



Financial services

Quarterly update on UK
banking and lending markets



KPMG financial services group – UK banking/lending

Sector specialisations

- Banks
- Challenger banks
- Non-bank lenders
- Asset portfolios
- Market infrastructure
- Fintech
- Payments

Debt	M&A	Balance sheet optimisation	Tax
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Tim Nicholson Partner</p> <p>T: +44 (0) 20 7311 4899 M: +44 (0) 7880 743151 tim.nicholson@kpmg.co.uk</p> </div> <div style="width: 45%;"> <p>Kyle Romanowski Debt FS Lead</p> <p>T: +44 (0) 20 3197 1021 M: +44 (0) 7745 118588 kyle.romanowski@kpmg.co.uk</p> </div> </div>	<p>Matthew Watkins Managing Director</p> <p>T: +44 (0) 20 7311 2801 M: +44 (0) 7384 234835 matthew.watkins@kpmg.co.uk</p>	<p>Alec Innes Partner</p> <p>M: +44 (0) 7510 375256 alec.innes@kpmg.co.uk</p>	<p>Judy Harrison Director</p> <p>M: +44 (0) 7543 510 943 judy.harrison@kpmg.co.uk</p>
Accounting advisory	Economics	Regulatory	Strategy
<p>Eileen Mawdsley Director</p> <p>M: +44 (0) 7468 360304 eileen.mawdsley@kpmg.co.uk</p>	<p>Himani Gupta Partner</p> <p>M: +44 (0) 774 745 5627 himani.gupta@kpmg.co.uk</p>	<p>Nick Mead Partner</p> <p>T: +44 (0) 20 7694 4532 M: +44 (0) 7788 304969 nicholas.mead@kpmg.co.uk</p>	<p>Peter Westlake Partner</p> <p>T: +44 (0) 20 3078 4185 M: +44 (0) 7584 155847 peter.westlake@kpmg.co.uk</p>
Transaction services			Credit pricing
<p>Marcus Evans Partner</p> <p>M: +44 (0) 7747 638501 marcus.evans@kpmg.co.uk</p>	<p>Caroline Nurse Partner</p> <p>M: +44 (0) 7824 85765 caroline.nurse@kpmg.co.uk</p>	<p>Jeremy Welch Partner</p> <p>T: +44 (0) 20 7311 2527 M: +44 (0) 7969 251040 jeremy.welch@kpmg.co.uk</p>	<p>Neil Connor Partner</p> <p>T: +44 (0) 20 7311 6245 M: +44 (0) 7920 726315 neil.connor@kpmg.co.uk</p>
			Securitisation diligence
			<p>Helena Lyons Partner</p> <p>M: +44 (0) 7825245259 helena.lyons@kpmg.co.uk</p>

Executive summary

01. Rates, gilts and the economy

SONIA has shifted lower after weaker employment and lower inflation expectations. The market is now pricing in 45bps of cuts to the BoE policy rate by calendar year end.

Gilt yields have fallen to their lowest level in over a year, supported by greater scope for interest rate cuts and reduced fears about government finances.

The market reaction to the November budget was largely positive due to an absence of major policy surprises, a bigger buffer in fiscal headroom and an upward revision in 2025 growth.

Ongoing political instability is weighing on uncertainty, with Reform remaining ahead in the polls while the Greens are also growing in popularity.

03. Financing and M&A

Private financing activity picked up over the quarter, supported by stabilising macroeconomic conditions and healthy lending growth in the UK.

Non-bank lenders starting to show signs of increased inorganic activity after a relatively quiet start to the year.

02. Property lending

Resi mortgage lending grew by 37% to £80.4bn in Q3 2025, the largest increase since Q3 2020.

Both the BTL and bridging markets saw renewed growth in Q3 2025, with lending and application volumes rising after a slight cooling in the previous quarter.

UK house price growth is forecast to accelerate in 2026, supported by falling inflation and lower interest rates.

Residential lending rates reduced by 17bps over Q3 2025 to 4.47%.

04. Securitisation

RMBS and ABS issuance was subdued in 2025 with 75 deals totaling £53bn. This compares to 97 deals in 2024 for £66bn.

Estimated SRT issuance of \$30.5bn in 2025 marginally exceeded last year's record of \$30bn, with the market supported by stable fundamentals and a balanced supply/demand dynamic.

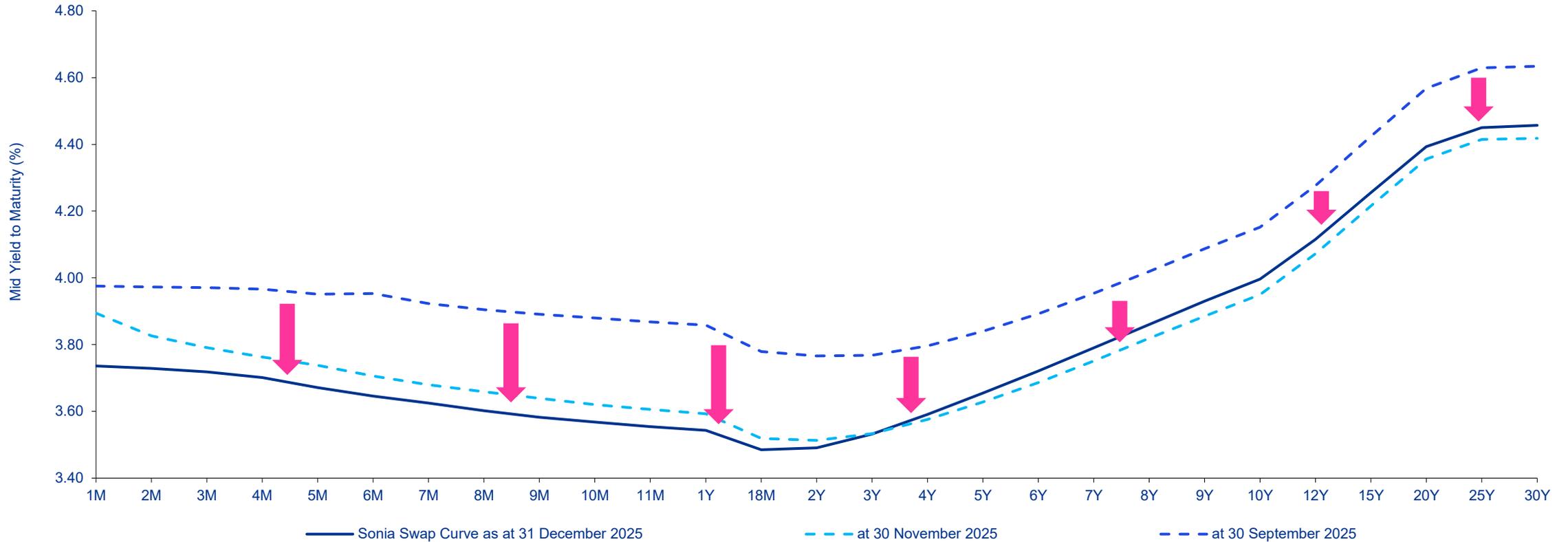
UK AAA RMBS spreads were affected by negative market sentiment following the bankruptcy of auto companies First Brands and Tricolor in the US, rising by 8bps to settle at 51bps.

Interest rate cuts continue to ease pressure on borrowers with arrears across prime, BTL and non-conforming remaining steady or ticking down.

01 Markets, rates & the economy

Sonia swap rates

The SONIA curve shifted lower over the quarter by up to 32bps, driven by weaker employment and lower inflation expectations. The market is pricing in 45bps of cuts to the BoE policy rate to reach 3.30% by December 2026

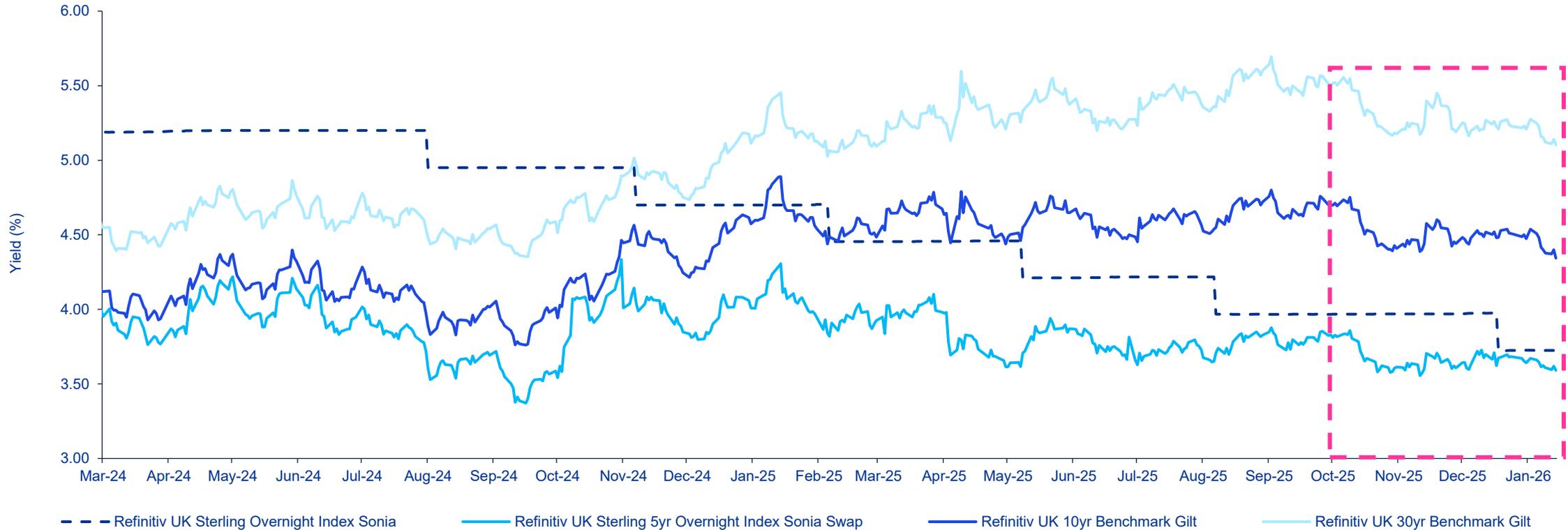


Source: Bloomberg



Benchmark rates

The yield on long-term government bonds have fallen to their lowest level in over a year, supported by more stable government finances and the prospect of further interest rate cuts. The 10-year yield declined by 36bps over the quarter to reach 4.34%, as of mid-January



