

PCH Target Market and Fair Value Document.

Key Features.

Product Name	Personal Contract Hire (PCH)	Product Brand	ALPHERA Financial Services
Product Type	Contract Hire	Credit Regulatory Class	Regulated
Description of the product	<p>PCH (Personal Contract Hire) is a legal agreement and allows the customer to hire the vehicle for a fixed term and with fixed monthly rentals. The amount the customer pays is the vehicle depreciation over the term plus interest and any additional charges, which are included in the monthly rentals.</p> <p>The customer hires the vehicle from BMW Group Financial Services for a set period, paying monthly rentals. These rentals are based on an expected mileage for the duration of the agreement.</p> <p>At the end of the contract the customer returns the vehicle to BMW Group Financial Services, there is no option for the customer to retain the vehicle. If the vehicle is damaged or exceeds the expected mileage the customer will be charged. Charges are set out in the terms and conditions within the customer's agreement.</p>		
Key Terms and Conditions	<ul style="list-style-type: none"> ▪ This is a hire agreement, where the finance company owns the vehicle. ▪ The customer cannot obtain title to the vehicle under any circumstances. ▪ Rentals are calculated for a fixed period and based on an anticipated mileage. ▪ An Excess Mileage figure will be shown on the quotation and agreement. If the customer goes over the expected mileage, they will be billed the excess on a 'pence per mile' basis. ▪ BMW Group Financial Services will provide road fund licence for the duration of the agreement based upon rates prevailing at the inception of the contract. If rates increase during the agreement the customer may be charged the difference. ▪ Rentals are charged to the customer inclusive of VAT. If the VAT rate changes during the agreement this will be passed on to the customer. ▪ Upon return the vehicle, it will be inspected and compared against BMW Group Financial Services' fair wear and tear tolerances, which are based on the BVLRA guidelines. Any damage outside 'fair wear and tear' will be charged to the customer. ▪ The customer is responsible for the insurance of the vehicle. ▪ The customer must fully maintain the vehicle during the term. ▪ Payment of fines and congestion charges will be recharged to the customer by BMW Group Financial Services and will include an administration fee. ▪ BMW Group Financial Services offers customers the option to refinance an agreement providing it is not in arrears, and once the contract has run for a period of 12 months or more or reached the end of the contract term. 		

Key features - continued.

<p>Exclusions and Restrictions</p>	<ul style="list-style-type: none"> ▪ Rental services include VAT which cannot be recovered by hirers who are not VAT registered. ▪ The customer does not take ownership of the vehicle. ▪ The finance application must be in the customer's name. ▪ This product is not suitable for any customers who intend to change their vehicle before the contracted end date as the customer has no option to end the agreement early without the requirement to pay all outstanding fixed rental payments. ▪ This product is not suitable for customers who intend to fund debt from any previous or existing motor finance or credit hire agreement. ▪ The contract does not include any maintenance. ▪ This contract is for provision of new vehicles only.
<p>Contract Exit Provisions</p>	<ul style="list-style-type: none"> ▪ There is a statutory right to cancel the agreement within first 14 days of signing if the contract is signed 'at a distance'. ▪ At the end of the agreement, the customer must return the vehicle, or make it available for collection as per the contract. ▪ There are no statutory rights to exit the agreement early. ▪ BMW Group Financial Services do allow the customer to terminate the hire agreement early, the customer will be liable for the outstanding rentals less an interest rebate. The customer must still return the vehicle in good condition and within pro-rated mileage.

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 businesses of 3 partners or less.
Detailed description of the target market	UK residents, over 18 years of age who are looking for a finance option to support the use but not 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 individuals, UK resident aged 18+ years. ▪ Expressed interest in use, but not ownership, of a new vehicle where they are the first user.
Objectives, demands and needs of the target market	<ul style="list-style-type: none"> ▪ Fixed rentals. ▪ No desire to hold the risk/reward of ownership of a vehicle. ▪ Reduced administration associated with direct ownership of a car. ▪ Customer is not responsible for the disposal or sale price of the vehicle at the end of the contract.
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. ▫ Rental is mileage dependant. ▫ Excess Mileage charges could apply. ▫ Damage recharges could apply. ▫ The customer cannot take ownership of the vehicle. ▫ No right for the customer to return the vehicle mid-contract (e.g., no Voluntary Termination rights) without a financial penalty. ▫ The vehicle must be maintained in line with the manufacturer's recommended schedule. ▫ The vehicle may be repossessed if the customer does not maintain rentals. ▪ 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. ▪ Lack of flexibility in ability to settle the agreement early. ▪ Damage to vehicle, or excess mileage leading to additional charges at the end of the contract.
Risk tolerance of the target market	<ul style="list-style-type: none"> ▪ Customers who understand the risk of taking out additional borrowing to hire a vehicle. ▪ There is no option to purchase or own the vehicle. ▪ 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.

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.