

Product name: Retirement Interest Only (RIO) Mortgages

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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 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 assessment

We have assessed that:

- Our Retirement Interest Only product range 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 Products provide fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

2. Product characteristics & benefits

The products are designed to meet the needs of the target group, including customers wishing to supplement poor pension income, enhance retirement lifestyle or those seeking to help the next generation purchase property, by securing a mortgage on an interest only basis where the repayment strategy is the sale of the property enabling to own a home or release equity from their home. , which is the core of our strategy: Together we fight for the Extra Ordinary to Own their Own Home. The product features and criteria are designed to support these needs.

Key Features:

- Fixed products that offer security in monthly payments for an initial period, regardless of whether interest rates rise or fall.
- Discount products offering the flexibility of a variable rate.

Key eligibility criteria

Lending to borrowers who:

- Borrowers who are living in the mortgaged property.
- Borrowers aged 55 or over, looking to purchase or re-mortgage with Interest Only with a view to repaying the mortgage by selling the property upon death or moving into care.

Full eligibility criteria for Residential mortgages can be accessed on our intermediary website via [this link](#) with additional criteria for Retirement Interest Only mortgages [here](#).

3. Target market assessment and distribution strategy

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

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
Borrowers over the age of 55 looking to purchase a new property, borrowing into retirement.	Intermediary distribution through: <ul style="list-style-type: none"> • Networks and their Appointed Representatives. • Mortgage clubs. • Directly authorised mortgage intermediaries. All intermediaries must be registered with us.	<ul style="list-style-type: none"> • Access to a mortgage to enable the purchase of their home • The security of a fixed rate of interest for a period • The flexibility of a discounted variable rate mortgage • The option of an open-ended term, payable when the borrower sells the property, passes away or moves into long term care. • The ability for a customer to secure a mortgage with the repayment strategy as sale of mortgage property
Borrowers over the age of 55 wanting to remortgage their existing property into retirement.		<ul style="list-style-type: none"> • Access to a mortgage to enable the borrower to continue to live in their home • The security of a fixed rate of interest for a period • The flexibility of a discounted variable rate mortgage • The option of an open-ended term, payable when the borrower sells the property, passes away or moves into long term care. • The ability for a customer to secure a mortgage with the repayment strategy as sale of mortgage property
Existing customers over the age of 55 looking to product transfer on to a retirement interest only product or raise additional capital against their home to provide additional retirement income, help family members on to the property ladder etc as further lending.	<ul style="list-style-type: none"> • Intermediary distribution as detailed above • Direct through NBS advisors. 	<ul style="list-style-type: none"> • Access to continue to have a mortgage with us to enable the borrower to continue to live in their home • Access to additional funds to improve their home or support their lifestyle • The security of a fixed rate of interest for a period • The flexibility of a discounted variable rate mortgage • The option of an open-ended term, payable when the borrower sells the property, passes away or moves into long term care. • The ability for a customer to secure a mortgage with the repayment strategy as sale of mortgage property

The Product is not designed for customers who:

- Are seeking to let their property.
- Do not meet our lending policies.

4. Customers with characteristics of vulnerability

The Products are designed for residential market customers who are over the age of 55. This customer group is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

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

- Understanding the needs of our target market and customer base
- Ensuring staff have the right skills and capabilities to recognise and respond to the needs of vulnerable customers
- Responding to customer needs throughout product design, flexible customer service provision and communications
- Monitoring and assessing whether we are meeting and responding to the needs of customers with characteristics of vulnerability, and making improvements where this is not happening

Intermediaries should continue to comply with your 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 Products.

5. Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our mortgage products. This analysis is used to ascertain whether the Products deliver fair value for customers.

The outcomes of the assessment process are presented and approved through our Governance process, allowing for challenge and further investigation of the outcomes before we share the summary of our assessment with you.

Our fair value assessment has considered the following:

Benefits	Price	Costs	Limitations
Based on the assessment performed, we have established that the products are compatible with the objectives, interests and characteristics of customers of the intended target market and that the distribution strategy is not detrimentally impacting overall product value.	We assess that the interest rates, fees and charges customers pay are comparable to the market rates and non-financial costs associated with operating the product.	We assess the costs, and fees and charges are appropriate for the products, and these represent fair value for our customers.	Other than criteria outside our lending policy there are no limitations to access these products.

Results of our assessment

Our assessment concluded that the residential Products continue to deliver fair value for customers in the target market for the Products.

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