Handelsbanken

Broker product information sheet

Product Governance and Fair Value Assessment

Handelsbanken is committed to conducting its business in a fair, honest and open manner and we 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 fair value regulations. This document should not be used as a sales or marketing tool. The client facing broker must act in the best interests of each customer individually when deciding whether to recommend a particular policy or not.

Product information

Product	Regulated Mortgage Contracts
Version number	Version 3

Assessment

Most recent review	April 2026
Product type *(All products are regulated mortgage contracts unless otherwise stated)*	• Standard • Offset • Foreign Currency • Current Account Mortgage • Residential Development Loan • Regulated Buy to Let
Manufacturer	Handelsbanken plc
Territorial limits	United Kingdom
Target market	**Product selection:** There are a number of considerations which determine the target markets for mortgages, including customer need, customer characteristics, product features/benefits and demographics. **Target market features and what the product is designed to provide:** The following section looks at the broad aims on a product-by-product basis and why specific product features are suitable for a particular customer cohort. **1. Standard** **Purpose:** A traditional mortgage for those who do not require additional features allowing customers with less complicated needs to borrow money to buy a residential property. A choice of fixed rate or variable rate borrowing is available, with a repayment method of capital and interest, interest only (subject to a suitable repayment strategy) or a combination of both. **Target market / Borrower characteristics and circumstances:** • The borrower will typically not require any additional features or benefits.

Target market
(continued)

2. Offset

A mortgage which links the borrower's eligible savings balances to the loan. Dependent on the option chosen this will allow either reduced monthly repayments or a reduction in the mortgage term, whilst providing reassurance to the customer that they have access to their savings.

Purpose: A traditional mortgage for those who do not require additional features allowing customers with less complicated needs to borrow money to buy a resident

Target market / Borrower characteristics and circumstances:

- Customers who have savings which they are willing to offset against their mortgage balance and hold in an eligible Handelsbanken bank account
- Offsetting can be beneficial to higher rate taxpayers who may exceed their tax-free savings allowance and be liable to pay higher rate tax on their savings
- Offsetting can be beneficial to those who wish to pay off their mortgage early and recognise the link between shorter mortgage terms and reduced net borrowing costs or those who wish to reduce their monthly mortgage payments to reflect the amount of savings currently offset against the mortgage debt

Note: Only available of variable tracker rates. Offset is less straightforward than a standard mortgage and are charged a higher interest rate to reflect the additional flexibility and features, hence due regard should be given when considering this product.

3. Foreign Currency

Purpose: A mortgage which allows customers who either are not paid in sterling, or have a repayment vehicle not denominated in sterling, to borrow against a property in the UK.

Target market / Borrower characteristics and circumstances:

- Customers whose income or repayment vehicle is in specified non sterling currencies or have assets in foreign currencies, but require a mortgage on a UK property which will be repaid in sterling. Highly nuanced market driven by specific customer circumstances rather than demographic characteristics.

Note: Only available of variable tracker rates.

4. Current Account Mortgage

Purpose: A mortgage product which allows customers to offset their current account credit balances against their mortgage debit balance to achieve a reduction in monthly mortgage interest payments. Product is similar to an overdraft, with the ability to repay and redraw.

Target market / Borrower characteristics and circumstances:

- May suit customers who have an inconsistent income, or have a regular income and receive occasional/regular lump sums (eg bonuses)
- Customers preference for a current account mortgage rather than a savings based offset mortgage are those more likely to have more fluctuating financial incomings and outgoings. The interest is calculated daily, which can benefit a customer who fits this criteria.
- Only suitable for customers who wish to have an interest only mortgage and have an appropriate repayment strategy
- Customers who wish to be able to re-draw up to the mortgage limit at any point during the current account mortgage product term for known or unforeseen purposes.

Note: Only available of variable tracker rates and are subject to an additional annual arrangement fee. Current Account Mortgages are less straightforward than a standard mortgage and are charged a higher interest rate to reflect the additional flexibility and features, hence due regard should be given when considering this product.

Target market
(continued)

5. Residential Development Loan

Purpose: A mortgage proposition to facilitate self-builds or property renovations that require planning permission that sits outside permitted development rights. The loan is generally released in staggered tranches in accordance with funding requirements to support the building work.

Target market / Borrower characteristics and circumstances:

Target market is determined by the purpose the loan is being used for, rather than customer characteristics.