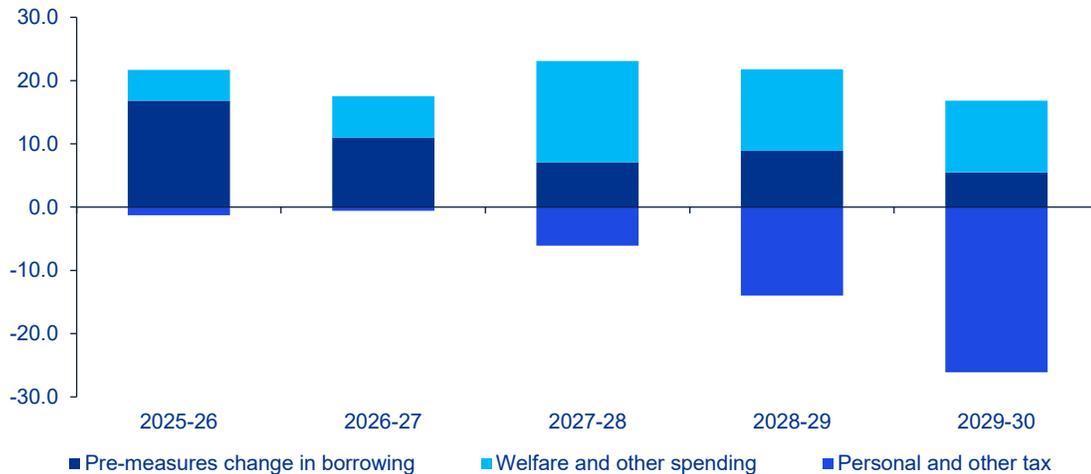
Source: Refinitiv



Government spending to increase every year while tax increases are delayed

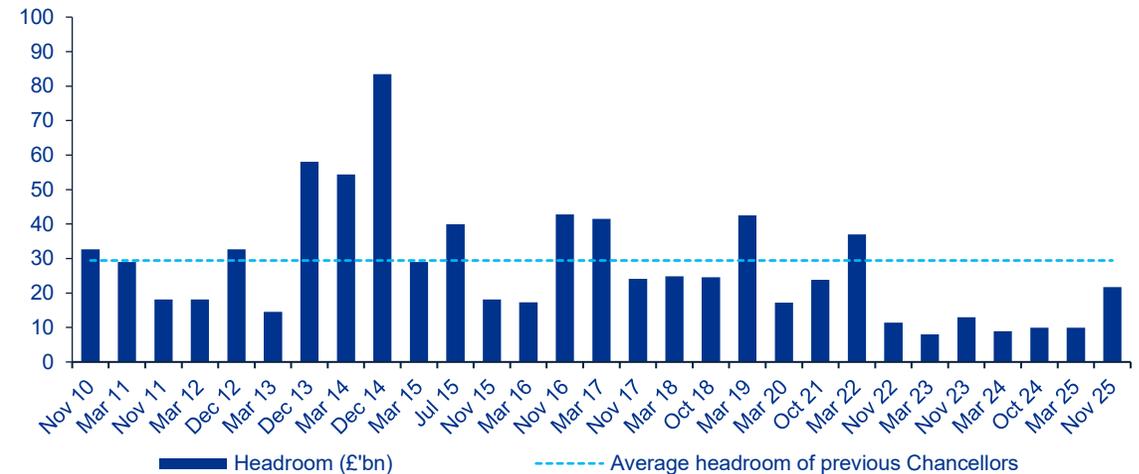
- Spending policies in this Budget increase borrowing in every year: increase of £7 billion next year and by £11 billion in 2029-30.
- However, tax increases raise £26 billion in 2029-30, more than offsetting the increase in spending.
- While the current balance target is met with a £22 billion margin by 2029-30, more than double the previous fiscal headroom, this margin is lower than the historical average and there are risks around meeting the fiscal mandate such as uncertainties around the economic forecast, including productivity, interest rates, equity prices, earnings growth, and wider fiscal risks from various public spending pressures.

Public sector spending and tax measure: Changes since budget



Source: OBR November 2025

Probability of meeting and headroom against fiscal mandate

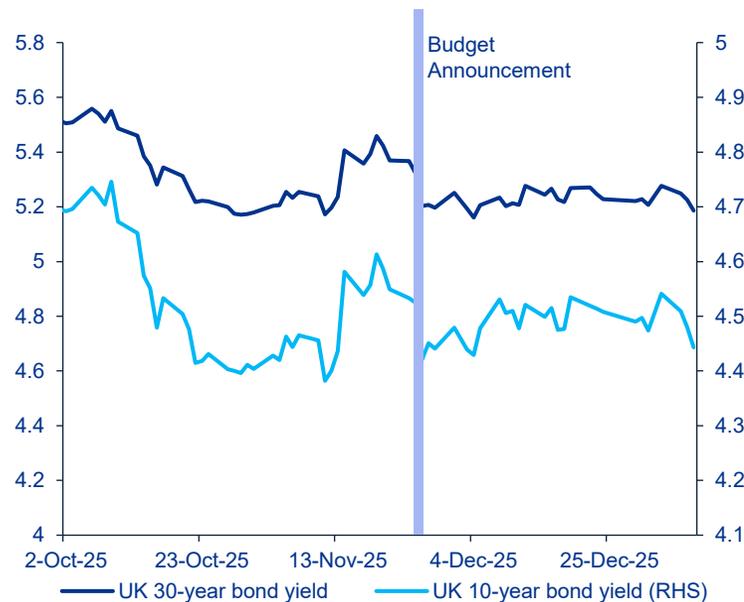


Source: OBR November 2025

Market reaction to the budget

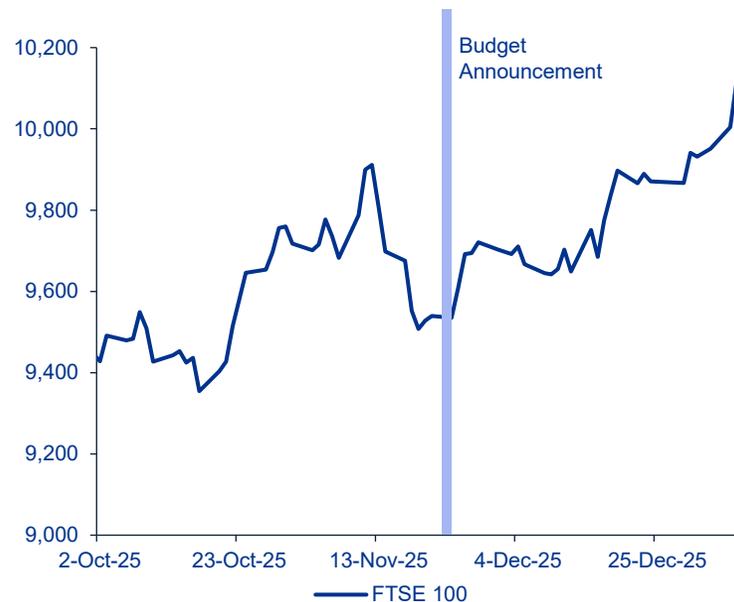
- Market reaction has been largely positive, despite large tax rises, with UK government bond yields reducing overall and market indexes rising. Prior to the budget announcement, UK bond yields increased while FTSE indexes and exchange rates weakened due to uncertainty over the budget.
- Post budget the market has settled with UK bond yields and equities improving compared to pre budget levels, largely due to the absence of major budget surprises, a bigger buffer against the fiscal rules (£22bn in fiscal headroom) and an upward revision in 2025 growth. Despite a downgrade in productivity growth, the outlook is not as bad as expected. This has reassured investors and helped in stabilising the exchange rate.

UK bond yields (%)



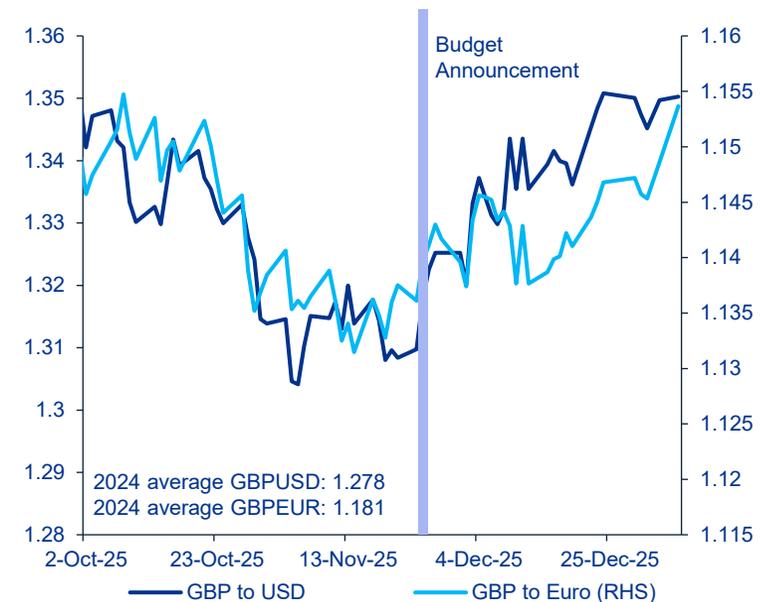
Source: Investing

FTSE 100 index



Source: Investing

Exchange rate



Source: BoE

Modest growth amidst headwinds

OBR forecasts indicate UK GDP growth of 1.5% in 2025, 0.5pp higher than March 2025 OBR forecast. However, 2026 to 2029 OBR forecasts for real GDP have been revised down on average by 0.3pp on the back of lower productivity growth. The UK economy faces upside inflationary risks and downside growth risks

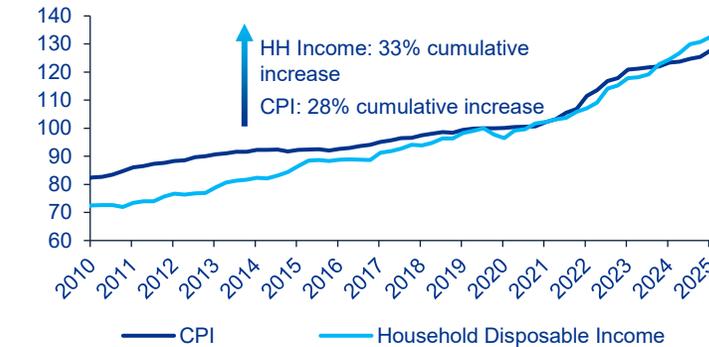
01 Key upside risk: persistent inflationary pressures

- Persistent inflation risks continue as inflation remains well above target (3.6% in October, sustained by high food inflation).
- With wage and nominal income growth having kept the pace of inflation, the risk of wage second-round effects on inflation is keeping the BoE and the market cautious on the speed of future policy rate cuts.

02 Key downside risk: weakening economic growth, driven by slowing consumption and low productivity growth

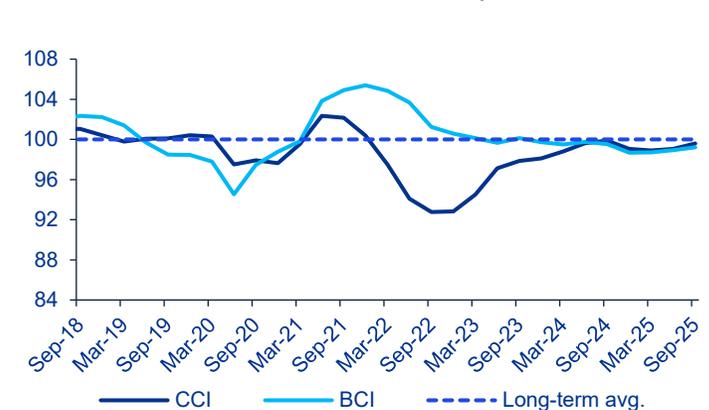
- Economic growth is threatened by slowing consumption, stagnant at pre-Covid levels, coupled by increase savings.
- Consumer and business confidence remain below long-term average, amid households' concerns over economic conditions and businesses facing rising labour and energy costs, resulting in falling vacancies and rising unemployment.

CPI and household disposable income
(Q4 2019 = 100)



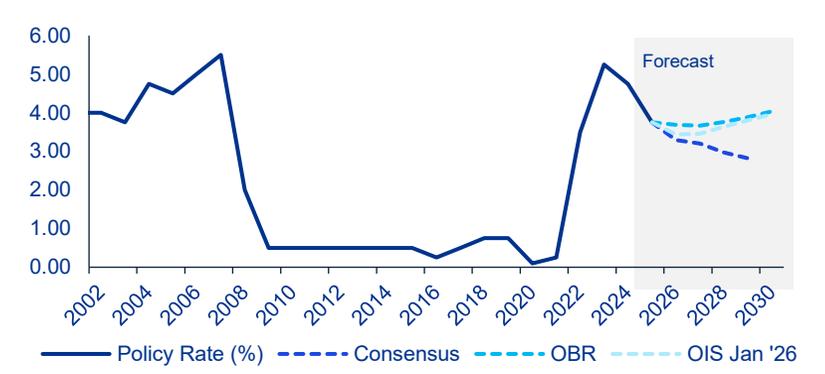
Source: ONS

Consumer and business confidence (index, Norm = 100)



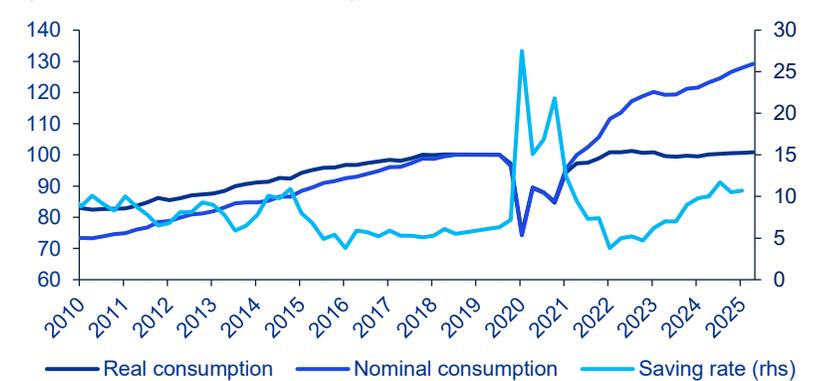
Source: OECD.

