

Kensington Mortgages



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Overview



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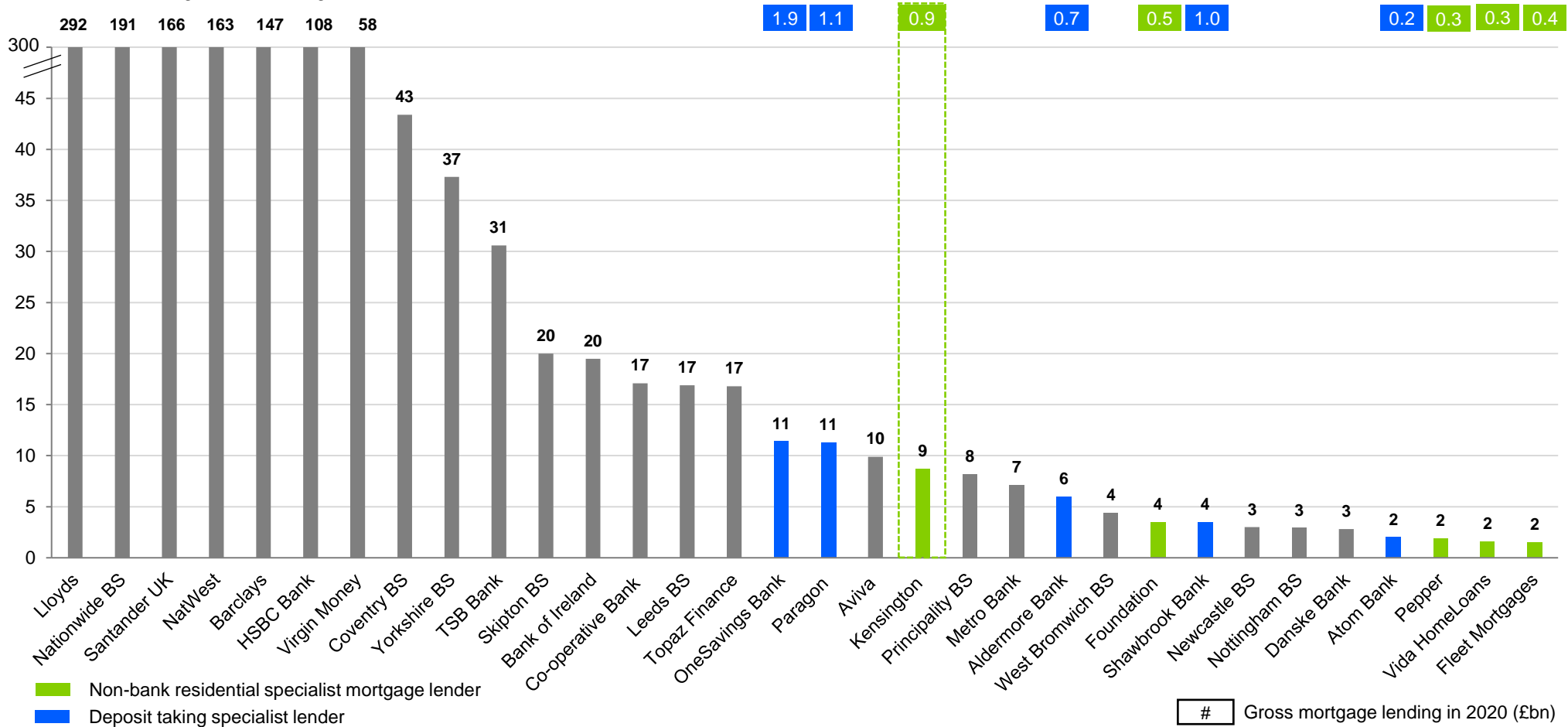
Kensington Highlights

Kensington

Largest non-bank residential mortgage lender in the UK Mortgage Market

RANKING BY VALUE OF MORTGAGE OUTSTANDING IN 2020 ⁽¹⁾ (£bn)

- Kensington represents 0.6% ⁽¹⁾ of the outstanding UK mortgage market but had about 16% market share in the specialist gross mortgage lending market in 2020
- Kensington originated £1.48 billion of new loans in its FY 2019-2020, £817 million in the COVID-hit FY 2020-2021 and originated £1.89 billion of new loans in the FY 2021-2022. Kensington aims to originate over £2 billion of new loans in its FY 2022-23.



Source: UK Finance 2020 data – next release July 2022

(1) Include also loans where the lender holds the legal tile but not necessarily the economic interest



Kensington Highlights

Kensington

The leading specialist mortgage lender in the UK

CUSTOMERS

Average household income



Number of customers



NEW LENDING

21/22

New loans



Specialist Residential market share



PROPERTIES

Average house value



Average loan size



FUNDING

Securitisations since 2015



Value of securitisation since 2015



LOAN BOOK

Serviced assets



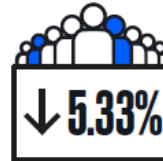
Owned loans



Losses



Arrears loan count



TEAM

Number of employees

583



M Maidenhead 383

London 72

Home based 128

Source: All data except for Numbers of Customers, Funding and Loan book based on loans originated in the 12 months to 31st March 2022. New loans are based on loans originated in 12 months to 31 March 2022 and includes Product Switches on existing loans. Number of Customers relates to all Kensington owned loans. Market Share represents share of owner occupied illustrations on 27Tec across Specialist peer group for period April 2021 - March 2022. Loan Book is based on assets as at 31st March 2022. Serviced assets includes Owned Loans. Losses represents cumulative losses to date on total owned loans.

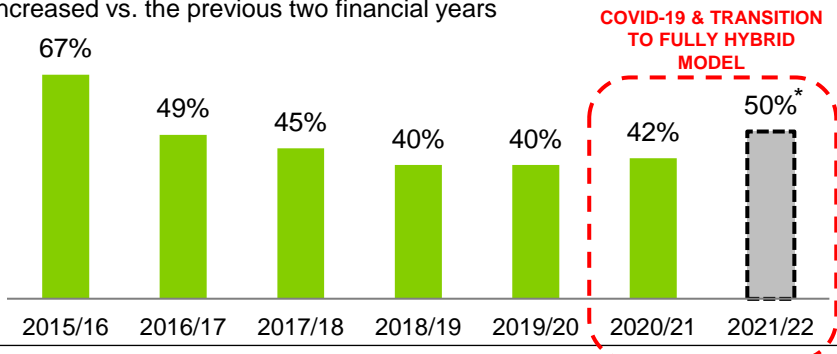
FINANCIAL HIGHLIGHTS

	FY 2021 (MAR-21) ⁽¹⁾	FY 2020 (MAR-20)
Group Mortgage Assets	~£5.1bn	~£6.4bn
Gross Lending	£817m	£1,480m
Gross Interest Income	3.58%	4.02%
NIM	2.47%	2.16%
% Arrears 6 months+ (All loans)	4.66% ⁽²⁾	3.03%
Losses	0.02%	0.05%
Total reserve funds ⁽³⁾	£143m	£202m
Equity	£546m	£571m
Group Staff FTE	543	493
CET1 ⁽⁴⁾	26.5%	24.5%

- (1) The TRINI portfolio has been sold to a third party and therefore is not included in 20/21 financials
- (2) Increase in 6 months+ arrears due to the moratorium
- (3) Incl. RMBS and Warehouse
- (4) Equivalent CET1 ratio for credit risk calculated under the Standardised Approach of Basel III framework

UNDERLYING COST TO INCOME RATIO

- The Group significantly improved the efficiency of its operations since the acquisition in 2015
- During the 2020/21 & 2021/22 financial years, throughout the COVID-19 pandemic, Kensington did not furlough any employees and also transitioned to a fully hybrid working platform, therefore the Cost-to-Income ratio increased vs. the previous two financial years

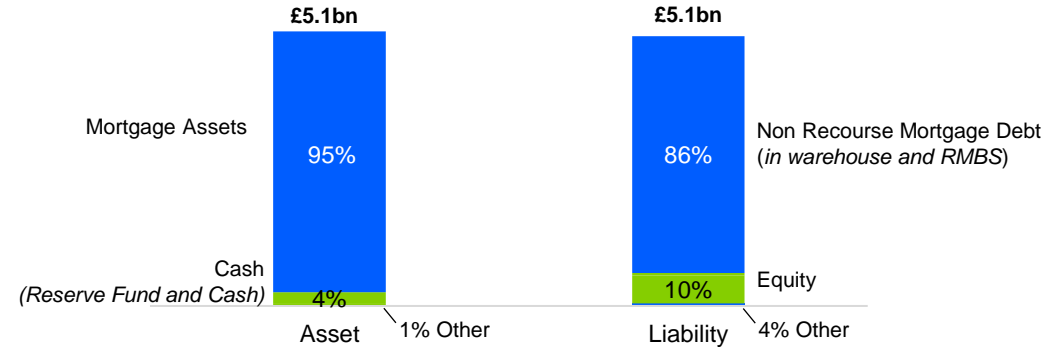


Source: Kensington Mortgages as of March 2022

* Projected

CORE BALANCE SHEET STRUCTURE

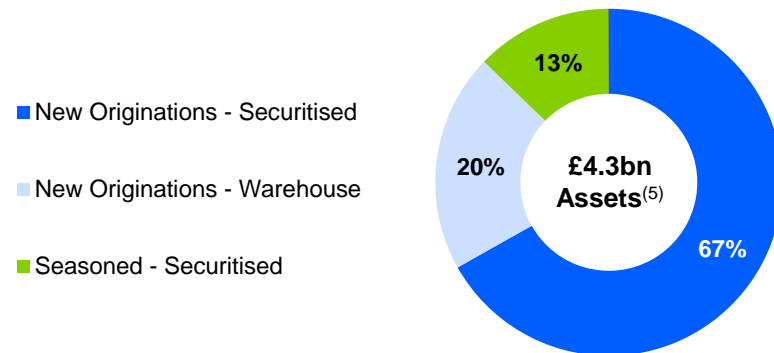
- Well funded balance sheet
- Approx. 86% of the Group's assets are match funded



Source: Kensington Mortgages as of March 2021

GROUP MORTGAGE ASSETS

- About ~87% of Group's assets comprise loans originated since 2010



Source: Kensington Mortgages as of March 2022

(5) Assets after the sale of the RMS 29, RMS 30 & RMS31 portfolios

FUNDING STRUCTURE

- Kensington's new loans are initially funded in a 2yr revolving warehouse funded by three banks; the warehouse has capacity to fund a total of £2.1 billion loans
- New loans are then on-sold to a long-term securitisation structure through the established programmes FSQ & GMG
- Currently 80% of Kensington assets are securitised



Source: Kensington Mortgages as of March 2022

3 ACTIVE RMBS SHELVES

NEW ORIGINATIONS

Finsbury Square

- New Kensington loans
- No asset selection
- BTL & OO

Gemgarto

- New Kensington loans
- Positively selected to be compliant with LCR criteria
- OO only



LEGACY

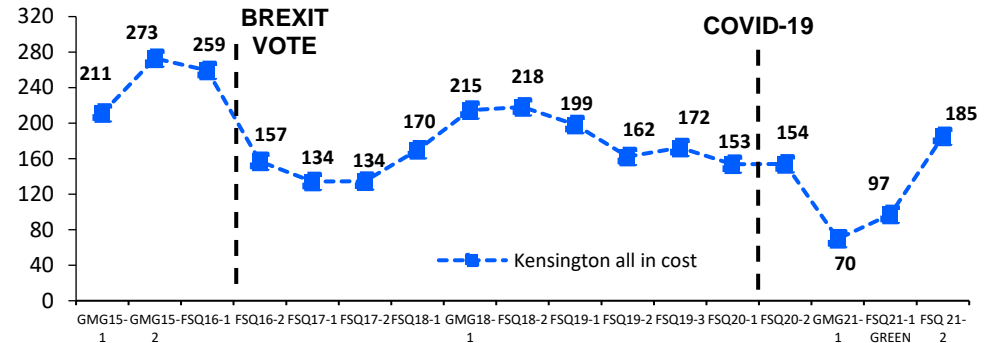
Residential Mortgage Securities

- SPML / Kensington legacy loans

Since July 2019, all bonds issued by Kensington are priced over SONIA

COST OF FUNDING (bps) (PLACED BONDS ONLY)

- Stable cost of funding⁽¹⁾ in an uncertain outlook where markets are volatile
- WAL of our funding is 2.5yrs assuming call is exercised (WALs of FSQ21-1 & FSQ21-2 are higher at 4.5 yrs)



(1) Deals up to FSQ19-1 are calculated over Libor; cost is calculated using the Index vs. 2.5 year duration swap at the time of closing

TRACK RECORD

WINNER – RMBS Issuer of the Year (2021 & 2022 European Securitization Awards)
WINNER – ESG/SRI Issuer of the year (2022 European Securitization Awards)



- Issuance of £13.4bn bonds in 6 years through 24 legacy and new origination transactions (of which £12.4bn are placed bonds)
- Highly liquid programs with an average of 4 deals per year
- Attracted more than 100 unique investors across Europe, Asia and the US
- >30% market share of UK deals issued by specialist lenders in the last 6 years

