



Financial Services

Quarterly update on UK
banking / lending markets

1Q 2025



KPMG financial services group – UK banking / lending

Sector specialisations



Banks



Challenger banks



Non-bank lenders



Asset portfolios



Market infrastructure



Fintech



Payments

Debt



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Executive summary

01 Rates, gilts and the economy

Gilt yields are volatile following a sharp increase over January. Long term rates remain at post credit crisis highs

Weakening productivity and elevated uncertainty weigh on consumer and business confidence. Insolvencies approach GFC levels. Headwinds to growth remain.

The SONIA curve has shifted down, with the market now pricing in 46bps of base rate cuts through 2025

UK bank share prices have been highly sensitive to economic shocks, in line with the FTSE 100's 7.1% fall over the first 10 days of April (inclusive of the 10 April rebound)

03 Financing and M&A

Prospects for further bank deal activity in 2025 are strong, following a round of capital raising and consolidation. Of the 39 banks launched since 2013, 28 remain authorised

Non-bank private financing activity picked up in 1Q25, but supply of credit from investors is still higher than demand from lenders

02 Property lending

Resi mortgage lending grew 4.9% in 4Q24 and 9.3% over 2024 as a whole

Strong growth in BTL lending in 4Q24 of 47% compared to the same quarter last year

Fixed mortgage lending rates reduced by 22bps over 4Q24

Slowdown in bridge lending with 4Q24 lending 8% down on 3Q24, with average interest rates and LTVs also decreasing

04 Securitisation

Slower start to the year with 14 RMBS and ABS listings in 1Q25, compared to 19 in 1Q24

Globally, record SRT issuance of \$30bn in 2024, with prospects for another strong year

Sharp increase to UK AAA RMBS spreads in early April, giving back all the tightening that occurred over 1Q25

Slight deterioration in UK Prime RMBS arrears, but BTL arrears are improving off their recent peak

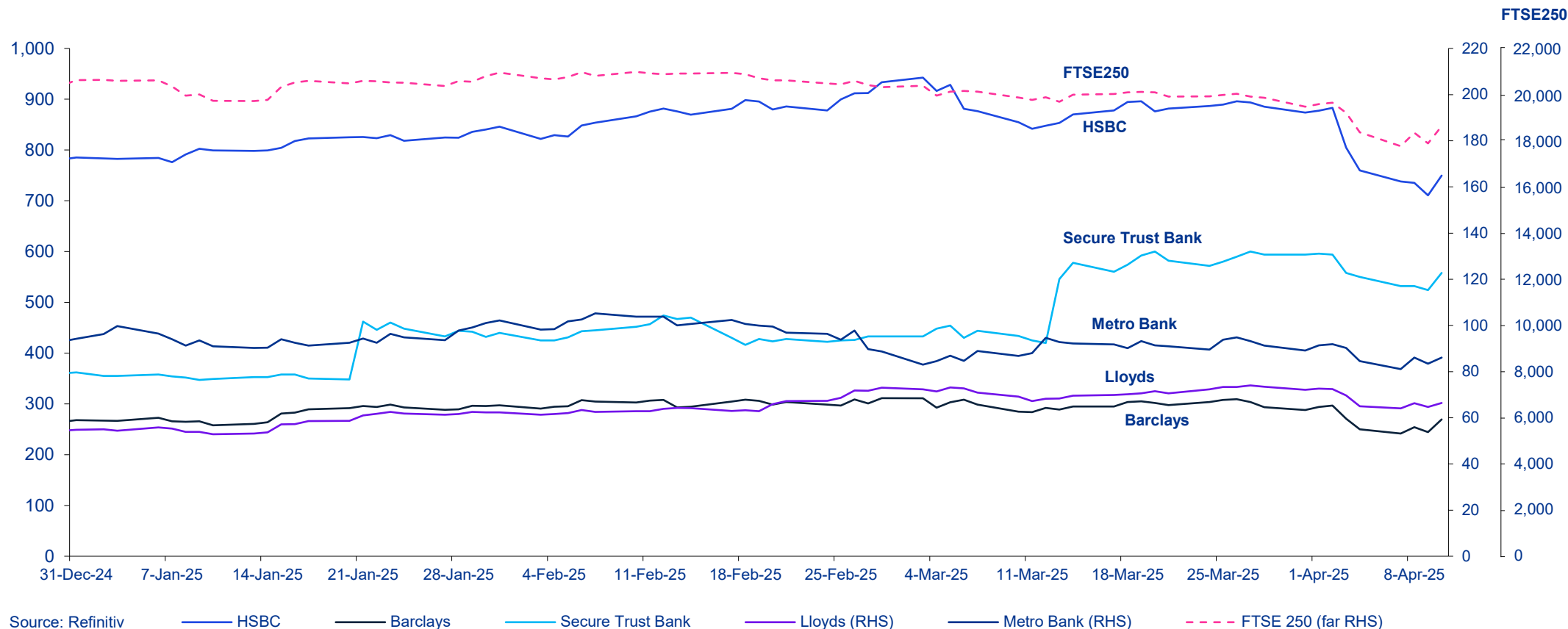
Rates, gilts & the economy



01

Equity markets

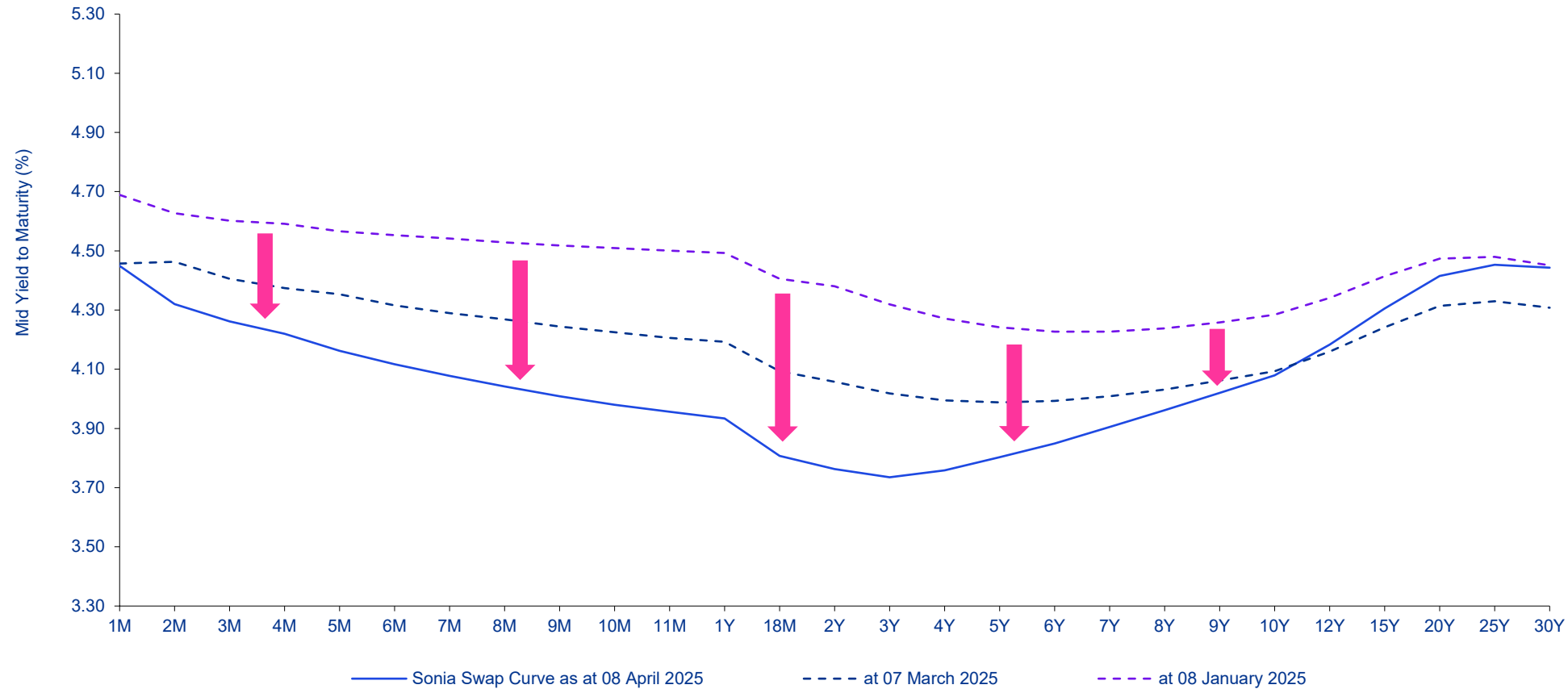
UK bank share prices are highly sensitive to economic shocks, alongside other sectors. Following U.S. tariff announcements, the FTSE 250 fell 4.3% and FTSE 100 fell 7.1%. HSBC's share price fell 14.2% across the first ten days of April; Lloyds by 7.9%; and Barclays by 6.4% (inclusive of the 10 April rebound following new announcements from the U.S. Administration)



Sonia swap rates

Large downward shift in the Sonia curve across all except long-term rates

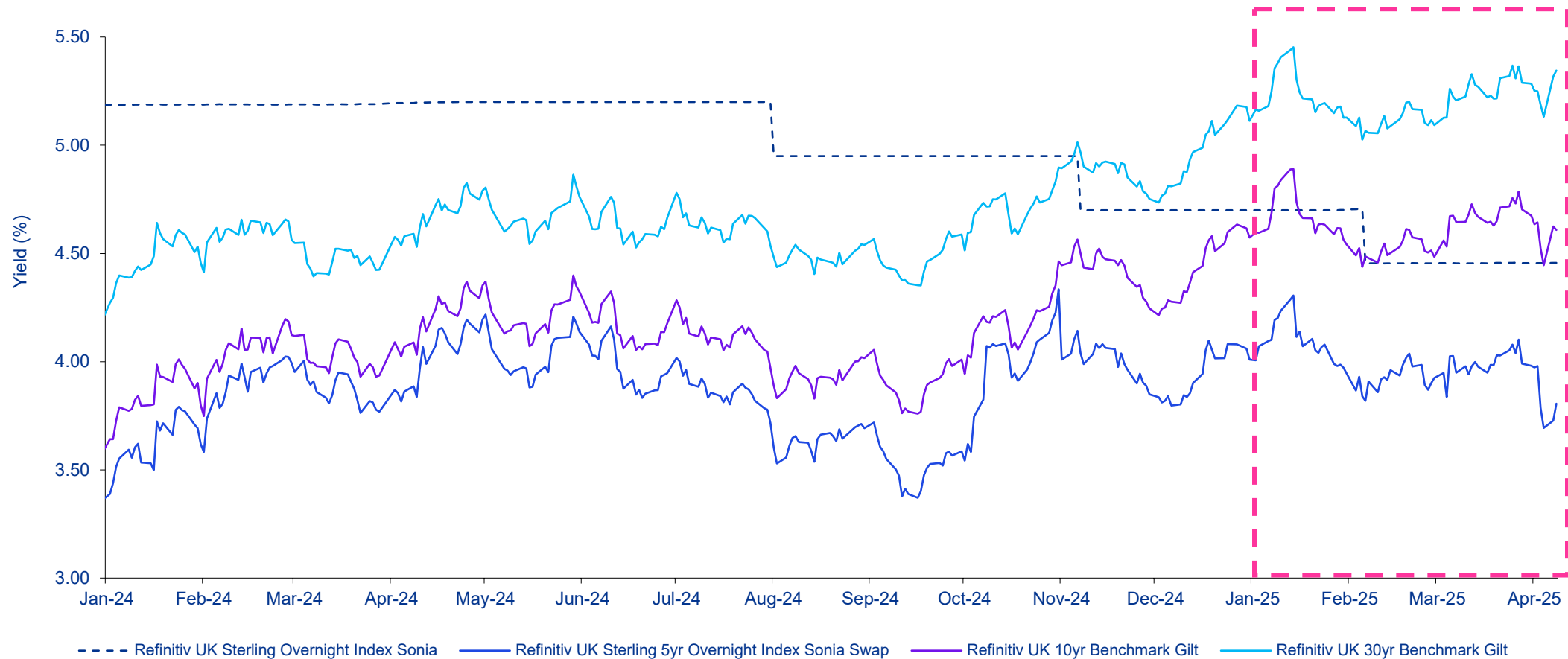
The market is pricing in significantly more base rate cuts through 2025: 26bps as of early March compared to 46bps as of early April



Source: Bloomberg

Benchmark rates

Swap and gilt rates have been volatile following a sharp increase over January 2025, reacting to economic uncertainty from trade shocks. Long term gilt rates remain at post credit crisis highs.