Policy Rate (%)



Source: BoE, Consensus

Household real and nominal consumption and saving rate
(LHS: Q4 2019 = 100; RHS: %)

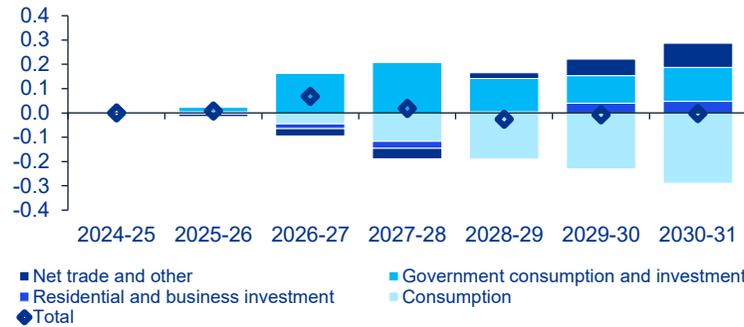


Source: ONS

Consumer outlook has weakened

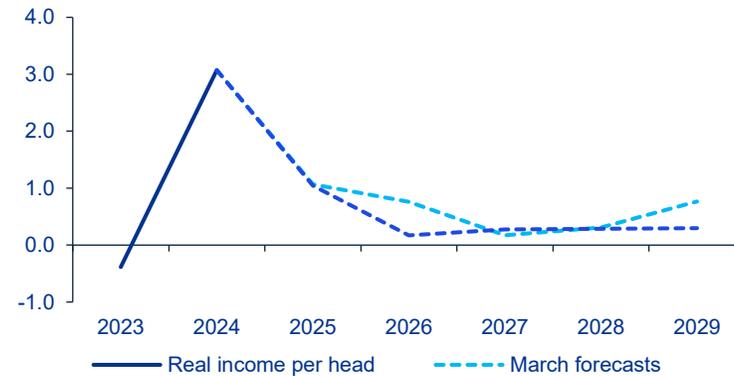
- The budget provides a temporary boost through government consumption and investment, but consumption and business investment will be lower throughout the forecast period resulting in no positive impact on GDP as a result of policy measures after 2027.
- Real household disposable income is lower in the medium term due to the rise in personal taxes announced, which is expected to decrease household consumption (reducing from 1.5% to 1.0% on average during the first years of forecast period).
- The extension of the freeze in income tax brackets from April 2028 to April 2031 has led to the forecast proportion of taxpayers being at either the higher or additional rate increasing from 15% in 2021-22 to 24% in 2030-31.
- The savings rate could be further exacerbated by higher taxes on savings and dividends and changes to cash ISA.

Policy impacts on real GDP and its components (percentage point of real GDP)



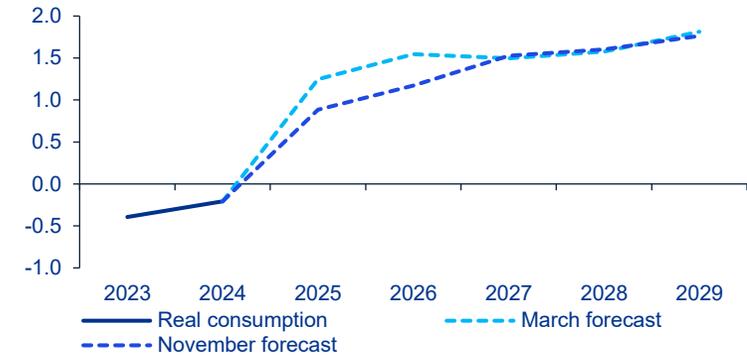
Source: OBR

Real household disposable income per person (annual growth, %)



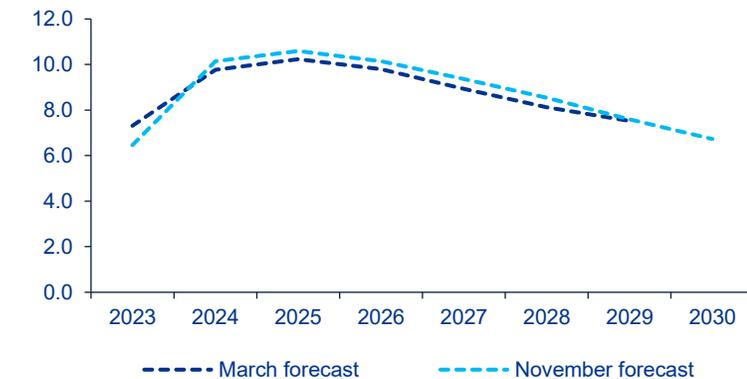
Source: OBR

Real private consumption (YoY,%)



Source: OBR

Saving rate (%)

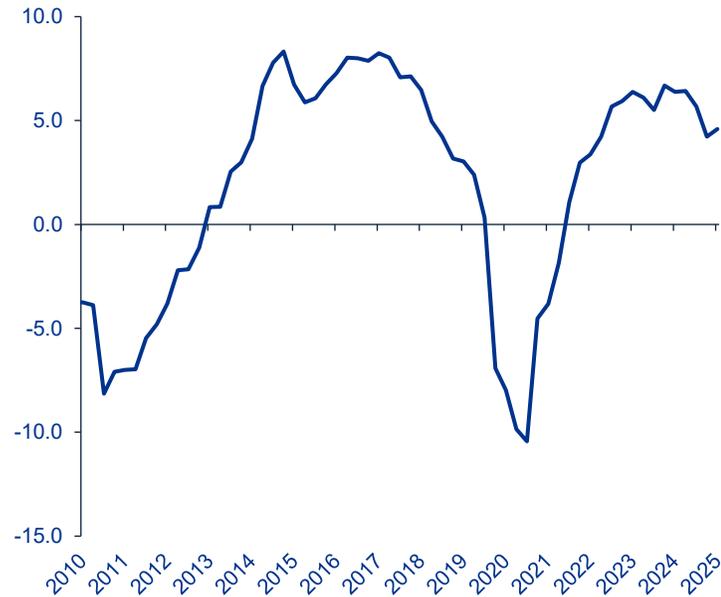


Source: OBR

Consumer lending trends

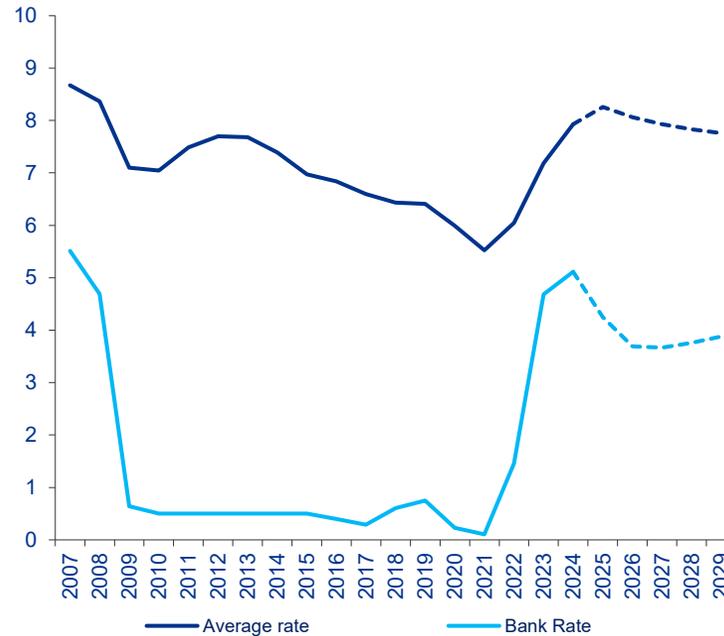
- Consumer lending growth has slowed in 2025 compared to 2024 as consumers remain cautious.
- Unsecured defaults increased in Q3 and per BoE Q3 Credit Conditions survey lenders reported that default rates on unsecured lending is expected to increase in Q4.
- Despite Bank Rate forecasts trending downwards unsecured average rate is expected to remain elevated. This will weigh on consumer defaults and overall discretionary spending.

Consumer credit (excl. student loans) (annual growth, %)



Source: BoE

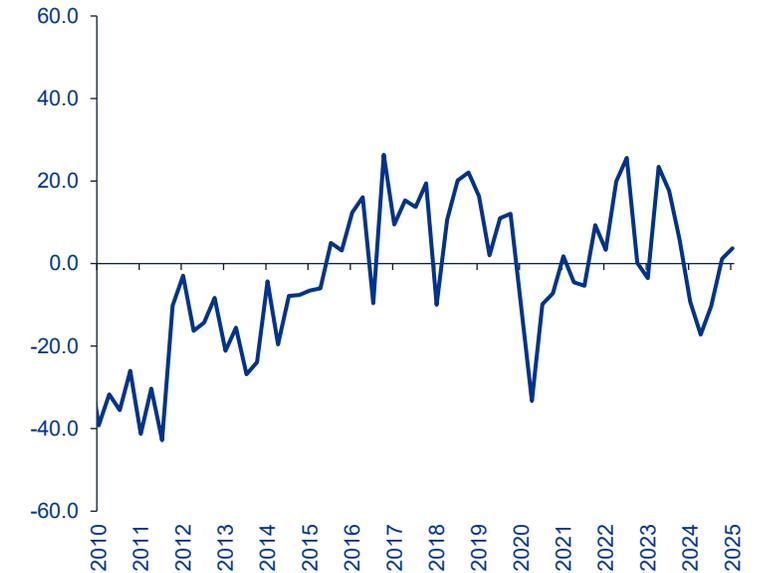
Average rate* excluding mortgages v bank rate (%)



Source: KPMG Economics Analysis, OBR,

* Weighted average interest rate, other loans to households

Total HH unsecured credit default rate, past 3 mos (% bal) rate

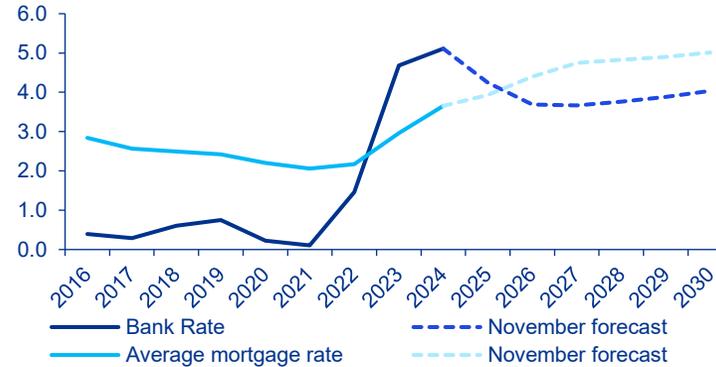


Source: BoE

Housing market faces headwinds

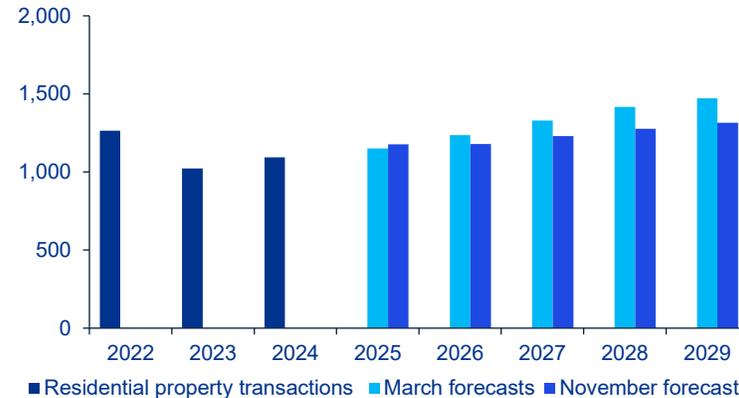
- Despite Bank Rate cuts expected, average mortgage rate is expected to remain elevated. Per OBR around 90% of mortgages are fixed-rate mortgages, as these mortgages come to the end of the fixed period households will remain on higher rates.
- OBR have lowered the transaction forecasts from 2026 due to stamp duty remaining and a projected increase in mortgage rates in the forecast period.
- Taxes directly impacting the housing sector are the new ‘mansion tax’ targeting a specific sector of the housing market and an additional tax on landlords of 2% income tax on rental income. An increase in rental tax risks seeing rent prices increase and/or landlords leaving the market.
- Secured defaults decreased in Q3 2025 for the first time since Q4 2022 and per BoE Q3 Credit Conditions survey lenders reported that default rates on secured lending is expected to decrease in Q4.
- Overall, with increasing taxes likely to weigh on household savings and the new ‘mansion tax’ targeting a specific sector of the housing market, risks to the sectors outlook remain resulting in UK house price growth being downgraded 2026.

