



**NatWest**  
Group

**Product name: Green 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 Green Loan product 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 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**

Our Green Loan product is offered to standard Small Medium Enterprises (less than £6.5m annual turnover) and sophisticated clients alike (above £6.5m annual turnover), however for the purposes of this template, we outline our approach in relation to the standard Small Medium Enterprises.

The Green Loan offering is also available to all Business and Commercial Banking customer segments with an annual turnover of less than £25m.

The product is currently designed to meet the needs of the intended target group, i.e., finance business assets to support their sustainability ambitions, such as solar panels, electric vehicles, or heat pumps on commercial buildings.

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

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Information Classification – Internal

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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.

Ulster Bank, a business name of National Westminster Bank Plc (“NatWest”), registered in England and Wales (Registered Number 929027). Registered Office: 250 Bishopsgate, London EC2M 4AA.



| Features  | Benefits   |
|---|--|
| <ul style="list-style-type: none"><li>• Maximum term of 25 years (subject to customer needs / affordability and credit policy). Not all customers will be offered the maximum term available</li><li>• Fixed or variable interest rates available</li><li>• Minimum facility is £25,001. Maximum facility is up to £10,000,000 for a fixed rate term (secured or unsecured subject to approval)</li><li>• Tranche drawdowns are not allowed</li><li>• The fixed rate variant of the loan can be for periods of 3, 5, 7, 10 or 15 years, providing certainty over repayments and borrowing costs for that period. (When the period for the fixed rate term expires, customers can refix for the remainder of the term or revert to a previously agreed follow-on / variable rate (subject to review of affordability))</li></ul> | <ul style="list-style-type: none"><li>• Customers will benefit from a reduced cost of finance when utilising Green Loans for projects that reduce their environmental impact</li><li>• No Early Redemption Charge, which allows for early partial or full repayment without additional cost or financial barriers to change, switch or exit product</li><li>• No arrangement fees at set up, however, there may be security fees</li><li>• Capital Repayment Holiday available, subject to prior Credit Approval (during any Capital Repayment Holiday, interest must be debited to a servicing account)</li><li>• For the variable rate: customers will benefit from lower repayments if the NatWest Bank base rate falls</li><li>• For the fixed rate: certainty over repayments and borrowing costs for the fixed rate period</li></ul> |

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

- Customers will need to verify the funds are being used in line with the Use of Proceeds Eligibility Criteria prior to drawdown of funds, see; <https://www.natwestgroup.com/sustainability/environment-and-climate/climate-and-sustainable-funding-and-financing.html>
- 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



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- 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, recognising their different needs to enable you to tailor the services you provide when you distribute the product.

| Customer Circumstances   | Distribution Strategy   | Customer Needs and Objectives   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Customer wants to borrow between £25,001 and £10,000,000 to finance business assets to support their green or sustainability ambitions</li> </ul> | <ul style="list-style-type: none"> <li>• Intermediaries</li> <li>• Relationship Managers (where allocated)</li> <li>• Telephony</li> <li>• Digital (expression of interest form can be completed online)</li> </ul> | <ul style="list-style-type: none"> <li>• Customers wants to benefit from a reduced cost of finance when utilising Green Loans for projects that reduce their environmental impact</li> <li>• For the variable Rate: the customer wants to benefit from lower repayments if the NatWest Bank base rate falls</li> <li>• For the fixed Rate: the customer wants certainty over repayments and borrowing costs for a period</li> </ul> |

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

- Are not using the financing to fund a green project on our eligible asset list, see; <https://www.natwestgroup.com/sustainability/environment-and-climate/climate-and-sustainable-funding-and-financing.html>
- Are looking for day-to-day working capital needs
- Are Personal customers
- 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)
- Want to borrow below £25,001 or more than £10,000,000
- Aged under 18

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- Are in financial difficulty other than when, in exceptional circumstances, we may do so to help the customer's situation
- 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 bankrupt or their business that has been liquidated (if out of the bankruptcy we would allow)
- Breach cross border restrictions i.e., Customer's address is outside the UK (United Kingdom)
- 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).
- Will require the funds to be paid via staged drawdowns

#### **4. Customers with characteristics of vulnerability**

The product is designed for customer with a need to finance business assets to support their sustainability ambitions, such as solar panels, electric vehicles, or heat pumps on commercial buildings, 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 product.

## 5. Our assessment of value

In reviewing the intended value of our Green Loan product, we have considered the product benefits, price, costs, and limitations to ascertain if the product 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:

| Benefits  | Price  | Costs   | Limitations   |
|---|--|---|---|
| <ul style="list-style-type: none"> <li>Customer choice over repayment type (fixed or variable)</li> <li>No Early Repayment Charges</li> <li>No arrangement fees – so low cost to set up</li> <li>Capital Repayment Holiday, subject to prior Credit Approval (during any Capital Repayment Holiday, interest must be debited to a servicing account) – supporting cashflow</li> <li>Affiliation to being a “Greener” and more sustainable business</li> </ul> | <ul style="list-style-type: none"> <li>No arrangement fees</li> <li><b>Fixed version:</b> Customers are charged a base price based on our assessment of risk</li> <li><b>Variable version:</b> Customers are charged NatWest base rate, plus a margin based on our assessment of risk</li> </ul> | <p>The primary driver of costs for loans are:</p> <ul style="list-style-type: none"> <li>Funding rate</li> <li>Capital costs (driven primarily by customer credit risk classification and term of loan)</li> <li>Operational costs</li> <li>Any fees paid to Intermediaries for the referral</li> </ul> | <ul style="list-style-type: none"> <li>Only for UK business with an annual turnover of less than £25,000,000</li> <li>The term of the loan is up to a max of 25 years (subject to Credit assessment)</li> <li>Tranche drawdown not available</li> </ul> <p><b>Fixed version:</b></p> <ul style="list-style-type: none"> <li>Fixed rate period can be agreed for 3, 5, 7,10 &amp; 15 years</li> <li>A new fixed rate needs to be agreed at the end of the initial fix period</li> <li>If the remaining term does not align to the fix period customers will be moved to a variable rate</li> </ul> |

Result of our assessment:

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