

Settlement Loan Target Market and Fair Value Document.

Key Features.

Product Name	Settlement Loan	Product Brand	ALPHERA Financial Services
Product Type	Unsecured Personal Loan	Credit Regulatory Class	Regulated
Description of the product	<p>A Settlement Loan is a legal agreement. It is an unsecured loan meaning there is no underlying asset on which the lending is secured. It is offered to fund settlement balances where a customer is taking a new finance contract with BMW Financial Services and has outstanding finance to repay on their current agreement, which is not covered by the value of the current vehicle.</p> <p>The customer agrees to make regular payments until the amount borrowed, plus interest, is repaid in full. The product is offered with a fixed monthly repayment requirement for a pre-determined period. BMW Group Financial Services stipulate that this term must match the term taken for the replacement vehicle contract.</p>		
Key Terms and Conditions	<ul style="list-style-type: none"> ▪ This is an Unsecured Loan. ▪ The Loan must be used to settle the outstanding balance of the previous agreement and cannot be used as a deposit on the new one. ▪ The product is designed for customers who are taking out a new agreement on a new vehicle with BMW Financial Services and wish to look at a finance option to settle the balance on their current agreement, which is not covered by the value of the current vehicle. ▪ The Settlement Loan cannot exceed the term of the vehicle proposal. ▪ Applications will result in an additional credit check for the customer as this will be a separate loan agreement to the main vehicle agreement. ▪ There is a statutory right to make lump sum payments. 		
Exclusions and Restrictions	<ul style="list-style-type: none"> ▪ The loan cannot be used for any other purpose. ▪ Cannot be offered to anyone in arrears on their existing agreement. 		
Contract Exit Provisions	<ul style="list-style-type: none"> ▪ The customer has a right to withdraw within 14 days of the date the contract is signed. ▪ The customer can settle the agreement early, by paying off the remaining amount, less an interest rebate. 		

Target Market.

Territory or territories in which the product will be sold	United Kingdom of Great Britain and Northern Ireland
Type of target	Private individuals and Sole Traders.
Detailed description of the target market	UK residents, over 18 years of age who are looking for a new agreement, and a finance option to repay an amount on their current agreement.
Key indicators of target market	<ul style="list-style-type: none"> ▪ Private individuals and sole traders, UK resident aged 18+ years. ▪ Expressed interest in a new vehicle agreement and have outstanding finance to repay on their current agreement, which is not covered by the value of the current vehicle.
Objectives, demands and needs of the target market	<ul style="list-style-type: none"> ▪ Customers who have outstanding payments on a previous agreement and wish to finance the outstanding amount to proceed with a new vehicle finance agreement.
Target market's knowledge and understanding of the product	<ul style="list-style-type: none"> ▪ All customers must have the salient product features explained and these explanations must be evidenced. E.g. <ul style="list-style-type: none"> ▫ Fixed term, payments, and interest. ▫ Statutory right to make lump sum payments or make full early settlement. ▪ Where individual customers or Sole Traders have characteristics of vulnerability, distributors must consider what additional steps need to be taken to ensure the customer is able to make a fully informed and responsible borrowing decision. If the product or service on offer is likely to lead to consumer harm, it must not be sold. Any vulnerability identified must be disclosed to BMW Group Financial Services but only if the customer has given consent for you to do so and can be evidenced.
Risks faced by the target market in relation to the subject matter of the product	<ul style="list-style-type: none"> ▪ Customers will be replacing one agreement with two, therefore will need to be able to service both agreements. ▪ Changes to customer circumstances during agreement leading to risk of affordability.
Risk tolerance of the target market	<ul style="list-style-type: none"> ▪ Customers who understand the risk of taking out additional borrowing to fund current debt. ▪ This product is intended for customers who foresee income stability at the start of the agreement and can budget appropriately for the monthly cost.

Fair Value.

Fair Value	The product has been reviewed and signed off as representing fair value to customers.
Factors included, but not limited to, in the assessment of fair value:	<ul style="list-style-type: none"> ▪ Customer benefits, risks, and customer costs. ▪ Financing costs. ▪ Operations expenses. ▪ Risk of credit losses.
What should distributors do to ensure the product provides fair value and benefit to the end customer?	<ul style="list-style-type: none"> ▪ Assess the customers' demands and needs and ensure that they align to the features of the product. ▪ Confirm the product is affordable by conducting an assessment with the customer. ▪ Present the customer with the known risks of the product. ▪ Fees, or charges passed onto the customer must be proportionate to the service provided and provide fair value. ▪ Distributors should consider their costs incurred and the provision of comparable products within the market including non-credit alternatives like cash or savings. Distributors should avoid pricing that differs significantly between customers and should also take existing customers and customers with closed contracts into account.

Manufacturers and Distributors Information.

Identity of Manufacturer	BMW Group Financial Services (GB) Ltd, part of the BMW Group
Identity of Distributors	Contracted Partners and Retailers, direct sales
Types of Distribution channels	BMW Group Retailers, ALPHERA dealers and contracted broker partners
Legal Agreement?	Yes

Document control.

Template version	V1.0 April 2023
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We are committed to conducting business in a fair, honest, and open manner and to ensure that we have appropriate product oversight and governance systems and controls in place to offer products that have been assessed as providing fair value to customers that are within the appropriate target market.

This summary document has been created to fulfil our responsibilities under consumer duty regulations and should not be used as a sales or marketing tool. The client facing Partner must always ensure good customer outcomes and act in the best interests of each customer individually.