Bank Rate v Average Mortgage Rate (%)



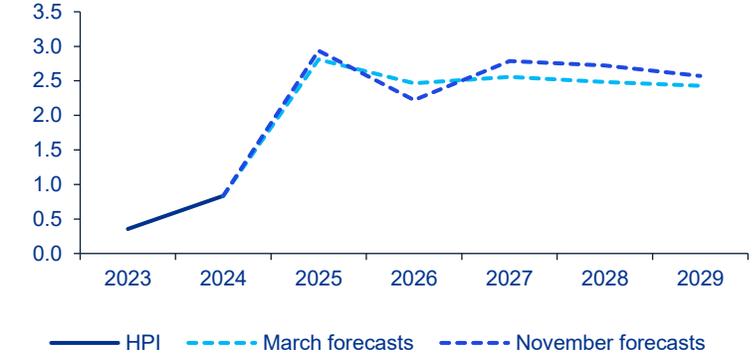
Source: OBR

Residential property transactions (000s)



Source: OBR

HPI (annual growth, %)



Source: OBR

HH Secured Credit Default Rate, Past 3 Months (% Bal)



Source: OBR

Sectors at risk and latest polls

Reform remain ahead in the polls while the greens are growing in popularity

Ongoing political instability is weighing on uncertainty

Sectors facing pressure:

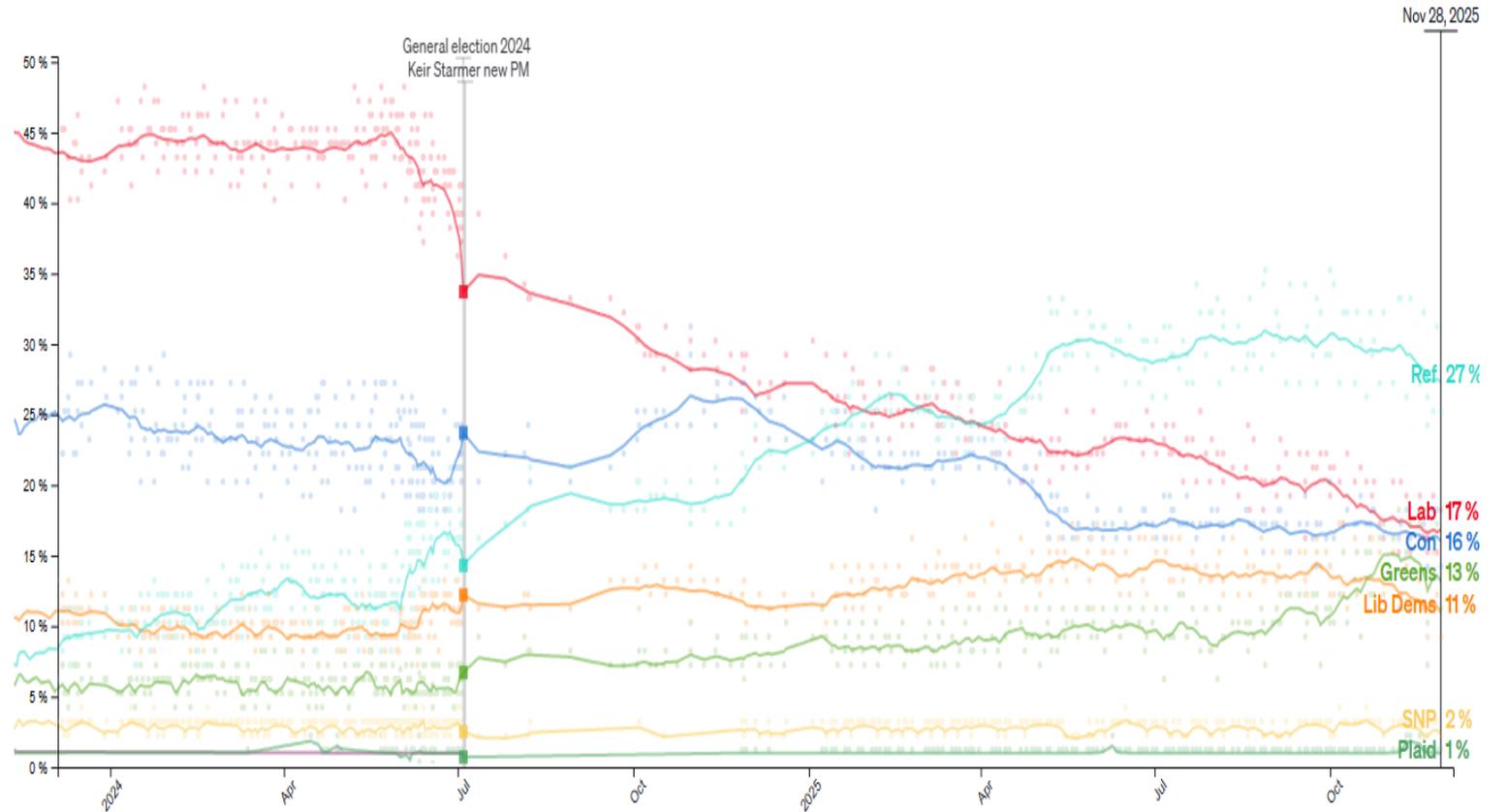
- **Retail** : In the medium term, frozen tax threshold will squeeze middle incomes over time and broader tax increases (on savings, dividends, property) may reduce higher earners income and dampen demand for discretionary spending.
- **Construction, Retail, accommodation, food and beverage**: The increase in the National Living Wage will continue adding to business cost pressures.
- **Real estate**: Mansion tax could dampen demand in the prime-market and put downward pressure on prices at the top end. On the other hand, higher rental income tax risks reducing rental stock and adds upward pressures on rents while increasing housing supply. Risk to lower demand in **construction**.

Sectors that may benefit:

- The **health** sector will be benefited by the increased in £300m in NHS technology and new health centers.
- The **energy** sector is set to benefit with the government focusing on clean energy, including a £1.5bn investment to support homegrown clean energy products.
- The Government has committed to reach 3% of GDP spending on **defence** by 2035, supporting sector growth.

Source: Bank of England

UK Parliament voting intention

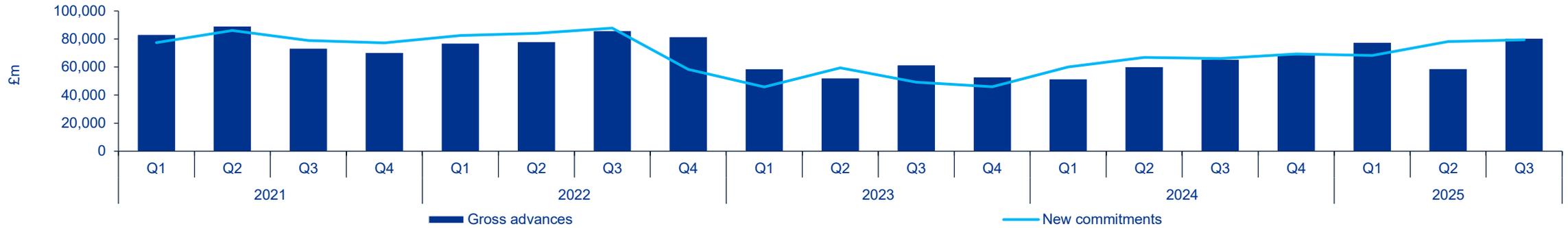


02 Property lending

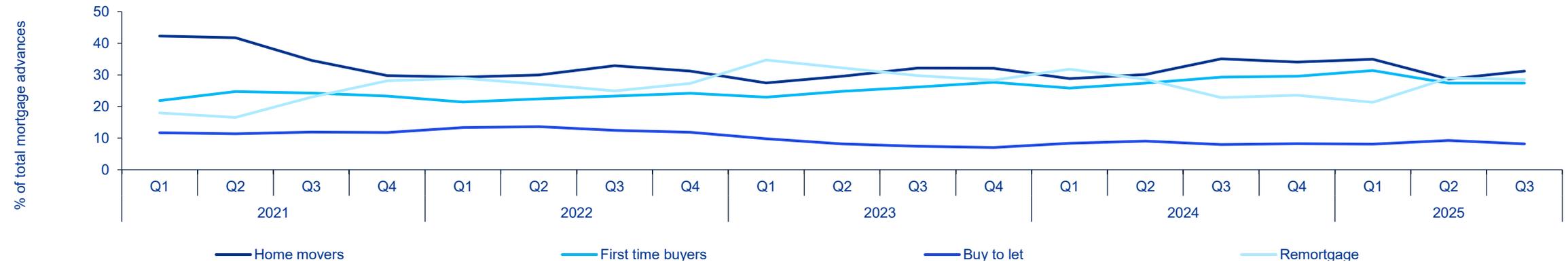


Residential loan market – volume

The value of gross mortgage advances in Q3 2025 increased by 36.9% from the previous quarter to £80.4 billion, the largest increase in new advances since Q3 2020, and was 22.7% higher than a year earlier



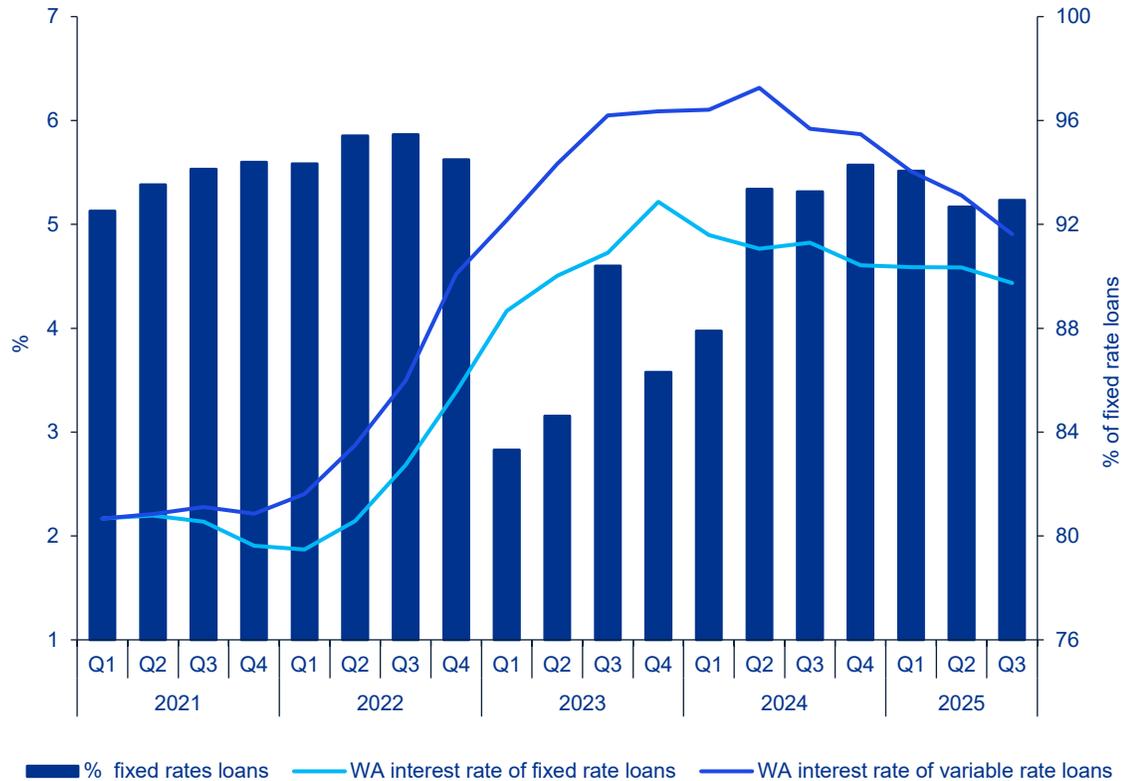
Home movers remained the most common loan purpose in Q3 2025 at 31.2%, closely followed by remortgaging at 28.9% and first-home buyers at 27.4%, as a percentage of gross advances



Source: Bank of England

Residential loan market – rates

Lending rates reduced in Q3 2025 by 17bps to 4.47%, driven by decreases to both fixed (15bps reduction) and variable loans (37bps reduction). Fixed loans remain the preference across the market at 93.0% of new business, unchanged from the prior quarter