Source: Refinitiv

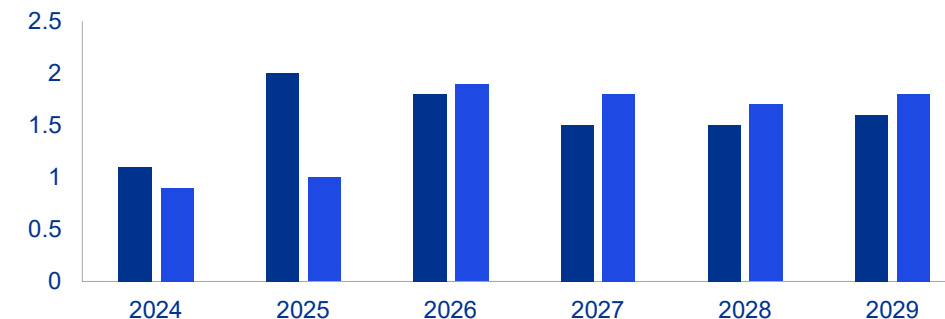
Economy: UK faces multiple headwinds to growth

GDP

The second half of 2024 saw UK GDP stagnate. 2025 real GDP growth forecast has been revised down to 1.0% (OBR Mar 2025) from 2.0% (OBR Oct 2024). Weakening productivity and elevated uncertainty has weighed on consumer and business confidence, slowing growth.

Over 2027-2029 GDP has been revised upwards due to looser monetary policy, declining energy prices, and reduced economic uncertainty, leading to the utilisation of spare capacity. OBR's 2026 forecast is higher than BoE February forecast and latest Consensus expectations for 2026 at 1.5%.

Real GDP (annual growth, %)



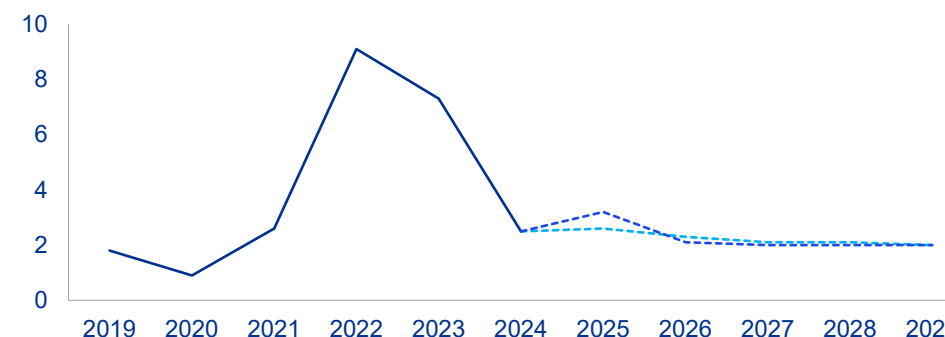
Source: OBR

■ October 2024 forecast ■ March 2025 forecast

Inflation

Annual CPI inflation is projected to reach 3.2% in 2025, a 0.6% increase from the OBR October forecast. This rise is due to factors like the Ofgem price cap, elevated energy and food prices, persistent wage growth, and increased regulated water bills. There are upside risks to inflation due to ongoing tariff announcements.

CPI inflation (annual growth, %)



Source: OBR

----- October 2024 forecast March 2025 forecast

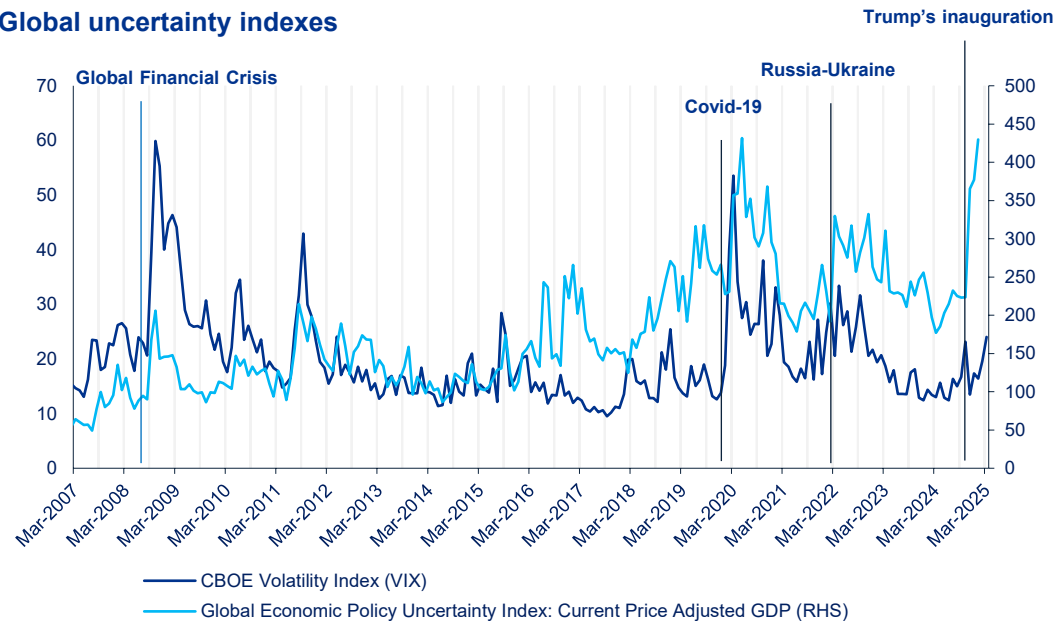
Economy: Global growth at risk

Global growth is expected to remain stable but subdued at 3.3% in 2025 per IMF (Jan 2025), slightly up from 3.2% in 2024. However, the key risk to this growth is the uncertainty of tariffs and the impact this will have on global growth. Recent forecasts have been revised downwards as uncertainty and a risk of a global recession increase.

Historically a rise in uncertainty driven by global shocks have resulted in slipping of economic growth. Consumers delay spending and businesses are cautious to invest in capital expenditure amid the trade and economic uncertainty.

In the past few weeks, the VIX index has risen, and the Economic Political Uncertainty Index has reached a level surpassing the early days of the COVID-19 pandemic. The tariffs are expected to cause uncertainty and disruption in the short and medium term depending on how long they are imposed. In the longer term, larger companies will adjust by shifting operations, diversifying supply chains and expanding consumer markets.

Global uncertainty indexes



Source: Investing.com and St. Louis Fred

US GDP (annual growth, %)

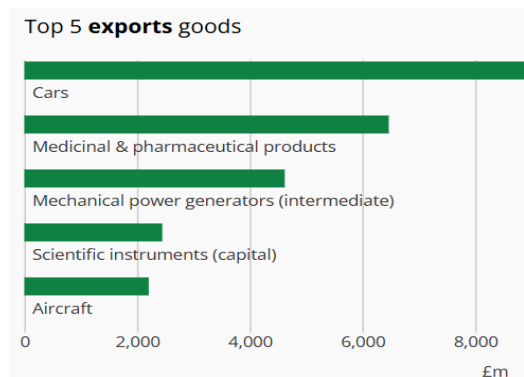


Source: Bureau of Economic Analysis/ Haver analytics

Economy: Uncertainty of tariffs on the UK

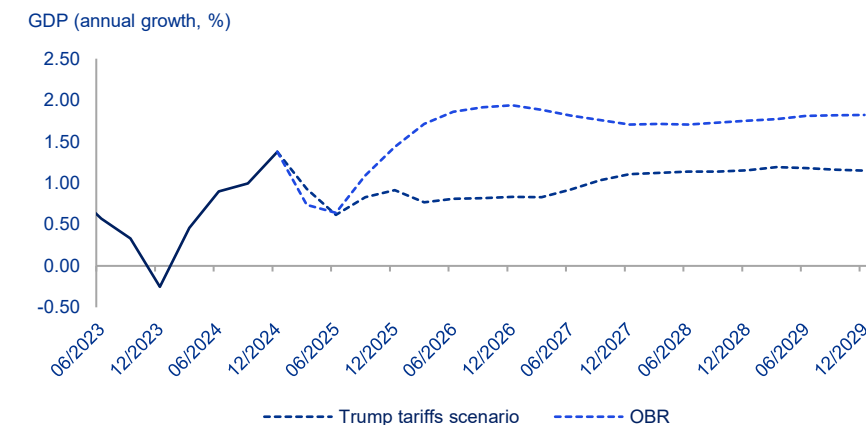
- US remains UK's no 1 trading partner, with total goods and services exports and imports of £182.6bn and £115.5bn, respectively, to and from the US, out of which the share of export and import of goods stands at £59bn and £57bn respectively.
- The largest exports of goods from the UK to US are cars, medicinal and pharmaceutical products and mechanical power generators.
- Currently, UK exports to US faces reciprocal tariffs of 10% on all goods (with some exceptions) and with higher tariff of 25% on cars, steel and aluminium and pharmaceuticals, the effective date for the latter is yet to be announced.
- KPMG has generated a downside trade tension scenario. Under this scenario, UK GDP growth could reduce by 0.7% on average over 2025-2029. OBR baseline forecasts GDP growth on average 1.6% compared to KPMG/Oxford Economics trump scenario forecasted GDP growth of 0.9% during 2025-2029.

UK exports to US 2024 (£)



Source: ONS

Economic impact of escalating trade frictions



Source: OBR , KPMG using Oxford Economics Model

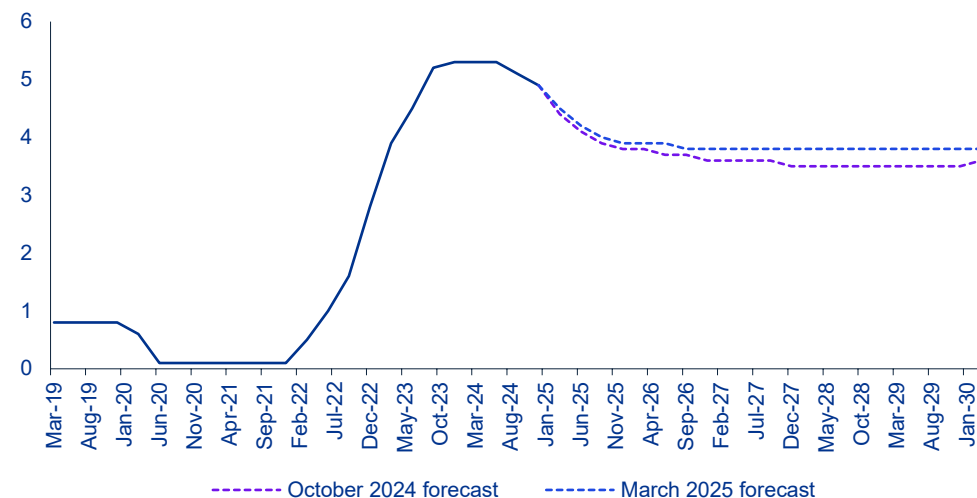
Economy: Increase in borrowing costs and revised bank rate cuts

Due to increasing uncertainty in the economic outlook with revised GDP and inflation forecasts, bank rate have been revised upwards. Higher rates have resulted in higher cost of debt. This has caused the Chancellor to make welfare and overseas aid cuts to meet the fiscal rules.