Source: Kensington Mortgages as of June 2022

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Kensington Business Model

Kensington

Leading UK specialist residential lender focussing on complex cases

SOPHISTICATED UNDERWRITING CAPABILITIES

- Lending decisions are not made on credit score alone – they are tailored to individual borrower circumstances
- Underwriting is not reliant on an automated process
- Established **mandate** structure with 6 tier bandings, rising through:



- Mandate progression based on individual **lending quality performance**
- All current senior mandate holders (£1m+) have **10 years Kensington experience and 20 years+ mandated track record**
- Independent **QA and Training team** with no responsibility for BAU activities

MULTI-CHANNEL LENDER

- Fully intermediated business with broad and long-term intermediary relationships with all major brokers' clubs, networks and packagers



- Kensington launched its direct channel in 2019 in association with brokerage firm Like



Source: Kensington Mortgages as of June 2022

(1) Except for the 'Resi6' range which comprises less than 2bps of annual originations

STRICT AFFORDABILITY AND LENDING CRITERIA

Borrower credit history in last 24m ⁽¹⁾	OO affordability
<ul style="list-style-type: none"> In line with high street banks <ul style="list-style-type: none"> No bankruptcy / IVA ever No default No missed mortgage payments No CCJ 	<ul style="list-style-type: none"> Full affordability assessment (borrower's I&E) <5yr fixed: Stress rate: 3% above the reversionary rate + forward KSR ≥5yr fixed, forward KSR + reversionary margin
<p>Full physical valuation by a RICs surveyor (AVMs on some remortgages – certain conditions apply)</p>	<ul style="list-style-type: none"> <5yr fixed: min. of 5.5% or pay rate + 2% if higher ≥5yr fixed: forward KSR + reversionary margin DSCR ranging from 125% to 145% (except HMO)
Property valuation	BTL affordability

CUSTOMERS

- Focus on high quality borrowers that are overlooked by high street lenders
- | | | |
|---------------------------|--------|---|
| Complex income | ~50% | Up to 100% of regular/overtime bonus considered and up to 100% of second job income |
| Self-employed | ~36% | Assessed on a 1-year trading |
| First time buyers | ~31% | Limited or no credit history |
| Contractors | ~3% | Income calculated on current weekly contract with only a 12m minimum history |
| Later & younger borrowers | ~1% | |
| Mortgage prisoners | ~0.02% | Only available to certain legacy Kensington borrowers |
- Kensington customers will likely refinance with another lender after the end of the fixed rate period as they would have built sufficient credit history or track record (e.g. self-employed) to attract a cheaper mortgage offer (>50% prepayment rate post reversion)



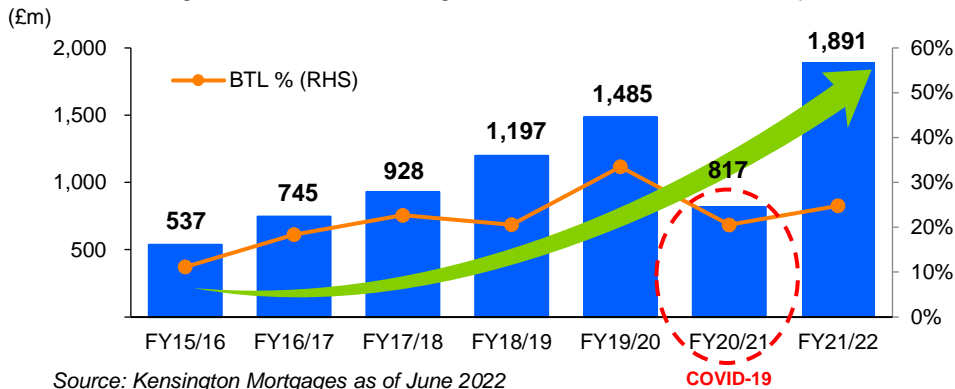
New Originations

Kensington

Successful story of organic growth with record volumes post-COVID

KENSINGTON ORGANIC ORIGINATIONS

- Originations pre-COVID period of £150m+ per month and £55-75m per month during the COVID-19 crisis; originations have rebounded post-COVID and have remained steady averaging over £162m per month the last three months
- Track record of steady growth (c.25% y.o.y pre- and post-COVID-19) while the UK gross residential lending market remained flat over this period



CUSTOMER PROFILE

	Owner Occupied	Buy to Let
Average Age	38 years	44 years
Average Gross Income ⁽⁴⁾	£61k	£85k
Average Risk Navigator Score	387	448
Average Property Value	£261k	£215k
First Time Buyer ⁽⁵⁾	44% ⁽⁶⁾ (Average Age:34)	n/a

Source: Kensington Mortgages LTM as of Q1 2022

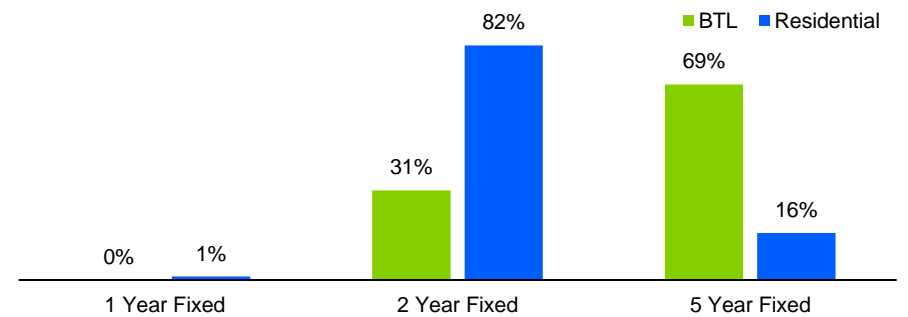
(1) Current Balance / current indexed valuation amount
 (2) Denotes no CCJs in 2 years prior to respective origination dates of loans in pool
 (3) Incl. Part & Part loans

COLLATERAL STRATS

	FSQ21-2	FSQ21-1 GREEN	GMG21-1
<i>Closing Date</i>	Nov-21	Jun-21	Feb-21
London & South East	29.79%	33.27%	24.46%
BTL	26.44%	34.37%	0%
WA OLTV	75.55%	73.39%	72.79%
WA CLTV ⁽¹⁾	75.02%	72.37%	71.22%
Avg current loan size	£182k	£181k	£174k
WA seasoning	1.5 months	3.4 months	5.3 months
WA interest rate	4.23%	3.84%	4.02%
Arrears > 1MIA	0.53%	0.64%	0.46%
No CCJ in last 2 years ⁽²⁾	100%	99.79%	100%
Help to Buy	3.51%	5.57%	17.11%
Interest Only ⁽³⁾	26.53%	34.68%	3.75%
Remo & Debt consolidation	23.81%	29.70%	23.19%
Self-employed	37.64%	45.44%	40.42%
First Lien	100%	100%	100%

- All three transaction strats exclude any refinancing loans

NEW LOANS BY FIXED RATE PERIOD



- Loans revert to the Kensington Standard Rate (KSR) at the end of the fixed rate period

Source: Kensington Mortgages LTM as of Q1 2022

(4) Including both applicants
 (5) Percentage by balance of loans
 (6) Increased FTB volumes likely due to the stamp duty holiday

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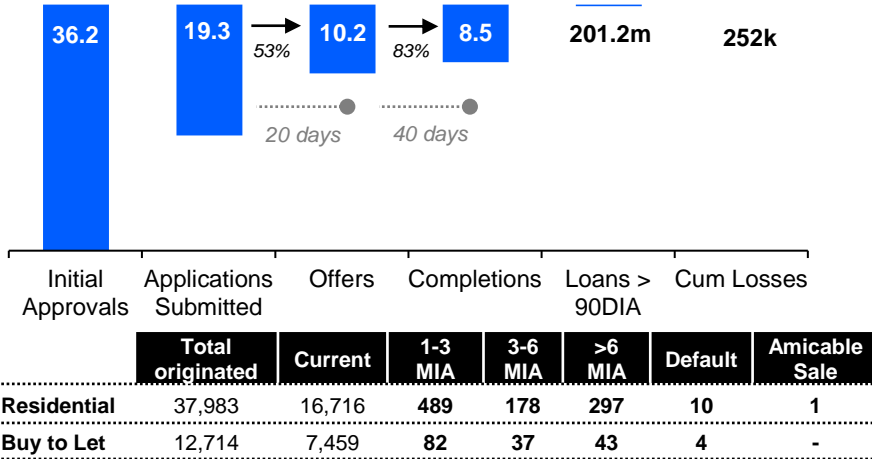


Collateral Performance for post-2010 loans

Kensington **Excellent performance from the new book driven by strict origination criteria**

EXCELLENT COLLATERAL PERFORMANCE

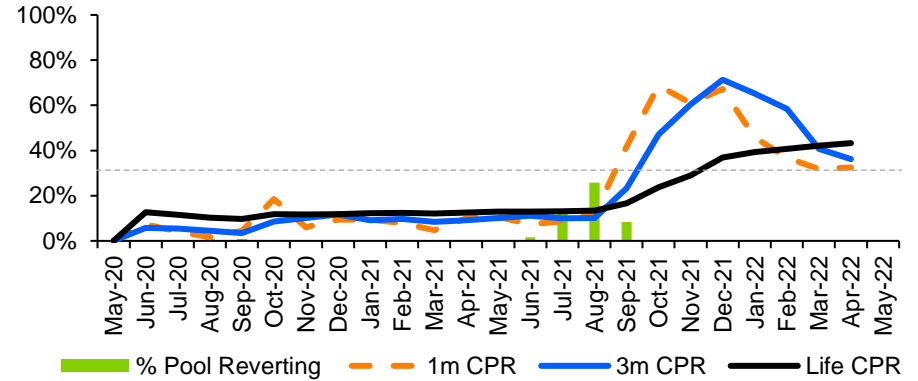
- Of ~50,700 Kensington new loans completed since 2010 – (£bn)



Source: Kensington Mortgages as of March 2022

HIGH PREPAYMENT RATE

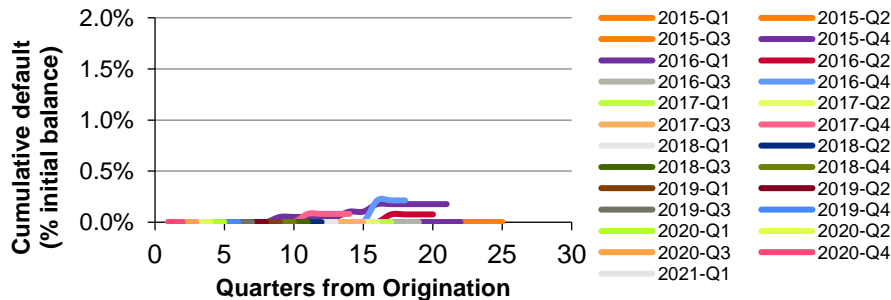
- Kensington retains ~30% of its borrowers and offers them product switches at the end of their fixed rate period



Source: Intex, FSQ 2019-3 investor data tape

VERY LOW DEFAULT RATE

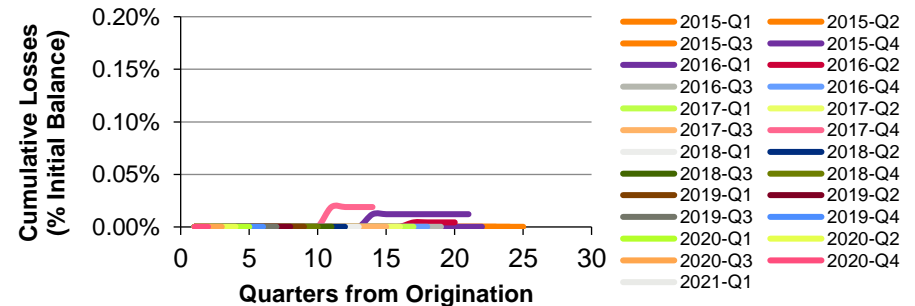
- Only a small number of cohorts of assets originated experienced defaults



Source: Kensington Mortgages

MINIMAL LOSSES

- Losses have been close to zero for all cohorts



Source: Kensington Mortgages

KENSINGTON INTELLIGENCE



Kensington Intelligence

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- Kensington Intelligence is the data and analytics platform of the Group
- This function provides data science, data visualisation, decision science and models to the group and external clients
- State of the art data and analytics are used throughout the business and integrated into operations and decision making
- The key predictive model developed by Kensington Intelligence is called VECTOR. This is a state transition model used to predict loan level performance of mortgage portfolios
- Kensington Intelligence has developed an extensive database of historical performance data for the UK mortgage market with 4.2 millions of mortgage performance data points which can be used to calibrate VECTOR

VECTOR

- All Kensington mortgages are powered by VECTOR
- VECTOR is supported by a unique dataset comprising over 400k mortgage accounts spanning all UK geographies, housing types, mortgage types and credit loan parameters for the last 24 years, and has driven the development of a number of in-house analytical tools and reporting capabilities that are key to the unique way in which Kensington assesses and manages mortgage credit risk
- Unlimited macro-economic scenarios can be run through VECTOR
- VECTOR is a state transition model, calibrated using machine learning, which looks to forecast not just the propensity to default or redeem, but also the propensity of a loan to move between arrears statuses which means to worsen, to hold or to improve (all of these collectively called roll rates)
- VECTOR can also be used externally by banks or investors to forecast the performance of UK portfolios of mortgage loans of their choice