UK house price growth is forecast to accelerate to 5.9% in 2026, supported by falling inflation and lower interest rates

Region	2024 (actual)	2025	2026	2027	2028	2029	2025-29 Average annual change	2024-28 Compound total
UK house price change (real)	3.5%	1.8%	5.9%	5.1%	4.7%	3.9%	4.3%	23.4%
London house price change	1.6%	0.8%	5.8%	6.3%	5.9%	4.9%	4.7%	25.9%
West Midlands house price change	3.8%	2.0%	6.2%	4.7%	4.3%	3.6%	4.2%	22.5%
East Midlands house price change	3.6%	1.4%	5.9%	4.1%	3.8%	3.2%	3.7%	19.9%
Scotland house price change	3.3%	3.2%	6.4%	3.8%	3.5%	2.9%	3.9%	21.3%

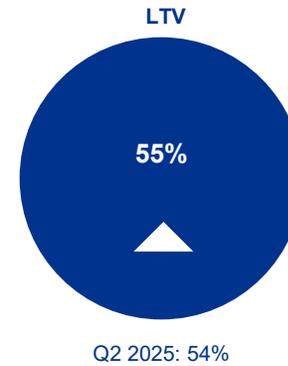
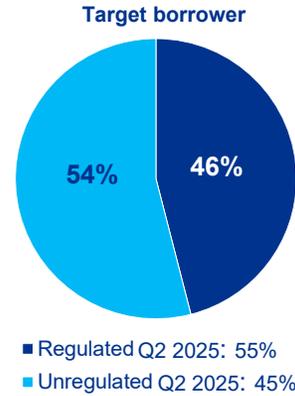
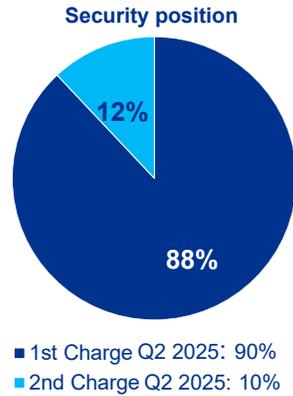
Source: Bank of England, CBRE

Bridge financing market

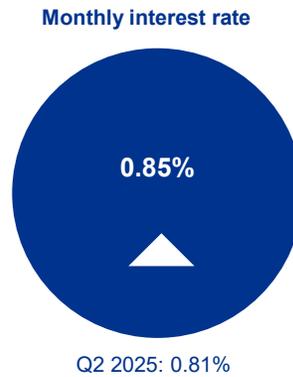
Key Points

- Bridging lending rose strongly in Q3 2025 to £209.4m, representing a 4.9% increase from Q2 2025.
- Average completion times reduced to 41 days, from 48 days in the prior quarter.
- Interest rates rose, with the monthly rate increasing by 4bps to 0.85%.
- Funding an investment purchase drove demand in Q3 2025, accounting for 20% of all bridging loans.
- Re-bridges saw the biggest increase, jumping to 12% in Q3 2025, compared to 7% in the prior quarter.

Bridging market in Q3 2025



Gross lending: increased 4.9% to £209.4m (Q2 2025: £199.7m)



Source: Bridging Trends

Buy-to-Let financing market

Key Points

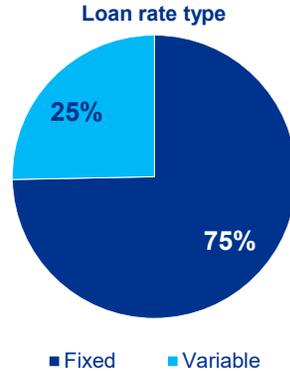


- New buy-to-let loans advanced in the UK in Q3 2025 were worth £10.9bn, a strong increase of ~24% from the prior quarter.
- Fixed rate BTL mortgages marginally reduced in popularity to represent 75% of loans outstanding.
- The average interest rate on new BTL loans was 4.85%, 16bps lower than Q2 2025.
- The number of BTL mortgages in arrears continued to decrease, down 7.5% lower versus Q2 2025.
- There were 900 buy-to-let mortgage possessions in Q2 2025, up 14% from Q2 2025.

Source: UK Finance

*Loans in arrears greater than 2.5% of the outstanding balance

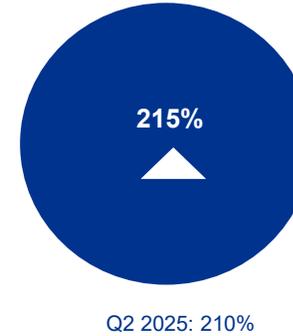
BTL Market in Q3 2025



Loan in Arrears*

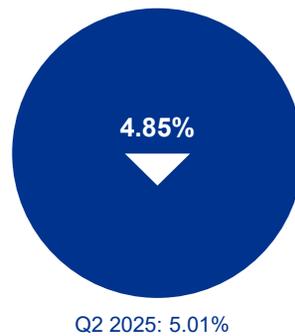


ICR

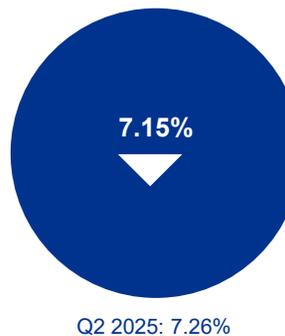


Value of New BTL Lending: Increased 24% quarter-on-quarter to £10.9bn

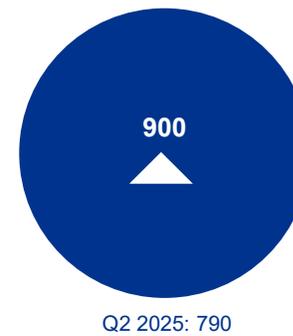
Average interest rate



Rental Yield



Term



Buy-to-Let product developments – December 2025

Lender	Comment
BM Solutions	<ul style="list-style-type: none"> Increased maximum age at end of term to 99 (from 80) for BTL and LTB; application age unchanged — the eldest must apply before 75; applies to Personal and Limited Company borrowers. Reduced selected BTL/LTB fixed rates by up to 0.29% (headline from 2.60%) and reduced limited company BTL by up to 0.14% (from 3.84%).
The Mortgage Works	<ul style="list-style-type: none"> Reduced selected BTL products rates by up to 0.20%. Offered fixes up to 75% LTV for purchase and remortgage — 1-year at 2.49% (2% fee), 2-year at 2.71% (3% fee), and 5-year remortgage at 3.67% (3% fee). For limited companies, offered up to 75% LTV for purchase, remortgage and further advances — 2-year at 4.89% and 5-year at 4.94% with £1,495 lender fee and free valuation; 5-year remortgage at 4.99% with £1,495 lender fee, free valuation & free legals. Raised lending limits to £2m per property (BTL & Ltd Co) and £1m for LTB, portfolio cap lifted to £7.5m, and aggregate ICR set at 125% (Ltd Co)/145% (personal).
Coventry for Intermediaries	<ul style="list-style-type: none"> Reduced BTL product rates by up to 0.10%.
Virgin Money	<ul style="list-style-type: none"> Reduced selected BTL fixed rates by up to 0.15%.
NatWest	<ul style="list-style-type: none"> Released 11 BTL products offering two- and five-year fixed terms for purchase and remortgage.
Santander for Intermediaries	<ul style="list-style-type: none"> Reduced BTL rates by up to 0.18%. Offers purchase fixes from 3.80% (2-year) and 4.01% (5-year), and remortgage fixes from 3.77% (2-year) and 3.94% (5-year).
Metro Bank	<ul style="list-style-type: none"> Reduced BTL HMO/MUFB rates by up to 0.30% (Personal and Ltd Co), with rates starting from 3.19%.
HSBC	<ul style="list-style-type: none"> Reduced selected BTL remortgage rates by 0.10%.
Accord Mortgages	<ul style="list-style-type: none"> Improved rental affordability by reducing ICR stress rates. Set ICR to the higher of 4.75% or product rate +0.50% for purchase/remortgage with capital raising on terms ≥5 years; for straight switch remortgages <5 years: higher of 4.75% or product rate +0.70%; for straight switch remortgages ≥5 years: higher of 4.75% or product rate +0.35%; and reduced BTL rates by up to 0.10% across the range.
Paragon Bank	<ul style="list-style-type: none"> Launched a multi-property BTL application enabling 4+ properties in a single submission (up to 99) across single self-contained units (SSCs), HMOs and MUBs, with staggered completions. Offers no application fees (saving £299 per property) and one independent legal advice certificate per application; no minimum income for landlords with >4 BTLs; introduced NRLA shared exclusives priced 0.10% below the core range.

Source: NRLA (National Residential Landlords Association)

Buy-to-Let product developments – December 2025 (cont.)

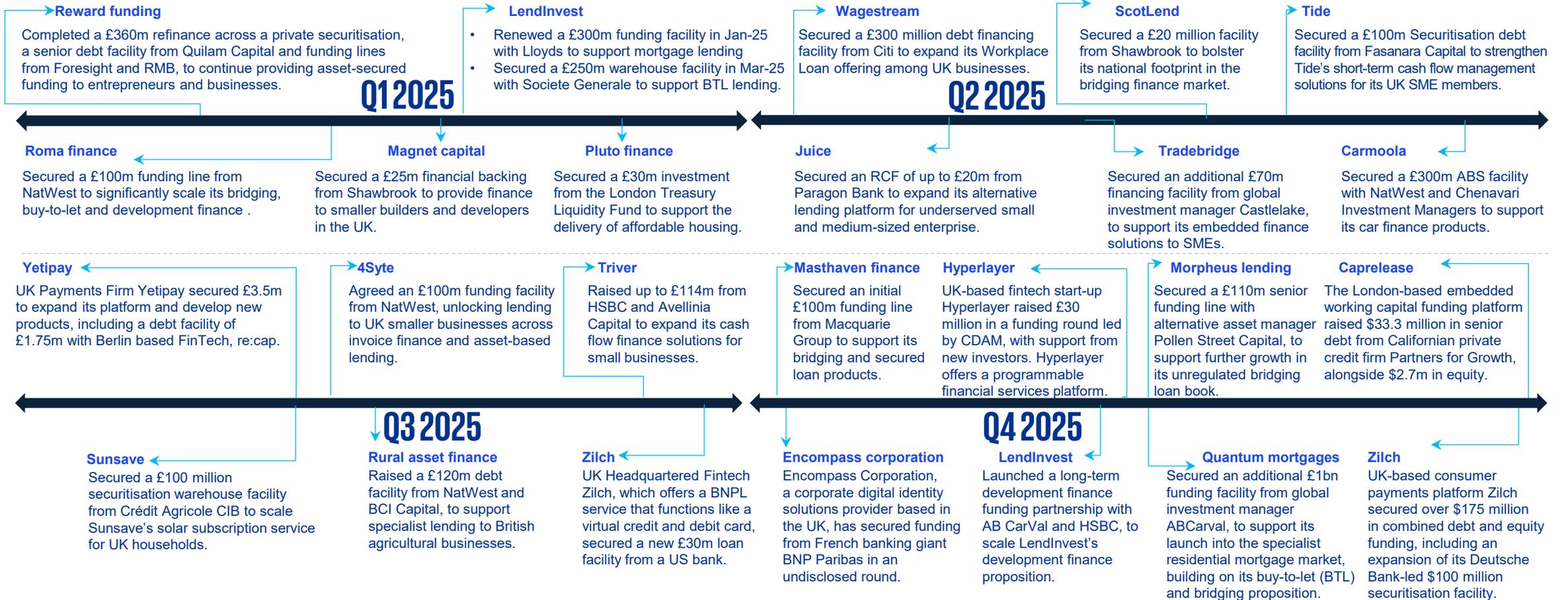
Lender	Comment
Rely (OSB Group)	<ul style="list-style-type: none"> Formally launched whole-of-market BTL up to 80% LTV with ~2,000 products. Offered 2, 3, 4, 5-year fixes from 3.09% with fee options and No Adverse/Light Adverse pathways.
The Mortgage Lender (TML)	<ul style="list-style-type: none"> Reduced selected 2 and 5-year BTL fixed rates by up to 0.05%. Offers 75% LTV fixes: 2-year limited-edition at 5.14% (£2,495 fee), 4.25% (3% fee), 3.29% (5% fee); 5-year standard from 4.81% (2% fee), 4.61% (3% fee), 4.26% (5% fee); 5-year HMO at 5.31% (2% fee) or 4.66% (5% fee).
Landbay	<ul style="list-style-type: none"> Opened premier products to individual landlords (initially launched for SPVs with up to 15 properties). Offers 2 and 5-year fixed rates from 3.39%.
Moda Mortgages	<ul style="list-style-type: none"> Reduced BTL rates by up to 0.15%, with rates from starting from 2.99%.
Leeds Building Society (Intermediaries)	<ul style="list-style-type: none"> Reduced selected limited company BTL rates by up to 0.16%.
Aldermore Bank	<ul style="list-style-type: none"> Expanded BTL range with new limited-edition products. Offers two-year fixes at 75% LTV with a 3% lender fee — 4.09% for single residential (individual & company), 4.04% for multiple properties, and 4.49% for HMOs.
CHL Mortgages (Chetwood Bank Group)	<ul style="list-style-type: none"> Entered 80% LTV BTL space. Offers 3.5% and 5% fee options across single dwellings, small HMOs, and short-term lets, with rates from 3.40% (2-year fixes) and from 5.06% (5-year fixes).
United Trust Bank (UTB)	<ul style="list-style-type: none"> Reduced selected BTL products by up to 1.90% across single-let, HMO, MUB, and holiday let. Offers standard two-year fixes from 3.89% (down from 5.69%) and five-year fixes from 5.19%.
Family Building Society	<ul style="list-style-type: none"> Reduced rates on 2- and 5-year fixes by 0.10%. Available to UK landlords, limited companies, and expat borrowers.
Zephyr Homeloans	<ul style="list-style-type: none"> Reduced all BTL fixed rates by up to 0.10%, with rates starting from 2.34%

