid to Intermediaries for the referral 	<ul style="list-style-type: none"> • The purpose of the loan cannot be for commercial property investment and development finance • Fixed rate period can be agreed for 3, 5, 7,10 and 15 years • A new fixed rate could be agreed at the end of the initial fix period, or this could revert to a variable rate if the customer decides • If the remaining loan term is less than 3 years customers will be moved to a variable rate
<p>Variable rate</p>	<p>Variable version:</p> <p>Customers are</p>	<ul style="list-style-type: none"> • As above 	<p>Variable Version</p> <ul style="list-style-type: none"> • The purpose of the

2023-04-20CommercialLoansHRV01.00

Information Classification – Internal

National Westminster Bank plc. Registered in England No. 929027. Registered Office: 250 Bishopsgate, London EC2M 4AA. National Westminster Bank plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 121878.

The Royal Bank of Scotland plc. Registered in Scotland No. 83026. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 114724.

The Royal Bank of Scotland plc and National Westminster Bank plc are authorised to act as agent for each other.



NatWest
Group

loan cannot be for commercial property investment and development finance

- The rate of interest will vary in accordance with the NatWest base rate – so would benefit if this falls through reduced payments
- charged NatWest base rate, plus a margin based on the banks perceived risk

All Products

No Early Repayment Charges

For Real Estate Finance Development Loan

Benefits	Price	Costs	Limitations
<ul style="list-style-type: none"> • No Early Repayment Charges • Variable rate of interest – if the NWB base rate falls, repayments will decrease • Loan provided on an interest only basis, and is only repaid at the end of the agreed term from residual monies from sale of the asset 	<ul style="list-style-type: none"> • As table above 	<ul style="list-style-type: none"> • As table above 	<ul style="list-style-type: none"> • Depending upon perceived risks per transaction, additional limitations may be applied e.g., lower loan to value assessment or more aggressive repayment structures

Result of our assessment:

Based on the above factors the product range currently delivers fair value for its intended target market.

2023-04-20CommercialLoansHRV01.00

Information Classification – Internal

National Westminster Bank plc. Registered in England No. 929027. Registered Office: 250 Bishopsgate, London EC2M 4AA. National Westminster Bank plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 121878.

The Royal Bank of Scotland plc. Registered in Scotland No. 83026. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 114724.

The Royal Bank of Scotland plc and National Westminster Bank plc are authorised to act as agent for each other.