USE OF DATA & ANALYTICS THROUGHOUT THE PLATFORM



Forecasting

Kensington models can forecast the loan level performance of its own portfolios, as well as any portfolios it may be looking to acquire and originate



Originations

Kensington empowers its sales force with iPad based CRM apps while monitoring market volumes on a daily basis. Live volume available to management over iPhone



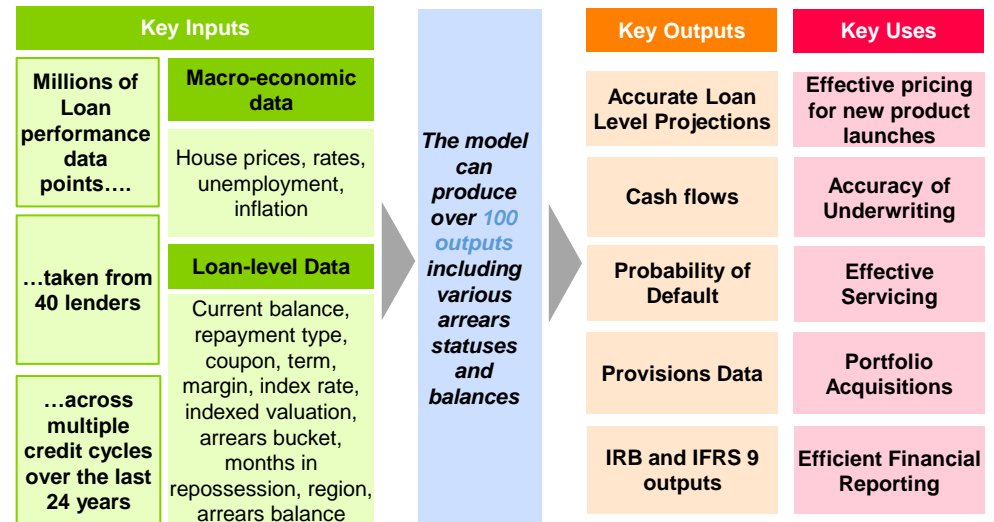
Operational

Efficiency in lending operations and servicing is continually improved through automation and embedding robotics, proprietary applications and third party tools



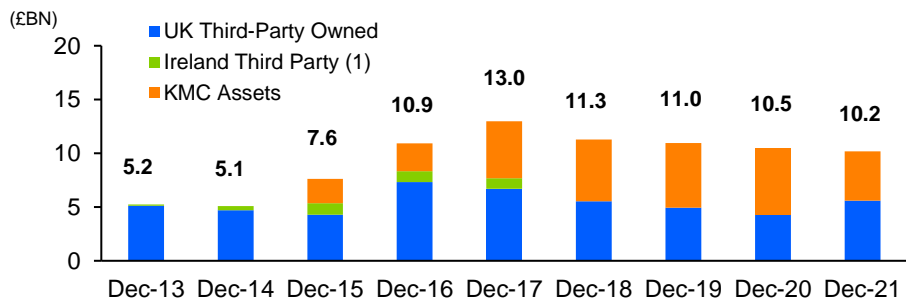
Portfolio Management

Kensington uses machine learning techniques and our 2 terabyte loan performance database to monitor portfolio composition and forecast performance



ASSETS UNDER MANAGEMENT

- The Group also provides an end-to-end servicing solution for third parties
- As at December 2021, Kensington had £10.2 billion AUM representing c.98,000 loans



Source: Kensington Group as of December 2021

HEADQUARTERS



- Kensington's main operations centre is located in Maidenhead, outside London
- Kensington services its own assets as well as third party clients' assets in the same office (with a Chinese wall between the servicing and Kensington origination teams) and shares synergies including staff, analytical tools, IT systems and support functions
- Kensington can organise ad-hoc due diligence meetings for clients to visit its call centre and meet the operations team

KEY METRICS

	LTM
Servicing FTE - end of Mar 22	225
Average number of inbound calls answered per month (primary)	~10,500
Average number of inbound calls answered per month (special)	~6,400
Abandon rate	6.16%
First Point of Contact – Complaint	71.3%
Complaint Pipeline – end of Mar 22	165
% complaints upheld	25%
Average working days to handle a complaint	18.8 days
Customer satisfaction feedback (out of 5) – as of Mar 22	4.56
Average days to sell a property ⁽²⁾	196 days
Average loss on property sale ⁽²⁾	£4,070
Number of properties sold ⁽²⁾	82

Source: Kensington Group as of March 2022

FORBEARANCE

- The below forbearance options can be offered to Kensington borrowers. Temporary and permanent forbearance is only allowed following a careful assessment of the borrower's financial circumstances
 - Contractual Monthly Payment Minus or Plus
 - Floater
 - Interest Only Switch
 - Capitalisation (permanent)
 - Term Extension
 - Assisted Voluntary Sales
 - Receiver of Rent

(1) Acenden exited the Irish market in March 2018

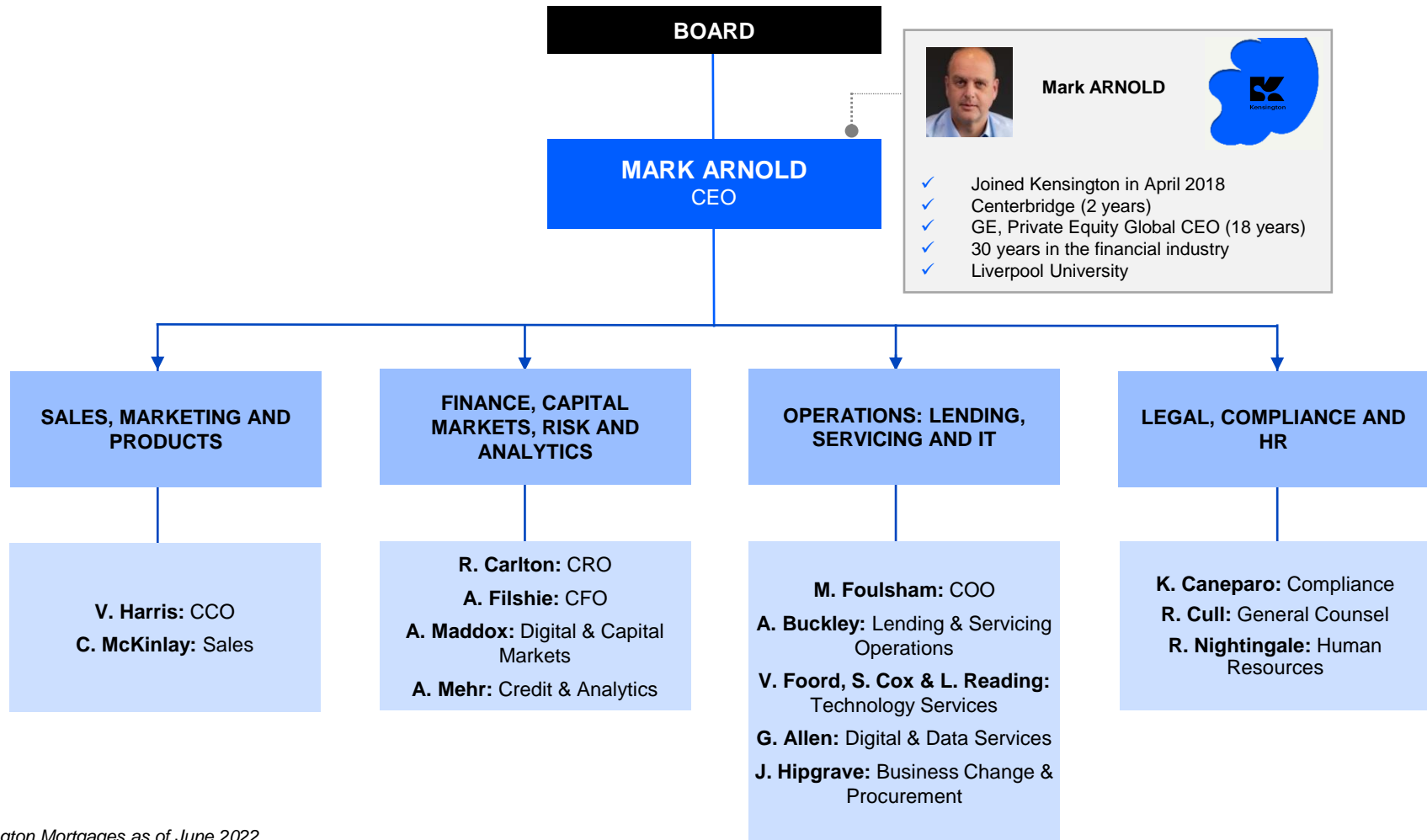
(2) There was a moratorium in place from Mar-20 that affected the litigation process; repossessions only resumed in June 2021



Management Team

Kensington **Highly experienced team having worked on average 20yrs+ in the financial industry**

- The Executive Management Team has deep experience across the mortgage industry, having all worked with a number of best-in-class investment banks and hedge funds in the principal finance and mortgage trading sector including GE Capital, RBS, Deutsche Bank, Lehman Brothers, and McKinley



Source: Kensington Mortgages as of June 2022



Libor transition

Kensington

The transition of all customer accounts on Libor is complete

LIABILITIES

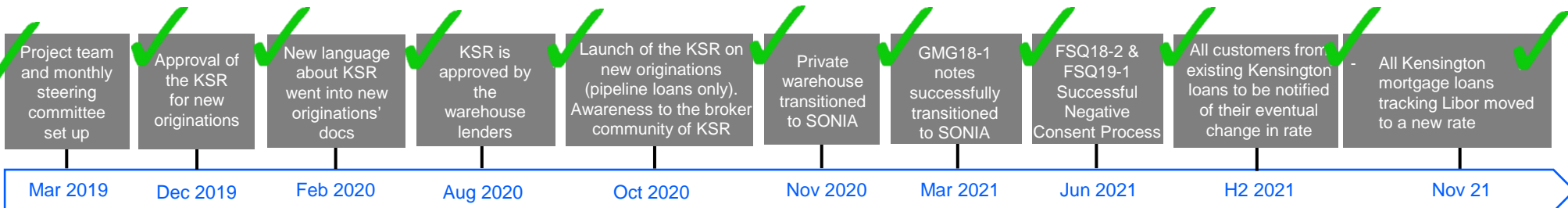
- Since July 2019 (e.g. FSQ19-2), all bonds issued by Kensington have been priced over SONIA
- All Kensington deals with bonds tracking Libor their last Libor fixing before the 31.12.2021 (assuming they are called on their first call date) with the exception of
 - ✓ **GMG18-1** – call date in Sep-22. The noteholder’s consent solicitation process to change the index rate to SONIA has been successfully passed and now bonds & swaps have transitioned to SONIA since the Mar-21 IPD
 - ✓ **LMS1** – The noteholder’s consent solicitation process to change the index rate to SONIA has been successfully passed and all bonds will transition to SONIA as at the Jun-22 IPD
 - ✓ **LMS2 & LMS3** – Kensington does not have any residual interest in these transactions and operates as an arm’s length special servicer

ASSETS

- **New originations – Applications post October 2020 (and any product switches)**
 - ✓ New originations revert to the Kensington Standard Rate (KSR) which is set quarterly by reference to the 3m forward SONIA. In addition, KSR will never be lower than 0% nor more than 1% above BBR; at the point of replacement, KSR will not be higher than the variable rate applicable to the mortgage. A contractual reversionary margin is charged over KSR
- **Existing Loans until October 2020**
 - ✓ Existing loans originated before 01/10/2020 transitioned from 3m LIBOR to KSLR (Kensington Synthetic Libor Rate) at the end of last year which is calculated as 3m TSRR (Term Sonia Reference Rate) + 11.93bps (5 year spread adjustment between 3m LIBOR and SONIA) from 31.12.21 (before this date, KSLR was equal to 3m LIBOR)

Overview of Transition

- Kensington managed the Libor transition across its business with a project team comprising of representatives from Capital Markets, Legal, Compliance, Product and Finance
 - All customers were written to in Autumn 2021 and all customers who previously had loans tracking Libor have been moved to a new rate called KSLR (with the exception of any Product Switches, which moved to KSR)



ESG



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HELPING OUR BORROWERS MAKE GREEN CHOICES



- In February 2020, Kensington launched its first range of environmentally friendly products
 - ✓ The **eKo Cashback Mortgage** was the first Green mortgage product offered by a specialist mortgage lender in the UK. This product rewards borrowers that improve the energy efficiency of their home, by granting them a £1,000 cashback if they improve the EPC score of their property by at least 10 SAP points within 12 months of their mortgage completion date
- In May 2021, Kensington launched its next Green mortgage product, the **eKo New Build Reward**, supporting the company's green initiative. This product rewards owner-occupied borrowers for purchasing an A or B EPC-rated New Build property by doubling the cashback fee compared to a regular cashback product – all green products have also now been extended to BTL customers
- In February 2022, Kensington was recognised at The Money Group Limited Awards for its Green Mortgage range, winning an award for the lender who is 'Leading the Climate Change Initiative'.
- Kensington has financed **£369,629,447** (as at 30-Apr-22) of **green loans through its FSQ 2021-1 Green bond**



The Group's target is to originate more than £800 million green loans between 2021 and 2026

