

HP (Regulated) Target Market and Fair Value Document.

Key Features.

Product Name	Hire Purchase (HP)	Product Brand	ALPHERA Financial Services
Product Type	Hire Purchase	Credit Regulatory Class	Regulated
Description of the product	<p>HP (Hire Purchase) is a legal agreement which allows a customer to finance a new or used vehicle by paying an initial deposit and paying off the balance in equal instalments. The loan is secured against the vehicle and the customer will own the vehicle once all payments are made.</p> <p>The term, monthly payments and interest rates are set at the beginning of the agreement and remain fixed for the duration, provided that no alterations have been made since inception of the agreement. A customer can, however, pay in part or in full and settle the agreement at any time.</p> <p>The vehicle is registered to the customer, who also keeps the V5 logbook.</p>		
Key Terms and Conditions	<ul style="list-style-type: none"> ▪ This is a credit agreement where the customer is the registered keeper. ▪ The finance company has title to the vehicle until all payments have been made, at which point title passes to the customer. ▪ The cost of the vehicle (less the deposit) is spread equally over monthly instalments. ▪ There is no final balloon payment to be made at the end of the agreement. ▪ The duration of the agreement and the initial deposit will determine the number of monthly repayments. ▪ The interest is fixed throughout the term. ▪ There are no mileage restrictions. ▪ The customer is responsible for, the Road Fund Licence, Maintenance, and insurance of the vehicle as well as any fines or congestion charges. ▪ Monthly payments are typically higher than that for PCP (with a balloon) and leasing products when quoting over the same term. ▪ BMW Group Financial Services offers customers the option to refinance an agreement providing it is not in arrears and is confirmed prior to the end of the contract term. 		
Exclusions and Restrictions	<ul style="list-style-type: none"> ▪ The customer does not own the vehicle until all payments have been made. ▪ Above a Balance to Finance of £150,000.00 a minimum deposit of 20% is required. 		
Contract Exit Provisions	<ul style="list-style-type: none"> ▪ There is a statutory right to withdraw from the agreement within the first 14 days of signing. ▪ There is a statutory right to make full early settlement. ▪ There is a statutory right to voluntarily terminate the agreement by paying half of the total amount payable. ▪ Once a customer has paid a third of the total amount payable, BMW Group Financial services must obtain a court order to repossess the vehicle if the agreement is terminated for breach and if the customer has not given consent to repossess. 		

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, Sole Traders, and small partnerships of 3 or less partners.
Detailed description of the target market	Private individuals, sole traders and small partnerships who are UK residents, over 18 years of age who are looking for a finance option to support the purchase of a vehicle. Suitability determined by an assessment of the customer's demands and needs.
Key indicators of target market	<ul style="list-style-type: none"> ▪ Private individual who is UK resident aged 18+ years. ▪ Sole traders and partnerships with 3 partners or less which must be located in the UK. ▪ Expressed interest in use and ownership of a new, pre-registered or used vehicle.
Objectives, demands and needs of the target market	<ul style="list-style-type: none"> ▪ Desire to hold the risk/reward associated with having ownership of the vehicle. ▪ No deferred payment (balloon) at the end of the agreement. ▪ Fixed payments and fixed interest. ▪ No mileage limitations. ▪ Options for full or partial early settlement.
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. ○ No mileage restrictions. ○ Customer will have ownership of the vehicle once all payments have been made. ○ No deferred payment due at the end of the agreement. ○ Statutory rights to make lump sum payments, make full early settlement and legal right to voluntary termination. ○ The vehicle may be repossessed if the customer does not maintain payments. ▪ 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"> ▪ Changes to customer circumstances during agreement leading to risk of affordability. ▪ Accepts the risk associated with ownership including possible downturn in valuations, without a Guaranteed Future Value.
Risk tolerance of the target market	<ul style="list-style-type: none"> ▪ Customers who understand the risk of taking out additional borrowing to fund a purchase. ▪ Customers who intend to purchase the vehicle and accept the risk of limited options on returning it at the end of the agreement. ▪ 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. ▪ Refinancing costs. ▪ Operations expenses. ▪ Fixed Commission paid by lender. ▪ Risk of credit losses. ▪ Risk of loss through lower-than-expected resale value.
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. ▪ Commission, 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.

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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.