Bank rate is expected to fall from its current level of 4.5% to 3.8% from mid-2026 onwards. Forecasts are on average 0.25pp higher than October forecasts.

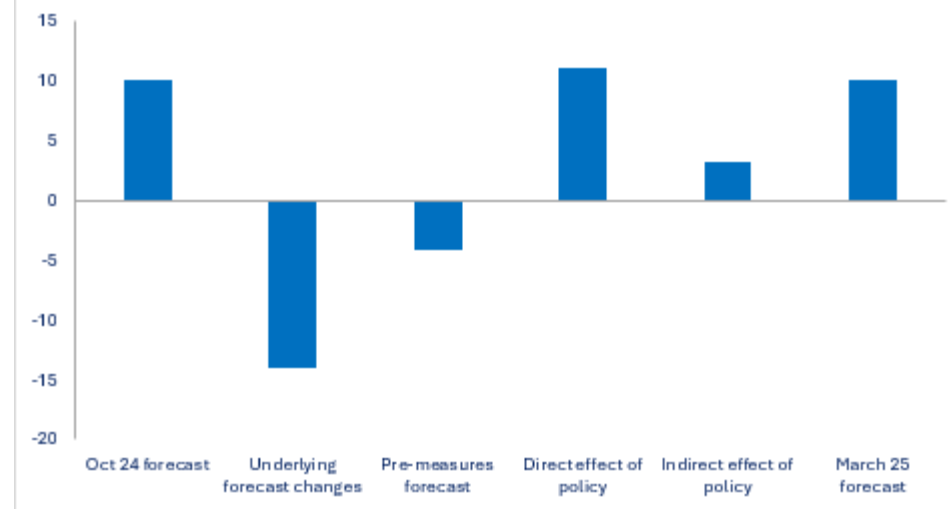
The weaker economic outlook and anticipated higher cost of borrowing led to an expected £14bn deterioration in the current budget deficit in 2029/30, breaching the Chancellor's fiscal rule. This was largely offset by cuts to welfare spending, as well as the re-allocation of spending from aid to defence. Combined policy and forecast changes left the headroom against the government fiscal target of balancing the current budget unchanged at £9.9bn.

Bank rate (%)



Source: OBR March 2025

Current budget headroom (£bn)



Source: OBR March 2025

Economy: Half of UK mortgagors due to see rise in mortgage payments

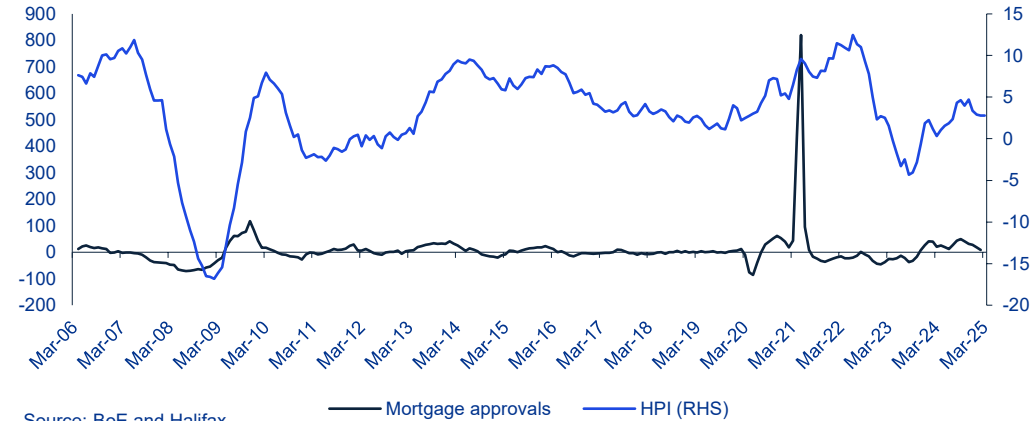
According to the latest BoE Financial Stability Report (February 2025)

- Most UK mortgages are held on a fixed-rate basis, with around two thirds of the stock of mortgages currently at a five-year fixed-rate period from origination. Around a third of those on fixed-rate mortgages have not re-fixed since rates started to rise in mid-2021, so the full impact of higher interest rates since then has not yet been passed through to all mortgagors.
- Just over a quarter of mortgage accounts are expected to see monthly payments decrease between December 2024 and 2028 Q1.

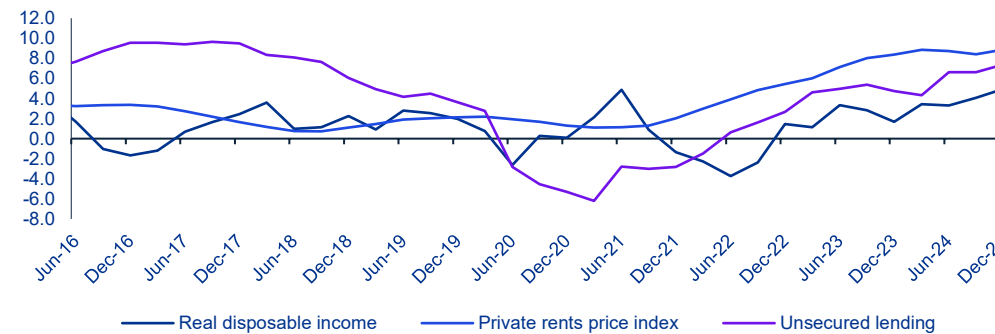
Overall, the housing market is struggling, per RICS, buyer demand in March is the lowest since Sept 2023 and activity expected to dip in next 3 months. 2025 data is showing a slow in growth of approvals, a fall in HPI (below forecasts) and a slight uptick in fixed mortgage rates due to the increasing economic uncertainty.

Pressure on renters continue with private rents growing on average at 8.7% in 2024 compared to real disposable income growth 3.9%. Unsecured lending continues to grow as people rely more on credit.

Mortgage approvals and HPI (annual growth, %)



Real income, rental costs and unsecured lending (YoY %)

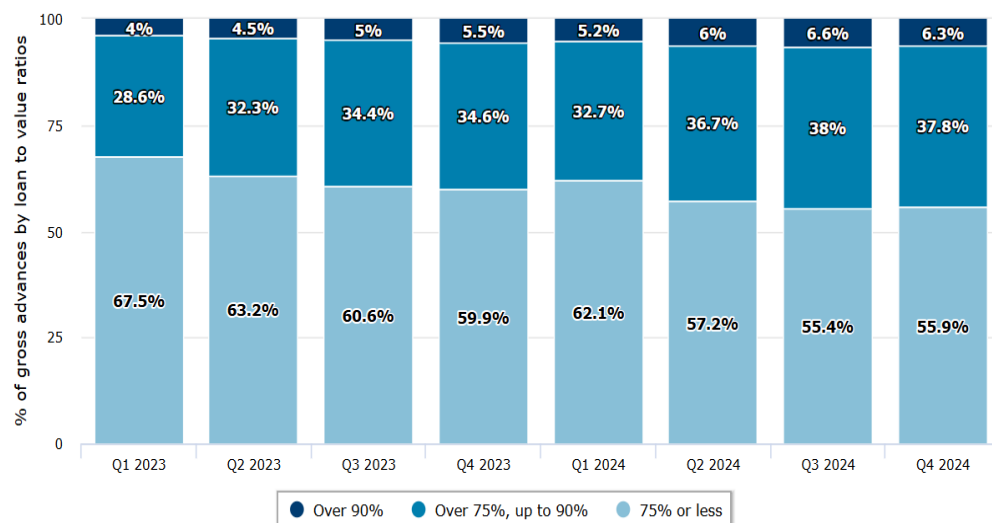


Economy: Borrowers are more leveraged with rising share of higher LTV

Share of LTVs with 75% or less has fallen by 12 percentage points in 2 year and that of 75% and over has increased.

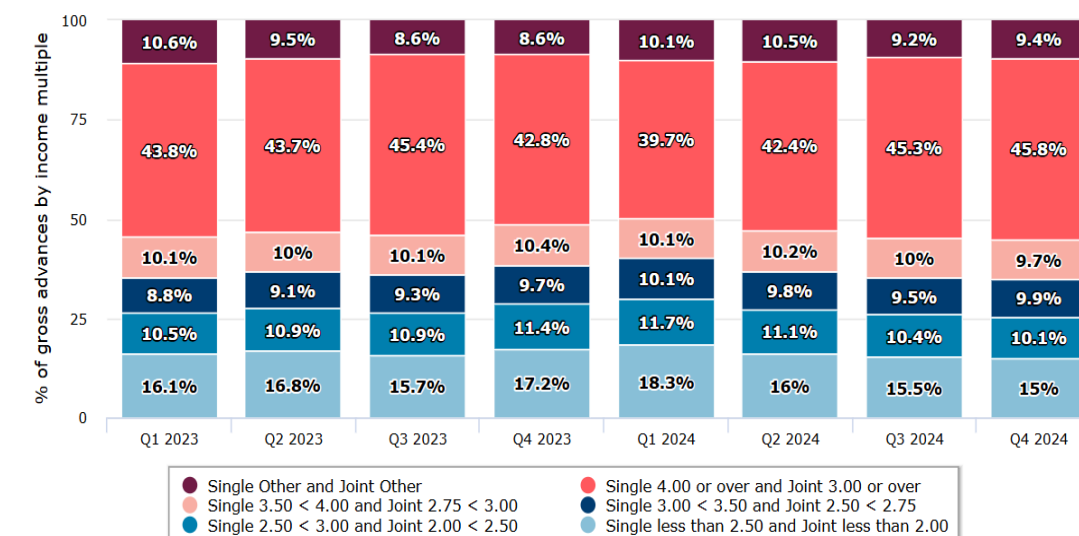
45% of lending was to borrowers with a high loan-to-income (LTI) ratio. These people are defined as single-income households with an LTI ratio of four or above, or joint-income households with an LTI ratio of three or above. This ratio has increased from less than 40% at the beginning of 2024 to above 45% in Q3 and Q4 2024.

Gross advances by loan to value (LTV) ratios MLAR Q4 2024



Source: FCA and Bank of England

Gross advances by income multiple MLAR Q4 2024



Source: FCA and Bank of England

Economy: Cautious signs of recovery in business lending but not without challenges



Corporate lending

According to the latest BoE Financial Stability Report, corporate lending volumes were weak following the pandemic, particularly for SMEs, reflecting the fact that many businesses had borrowed through the various pandemic-era government loan schemes. Corporate lending growth has since recovered somewhat, reaching 1.9% in the 12 months to December 2024, notwithstanding the downturn in indicators of broader business sentiment.

In addition, there are some cautious signs of that recovery in lending extending to SMEs, with a positive monthly flow of lending to SMEs since October. There is an increase in both availability and demand for corporate lending from smaller businesses and a slight increase from medium and large firms.



Wage costs

According to the latest BoE Financial Stability Report, the increase in employer National Insurance contributions (NICs) was the largest change to taxation in the Autumn Budget. In the latest DMP Survey, a majority of firms expected to use either two or three different margins of adjustment in combination. The relative ranking of these different margins was similar across sectors. Over half of the firms expect to respond to the cost increase by lowering profit margins, increasing prices, or lowering the number of employees. Lowering wages is also likely to be a margin of adjustment, reported by around one-third of firms. Bank staff analysis based on the DMP Survey finds that firms more exposed to the national living wage are more likely to plan to lower employment and are less likely to lower wages.