FUNDING, REGULATION & STANDARDISATION



- Kensington designed a Green Bond Framework (that is available at https://investors.kensingtonmortgages.co.uk/rmbs-reports/finsbury-square/FinsburySquare_2021-1_GREEN) to support the achievement of certain **United Nations Sustainable Development Goals** and, to date, Kensington has issued **£640 million of green bonds** through the FSQ21-1 transaction
- Kensington is one of the few ABS issuers to actively participate in the ESG working group led by AFME with the target to **standardise ESG disclosures and due diligence** for securitisations
- In April 2022, Kensington was recognised by Global Capital at the 2022 European Securitisation Awards for its ESG Securitisation programmes by winning **ESG Issuer of the Year**


MINIMISING OUR CARBON FOOTPRINT




- Kensington is improving its energy performance in line with **carbon reduction commitments** and the firm is engaging itself with a behavioural change programme, space utilisation and energy efficiency projects
- As part of these projects Kensington has **embraced company-wide flexible working**, officially put it in place from November 2020; it has meant a reduction in the carbon footprint of employee commuting and also a reduction in the size of both the London & Maidenhead offices
 - ✓ The new London office has great green credentials, with a building **EPC rating of A** and a **BREEAM Excellent Rating**



SUPPORTING OUR CUSTOMERS


- 
 Kensington's specialist mortgage expertise of its underwriters combined with innovative use of data addresses the needs of borrowers with income complexity who are currently **overlooked by high street lenders**; our approach allows us to look beneath the surface, consider complex and multiple income sources (incl. non-recurring income streams) and comfortably lend to a broader range of customers throughout their life cycle than high street lenders will consider
 - ✓ Kensington focuses on **borrowers that are underserved by high street lenders** given they do not fit the 'one size fits all approach' taken by high street lenders which rely on highly automated underwriting models. These include Self-employed, first-time buyers, borrowers with complex and/or multiple income, later life & younger borrowers, contractors, etc...
- Kensington designed a Social Bond Framework (available at https://investors.kensingtonmortgages.co.uk/rmbs-reports/gemgarto/gemgarto_2021-1) to support the achievement of certain **United Nations Sustainable Development Goals** and, to date, Kensington has issued over **£470 million of social bonds** through the GMG21-1 transaction
- Kensington has launched products that support affordable housing initiatives including **Shared Ownership, Right to Buy and Help to Buy**

SUPPORTING OUR COLLEAGUES

- 
- Kensington completes the gender pay gap each year with the results published internally and externally. Kensington has a Diversity and Inclusion programme, and included in this programme is a review of the results and **identifying actions that can be taken to reduce the gaps**
 - Recruitment targets have been set to **reduce the gender imbalance** of applicants at senior and junior levels; flexibility of working practices has increased which, over time, will also help address this issue
 - Kensington actively promotes and supports mental and physical wellbeing; the firm provides a free **24/7 Employee Assistance Programme** and has a Wellbeing Forum that is formed of a broad representation of colleagues, with the aim to **support the workforce** in a multi-location environment and build resilience utilizing the 5 ways to wellbeing:

1. STAY CONNECTED 2. BE ACTIVE & HEALTHY 3. KEEP LEARNING 4. GIVE 5. TAKE NOTICE

SUPPORTING THE COMMUNITY

- 
- Kensington's official Charity partner is MIND, that **supports the mental health and wellbeing** of individuals
 - Kensington provides each employee with one days paid leave to do voluntary work; In order to encourage more employees to take up their day's volunteering, Kensington is actively engaging with charities in the local community and in October 2020 the firm joined a Business Volunteering Scheme that finds opportunities for groups of employees to **go out and make a difference**
 - Kensington promotes **inclusion in the community** through sport by proudly sponsoring local community sport activities, including sponsorship of the Maidenhead Women's Football Team and the annual Maidenhead Easter 10 race



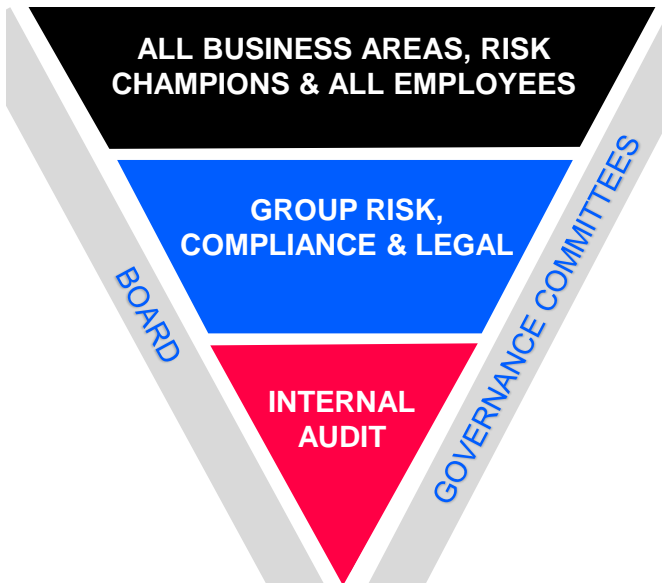
DATA PROTECTION

- Protection of our customer data is vital; Kensington is compliant with DPA 2018 and GDPR⁽¹⁾ regulation
- Kensington enhanced its protection further, and received ISO 27001 certification in December 2019 ⁽²⁾ for its Information Security Framework
- Kensington is continuously working on its IT infrastructure for it to be cyber resilient and be able to operate while under persistent threats

REGULATION

- The Kensington Mortgage Company Board (the regulated entity) is composed of 3 Independent Non-Executive Directors; a 1:2 male to female split
- Kensington Board Committee's include an Audit Committee, Risk Committee and Remuneration & Nomination Committee, all comprised solely of 3 Independent non-executive directors
- Kensington complies with the Senior Manager Certification Regime (SMCR) conduct rules from the FCA

RISK MANAGEMENT



- The 3 lines model is the backbone of Kensington's Risk Management framework (RMF)
- **1st Line** – This includes Senior Management and all staff members involved in day to day management and running of the business, including Executive Risk Owners (EROs) and Risk Champions. All employees are responsible for understanding and performing their responsibilities relating to the management of risk
- **2nd Line** – All control functions that provide independent advice to/oversight of the day to day management and running of the business
 - Group Risk assists the firm to consult, develop, document and embed the Risk Management policies and framework
 - Compliance set policies, monitor, provide advice and perform horizon scanning for upcoming regulatory changes and also provide an independent assessment of Conduct & Compliance risk profiles
- **3rd Line** – Independent assurance of the effectiveness of 1st and 2nd lines of defence
 - Internal Audit – Reviews design & effectiveness of the ERM framework, performs internal audits to determine whether business areas are operating within risk appetite

(1) 2 satisfactory audits were undertaken by external auditors in 2019 and 2020 to confirm adherence to data protection legislations

(2) Validity of 3 years - Kensington undertook a 6-month review in Nov-20 confirming its adherence to the certification

ESG Targets Results

Kensington FY 2021/22



ACHIEVED



Originate £150m of green loans (EPC rated A & B) in FY21/22

1,321 green loans originated, equating to **£280M**



15% ESG principle backed bonds issued over 3 years

53% ESG principle backed bonds issued in year 1



Recycling 30% of all waste

Recycling accounted for **52%** of total waste recycled



Reduce energy & paper consumption by 20% by 2025

Paper reduction of **26%**
Electricity reduction of **32%**



ACHIEVED



Aim for 100% of OO loans to underserved borrowers

100% OO loans originated post-crisis provide clear social benefits for underserved borrowers



20% of staff to take up the volunteering day

146 employees participated = **26%** of staff



Target 85% wellbeing agreement score

Survey results from Feb-22: 95% staff participated with **94%** wellbeing agreement score



Shortlist 50/50 Male/Female candidates across all roles

Shortlisted **48% Male** and **52% Female** roles in FY21/22*

*within accepted range



ACHIEVED



Employee training

Introduction of new **ESG training course** for all employees



Financial disclosures

Kensington HoldCo published **20/21 financial statements** on investor portal



Governance structure

No unqualified opinions from auditors in last 6 years. Board majority are **independent non-executive directors**



Corporate risk management

As well as independent risk function and 3-line governance model, **fully compliant** with SMCR conduct rules from FCA



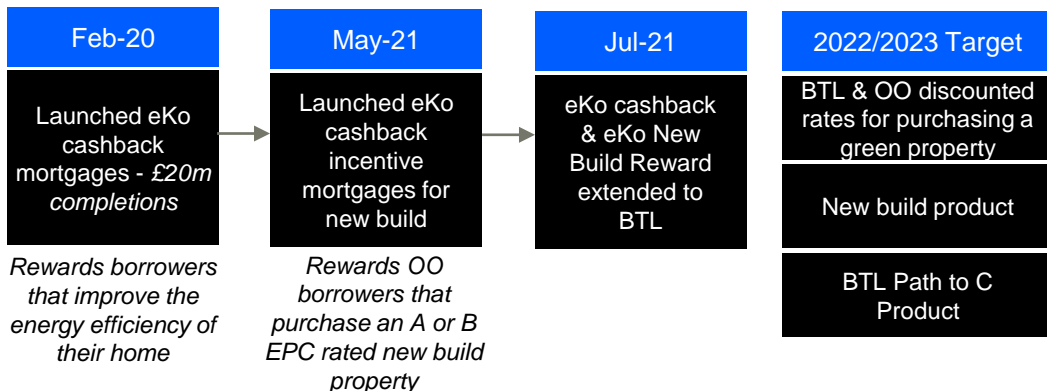
Inaugural Kensington Green Bond



Kensington **FSQ 2021-1 GREEN is the first labelled Green bond from a UK RMBS issuer** (1)

COMMITMENT TO GREEN LENDING

- Kensington’s decision to develop a Green Bond Framework is built **on its commitment to invest more time and resources in projects that promote progress on environmentally sustainable activities** and also to contribute to increasing the amount of capital allocated to sustainable uses of proceeds in the financial sector
 - ✓ Kensington wants to support its customers meet the challenge of decarbonisation and therefore is committed to **lending sustainably**
 - ✓ Kensington intends to develop a range of green products in the next years and targets to allocate more than £800 million to green loans by 2026



- The deal closed on 28th June 2021

ELIGIBLE GREEN PROJECT

- The Finsbury Square 2021-1 Green bond aligns with the **ICMA Green Bond Principles (2018 edition)**
- The Eligible Green Project contributes to the achievement of the UN SDGs 7 (7.3) and SDG 11 (11.3 & 11.6) and aligns to the GBP category of Green Buildings - **UK owner-occupied or buy-to-let home loans secured by a property having currently a minimum EPC B rating as this is currently the minimum EPC rating for a residential property to be considered to have an emissions intensity in the top 15% of residential buildings in England and Wales**

	SDG 7 – Target 7.3 By 2030, double the global rate of improvement in energy efficiency
	SDG 11 – Target 11.3 By 2030, enhance inclusive and sustainable urbanization
	SDG 11 – Target 11.6 By 2030, reduce the adverse per capita environmental impact of cities

UTILISATION OF PROCEEDS

- On the issuance date of the Green Bonds, the Issuer will use the Green Bond proceeds to purchase a specific pool of loans originated by Kensington which will include loans **designated as an Eligible Green Project** and identified ahead of the issue date (“**Eligible Green Projects in Provisional Mortgage Pool**”)
- Given the total amount of Eligible Green Projects on the issue date is expected to be less than that of the GBT proceeds, Kensington intends to originate loans (secured by Eligible Green projects) having an aggregate nominal amount equivalent to the amount of unallocated proceeds **within a maximum of 5 years from the issue date.**

<i>£million</i>	ORIGINAL BALANCE
Eligible Green Projects in Provisional Mortgage Pool (2)	68.18
Unallocated Proceeds to Green projects	571.20

- The unallocated proceeds have been calculated as the total Class A-GREEN original size minus the aggregate original balance of the Eligible Green Projects that are in the Provisional Mortgage Pool

(1) Senior Notes Only
 (2) Based on the provisional Mortgage Pool as at 30.04.2021



Kensington

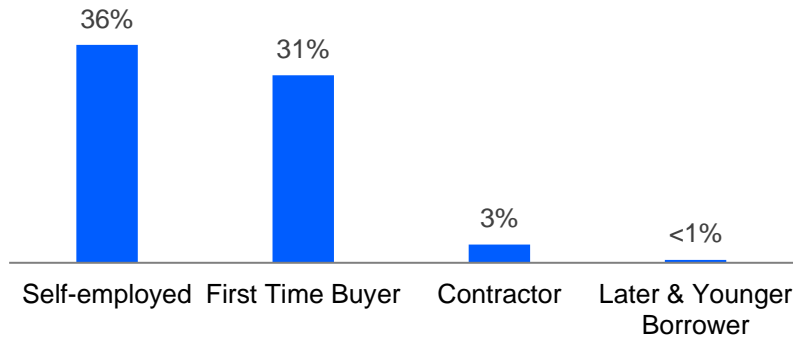
Inaugural Kensington Social Bond

GMG21-1 is the first labelled Social bond from a UK RMBS issuer



LENDING TO SOCIAL BORROWERS

- Kensington is providing loans to owner-occupied borrowers with income complexity who are underserved by high street banks
 - ✓ Kensington addresses the needs of borrowers with complex incomes that need manual underwriting as they do not fit the 'one-size fits all approach' taken by mainstream banks which relies on highly automated underwriting models
- The social objective of Kensington is **to improve access to home loan finance and facilitate home ownership for a target population**
- **Target populations** comprise viable borrowers that are underserved by high street banks despite their high quality profile – borrowers with multiple and/or complex incomes, self-employed, contractors, first-time buyers, later life & younger borrowers and borrowers looking to purchase affordable housing
- Kensington's owner occupied borrowers - % measured by origination volume over total originations from Jan-19 to Nov-20



- The deal closed on 24th February 2021

UTILISATION OF PROCEEDS

- The net proceeds of the GMG21-1 bond issued under Kensington's Social Bond Framework will be exclusively applied to refinance the issuer's purchase of the portfolio of owner-occupied loans (the Eligible Social project) backing the GMG21-1 deal (and other expenses in connection with the deal)

ELIGIBLE SOCIAL PROJECT

- The Gemgarto loans form part of an Eligible Social Project related to the Social Project categories of **Access to Essential Services (Banking)** and/or **Socioeconomic Advancement and Empowerment through equitable access to and control over real estate assets that serve as main residence**
- The Eligible Social Project aligns and contributes to the achievement of the United Nations Sustainable Development Goals ('UN SDG')



SDG 10 – Target 10.2

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



SDG 10 – Target 10.3

Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.