Source: NRLA (National Residential Landlords Association)

03 Financing & M&A

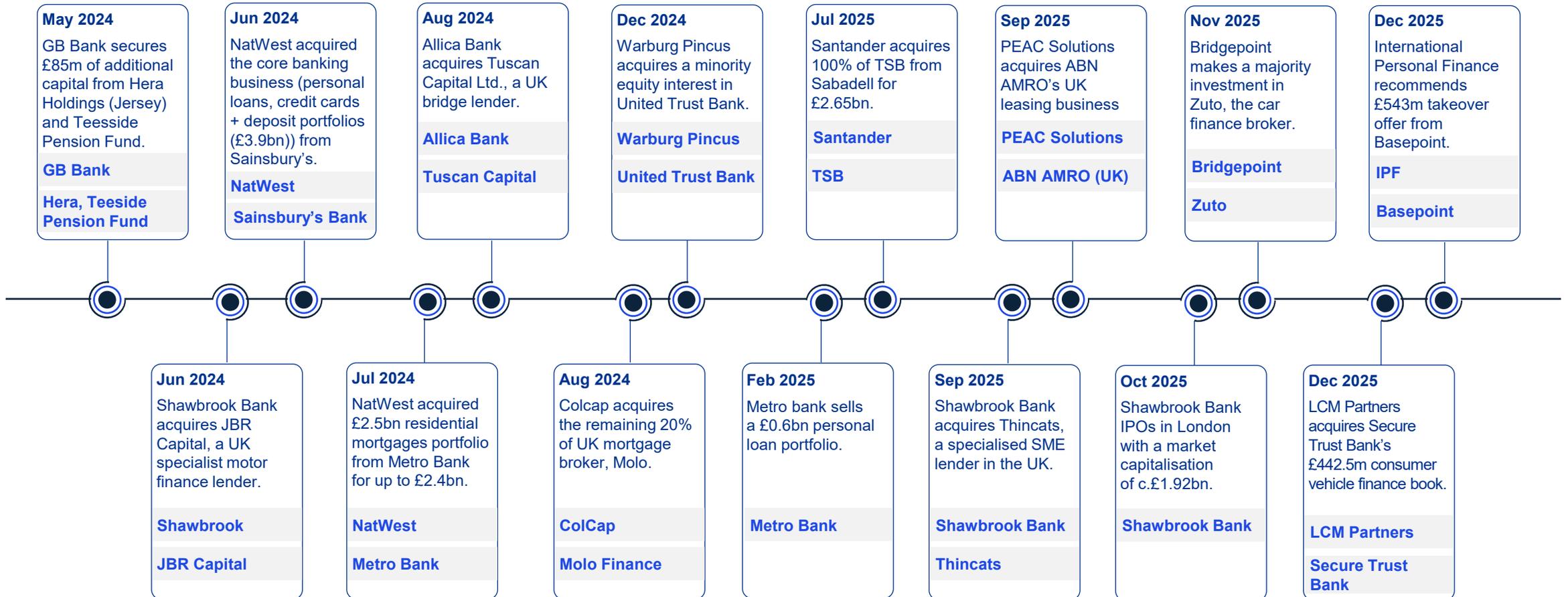


Recent representative private debt transactions



Source: KPMG, Public sources

Recent selected M&A transactions



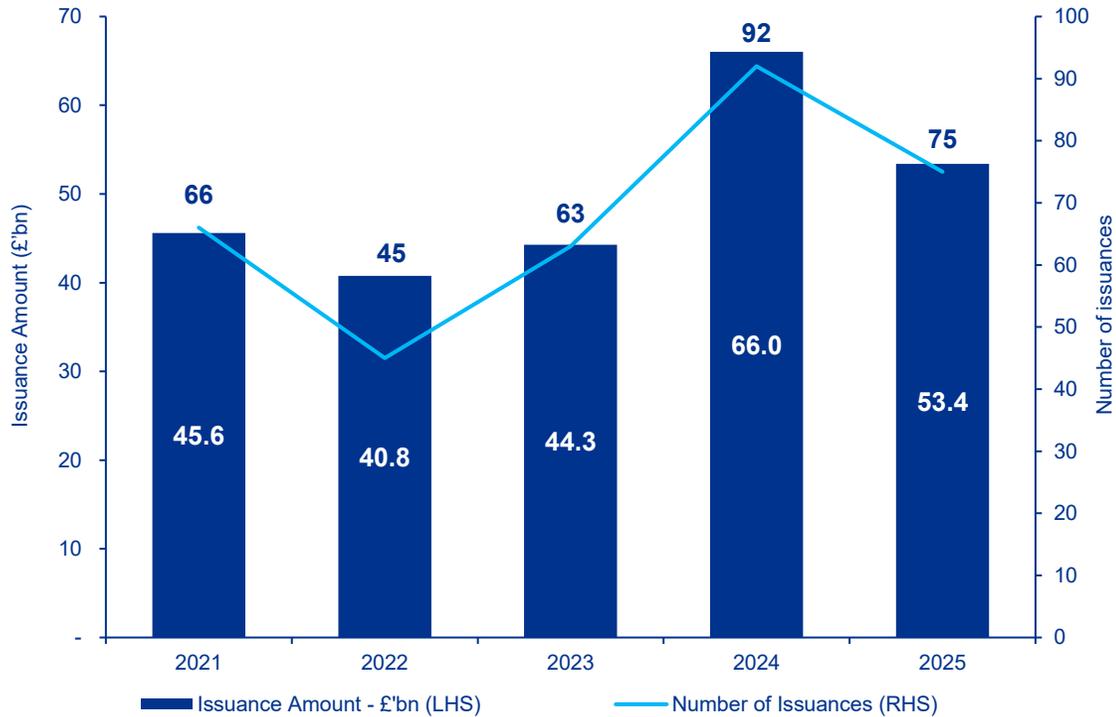
04 Securitisation



UK Public market issuance

Listed securitisation deal volumes in 2025 contracted by 19% compared to the prior year, with 75 overall deals totaling ~£53bn.

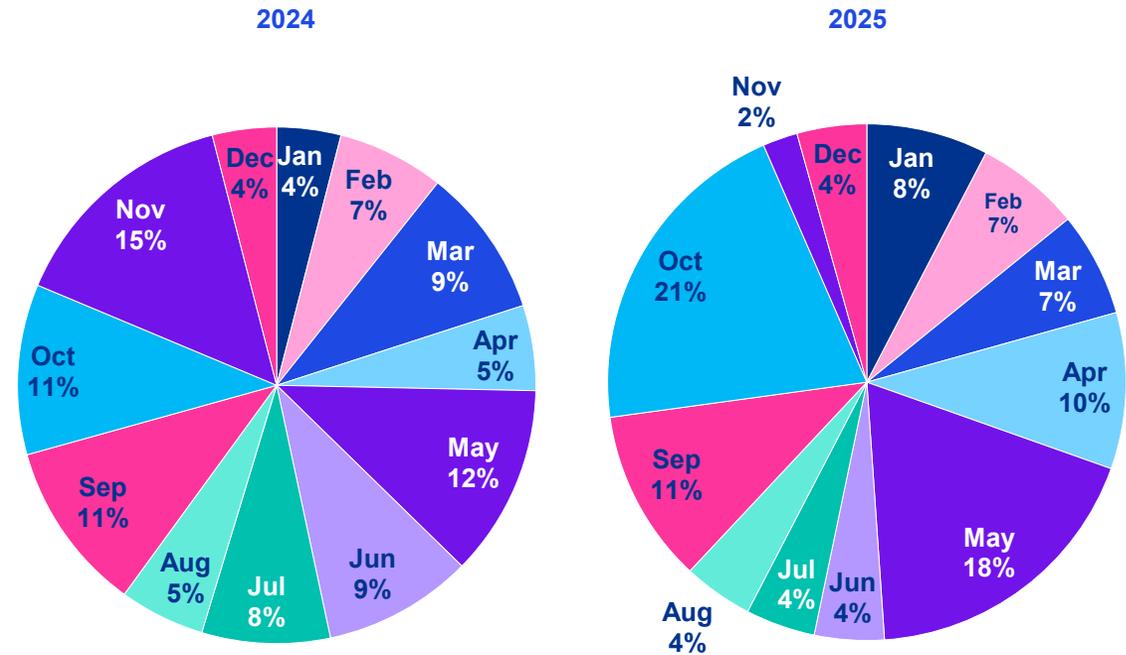
UK Issuance



Source: Debtwire, Bloomberg

Issuance based on UK as the country of collateral. Issuances in other currencies converted using the average exchange rate over the year, sourced from ONS