Refinancing risk

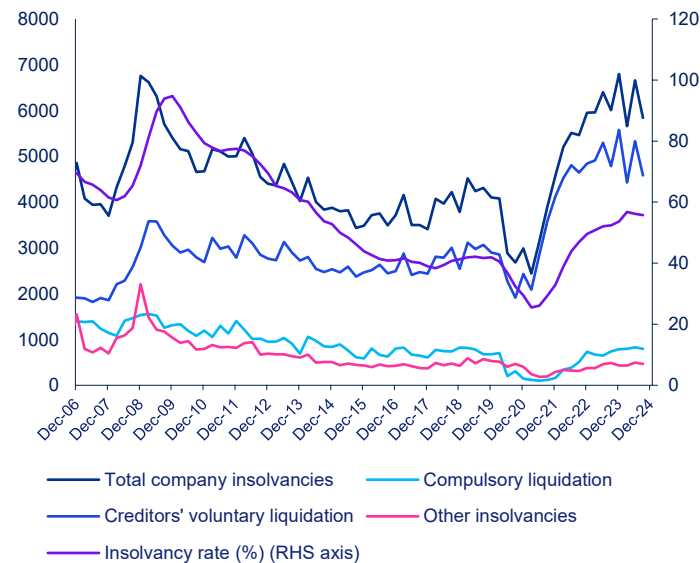
Refinancing challenges remain for larger corporates, particularly for firms using riskier forms of market-based finance, such as leveraged loans and high-yield bonds. Around 20% of high-yield corporate bonds are due to mature in the next two years. Around 25% of firms that need to refinance high-yield bonds over the coming years are private equity backed.

Economy: Insolvencies remain high compared to historical lows

Total insolvencies remain high compared to the historical lows seen since the Global Financial Crisis recovery, however the insolvency rate is still below last crisis but double of what was seen during Covid partly driven by withdrawal of Covid schemes and cost of living crisis, higher rates and economic weakness. Medium and Large businesses saw a downwards trend in defaults in 2024 compared to Small businesses which tracked upwards to 1.9% in 2024.

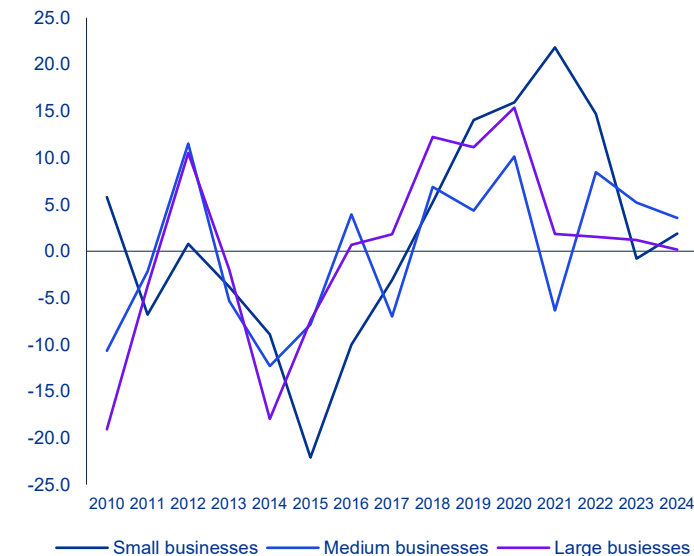
Construction, wholesale and retail trade and accommodation and food services remain the largest three industries for insolvency, however, these have seen a decline in 2024 signalling some recovery due to easing inflation and rate cuts. The uncertainty in the economic outlook is a risk to insolvencies going forwards.

Company insolvencies



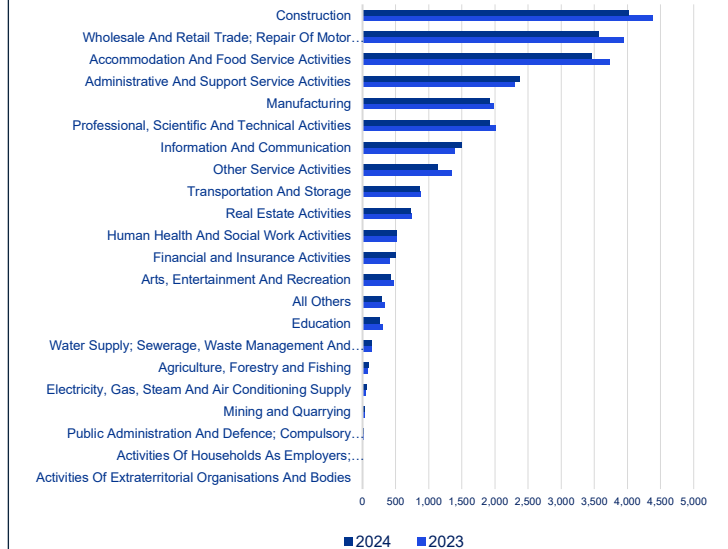
Source: The Insolvency Service

Defaults (%)



Source: BoE

Company insolvency by industry



Source: BoE

Property lending



02

Residential loan market – volume

New gross mortgage advances continued to grow, increasing by £3.2bn in 4Q24, 4.9% higher quarter-on-quarter and reflecting total growth of 9.3% over 2024.



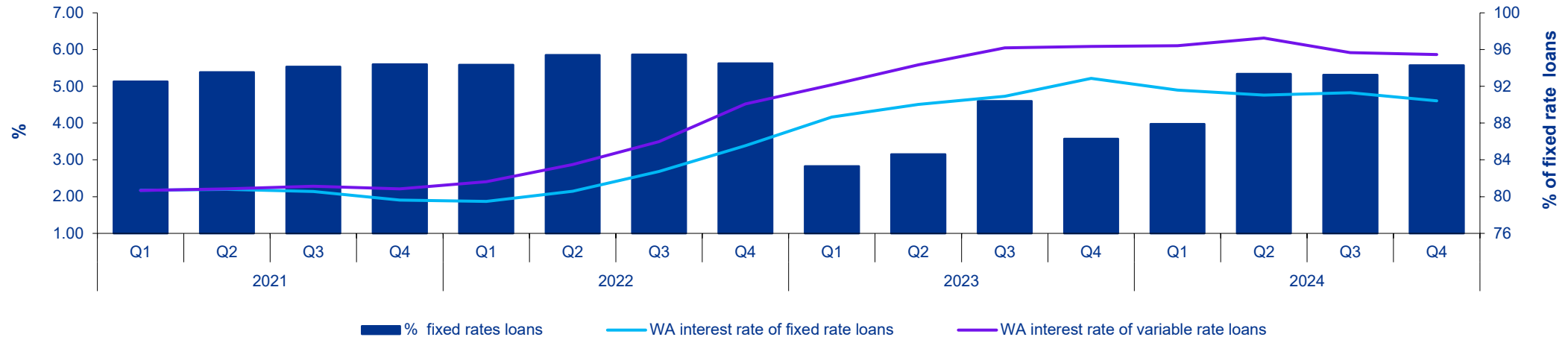
In 4Q24, by purpose of loan, other house purchases decreased by 1.0pp compared to last quarter to 34.1%; lending to first-time buyers increased by 0.3pp to 29.6% (the highest share since reporting began in 2007); remortgaging activity increased by 0.8pp to 23.5%; while BTL was largely flat at 8.2% of mortgage advances



Source: Bank of England

Residential loan market – rates

Lending rates reduced in 4Q24, driven by a 22bps drop in the WA rate of fixed loans to 4.61%. Fixed loans remain the preference across the market at 94% of new business



UK house prices are expected to grow by 3.4% in 2025, with mortgage rates expected to end 2025 at a similar level to 2024 before decreasing from 2026. This leads to a growth acceleration to 4.3% in 2026. Affordability remains the key driver of house prices across the regions, with greater capacity for growth in lower value regions

Region	2024 (actual)	2025	2026	2027	2028	2029	2025-29 Average annual change	2024-28 Compound total
UK house price change	4.6%	3.4%	4.3%	3.5%	3.6%	3.2%	3.6%	19.3%
London house price change	0.0%	2.5%	4.1%	4.2%	4.3%	3.8%	3.8%	20.3%
West Midlands house price change	4.2%	4.1%	4.4%	3.1%	3.2%	2.8%	3.5%	19.0%
East Midlands house price change	5.3%	4.1%	4.3%	2.9%	2.9%	2.6%	3.4%	18.0%
Scotland house price change	6.9%	4.8%	4.6%	2.7%	2.7%	2.4%	3.5%	18.5%

Buy-to-Let financing market

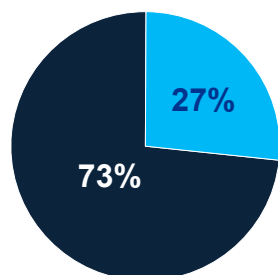
Key Points



- New buy-to-let loans advanced in the UK were worth £9.6bn, an increase of 47% compared to the same quarter last year
- The average interest rate on new BTL loans was 5.09%, a drop of 61bps versus 4Q23
- Fixed rate BTL mortgages remain the preference across the market at 73% of loans outstanding
- The number of BTL mortgages in arrears were 7% lower versus 4Q23
- Reflecting the downward movement in interest rates, the average BTL interest cover ratio ("ICR") for the UK in Q4 2024 was 201 per cent, 21 basis points higher versus 4Q23

Source: UK Finance

Loan rate type



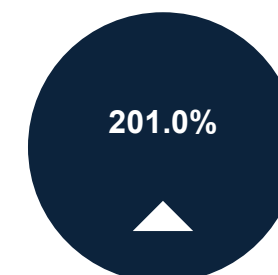
■ Fixed 4Q23: 69%
■ Variable 4Q23: 31%

Loan in Arrears >2.5%



4Q23: 13,560

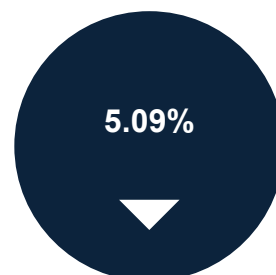
ICR



4Q23: 200.8%

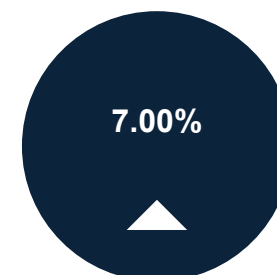
Value of New BTL Lending: increased 47% quarter-on-quarter to £9.6bn

Average interest rate



4Q23: 5.70%

Rental Yield



4Q23: 6.74%

BTL Mortgage Possessions



4Q23: 493

Buy-to-let product developments – March 2025

Lender	Comment
Vida Homeloans	<ul style="list-style-type: none"> Reduced BTL rates by up to 0.54%, with a limited edition two-year fixed rate at 75% LTV reduced to 3.94%.
BM Solutions	<ul style="list-style-type: none"> Reduced rates by up to 0.33% for selected BTL and let-to-buy products. Increased rates on selected five-year fixed remortgage products by up to 0.31%.
Virgin Money	<ul style="list-style-type: none"> Launched new BTL products with two- and five-year fixed rates reduced by up to 0.23%, starting from 4.26%. Reduced five-year fixed rates with a 3% lender fee by up to 0.17%, starting from 3.82%.
Santander for Intermediaries	<ul style="list-style-type: none"> Reduced BTL affordability rates, with standard rates down from 7.15% to 6.99%. Reduced two-year fixed rates for BTL purchases and remortgages by up to 0.1% and 0.05%, respectively.
The Mortgage Works	<ul style="list-style-type: none"> Reduced rates by up to 0.3% across selected BTL products for new customers, with rates starting from 3.24% with a 3% fee. Introduced a two-year fixed, remortgage-only product at 4.84% with no lender fee, available up to 65% LTV.
Accord Mortgages	<ul style="list-style-type: none"> Reduced rates across BTL products by up to 0.15%. Reduced lender fees on selected three-year fixed rates from £3,495 to £1,995.
CHL Mortgages	<ul style="list-style-type: none"> Reduced rates across short-term lets by 0.3%, with two-year fixed rates starting from 4.09%.
United Trust Bank Mortgages	<ul style="list-style-type: none"> Reduced rates across BTL mortgage range by up to 1.76%, with five-year fixed rates starting from 4.99%.
Kent Reliance for Intermediaries	<ul style="list-style-type: none"> Reduced rates on two- and five-year fixed, variable fee limited edition BTL products. Limited edition two-year fixed rates start at 3.69%, while the five-year fixed rates begin at 4.39%.
Fleet Mortgages	<ul style="list-style-type: none"> Launched new five-year fixed rate products up to 55% LTV, with rates starting from 4.79% for standard/limited company borrowers.
Dudley Building Society	<ul style="list-style-type: none"> Launched BTL and holiday let products available from 5.38% and up to 80% LTV.
Quantum Mortgages	<ul style="list-style-type: none"> Reduced all Single Unit and Multi Unit Range fixed rates by 0.25%, Larger Loans and First Time Landlord products by 0.3%.
Allica Bank	<ul style="list-style-type: none"> Announced they have entered the buy-to-let residential market and plans to lend £100m to landlords before the end of the year.