SDG 11 – Target 11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.



SDG 11 – Target 11.3

By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Mortgage Products



POWERED BY



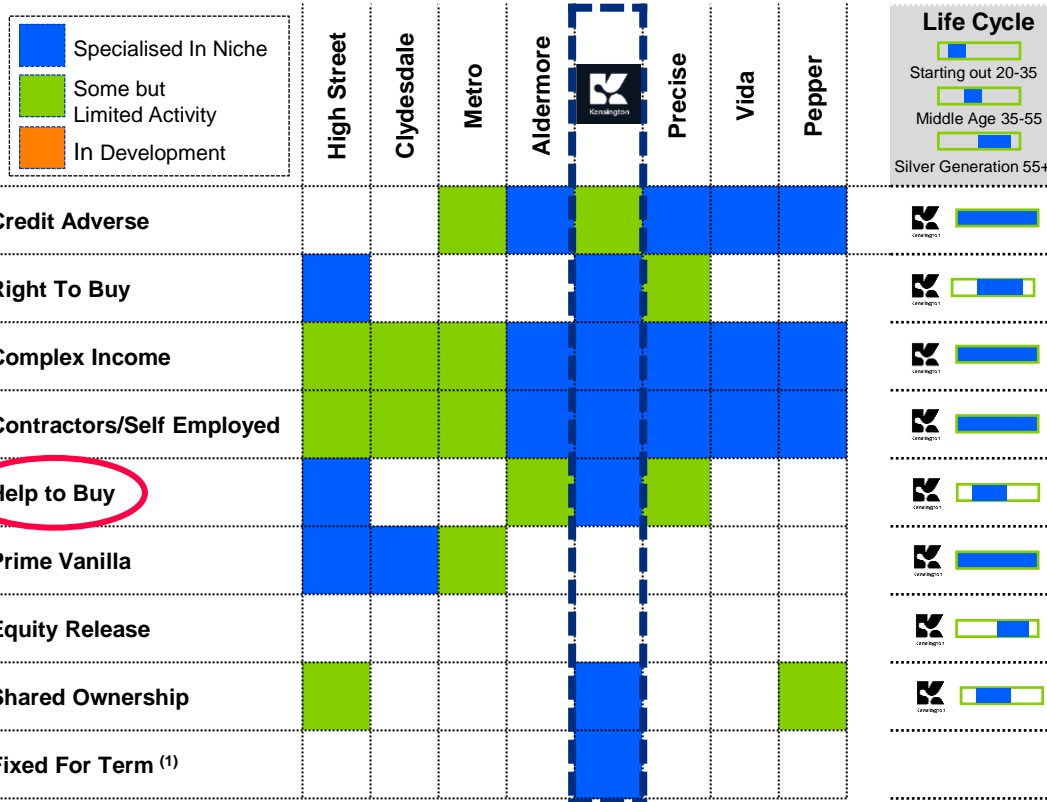


Multi-niche lending strategy

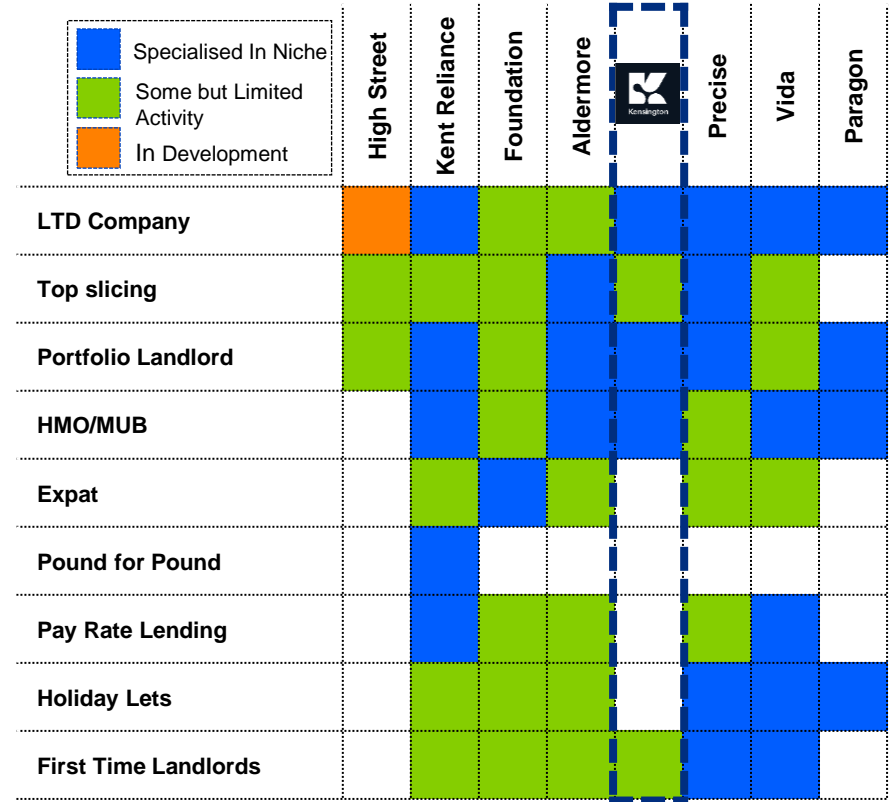
Kensington Manual underwriting model to focus on high margin complex product niches

- Kensington's lending is focused on niche product areas which are underserved by high street lenders who cannot provide a similar manual case-by-case approach;
 - ✓ Kensington differentiates its product strategy by focussing on the different life stage of its customers, addressing market segments from young professionals who are just starting out to 55+ and approaching retirement
- Kensington uses data analytics to continuously identify new growth opportunities for niche products within a competitive market environment

OWNER OCCUPIED



BUY TO LET



Source: Public market information as of March 2022

(1) Funded through a forward-flow agreement, not securitisation

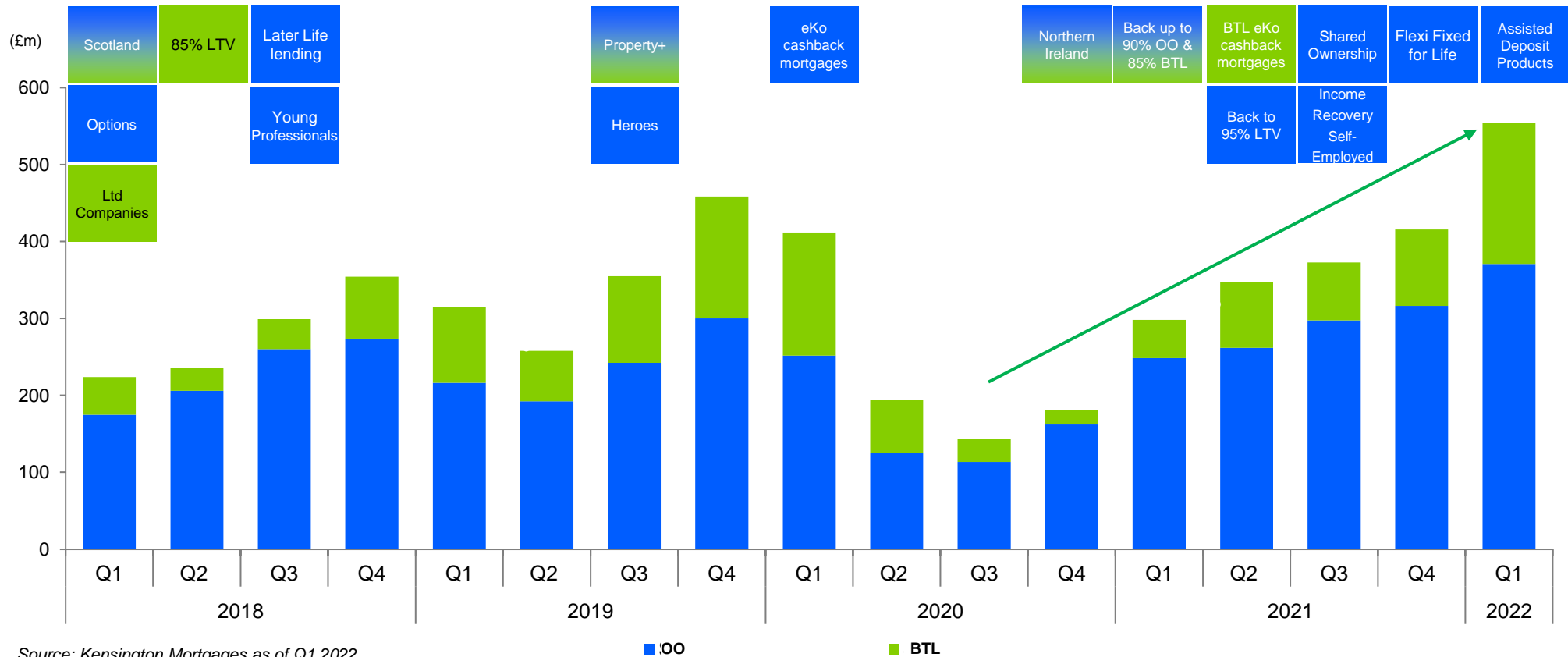
Last HTB loans to complete by the end of December 2022

Product Launches

Kensington Regular expansion of Kensington's product offering

- Kensington is the leading specialist residential mortgage lender in the UK and continues to successfully expand its product range;
- Since 2015, Kensington has developed a strong and successful Buy to Let product range that, pre-COVID-19 accounted for c. 30% of its total origination volumes. The BTL volumes decreased in Q3 and Q4 of 2020 and Q1 of 2021 due to COVID-19, however BTL volumes are recovering as can be seen from Q2 of last year and Q1 of this year;
- Kensington completed just over £1.9 billion of new loans in its FY 2021/2022
- In the last six months, Kensington has completed over £890 million of new loans

QUARTERLY COMPLETIONS VOLUMES AND KEY PRODUCT LAUNCHES



Source: Kensington Mortgages as of Q1 2022



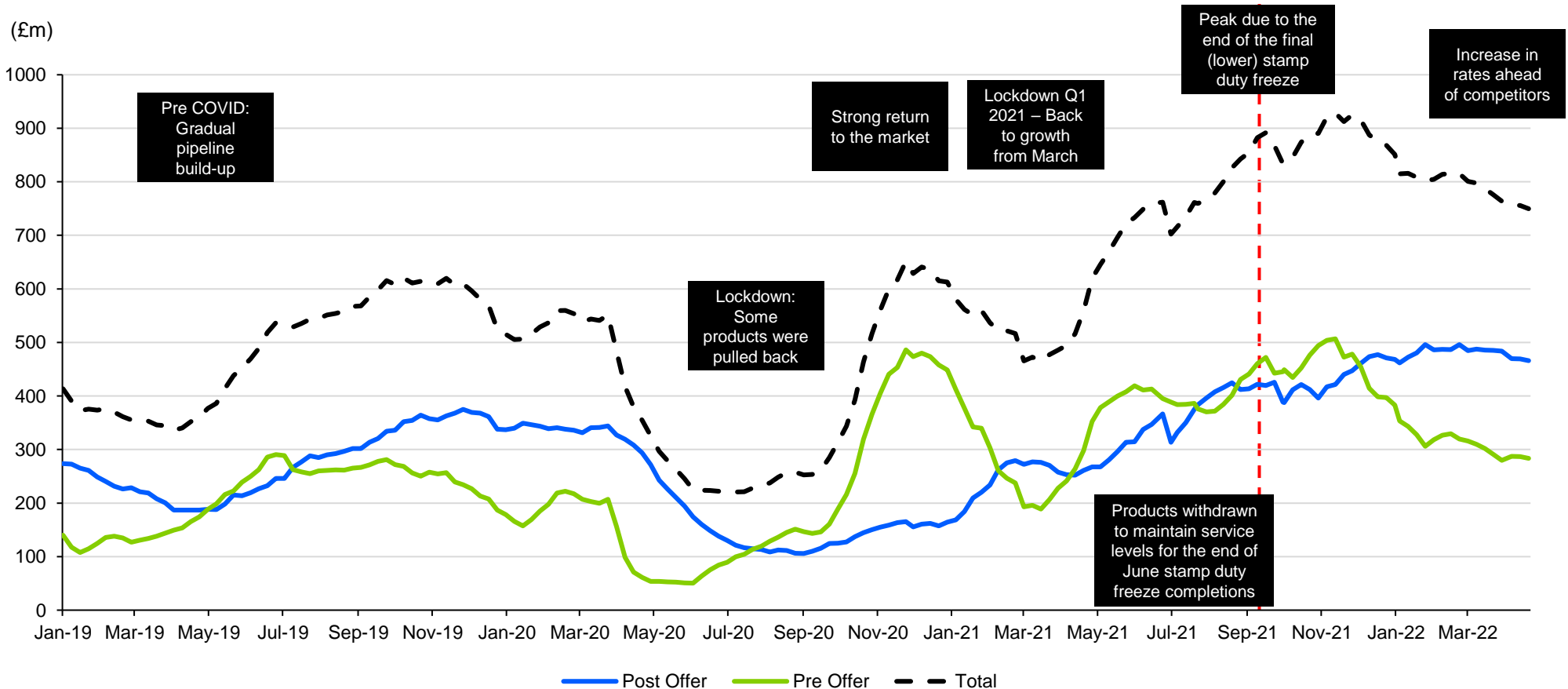
Strong Bounce Back in Volumes

Kensington

Kensington's pipeline is higher than pre-COVID-19

- Kensington currently has a pre-offer pipeline of £283m+ and a post-offer pipeline of £465m+. With the increases in the Bank of England Base Rate, Kensington has been fast to react with pricing updates, however our competitors are slower to react and therefore the pre-offer pipeline has experienced a reduction