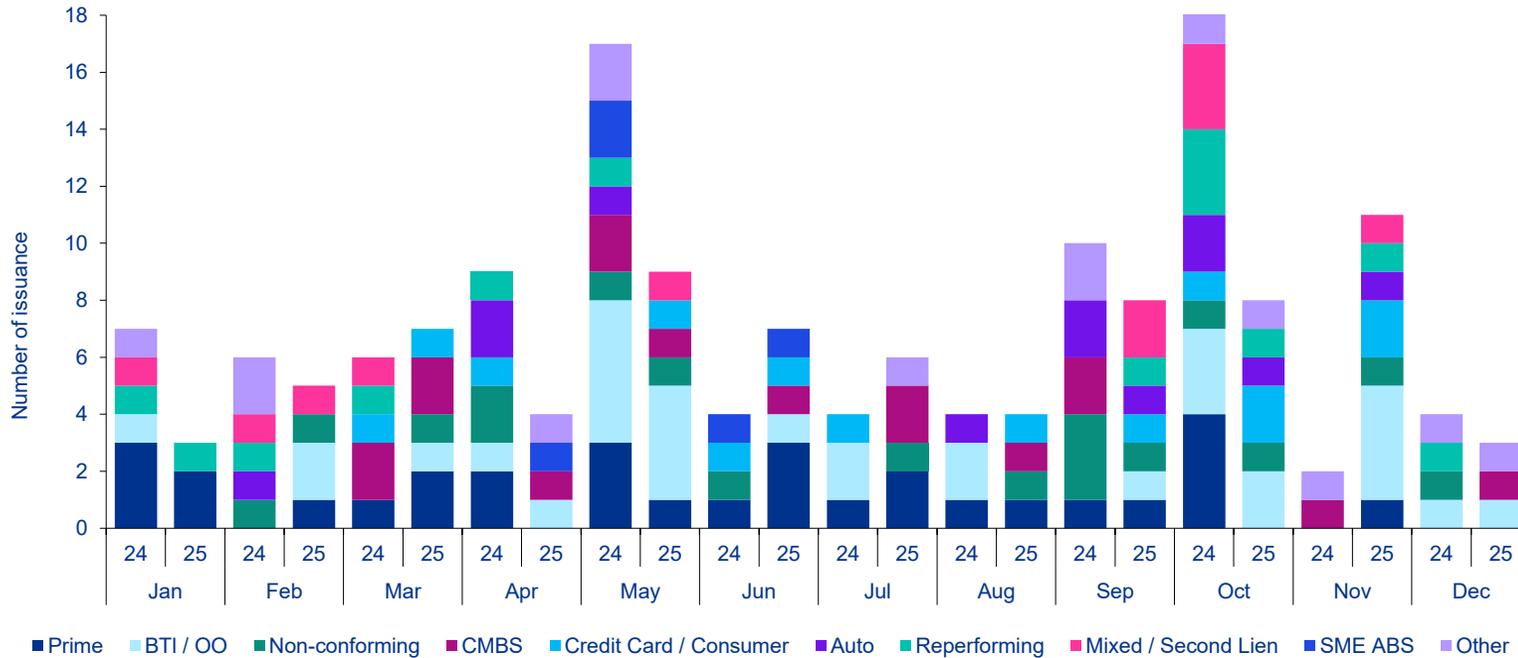
Timing of the issuance



UK Public market issuance by asset class

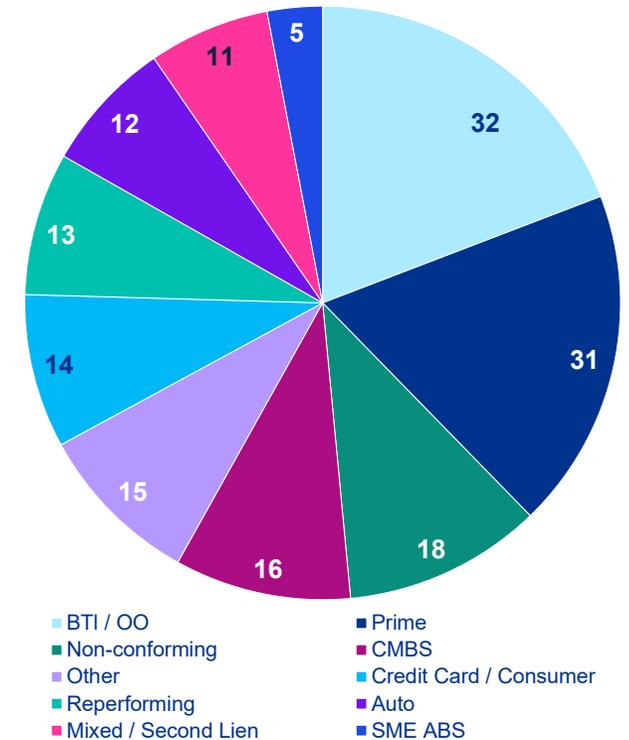
Of the 167 transactions completed over 2024 and 2025, 64% were mortgaged-backed

- 19.2% (32 deals) were BTL/Owner-occupied mortgages.
- 18.6% (31 deals) were Prime mortgages.
- 10.8% (18 deals) were Non-conforming.



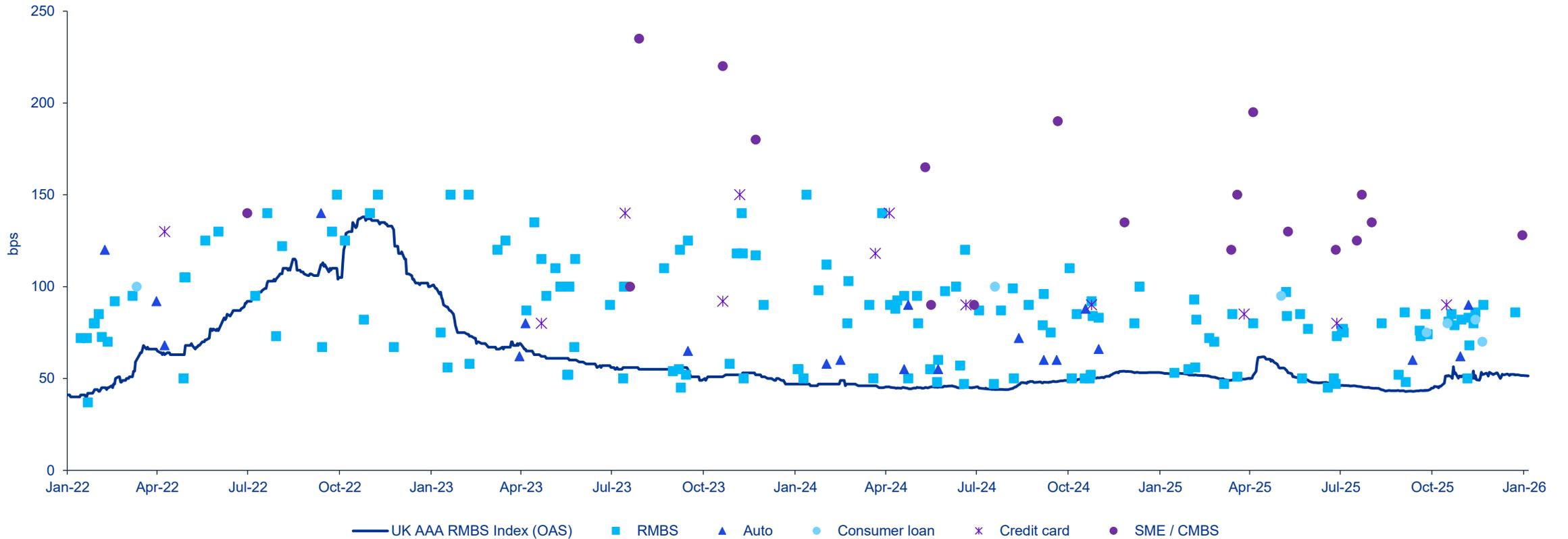
Source: Debtwire, Bloomberg

Issuance by asset class



Credit spreads

UK AAA securitisation spreads widened over the quarter to reach a peak of 56bps, affected by negative market sentiment following the bankruptcy of car parts company First Brands and the collapse of auto lender Tricolor. Spreads have since settled at 51bps with strong year end issuance keeping upward pressure on spreads



Source: Debtwire, Bloomberg



Recent UK RMBS deals (1/2)

Date	Borrower	Issuer Name	Asset class	Size	Maturity	Coupon
Dec-25	Legal & General Home Finance Limited	EQR 1 PLC	Reverse Residential mortgages	£493.9m	Dec-89	AA+: 5.60%
Dec-25	Bluestone Mortgages Limited	Ealbrook Mortgage Funding 2025-1 PLC	OO and BTL	£331.9m	Sep-67	AAA: S+0.86%
Nov-25	Equifinance Limited	East One 2025-1 PLC	Non-conforming residential mortgages	£273.8m	Feb-58	AAA: S+0.97%
Nov-25	GMAC Platform Home Loans	Cheshire 2021-1 PLC	Non-conforming OO and BTL	£241.0m	Dec-49	AAA: S+0.9%
Nov-25	WEL Asset Origination LLC	Highcrest SPV 1 PLC	Owner-occupied	£182.8m	Jun-90	AAA: 4.50%
Nov-25	Paratus AMC Limited	Braccan Mortgage Funding 2025-2 PLC	Non-conforming OO and BTL	£395.7m	Jan-68	AAA: S+0.86%
Nov-25	National Westminster Bank PLC	Antler Mortgage Funding 1 PLC	Residential mortgages	£2,317.8m	Feb-68	AAA: S+0.80%
Nov-25	ColCap Financial UK Limited	Molossus BTL 2025-1 PLC	BTL	£304.5m	Mar-63	AAA: S+0.83%
Nov-25	Landbay, LendInvest, FHL	Chetwood Funding 2025-1 PLC	BTL	£504.7m	Jul-58	AAA: S+0.68%
Nov-25	Lendco Limited	Atlas Funding 2025-2 PLC	BTL	£368.1m	Jul-67	AAA: S+0.79%
Nov-25	UK Mortgage Lending Ltd	Polaris 2025-3 PLC	OO and BTL	£447.2m	Oct-69	AAA: S+0.82%
Oct-25	StrideUp Homes Limited	Meridian Funding 2025-1 PLC	OO and BTL	£313.7m	Feb-68	AAA: S+0.85%
Oct-25	LendInvest	Mortimer 2025-1 PLC	OO and BTL	£319.8m	Sep-70	AAA: S+0.8%
Oct-25	Elstree 2025-2 1ST PLC	Elstree 2025-2	OO and BTL	£288.1m	Oct-65	AAA: S+0.75%
Oct-25	Temple Quay NO 2 PLC	TQUAY 2	OO and BTL	£278.9m	Jul-62	AAA: S+0.80%
Oct-25	Bank of Scotland PLC	Permanent Master Issuer PLC	Residential mortgages	£500.0m	Jul-73	AAA: S+0.50%
Oct-25	Tandem Bank Limited	Fylde Funding 2025-1 PLC	Non-conforming second-lien	£216.6m	Jul-57	AAA: S+0.85%
Sep-25	Together Personal Finance Limited, Together	Together Asset Backed Securitisation	OO and BTL	£400.5m	Aug-66	AAA: S+ 0.76%

Source: Moody's, Fitch, S&P, Bloomberg



Recent UK RMBS deals (2/3)

Date	Borrower	Issuer Name	Asset class	Size	Maturity	Coupon
Sep-25	Santander UK PLC	Frontier Mortgage Funding PLC	OO and BTL	£1,131.3m	Dec-66	AAA: S+0.73%
Sep-25	Yorkshire Building Society	White Rose Master Issuer PLC	Prime residential (OO) mortgages	£350.0m	Jul-71	AAA: S+0.48%
Aug-25	Charter Court Financial Services Limited	CMF 2025-1 PLC	Owner-occupied	£585.7m	Jul-62	AAA: S+0.52%
Aug-25	More 2 Life Ltd	Summerhouse 1 PLC	Reverse Residential mortgages	£411.6m	Oct-91	Class A1: 5.65%
Aug-25	Future Mortgages Ltd (Majority)	Cheshire 2025-1 PLC	Non-conforming OO and BTL	£277.3m	Jun-48	AAA: S+ 0.80%
Jul-25	Keystone Property Finance Limited	Hops Hill No.5 PLC	BTL	£404.3m	Jun-56	AAA: S+ 0.73%
Jul-25	Kensington Mortgage Company Ltd	Finsbury Square 2025-1 PLC	OO and BTL	£603.5m	Jun-75	AAA: S+ 0.75%
Jul-25	LiveMore Capital Limited	Exmoor Funding 2025-1 PLC	Owner-occupied	£221.5m	Mar-95	AAA: S+0.76%
Jul-25	Santander UK PLC	Holmes Master Issuer PLC 2025-2	Residential mortgages	£750.0m	Oct-72	AAA: S+0.50%
Jul-25	Coventry Building Society	Economic Master Issuer PLC Series 2025-1	Residential mortgages	£500.0m	Apr-75	AAA: S+0.47%
Jun-25	Newcastle Building Society	Hadrian Funding 2025-1 PLC	Owner-occupied	£711.4m	May-72	AAA: S+0.50%
Jun-25	Bank of Ireland	Bowbell Master Issuer PLC	Residential mortgages	£1,066.3m	Jul-71	AAA: S+0.50%
Jun-25	Quantum Mortgages Limited	Bletchley Park Funding 2025-1 PLC	BTL	£285.2m	Jan-70	AAA: S+0.77%
Jun-25	LendInvest BTL Limited and MT Finance	Pierpont BTL 2025-1 PLC	BTL	£301.5m	Mar-62	AAA: S+0.80%
Jun-25	Vida Bank Limited	London Bridge Mortgages 2025-1 PLC	OO and BTL	£250.0m	Mar-67	AAA: S+0.78%
Jun-25	Leeds Building Society	Albion No.7 PLC	Owner-occupied	£383.1m	Jul-72	AAA: S+0.50%
May-25	The Mortgage Lender Limited	Aldbrook Mortgage Transaction 2025-1 PLC	OO and BTL	£567.9m	Dec-66	AAA: S+0.85%
May-25	UK Mortgage Lending Ltd	Castell 2025-1 PLC	Owner-occupied	£360.4m	Jan-62	AAA: S+0.97%
May-25	Paratus AMC Limited	Braccan Mortgage Funding 2025-1 PLC	BTL and non-confirming OO	£561.0m	May-67	AAA: S+0.84%