Source: NRLA (National Residential Landlords Association)

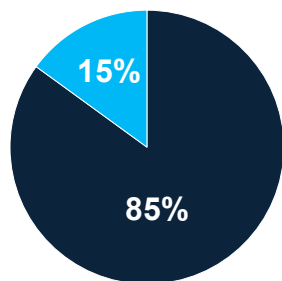


Bridge financing market

Key Points

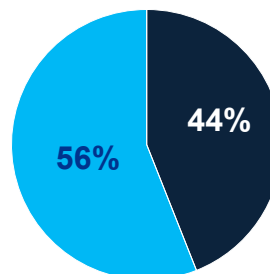
- Gross lending slowed in 4Q24, reducing by 8% vs the prior quarter
- The average monthly interest rate reduced to 0.87%, back to levels seen in Q2 2024
- Preventing a chain break was the most popular use of bridging
- Average completion times continued to reduce to 39 days over the quarter, well below the 46 days for the last quarter and those in 2023 of 58 days
- Borrowing patterns continued to evolve, with a large drop in investment purchase to 13% (from 25%) and an increase in auction purchase to 13% (from 7%), as a loan purpose

Security position



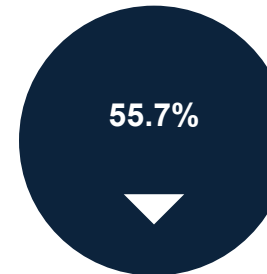
■ 1st Charge 3Q24: 91%
■ 2nd Charge 3Q24: 9%

Target borrower



■ Regulated 3Q24: 45%
■ Unregulated 3Q24: 55%

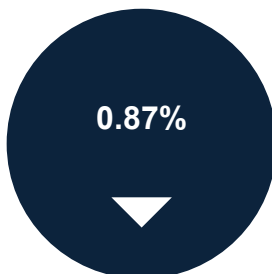
LTV



4Q23: 5.70%

Gross Lending : declined 8% to £203.5m (3Q24: £220.8m)

Monthly interest rate



3Q24: 0.92%

Completion timing



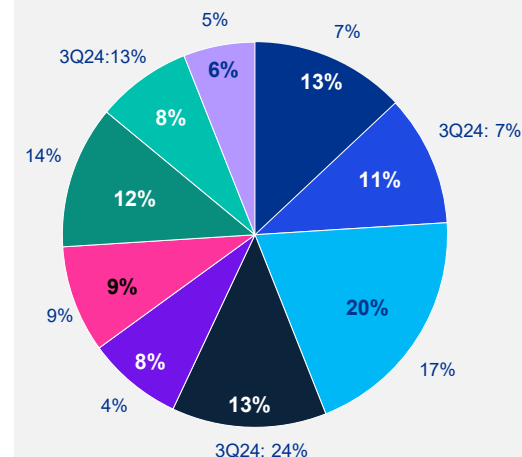
3Q24: 46 days

Term



3Q24: 12 months

Loan purpose



■ Auction Purchase
■ Business Purposes
■ Chain Break
■ Investment Purchase
■ Re-bridge Finance
■ Refurbishment (Heavy)
■ Regulated Refinance
■ Unregulated Refinance
■ Other Finance

Source: Bridging Trends

Financing & M&A

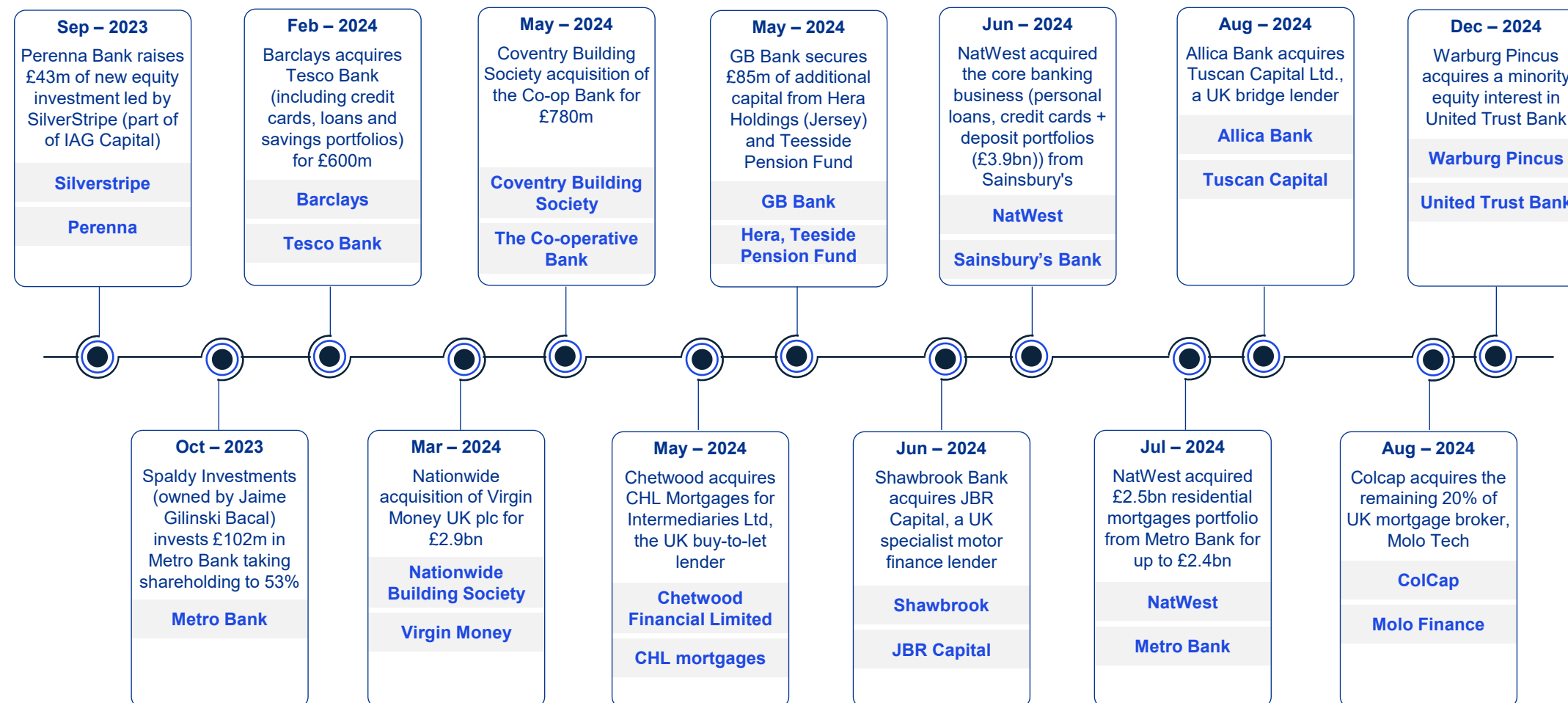


03

Recent representative private debt transactions

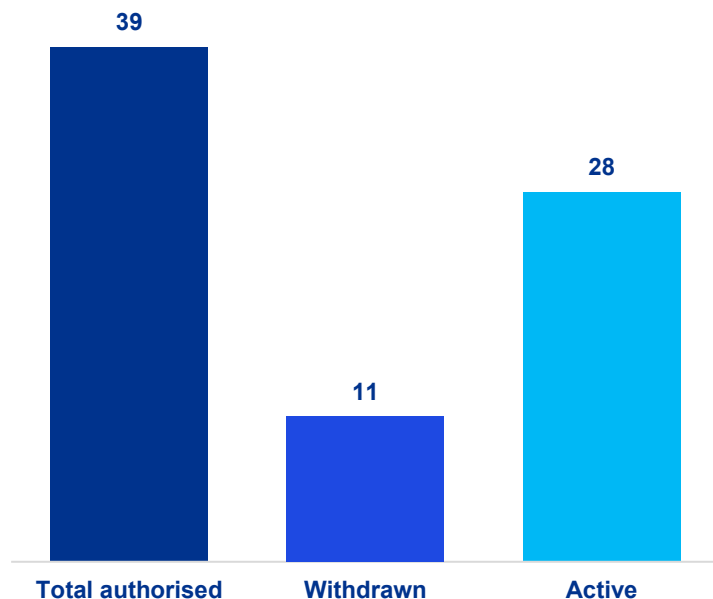


Recent representative M&A transactions



Banking deals

New UK 'start-up' banks authorised by the PRA since 2013



Source: Bank of England, Mergermarket

UK Banking deals

- The UK has so far proven to be an attractive market for banking activities in recent years
- Since 2013, the PRA has authorised 39 new 'start up' banks, with a further 28 new banks authorised as either a branch or a subsidiary of an overseas bank
- Even though the last 3 years have been busy for banking consolidation, with several household names changing ownership including Virgin Money, Co-operative Bank, Tesco Personal Finance and Sainsbury's Bank, the sector continues to attract new entrants
- In Q1 2025, 28 of the 39 'start up' banks continue to be authorised
- Capital raising activities also make regular headlines with some examples including Monzo, Metro Bank, GB Bank, Griffin, Perenna, Zopa and Allica over the last 3 years
- While 11 'start up' banks have returned their licences, there are many reasons for this including:
 - some firms realise they can achieve their business objectives without the need to be a bank;
 - firms' proposals may fall short of the standards required to become a bank; and/or
 - firms may lose their financial backers such that they do not have the financial resources that they need to operate as a bank
- Whether the motive is appetite to acquire capability, deliver evolving strategic priorities, meet the banking needs of underserved customers or other outcomes, with more active participants in the sector, the prospects for further deal activity are strong