PRE AND POST-OFFER PIPELINE



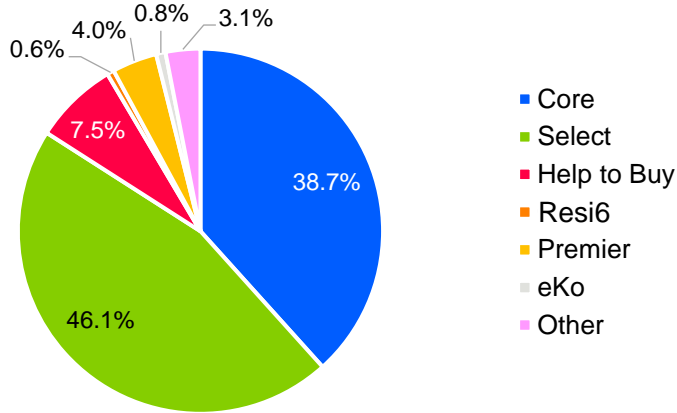
Source: Kensington Mortgages as of April 2022



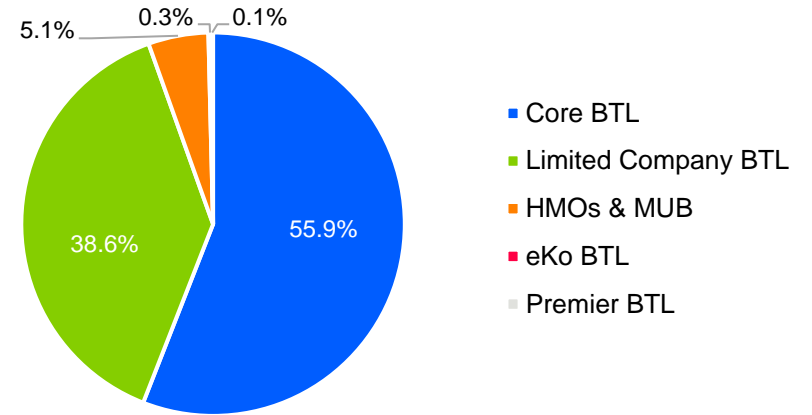
Product Range

Product innovation and great service used to support growth

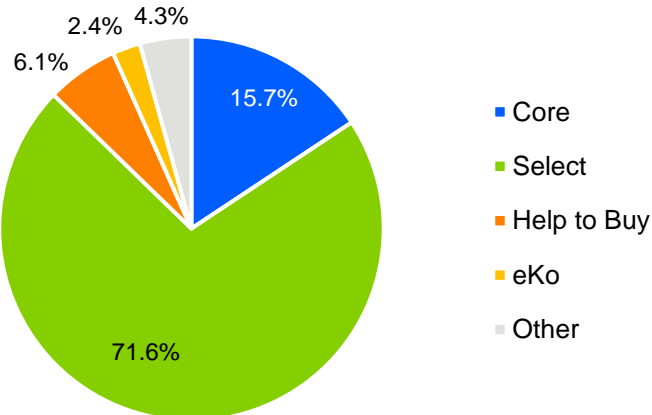
OWNER OCCUPIED – FROM JAN-15 TO MAR-22



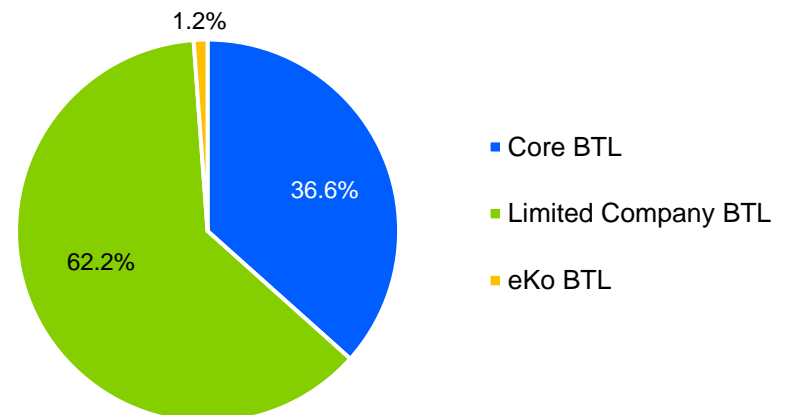
BUY TO LET – FROM JAN-15 TO MAR-22



OWNER OCCUPIED – L12M TO MAR-22



BUY TO LET – L12M TO MAR-22





Lending Activities & Credit Risk

Kensington

Owner Occupied - as of March 2022

Criteria	Select	Core (Residential)	Help To Buy
Time of Launch Total Completions since Jan 2015	May 2017 £2.6 billion+	2010 £2.2 billion+	Jun 2017 £428 million
Secured Arrears	None in 36 months prior to application	None in 24 months prior to application	None in 24 months prior to application
Defaults	None registered in 36 months prior to application	None registered within 24 months of application	None registered in 24 months prior to application
CCJ's	None registered in 36 months prior to application (72 months for 95% LTV)	None registered within 24 months of application	None registered in 24 months prior to application
Unsecured Arrears	Max bureau status of 2 in 12 months (must be up to date at time of application)	Max bureau status of 2 in 12 months (must be up to date at time of application)	Max bureau status of 2 in 12 months (must be up to date at time of application)
Max LTV ⁽¹⁾	90% / 95% ⁽²⁾	85%	75%
Max Loan	£1.5M up to 85% LTV / £1M up to 90% LTV/ £500k up to 95% LTV	£500,000 across all LTVs	£500,000 across all LTVs
Affordability	Standard	Standard	First lien mortgage Assessment takes into account the equity loan provided by the Help to Buy scheme

Criteria	eKo Cashback	eKo New Build Reward	Heroes
Time of Launch/Total Completions since Jan 2015	Feb 2020 £125 million	May 2021 £23.1 million	Jun 2019 £68 million
Secured Arrears	None in 36 months prior to application	None in 36 months prior to application	None in 36 months prior to application
Defaults	None registered in 36 months prior to application	None registered in 36 months prior to application	None registered within 36 months of application
CCJ's	None registered in 36 months prior to application	None registered in 36 months prior to application	None registered within 36 months of application
Unsecured Arrears	Max bureau status of 2 in 12 months (must be up to date at time of application)	Max bureau status of 2 in 12 months (must be up to date at time of application)	Max bureau status of 2 in 12 months (must be up to date at time of application)
Max LTV ⁽¹⁾	85%	90%	90%
Max Loan	£500,000 across all LTVs	£500,000 across all LTVs	£500,000 across all LTVs
Affordability	Standard	Standard	Higher income multiple: up to 5x loan to income, subject to affordability

Product Guides: <https://www.kensingtonmortgages.co.uk/intermediaries/products>

(1) Currently in the market

(2) Super Select criteria: same as select but no CCJs in last 72 months and max loan size £500,000



Lending Activities & Credit Risk

Kensington

Owner Occupied - as of March 2022

Criteria	Young Professional	Property Plus ⁽³⁾	Income Recovery Self-Employed
Time of Launch/Total Completions since Jan 2015	Nov 2018 £6 million	Apr 2019 £6.6 million	Aug 2021 Recently launched
Secured Arrears	None in 36 months prior to application	None in 24 months prior to application	None in 36 months prior to application
Defaults	None registered within 36 months of application	None registered within 24 months of application	None registered in 36 months prior to application
CCJ's	None registered within 36 months of application	None registered within 24 months of application	None registered in 36 months prior to application (72 months for 95% LTV)
Unsecured Arrears	Max bureau status of 2 in 12 months (must be up to date at time of application)	Max bureau status of 2 in 12 months (must be up to date at time of application)	Max bureau status of 2 in 12 months (must be up to date at time of application)
Max LTV ⁽¹⁾	85%	75%	85%
Max Loan	£500,000 across all LTVs	£500,000 across all LTVs	£1.5M
Affordability	Higher income multiple: up to 6x loan to income, subject to affordability	Standard	3 years trading history / Loan to income <£35k 4x, >£35k 4.5x / no enhanced for >£100k Av. of last 2 years income as long as: Most recent year (yr 3) is <25% lower than yr 2 Oldest year (yr 1) is =< yr 2 to show that the business was stable prior to Covid
Additional Criteria	Suitable for qualified Actuaries, Barristers, Chartered Accountants, Commercial Pilots, Dentists, Doctors & Solicitors	n/a	

Criteria	Large Loans	Right To Buy ⁽²⁾	Resi 6	Shared Ownership
Time of Launch/Total Completions since Jan 2015	Aug 2016 £247 million	Nov 2017 £31 million	Jun 2018 £44 million	Aug 2021 £13 million
Secured Arrears	None in 36 months prior to application	None in 24 months prior to application	0 in 3 months, 1 in last 24 months (worst status)	None in 36 months prior to application
Defaults	None registered within 36 months of application	None registered in 24 months prior to application	0 in 6 months, 1 in last 24 months. Satisfied or unsatisfied. Max £1,500	None registered in 36 months prior to application
CCJ's	None registered within 36 months of application	None registered in 24 months prior to application	Max of 1 registered in 24 months. 0 in 6 (registered), maximum total of £1000. Need not be satisfied.	None registered in 36 months prior to application (72 months for 95% LTV)
Unsecured Arrears	Max bureau status of 2 in 12 months (must be up to date at time of application)	Max bureau status of 2 in 12 months (must be up to date at time of application)	Max Status; no max. If current/existing arrears are present all payments must have been made 6 months prior to application.	Max bureau status of 2 in 12 months (must be up to date at time of application)
Max LTV ⁽¹⁾	75%	N/A	80%	75%
Max Loan	£2M up to 80% / £1.5M up to 85%	£500,000 across all LTVs	£500,000	£500,000
Affordability	Standard	LTV is worked out on the basis of the Right to Buy purchased price	Standard	Standard

Product Guides: <https://www.kensingtonmortgages.co.uk/intermediaries/products>

(1) Currently in the market

(2) Super Select criteria: same as select but no CCJs in last 72 months and max loan size £500,000

(3) Property Plus are loans lent for properties of non standard construction, including pre-fabricated reinforced concrete, poured concrete, steel framed / steel clad (pre 2000), 100% timber framed (post 1980), cob construction, colt construction, concrete block, stone and part rendered breeze block with pebble dashed outer walls



Lending Activities & Credit Risk

Kensington

Buy to Let - as of March 2022

Criteria	Core BTL	Limited Co. BTL	Property Plus ⁽²⁾
Time of Launch/Total Completions since Jan 2015	2010 £1.2 billion	May 2018 £675 million	Apr 2019 £3 million
Secured Arrears	None in 24 months prior to application	None in 24 months prior to application	None in 24 months prior to application
Defaults	None registered within 24 months of application	None registered within 24 months of application	None registered within 24 months of application
CCJ's	Satisfied CCJs acceptable if older than 24 months (We are able to accept unsatisfied CCJs that are registered over 24 months ago at the underwriter's discretion)	Satisfied CCJs acceptable if older than 24 months (We are able to accept unsatisfied CCJs that are registered over 24 months ago at the underwriter's discretion)	Satisfied CCJs acceptable if older than 24 months (We are able to accept unsatisfied CCJs that are registered over 24 months ago at the underwriter's discretion)
Unsecured Arrears	Unsecured Credit arrears acceptable if accounts now up to date (max status of 2 in last 12 months)	Unsecured Credit arrears acceptable if accounts now up to date (max status of 2 in last 12 months)	Unsecured Credit arrears acceptable if accounts now up to date (max status of 2 in last 12 months)
Max LTV ⁽¹⁾	85%	85%	75%
Max Loan	£750k up to 80% LTV / £500k up to 85%	£750k up to 80% LTV / £500k up to 85%	£500,000
Affordability	125-145% minimum DSCR 5.5% assessment rate (<5yr) or 5% for 5yr fixed Top slicing available	125-145% minimum DSCR 5.5% assessment rate (<5yr) or 5% for 5yr fixed Not available in Northern Ireland	125-145% minimum DSCR 5.5% assessment rate (<5yr) or 5% for 5yr fixed Top slicing available