Source: Moody's, Fitch, S&P, Bloomberg



Recent UK RMBS deals (1/3)

Date	Borrower	Issuer Name	Asset class	Size	Maturity	Coupon
Dec-25	Blackstone	DBMS 2025-1 DAC	CMBS	£438.7m	Feb-36	AAA: S+1.28%
Nov-25	Vantage Data Centers UK Ltd.	Vantage Data Centers SPV Ltd	Real estate and tenant lease	£54.0m	May-39	BBB-: 6.338% fixed
Nov-25	Barclays Bank UK PLC	Pavillion Consumer 2025-1 PLC	Consumer loan	£615.0m	Jan-36	AAA; S+0.70%
Nov-25	BMW Financial Services	Bavarian Sky UK 7 PLC	PCP receivable	£400.0m	Nov-33	AAA: S+0.62%
Nov-25	Plata Finance Limited	Asimi Funding 2025-2 PLC	Consumer loan	£245.0m	Dec-32	AAA: S+0.82%
Nov-25	Oodle Financial Services Limited	Dowson 2025-1 PLC	Auto loan	£393.8m	Dec-32	AAA: S+0.90%
Oct-25	UK Logistics 2025-2 DAC	UKLOG 2025-2A	CRE loan	£760.3m	Aug-35	AAA: S+1.33%
Oct-25	Driver UK Multi-Compartment S.A.	Compartment Driver UK ten	Hire purchase and Lease	£704.9m	Apr-33	AAA: S+0.6%
Oct-25	New Wave Capital Limited	London Cards Master Issuer plc	Credit card	£517.5m	Dec-35	AAA: S+0.90%
Oct-25	Admiral Financial Services Limited	Morglas ABS 2025-1	Consumer loan	£279.8m	Sep-40	AAA: S+0.80%
Oct-25	PCL Funding X PLC	PCLF 2025-1	Insurance premium finance	£300.0m	Oct-30	AAA: S+0.75%
Jul-25	Bank of America Europe DAC	Taurus 2025-4 UK DAC	CMBS	£216.0m	Aug-35	AAA: S+1.25%
Jun-25	Bank of America Europe DAC	Taurus 2025-3 UK DAC	CMBS	£267.0m	Jul-32	AAA: S+1.20%
Jun-25	NewDay Limited	NewDay Funding Master Issuer PLC – Series 2025-2	Credit card	£400.0m	Jul-33	AAA: S+0.80%
Jun-25	Haydock Finance Limited	Hermitage 2025 PLC	Equipment finance	£368.2m	Apr-34	AAA: S+0.87%
May-25	Blackstone and Regis Group Plc	Sage AR Funding 2025, No.1 PLC	CMBS	£303.0m	May-38	AAA: S+1.30%
May-25	Plata Finance Ltd.	Asimi Funding 2025-1 PLC	Consumer loan	£100.0m	May-32	AAA: S+0.95%
Apr-25	NewDay Limited	NewDay Funding Master – Series 2025-1	Credit card	£350.0m	Apr-33	AAA: S+0.85%
Mar-25	Bank of America Europe DAC	Taurus 2025-2 UK DAC	CMBS	£356.9m	Feb-35	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%

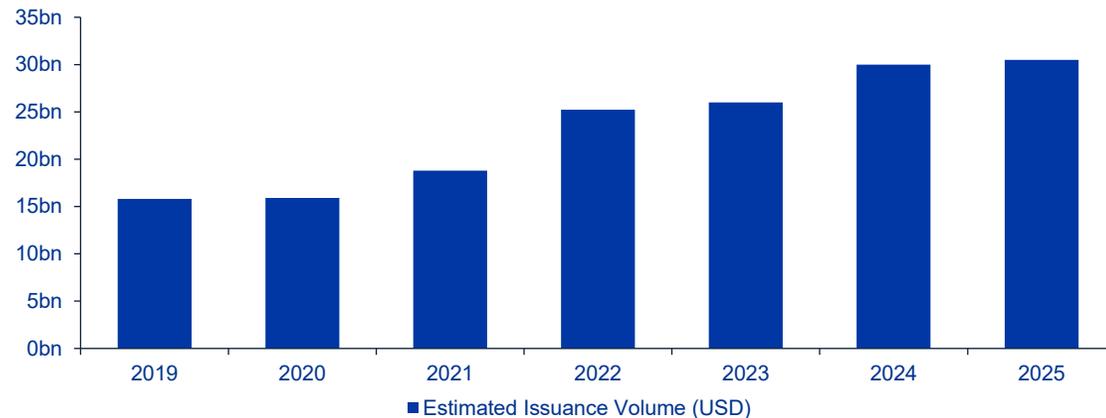
Source: Moody's, Fitch, S&P, Bloomberg



SRT market update (UK/Europe/US)

- Issuance:** As is typical for the SRT market, year-end activity accelerated with issuers pushing to finalise transactions before closing their books. Nearly 50 SRT deals priced during the quarter (including both cash and synthetic formats), bringing total 2025 issuance slightly above last year's record c. USD 30bn. This sustained volume underscores a market that remains both deep and resilient, supported by stable fundamentals and a balanced supply/demand dynamic. Issuance patterns were consistent with previous years, with most large programmatic issuers still favouring execution in the first three quarters.
- Pricing:** Feedback from investors confirms that SRT spreads remain at or near historic lows, with levels broadly stable versus Q3 2025. Corporate portfolios, particularly those with a high share of Investment Grade exposure, continued to price extremely tightly. However, comparing transactions remains challenging due to limited transparency and variations in portfolio composition, meaning superficially similar tranches may embed very different credit profiles. Overall, pricing movements observed in Q4 were largely in line with what would be expected from index dynamics and previously applied market tightening (i.e. market tightening adjustment applied to Discount Margins in our valuations).
- Other Trends:** The trend toward asset class diversification continued. While corporates remain the core of the market, activity broadened across multiple sectors, and CRE issuance meaningfully re-emerged in 2025. The CRE segment remains heterogeneous—ranging from concentrated pools to highly granular portfolios—but issuance increased to seven transactions this year (vs. three in 2024 and two in 2023). Several investors also noted that the traditional CRE illiquidity premium has compressed significantly, reflecting the asset class's growing acceptance within SRT portfolios.

SRT Global Volumes Estimates (\$bn)



Source: RTRA, KPMG estimate

Note: Due to the private nature of the SRT market, the majority but not all transaction get publicly reported. KPMG estimates total issuance by adjusting publicly reported figures for the proportion of trades that are not publicly disclosed and those for which transaction volumes are not disclosed.

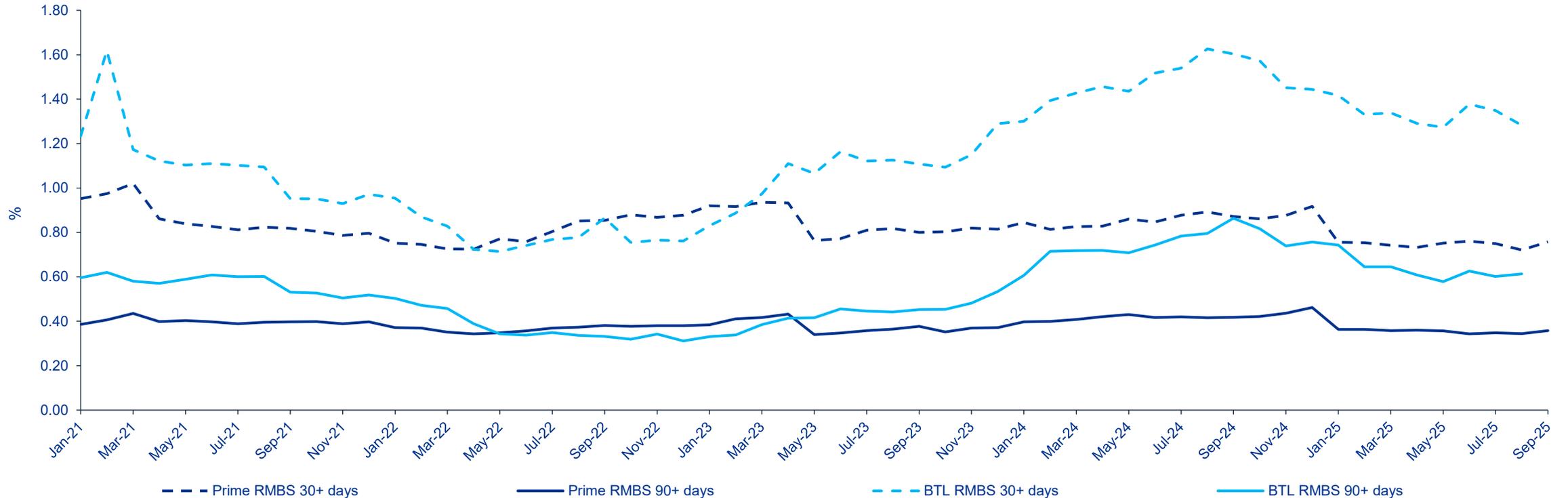
High Yield indices and SRT junior coupons (Global portfolios)



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

Prime mortgage arrears remained stable over the quarter, while BTL arrears ticked down

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



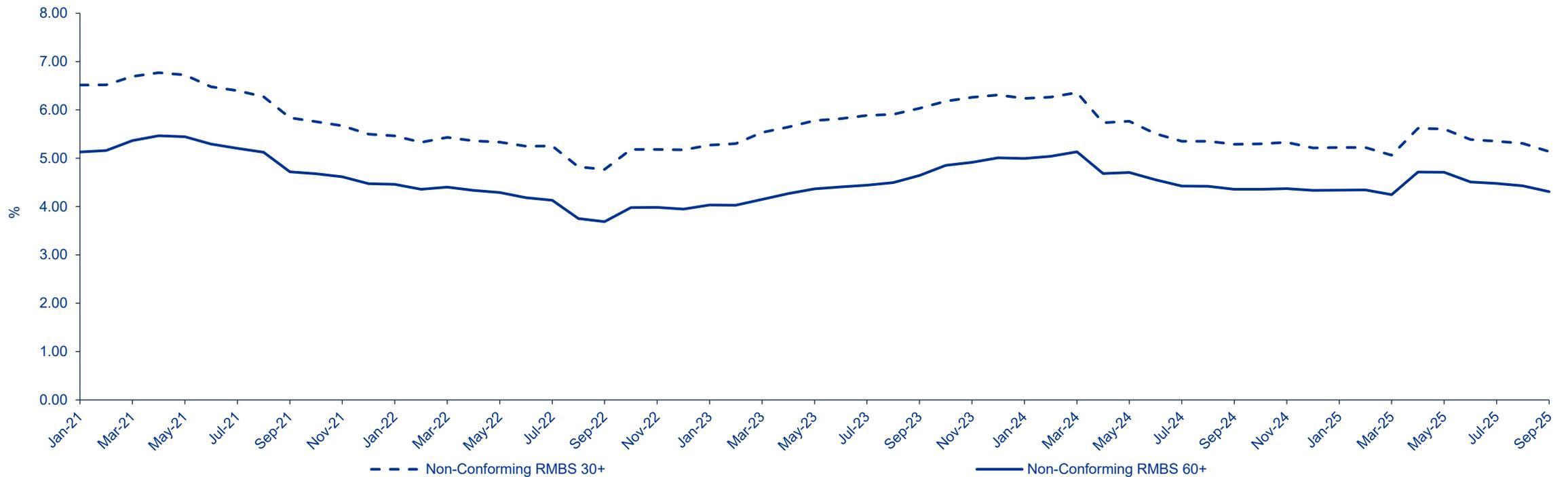
Source: Moody's Investors Service

Note: Arrears = (Outstanding amount of delinquent claims)/(outstanding balance of the securitised portfolio)

30+ and 60+ UK RMBS: Non-conforming arrears

Non-conforming RMBS arrears reduced across the quarter by up to 25bps

UK Non-conforming RMBS – 30+ and 60+ days arrears for Moody’s-rated securitisations



Source: Moody’s Investors Service

Note: Arrears = (Outstanding amount of delinquent claims)/(outstanding balance of the securitised portfolio)



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



kpmg.com/uk

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Document Classification: KPMG Public