Securitisation

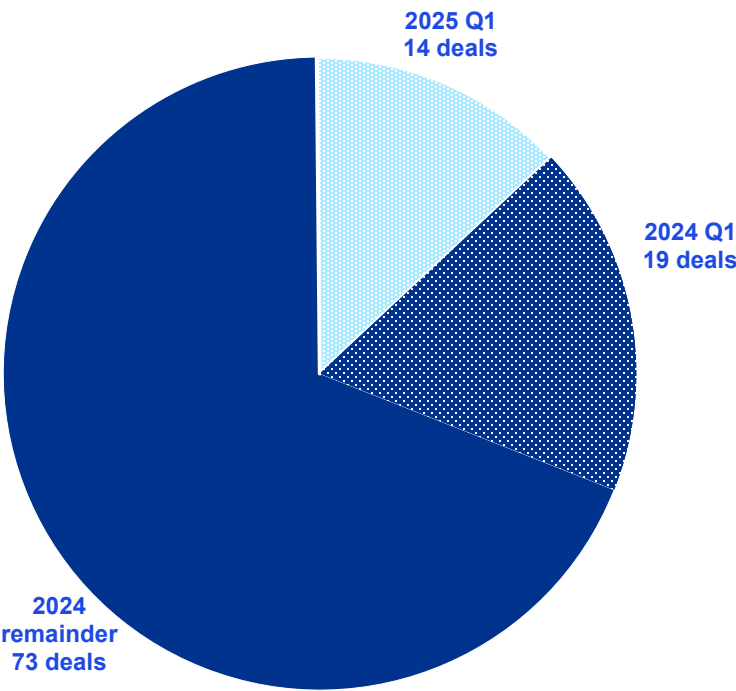
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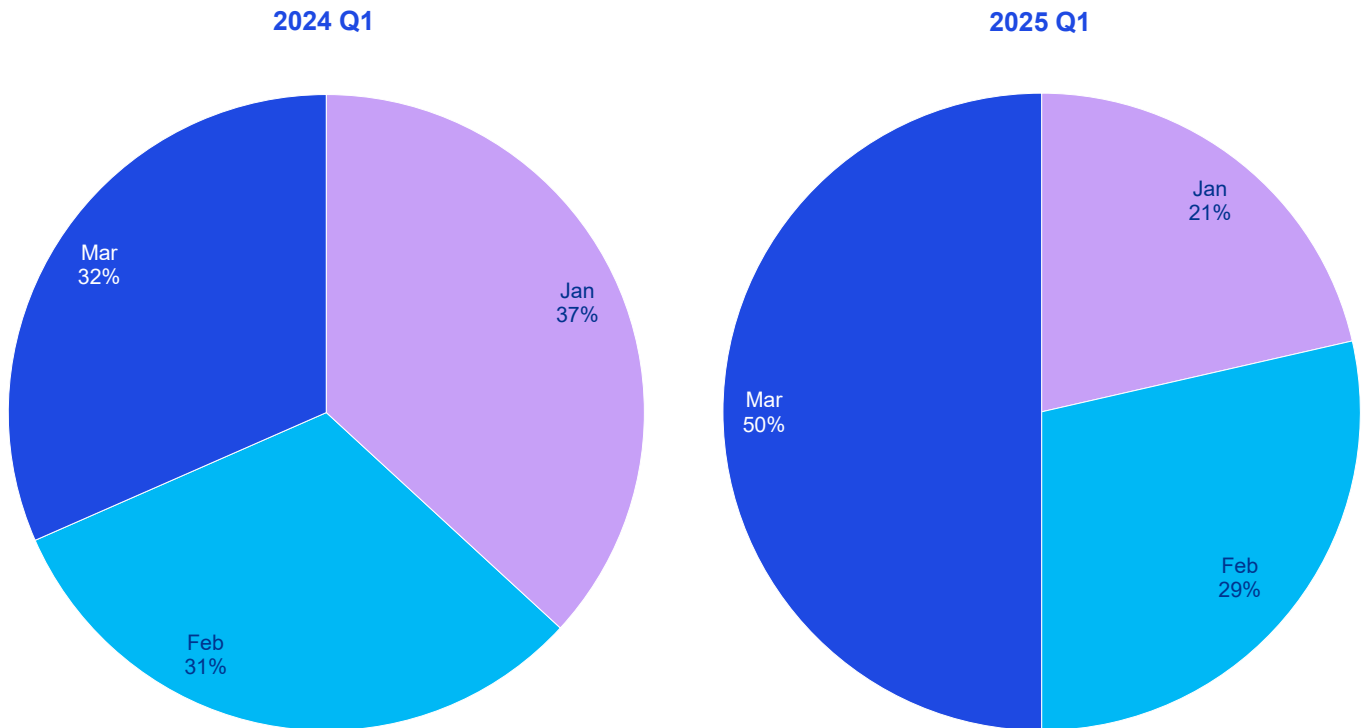
UK Public market issuance

Listed securitisation deal volumes started slowly in Q1 2025 with 14 deals, against 19 in Q4 2024. However, March 2025 saw deal momentum increase with 7 new deals launched

Number of GBP ABS and RMBS Deals



Timing of the issuance



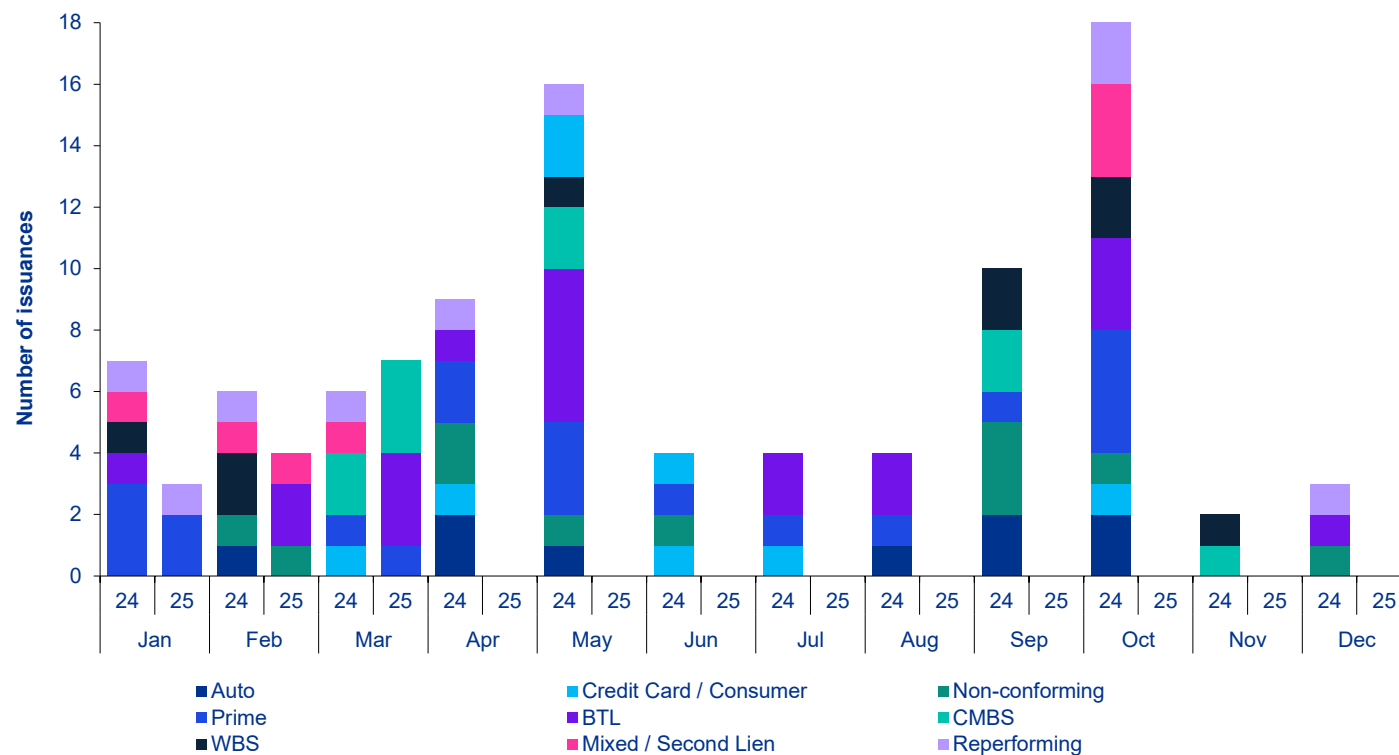
Source: Debtwire, Bloomberg



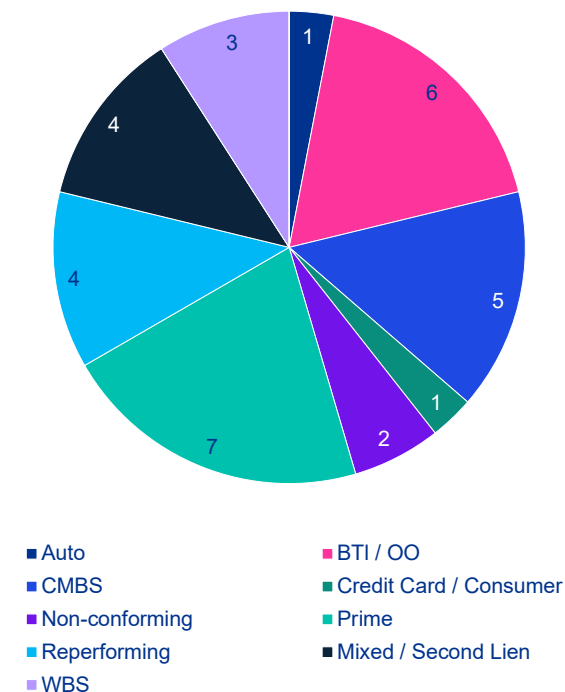
UK Public market issuance by asset class

Out of the 33 transactions completed in Q1 2024 and 2025, 70% were mortgaged-backed

- 21% (7 deals) were Prime mortgages
- 18% (6 deals) were BTL or Owner-occupied mortgages
- 12% (4 deals each) were either Reperforming or Second Lien

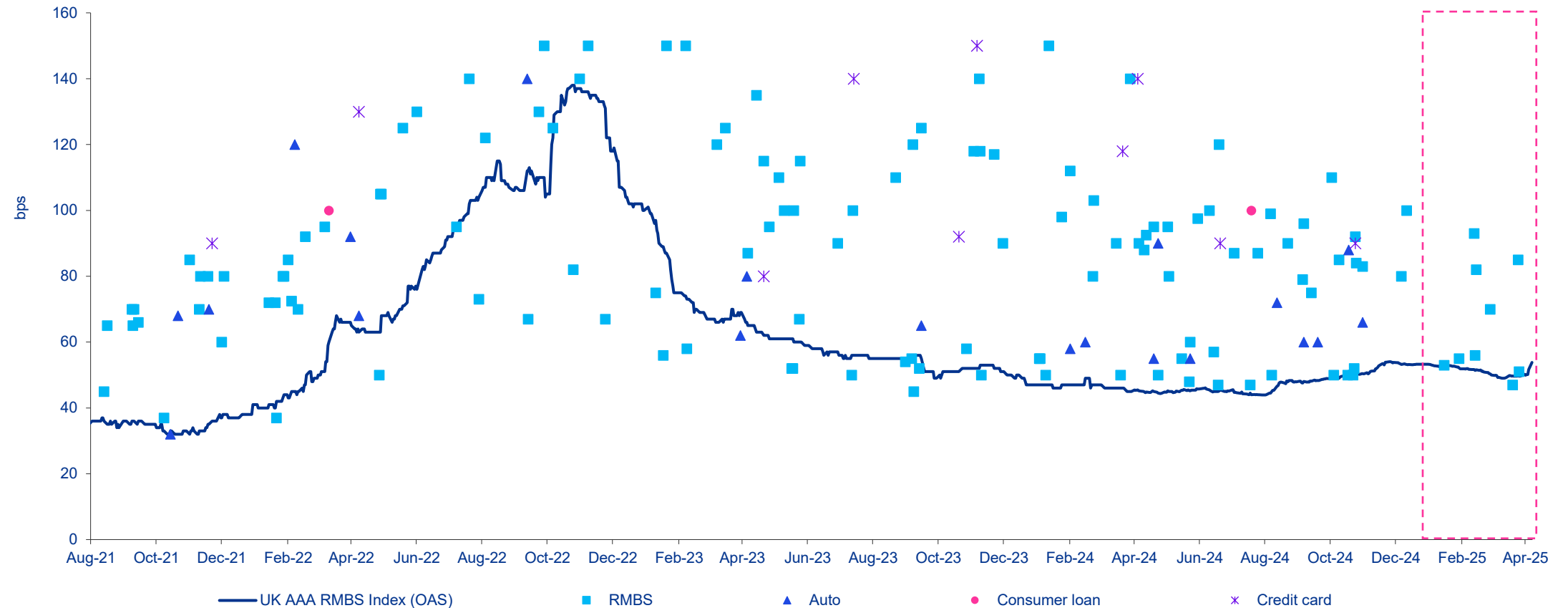


Issuance by asset class across Q1 2024 and 2025



Credit spreads

Average AAA securitisation spreads initially tightened over 1Q25, before rising sharply in early April to return to levels reached at the end of 2024 of 54bps, reacting to the economic uncertainty from U.S. tariff announcements