Criteria	BTL eKo Cashback	BTL eKo New Build Reward	HMOs & MUB
Time of Launch/Total Completions since Jan 2015	Jul 2021 £23.9 million	Jul 2021 Recently Launched	Nov 2016 £90 million
Secured Arrears	None in 24 months prior to application	None in 24 months prior to application	None in 24 months prior to application
Defaults	None registered within 24 months of application	None registered within 24 months of application	None registered within 24 months of application
CCJ's	Satisfied CCJs acceptable if older than 24 months (We are able to accept unsatisfied CCJs that are registered over 24 months ago at the underwriter's discretion)	Satisfied CCJs acceptable if older than 24 months (We are able to accept unsatisfied CCJs that are registered over 24 months ago at the underwriter's discretion)	Satisfied CCJs acceptable if older than 24 months (We are able to accept unsatisfied CCJs that are registered over 24 months ago at the underwriter's discretion)
Unsecured Arrears	Unsecured Credit arrears acceptable if accounts now up to date (max status of 2 in last 12 months)	Unsecured Credit arrears acceptable if accounts now up to date (max status of 2 in last 12 months)	Unsecured Credit arrears acceptable if accounts now up to date (max status of 2 in last 12 months)
Max LTV ⁽¹⁾	85%	85%	80%
Max Loan	£500,000	£500,000	£750,000
Affordability	125-145% minimum DSCR 5.5% assessment rate (<5yr) or 5% for 5yr fixed Top slicing available	125-145% minimum DSCR 5.5% assessment rate (<5yr) or 5% for 5yr fixed Top slicing available	130-160% minimum DSCR 5.5% assessment rate (<5yr) or 5% for 5yr fixed Top slicing available

Product Guides: <https://www.kensingtonmortgages.co.uk/intermediaries/products>

(1) Currently in the market

(2) Property Plus are loans lent for properties of non standard construction, including pre-fabricated reinforced concrete, poured concrete, steel framed / steel clad (pre 2000), 100% timber framed (post 1980), cob construction, colt construction, concrete block, stone and part rendered breeze block with pebble dashed outer walls

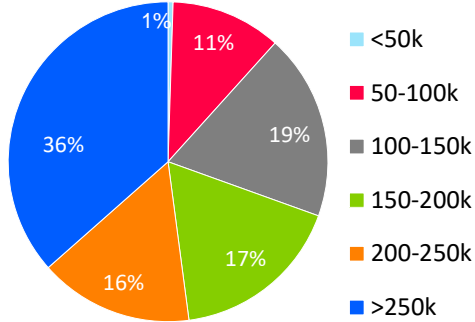


2016-2022 Origination

Kensington

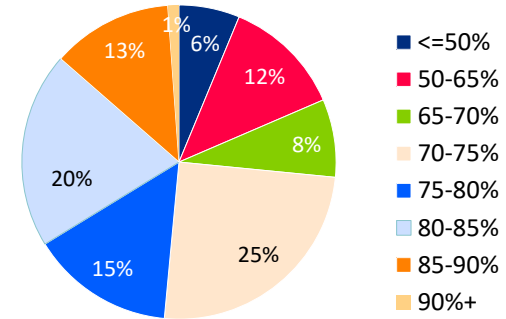
By Original Loan Balance

LOAN BALANCE (£)



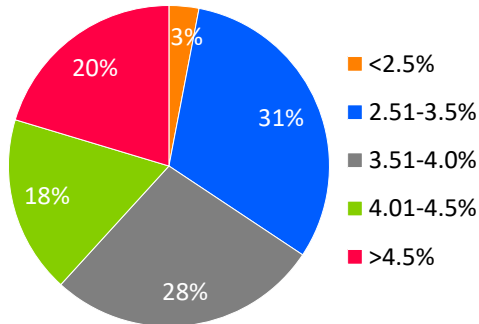
Average of £172K

ORIGINATION LTV



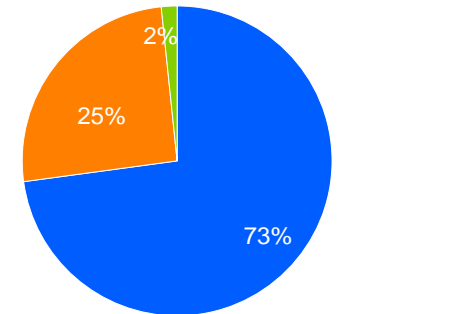
Average of 75%

INITIAL INTEREST RATE



Average of 3.84%

REPAYMENT TYPE



■ Repayment ■ Interest Only ■ Part & Part

Underwriting Capability



POWERED BY





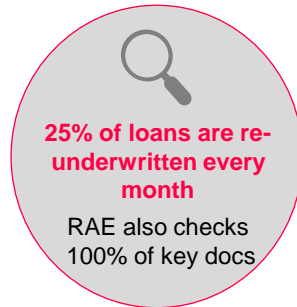
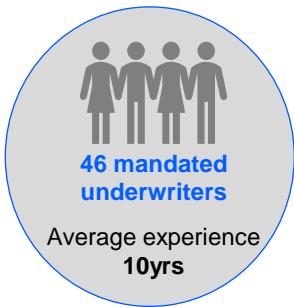
The Lending Operations Team

Kensington

A highly experienced underwriting team

UNDERWRITING CAPABILITIES

- Currently **46 mandated underwriters** and 5 in training pool compared to an average of 22 in 2019/2020
- Increased number of Underwriting Team Managers: with an **average of 23 years** experience
- Monthly QA assurance oversight on random selection of previous month offers with feedback & coaching
- External re-underwriting by Risk Advisory Europe (RAE) with feedback and coaching



RECRUITMENT

- Transition to Working from home model has resulted in **nationwide recruitment** of experienced Underwriting talent
- All active mandate holders in previous roles – **average mandated experience 10 years**
- Attracted from several different lenders, including Precise, Aldermore, Foundation, Virgin, Platform, Santander, Together, Yorkshire, West Brom, Accord, Principality; All with WFH experience
- Knowledge will help us to further enhance our policies and processes
- Trained on Residential and BTL products – **multi skilled**
- **Time to mandate reduced** to 8 -10 weeks based on strong technical starting point from Underwriter experience

DISTRIBUTION OF UNDERWRITERS ACROSS THE UK





Credit Risk

Kensington

Kensington Underwriting Criteria vs. High Street Lenders

CRITERIA	Kensington Core (Except 'Resi6' product range)	Barclays	Santander	Nationwide	Halifax	Principality BS	
Adverse Credit History	Missed mortgage payment last 24m	0	1 in 6m and 3 in last 48m	0 in last 12m	Rely on credit scores	Rely on credit score	No if =>3months missed payments in 2 yrs
	CCJ last 24m	0	No if >1 & in 3 years and > £200 in 3yrs	Rely on credit scores	Rely on credit scores	Rely on credit score	No if >1 & >£500 in 6yrs
	Last Bankruptcy / IVA	No	6 years	No	3 years	6 years	6 years
	Default last 24m	No	No if >3 and >£200 (in 3 years)	Rely on credit score	Rely on credit scores	Rely on credit score	No if >1 & >£500 in 6yrs
Affordability Assessment	Full affordability assessment	Full affordability assessment	Full affordability assessment	Full affordability assessment	Full affordability assessment	Full affordability assessment	
Affordability stress rate	Reversionary rate +3%	Minimum reversionary rate +3% if <5 years	Minimum reversionary rate +3% if <5 years	Minimum reversionary rate +3% if <5 years	Minimum reversionary rate +3% if <5 years	Minimum reversionary rate +3% if <5 years	
Income	BTL Affordability rate	Min of 5.5% or the pay rate plus 2% if higher (<5year fixed) or forward KSR + reversionary margin (≥ 5yr fixed rate) managed rate at 125% to 145% DSCR (except HMO)	Assessment of personal and rental income, and relevant landlord costs, applicant level tax liability, credit commitments inc. residential mortgage, all expenditure and living costs	Dependent on tax band and product type, min 125% of 4.25% to max 150% of 5.5% (less than 5yrs). 4.25% rate used for 5yrs fixed	(Through their subsidiary TMW) 125% for lower tax rate payers & Ltd Co's (less than 3 rentals), 145% for higher tax rate payers and those with more than 3 BTL properties. 170% for all HMOs regardless of tax status. Stress rate varies btw LTV and product term	Higher of a notional interest rate or the initial rate +2% at 125%	145% at 5.5% interest rate irrespective of tax band. For pound for pound remortgages where the property was purchased before Jan 2017 a lower stress rate of 125% at 5.5% can be applied
% regular overtime/Bonus as income	100%	50% or 100% (last 3 months payslips + P60)	100% (regular and consistent), max. 65% (regular but inconsistent)	Yes but must be evidenced with payslips and last one cannot be £0	Yes but must be evidenced with payslips	100% Bonus / 50% regular overtime	
Self certified?	No	No	No	No	No	No	
Type of Property	Standard	Standard	Standard	Can accept non standard construction	Can accept non standard construction	Standard	
Property	Valuation	Full physical valuation	AVM and full physical for specific property types	Full physical valuation but can accept AVM or EIV for certain products	AVM and full physical if AVM is not sufficient	Various levels of physical valuations (AVMs can be used in certain cases)	Not always arrange for a full physical valuation for remortgage (can use AVM or drive-by)
	Scotland	Yes	Yes	Yes	Yes	Yes	No
	Northern Ireland	Yes	Yes	Yes	Yes	Yes	No
	Wales	Yes	Yes	Yes	Yes	Yes	Yes

Source: KMC Residential Criteria Sep-21; Barclays lending criteria (website – May-22); Santander lending criteria (website - May-22); Nationwide lending criteria (website May-22); Halifax lending criteria (website May-22); Principality BS lending criteria (website – May-22)



Affordability Model

Kensington Owner Occupied

- The borrower affordability calculation is based on a robust income and expenditure review which we believe is a key driver of performance;
- The calculation is compliant with regulatory requirements (MMR/MCOB).

<u>Calculation</u>	<u>Per Year</u>	<u>Typical Borrower</u>	<u>% Gross Income</u>	<u>Underwriting Criteria and Limit</u>
A	Gross Income	£42,500	100.0%	Can include secondary income, up to 100% bonus, overtime
B	Less Tax & National Insurance	£10,400	24.5%	
C = A - B	Net Income	£32,100	75.5%	
D	Less Financial commitments	£2,700	6.3%	Personal Loans, Credit cards, This is checked against Credit reference Agencies
E = C - D	Net Income (After Council Tax and Financial Commitments)	£29,400	69.2%	
F	Less Living Costs	£12,000	28.2%	Childcare, bills, food, transport, and council tax. This is checked against demographic database
G = E - F	Affordability (Expenditure Method)	£17,400	40.9%	Net Income (After Income Tax and Financial Commitments) minus Living Costs
H = E * 60%	Affordability (DTIR Method)	£17,640	41.5%	Net Income (After Income Tax and Financial Commitments) multiplied by an indicative DTIR limit of 60% Max DTIR ranges from 47% to 70% income depending on applicant income and credit profile
	Assessable Affordability	£17,400		Minimum of Affordability (Expenditure Method) And Affordability (DTIR Method)
	Stressed Mortgage Payment	£13,294	33.8%	Based on total rate of 7.4% i.e reversionary margin (4.3%) + KSR (0.10%) + Rate Stress of 3%
	Net Affordability After Stressed Mortgage Payment	£4,106		Assessable Affordability, Minus Stressed Mortgage Payment. Must be >0
	Loan to Income (LTI)	3.76x	n/a	Loans are limited to 6x time income depending on applicant income and credit profile
	Mortgage Payment	£9,166	21.6%	Based on an average repayment loan of £160k, a rate of 4% and term 360 months

Source: Kensington Mortgages; Based on average single Kensington customer and national averages and estimates



Affordability Model

Kensington **Buy to Let**

- Kensington BTL’s calculator bases the lending decision on the actual circumstances of both the customer and the property
 - The model has been tested against 12,000 historic lending scenarios. The lending outcome is ‘better’ in 50% of cases relative to previous BTL affordability model
 - This affordability calculator **gives the maximum amount customers can expect to borrow** based on their personal, property and income details from a minimum ICR of 125%
- The individual borrower and property costs taken into consideration are:
 - Rental income
 - Ground Rent and Service Charge
 - Letting fee proportions and void guarantees
 - Borrower income (to determine tax liabilities only i.e. income is not used towards BTL affordability)
 - Tenancy in Common
 - Tenancy voids assumptions specific to postcode areas
 - Property repairs and insurance specific to property age and residency type (HMO, MUB)

MINIMUM AFFORDABILITY ASSESSMENT

	STANDARD BTL	HMO / MUB
< 5 years	125% of 5.5% or the pay rate +2% if higher	130% of 5.5% or the pay rate +2% if higher
> 5 years	125% of (Forward KSR + reversionary margin)	130%, (Forward KSR + reversionary margin)

Source: Kensington Group

BUY TO LET CALCULATOR

Calculate your Debt Service Coverage Ratio (DSCR) to give you an indication of the amount we are willing to lend.