Residential Development Loans are for:

- A customer who purchases a property with the intention of demolishing the whole or a substantial part of that property and building a new/significantly extended dwelling
- A customer who owns a parcel of land and wishes to build a new dwelling
- A customer who wishes to purchase a parcel of land and then build a new dwelling
- A customer that wishes to build an extension / additional property on their existing title which requires the gross development value (GDV) for the project to be viable

Note: This is a non-standard mortgage with funds released in stages, hence more explanation / customer support likely to be required.

6. Regulated Buy-to-Let

Purpose: A "standard" mortgage, but used by a customer who wishes to let the property to a related person (i.e., spouse/civil partner or a relative) of the borrower.

Target market / Borrower characteristics and circumstances:

Target market is determined by the purpose the loan is being used for, rather than customer characteristics.

Regulated buy-to-let loans are for:

- A customer who wishes to let a residential property to a related person of the borrower (ie, spouse/ civil partner or a relative).
- The borrower must be a deliberate landlord to qualify in terms of definitive intention to rent the property out, but did not originally purchase for the initial purpose of investment.
- The borrower may be dependent on rental income to fund mortgage payments or may subsides with their own income.

Falls outside of target market and key restrictions

On a product-by-product basis, the factors to be considered when assessing whether the prospective borrower falls outside of target market:

Offset

- Not appropriate if a customer is likely to need access to (all or majority) of savings in short / medium term.
- May not be appropriate if the customer has other more expensive debts elsewhere, which could be more financially advantageous to use savings to pay off / reduce ra-ther than offsetting
- Consider whether more advantageous to use savings to contribute to larger deposit and possibly benefit from a lower LTV rate

Foreign Currency

- Duration that the customer will be paid in foreign currency income or holding assets domiciled in a foreign currency for, is a key consideration when assessing whether the customers falls in or out of target market. If this is only a temporary or short-term ar-rangement, then a foreign currency mortgage may not be suitable.

Current Account Mortgage

- Not appropriate if likely to need access to savings in short / medium term.
- May not be appropriate if have other more expensive debts elsewhere which could use savings to pay off / reduce
- Consider using savings to contribute to larger deposit and possibly benefit from a low-er LTV rate rather than offsetting
- Stabilisation of current account credits whereby a conventional savings based offset product may be more suitable.

Falls outside of target market and key restrictions ***(continued)***	**Residential Development Loan** • If the customer intent is to purchase land, rather than self-build or renovate, then this mortgage is not suitable • Probably not appropriate if the customer is unsure about scope and timings of building work or lacks a clear plan **Regulated Buy-to-Let** • Renter not deemed to be a related person of the borrower (ie, spouse/civil partner or a relative) **Key Restrictions (across all products)** • All mortgage products must be repaid by age 75 for interest only and 80 for capital & interest • Minimum mortgage terms of 1 year and maximum mortgage term of 35 years • Maximum number of applicants is 4 • Unable to lend on later life borrowing products and shared ownership propositions
Distribution strategy	These products are distributed via FCA authorised brokers. Brokers must be approved by Handelsbanken plc and must have signed an Introducers Agreement with the Bank.
Commission	A procurement fee will be paid to brokers on new residential mortgages and further advances. A product switch fee will be paid to brokers when a broker recommends a new mortgage product to an existing Handelsbanken mortgage customer who proceeds with the switch. All brokers should be able to demonstrate that commission received bears a reasonable relationship to the actual costs of their contribution/level of involvement or benefit added by them to the borrowing arrangement. We may ask you to explain any additional commission you charge directly to the borrower.
Fair Value Review	Our product governance process requires a full review of all products at least annually to determine if the product offers fair value to the end customer. These reviews consider the target market, distribution strategy, remuneration, product information, existing pricing, product performance, product design and feedback from distributors and customers. The Bank is required to provide information to brokers regarding the Bank's target market for each of its products, as appropriate. The Bank has undertaken work in line with its governance procedures and is satisfied that the products meet the intended target market needs. As part of Consumer Duty, the Bank undertakes regular strategic and systematic pricing reviews. Our pricing structure is provided to brokers that interact with the Bank. For the Bank's treatment of customers with characteristics of vulnerability, please refer to the broker resources – vulnerable customers page.
Customers for whom the product is not expected to provide fair value	The products may not provide fair value to any customers who fall outside of the specified target market for each product.
Relevant documents available via our website	Broker Product Information Sheet

Providing feedback

We welcome any feedback from our distributors on the performance of our products. All feedback will be considered in our next product review.

If you believe that your staff would benefit from additional training on this product, please let us know by contacting: drew.shovelton@handelsbanken.co.uk

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