Source: Bloomberg, Debtwire

Recent UK RMBS Deals

Date	Borrower	Issuer Name	Asset class	Size	Maturity	Coupon
Mar-25	Santander UK	Hazel Residential Plc	OO and BTL	£593.6m	Dec-68	AAA: S+0.85%
Mar-25	Aldermore Bank Plc	Oak No.5 Plc	Residential mortgages	£455.9m	Jul-72	AAA: S+0.51%
Mar-25	West One Secured Loans Ltd. and West One Loan Ltd.	Elstree 2025-1 1ST Plc	OO and BTL	£318.0m	Jan-65	AAA: S+0.72%
Mar-25	Clydesdale Bank and Yorkshire Bank Home Loans	Lanark Master Issuer Plc Series 2025-1	Owner-occupied	£300.0m	Dec-69	AAA: S+0.47%
Feb-25	Together Personal Finance Ltd. and Together Commercial Finance Ltd.	Together Asset Backed Securitisation 2025-2ND1 Plc	Residential mortgages	£276.8m	Sep-56	AAA: S+0.93%
Feb-25	UK Mortgages Lending Ltd.	Polaris 2025-1 Plc	Owner-occupied	£549.4m	Feb-68	AAA: S+0.82%
Feb-25	Nottingham Building Society	Lace Funding 2025-1 Plc	Owner-occupied	£395.4m	Nov-74	AAA: S+0.55%
Feb-25	Atom Bank Plc	Elvet Mortgages 2025-1 Plc	Owner-occupied	£399.0m	Dec-66	AAA: S+0.56%
Feb-25	Bradford and Bingley	Ripon Mortgages Plc (2025 Refi)	BTL	£3,599.0m	Aug-56	AAA: S+0.70%
Jan-25	Santander UK Plc	Holmes Master Issuer Plc 2025-1	Residential mortgages	£750.0m	Oct-72	AAA: S+0.53%
Jan-25	Topaz Finance Plc	Antigua Moertgages Plc	Residential mortgages – Legacy	£173.4m	Jan-28	Class A: S+1.10%
Dec-24	Aviva Equity Release UK Limited	Lifetime Mortgages Funding 1 Plc	Residential mortgages	£1,059.5m	Dec-90	AA: 4.75%
Dec-24	Landmark Mortgages Limited	Towd Point Mortgage Funding - Granite 7	Residential mortgages	£357.1m	Apr-51	AAA: S+0.85%
Dec-24	Nationwide Building Society	Silverstone Master Issuer PLC 2024-1	Residential mortgages	£1,500.0m	Jan-79	AAA: S+0.45%
Dec-24	Charter Court Financial Services Limited	PMF 2024-2 Plc	BTL	£1,263.2m	Jan-60	AAA: S+0.80%
Nov-24	LendInvest	Mortimer 2024-Mix Plc	OO and BTL	£289.1m	Sep-67	AAA: S+0.83%
Nov-24	Hampshire Trust Bank Plc	Winchester 1 Plc	BTL	£305.2m	Oct-56	AAA: S+0.89%
Nov-24	LendInvest BTL Limited and MTF (LE) Limited	Pierpont BTL 2024-1 Plc	BTL	£302.7m	Sep-61	AAA: S+0.84%
Nov-24	Pepper Money Limited	Citadel 2024-1 Plc	Non-conforming	£301.6m	Apr-60	AAA: S+1.02%
Oct-24	Skipton Building Society	Darrowby No. 6 Plc	Owner-occupied	£777.8m	Sep-71	AAA: S+0.50%

Source: Moody's, Fitch, S&P



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Recent UK RMBS Deals (cont.)

Date	Borrower	Issuer Name	Asset class	Size	Maturity	Coupon
Oct-24	Bluestone Mortgages Limited	Ealbrook Mortgage Funding 2024-1 Plc	Non-conforming OO and BTL	£399.1m	Aug-66	AAA: S+0.92%
Oct-24	Yorkshire Building Society	White Rose Master Issuer Plc	Residential mortgages	£1,309.7m	Apr-73	AAA: S+0.52%
Oct-24	Barclays Bank UK Plc	Pavillion Mortgages 2024-1 Plc	Owner-occupied	£930.8m	Jan-76	AAA: S+0.75%
Sep-24	Paratus AMC Limited	Braccan Mortgage Funding 2024-1 Plc	Non-conforming OO and BTL	£566.5m	Feb-67	AAA: S+0.84%
Sep-24	Together Financial Services Limited	Together Asset Backed Securitisation 2024-1ST2 Plc	OO and BTL	£451.3m	Oct-65	AAA: S+0.96%
Sep-24	Belmont Green Finance Limited	Tower Bridge Funding 2024-3 Plc	Non-conforming OO and BTL	£310.5m	Dec-66	AAA: S+0.79%
Sep-24	West Bromwich Building Society	Kenrick No. 4 Plc	Residential mortgages	£495.3m	Oct-74	AAA: S+0.52%
Aug-24	Santander UK Plc	Holmes Master Issuer Plc –Series 2024-2	Residential mortgages	£500.0m	Oct-72	AAA: S+0.50%
Aug-24	Fleet Mortgages Limited	London Wall Mortgage Capital Plc Series 2024-01	OO and BTL	£367.3m	May-57	AAA: S+0.99%
Aug-24	Multiple Lenders	Durham Mortgages B Plc	BTL	£1,085.7m	May-55	AAA: S+0.90%
Jul-24	Coventry Building Society	Economic Master Issuer PLC Series 2024-1	Residential mortgages	£500.0m	Apr-75	AAA: S+0.47%
Jul-24	CHL Mortgages for Intermediaries Limited	Edenbrook Mortgage Funding Plc	BTL	£471.3m	Mar-57	AAA: S+0.87%
Jun-24	GMAC-RFC Limited, GMAC, Amber Homeloans Limited, Edeus Mortgage Creators Limited, Kensington Mortgage Company Limited and Mortgages 1-2-4-5-6-7 Limited	Stratton Mortgage Funding 2024-3 Plc	OO and BTL	£361.3m	Jun-49	AAA: S+0.98%
Jun-24	Kensington Mortgage Company, London Mortgage Company and Money Partners Limited	Residential Mortgage Securities 33 Plc	OO and BTL	£412.6m	Jun-48	AAA: S+1.00%
Jun-24	LiveMore Capital Limited	Exmoor Funding 2024-1 Plc	Owner-occupied	£210.3m	Mar-94	AAA: S+0.88%

Source: Moody's, Fitch, S&P



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Recent UK RMBS Deals (cont.)

Date	Borrower	Issuer Name	Asset class	Size	Maturity	Coupon
May-24	Bank of Scotland Plc	Barrow Funding Plc	Owner-occupied	£1,022.9m	Nov-62	AAA: S+1.00%
May-24	Capital Home Loans Limited	Auburn 15 Plc	OO and BTL	£1,385.2m	Jul-45	AAA: S+0.85%
May-24	Lendco Limited	Atlas Funding 2024-1 Plc	BTL	£404.0m	Sep-61	AAA: S+0.85%
May-24	Together Financial Services Limited	Together Asset Backed Securitisation 2024-1ST1 Plc	OO and BTL	£383.8m	Aug-64	AAA: S+0.95%
May-24	Principality Building Society	Friary No.9 Plc	Owner-occupied	£706.5m	May-72	AAA: S+0.50%
May-24	ColCap Financial UK Limited	Molossus BTL 2024-1 Plc	BTL	£304.5m	Apr-61	AAA: S+0.95%
May-24	The Mortgage Lender Limited	Lanebrook Mortgage Transaction 2024-1 Plc	BTL	£562.9m	Mar-61	AAA: S+0.80%
May-24	Santander UK Plc	Fosse Master Issuer Plc – Series 2024-1	Owner-occupied	£760.0m	Oct-72	AAA: S+0.52%
May-24	Keystone Property Finance Limited	Hops Hill No.4 Plc	BTL	£566.1m	Apr-56	AAA: S+0.88%
May-24	TSB Bank Plc	Duncan Funding 2024-1 Plc	Residential mortgages	£561.8m	Jul-71	AAA: S+0.55%
May-24	Leeds Building Society	Albion No.6 Plc	Owner-occupied	£383.1m	Jan-67	AAA: S+0.48%
May-24	Charter Court Financial Services Limited	CMF 2024-1 Plc	Owner-occupied	£333.2m	Feb-62	AAA: S+0.60%
Apr-24	GE Money Home Lending Limited and GE Money Mortgages Limited	Trinity Square 2021-1 [2024 Refi] Plc	OO and BTL	£640.0m	Jul-59	AAA: S+1.35%
Apr-24	Equifinance Limited	East One 2024-1 Plc	Non-conforming mortgage	£273.6m	Dec-55	AAA: S+1.40%
Apr-24	Landmark Mortgages Limited	Towd Point Mortgage Funding 2024 – Granite 6 Plc	Owner-occupied	£1,561.6m	Jul-53	AAA: S+1.39%
Apr-24	Belmont Green Finance Limited	Tower Bridge Funding 2024-2 Plc	Non-conforming OO and BTL	£310.5m	May-66	AAA: S+0.88%

Source: Moody's, Fitch, S&P



Recent UK ABS Deals

Date	Borrower	Issuer Name	Asset class	Size	Maturity	Coupon
Mar-25	Bank of America Europe DAC	Taurus 2025-2 UK DAC	CMBS	£356.9m	Feb-2035	AAA: S+1.50%
Mar-25	Together Commercial Finance Ltd.	Together Asset Backed Securitisation 2025-CRE-1 Plc	CMBS	£522.2m	Jan-57	AAA: S+1.20%
Mar-25	Intrum Mortgages UK Finance Limited	Arima Mortgages PLC	CMBS & RMBS	£132.3m	Jul-56	Class A1: S+1.25%
Nov-24	Arval UK Limited	Pulse UK 2024 Plc	Auto lease	£402.3m	May-36	AAA: S+0.66%
Nov-24	NewDay Limited	NewDay Funding Master Issuer Plc – Series 2024-3	Credit card	£300.0m	Nov-32	AAA: S+0.90%
Oct-24	Oodle Financial Services Limited	Dowson 2024-1 Plc	Auto lease	£367.5m	Aug-31	AAA: S+0.88%
Aug-24	Black Horse Limited	Cardiff Auto Receivables Securitisation 2024-1 Plc	Auto loan	£1,250.0m	Aug-32	AAA: S+0.72%
Jul-24	Plata Finance Limited	Asimi Funding 2024-1 Plc	Consumer loan	£253.6m	Sep-31	AAA: S+1.00%
Jul-24	Haydock Finance Limited	Hermitage 2024 Plc	Equipment finance	£330.6m	Apr-33	AAA: S+0.90%
Jul-24	NewDay Limited	NewDay Funding Master Issuer Plc – Series 2024-2	Credit card	£350.0m	Jul-32	AAA: S+0.90%
Jun-24	BMW Financial Services (GB) Ltd	Bavarian Sky UK 6 Plc	Auto loan	£549.4m	Jun-32	AAA: S+0.55%
Jun-24	Premium Credit Limited	PCL Funding IX Plc	Premium financing	£400.0m	Jul-29	AAA: S+0.90%
Apr-24	Startline Motor Finance Limited	Satus 2024-1 Plc	Auto loan	£451.5m	Jan-31	AAA: S+0.90%
Apr-24	Mercedes-Benz Financial Services UK Limited	Silver Arrow S.A. Compartment, Silver Arrow UK 2024-1	Auto loan	£530.0m	Jan-31	AAA: S+0.55%
Apr-24	New Wave Capital Ltd	London Cards No.2 Plc	Credit card	£362.3m	Mar-34	AAA: S+1.40%
Apr-24	NewDay Limited	NewDay Funding Master Issuer Plc – Series 2024-1	Credit card	£350.0m	Mar-32	AAA: S+1.18%

Source: Moody's, Fitch, S&P

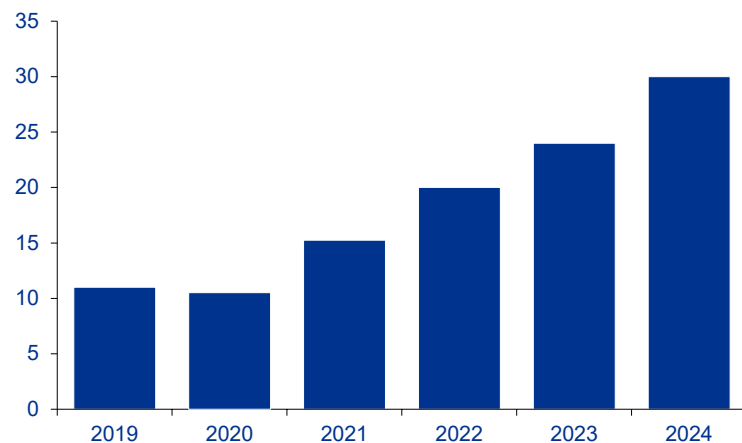


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SRT Market Update (UK / Europe / US)

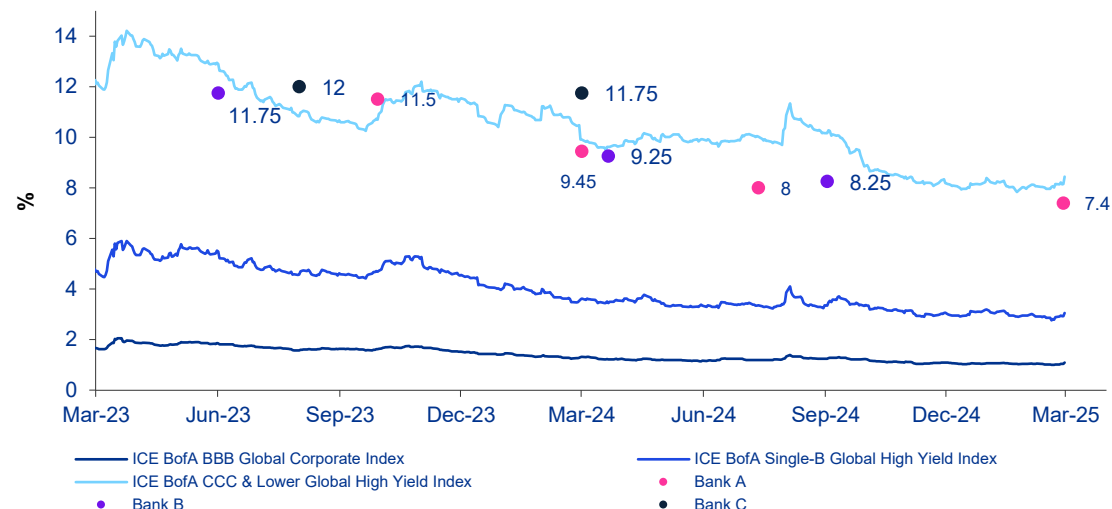
- **Volumes:** 2024 was another year of record issuance for the SRT market with c. \$30bn of transactions placed on the market (i.e. based on the size of the credit protection notional sold). Based on deal flow in Q1 2025, this year appears to be on track for strong SRT volumes with more transactions printed in Q1 2025 than in Q1 2024
- **Pricing:** Discussions with SRT market participants in Q1 2025 indicate that transactions are being executed at historically low market levels (i.e. as can be seen on the RHS chart, around the 7.5% spread mark for Junior positions). We have observed similar level on several recently printed transactions, which possibly indicates that spreads have bottomed out. SRT investors often consider fixed IRR returns, and with floating rates slightly decreasing between Q1 2025 and Q4 2024, there is less pressure for spreads to decrease still further
- **Other trades:** Supply is anticipated to remain robust this year as SRT-dedicated funds still have capital to invest in the sector. Some originators were using high investor interest (as shown in high oversubscription of certain programmatic deals) to negotiate better terms in 2024. However, most established issuers prefer consistent investors and adhere to standard protection features

SRT Volumes (\$m)



Source: Chorus Capital

High Yield indices and SRT junior coupons (Global portfolios)



Source: ICE, RTRA, KPMG Analysis

price guidance communicated to prospective investors; the transaction was executed for commercial reasons at a higher coupon for investors that had not been allocated on the previous transaction executed in Q1

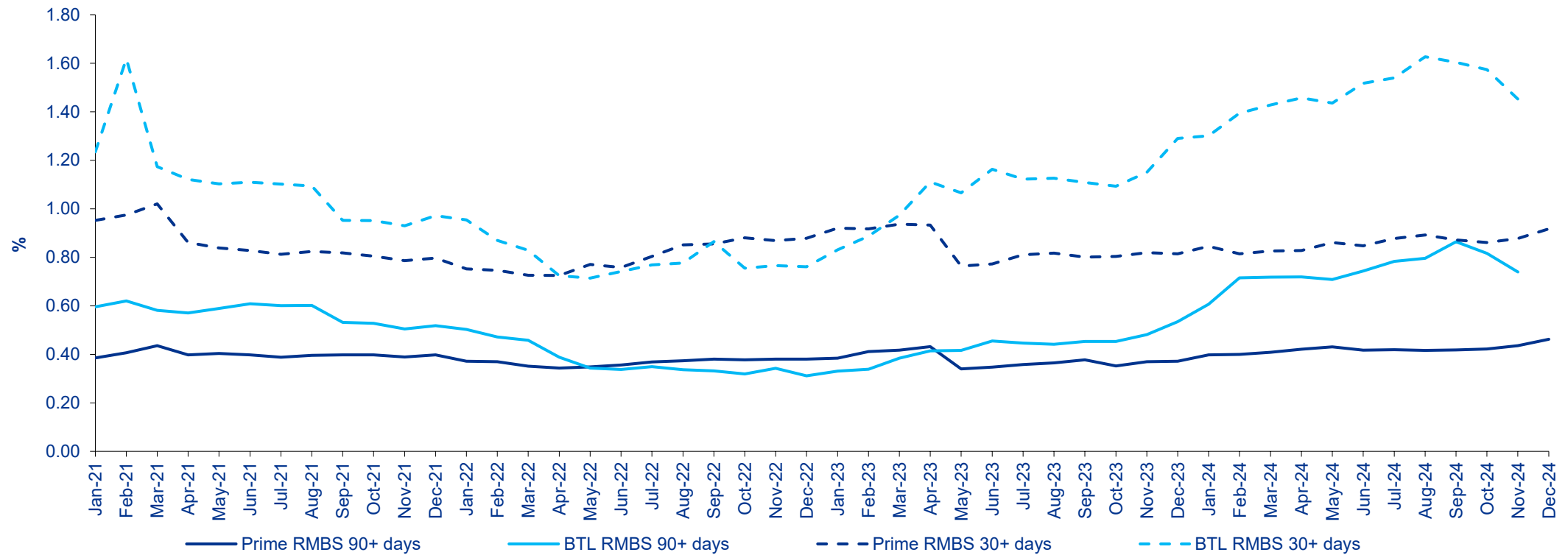
Note: Significant Risk Transfer ("SRT") or Credit Risk Transfer ("CRT") transactions are financial transactions undertaken by banks to release capital; when we refer to pricing this is for traditionally placed tranches, i.e. a First Loss Piece (junior) or Lower Mezzanine unless mentioned otherwise

30+ and 90+ UK RMBS: Prime and BTL arrears

4Q24 prime mortgage arrears ticked up by 4-5bps compared to 3Q24

BTL arrears improved over 4Q24, reducing by 12-15bps

UK RMBS 30+ and 90+ days arrears for Moody's-rated securitisations



Source: Moody's Investors Service.

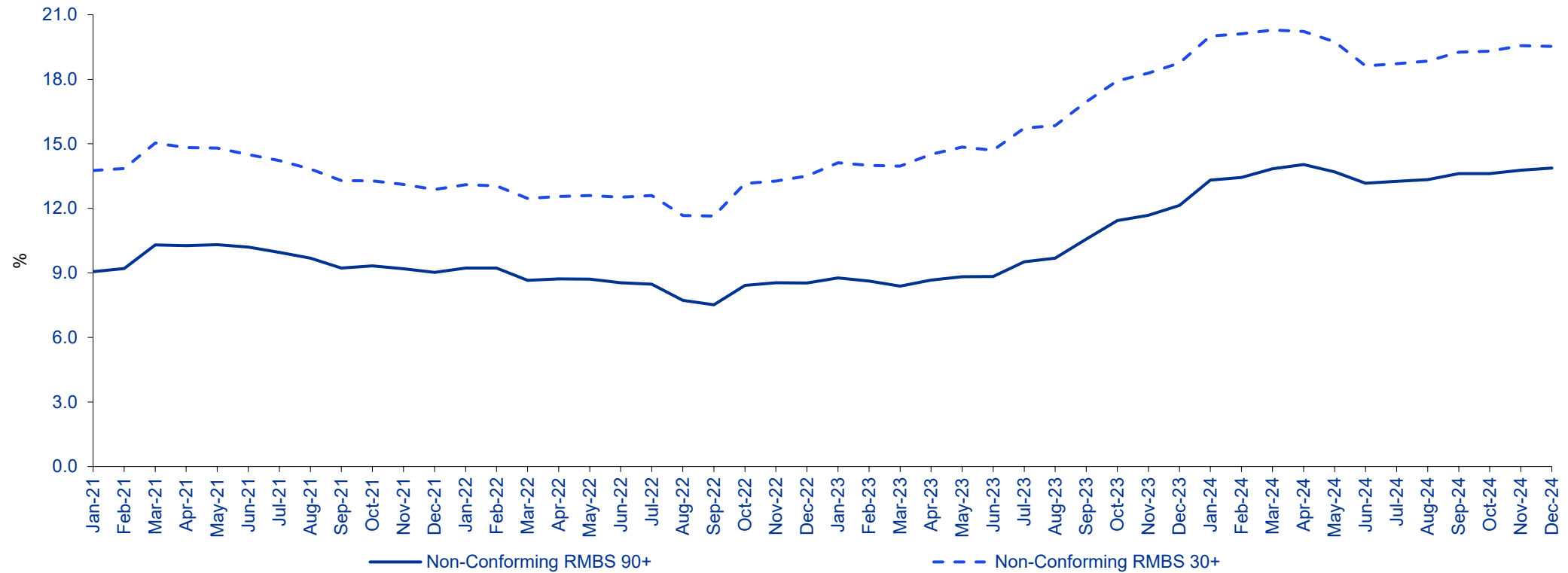
Note: BTL arrears for Dec-24 not yet available at time of publishing.

30+ and 90+ UK RMBS: Non-conforming arrears

Non-conforming RMBS 30+ and 90+ days arrears increased marginally

In 4Q24, but remained below their 2Q peak

UK Non-conforming RMBS – 30+ and 90+ days arrears for Moody's-rated securitisations



Source: Moody's Investors Service.

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