[Product Guide](#)

Simple
 Full

Applicant Type: Individual Company

What type of mortgage will it be?: Purchase Remortgage

Is any applicant a higher rate tax payer?: Yes No

Is the property a Multi-Unit Block?: Yes No

DSCR 125%

To find out how much your customer could borrow, if their existing portfolio is acceptable and whether we can improve on this DSCR figure using top-up income.

[Full BTL Calculator](#)

Sales & Distribution Model



POWERED BY



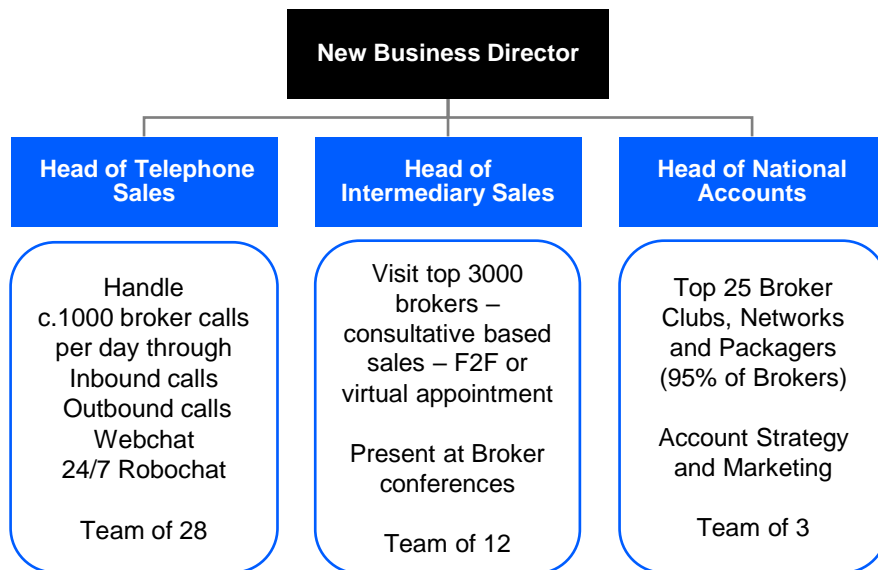


Sales Strategy

Kensington Sales strategy centred around the use of data analytics to identify opportunities in the market

TEAM STRUCTURE AND SALES STRATEGY

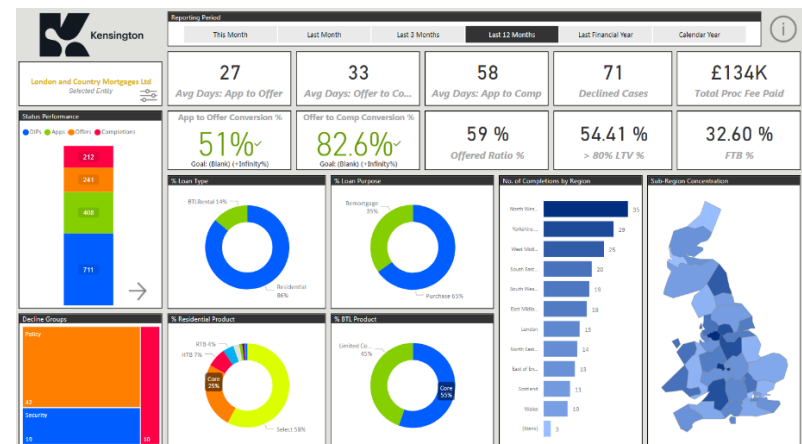
- Kensington’s business is fully intermediated via mortgage brokers
- We have developed a fully digital sales model which enables us to reach our entire addressable broker market consistently and ensures that activity is maximized to deliver relevant messaging across a variety of platforms and distribution in both Field and Telephony operations
- The structure of the teams has been organised to take into account the different nature and needs of specific broker accounts
- All broker accounts have been segmented according to their volume, type, and the opportunity they present



Source: Kensington Mortgages as of March 2022

VECTOR’S ANALYTICS-DRIVEN ACCOUNT SEGMENTATION

- Accounts are segmented to allow for more informed conversations between the sales team and brokers, more targeted marketing activity, and more effective outbound call campaigns
 - Internal and external Data is used to create overarching view of broker landscape
 - This is then segmented into 11 regions
 - Broker population is then further subdivided by activity volume and nature of broker firm
- Our sales team uses broker dashboards from the Vector platform which provide data on the business each broker does with KMC as well as with the wider market, allowing us to identify sales opportunities for every account.
- These dashboards can be shared F2F or during video appointments





Reinforcing the Kensington Difference in 2021

Kensington Continuing to build brand differentiation and driving consideration

January-March: Celebrating 25 Years and demonstrating our Thought Leadership

- ✓ Continuing our market-leading webinars, regularly attracting over 1,000 registrations.
- ✓ 25 Years, 25 Faces: Social Media campaign showcasing our people, brokers and customers to celebrate our 25th anniversary.



May-July: Extending our green proposition

- ✓ Gained positive PR coverage for eKo extension to cover energy efficient New Builds and extending £1,000 cashback incentive product to landlords
- ✓ Social media campaign to drive awareness

July-August: Celebrating return of full product suite, credit recovery range and field sales visits

- ✓ Reinforcing the Kensington proof points in trade media and across social
- ✓ Trade solus emails continued to drive consistent volume of traffic to dedicated online broker hub during a traditionally quiet month



August - September: Hard hitting campaigns to promote Shared Ownership and Self-employed

- ✓ Promoted on social media with heavyweight trade media campaign
- ✓ Included two creative executions for Shared Ownership to alternate advertising for trade and social activity

November-December: Market-first innovation, generating National press coverage

- ✓ Teasers on Social Media to build interest
- ✓ Supporting webinar for brokers, to explain the specific criteria. 99% of attendees rated the webinar as good / excellent
- ✓ Total of 111 pieces of press coverage, 40% in National publications



KENSINGTON INTELLIGENCE

Data, Analytics & Research



**Kensington
Intelligence**

POWERED BY

vector

Strictly Private and Confidential



Kensington Intelligence

A large team of data engineers & researchers access an extensive data lake



DATA

- Kensington has invested heavily in data for over a decade
- This data is primarily mortgage loan level performance data over a period of **30** years and includes **32** million data points through several macro economic cycles
- This data is complemented by granular third party data on mortgage lending and macro economic conditions

INFRASTRUCTURE

- Kensington's **6** TB enterprise data warehouse runs on a hybrid environment (Cloud and On Premise)
- Power BI applications are developed to allow colleagues and clients access to the data from desktops and mobile devices
- Application Programming Interfaces (APIs) are used wherever possible in order to facilitate integration

TEAM

- Kensington believes that the team are key to developing a best in class data, analytics and research capability
- Key members of this team have spent **10** years developing the analytic tools used by Kensington
- The team have a wide range of skills including dashboard design, SQL, python, database management, econometrics, machine learning & artificial intelligence



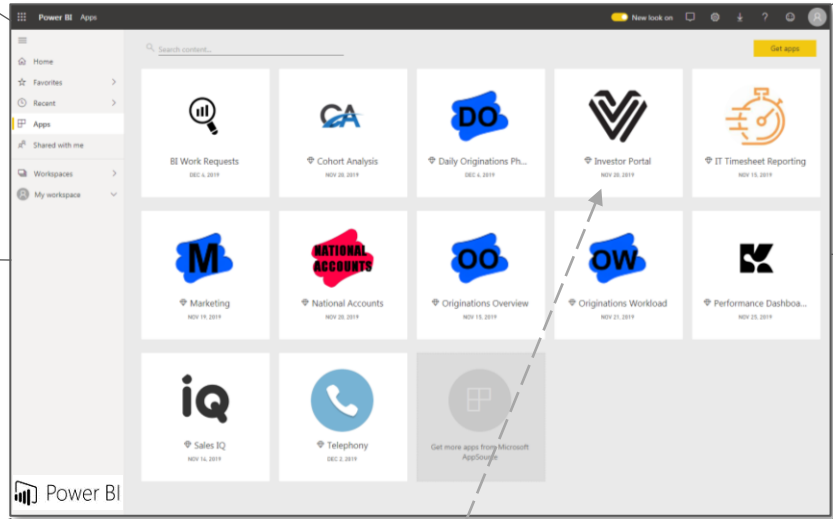
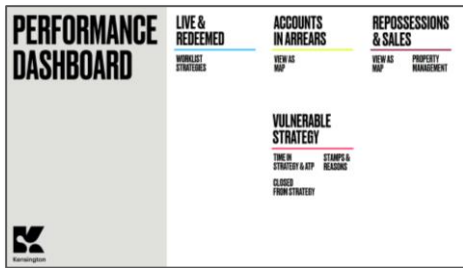
Data Visualisation

Kensington Intelligence

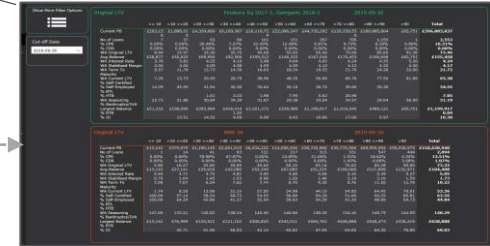
PowerBI applications provide insight to and for all parts of the business



ACCESS TO ACCURATE AND TIMELY DATA HELPS ALL FUNCTIONS WITHIN THE BUSINESS MAKE MORE INFORMED DECISIONS & HELPS TO DELIVER BETTER CUSTOMER OUTCOMES



The investor portal application is available at : investors.kensingtonmortgages.co.uk

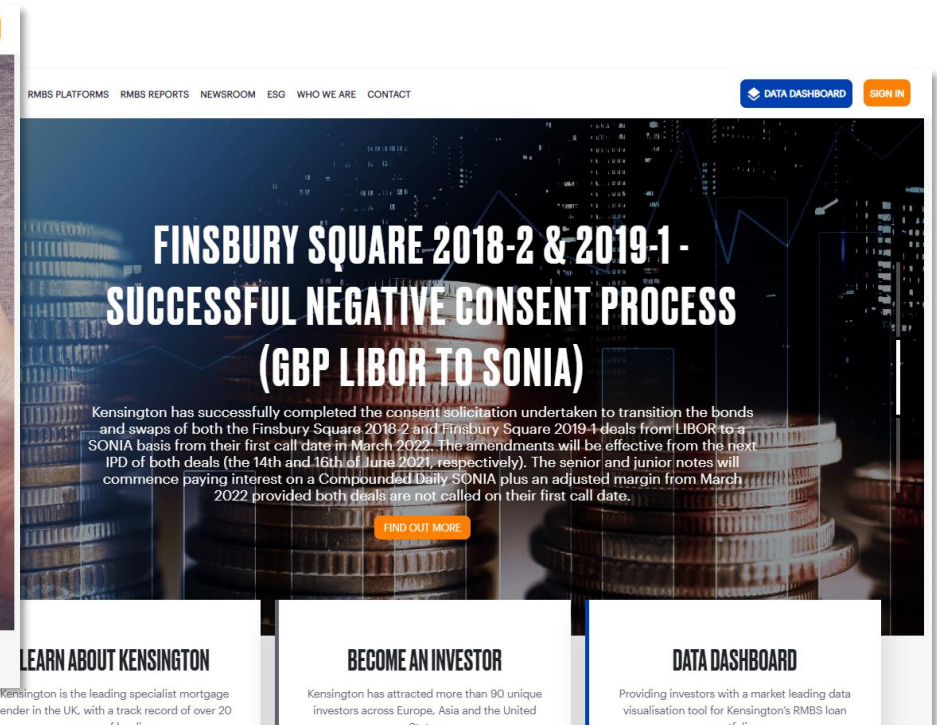




Investor Portal - Overview

Kensington **One-stop portal to access performance of all Kensington securitisations**

- <https://investors.kensingtonmortgages.co.uk>
- A single platform where investors can access:
 - Relevant documentation relating to our existing Kensington bonds (GMG, FSQ, RMS & LMS), with the option to either view directly or download transaction documentation, quarterly bond reports, monthly asset reports, investor presentations and quarterly loan level data since the issuance of the deal
 - Latest news in relation to securitisations, funding, product launches & volume of originations
 - Latest research reports on major themes in the UK mortgage industry and housing market written by the Kensington Capital Markets team
- The investor portal has been created and designed with the aim of improving investor journey when looking for information about Kensington's RMBS transactions and to ensure that Kensington continues to be as transparent as possible



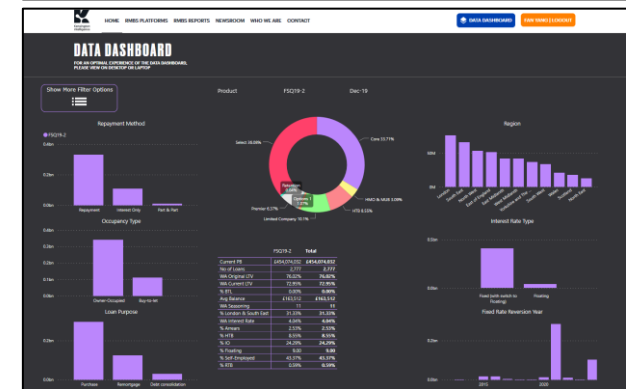
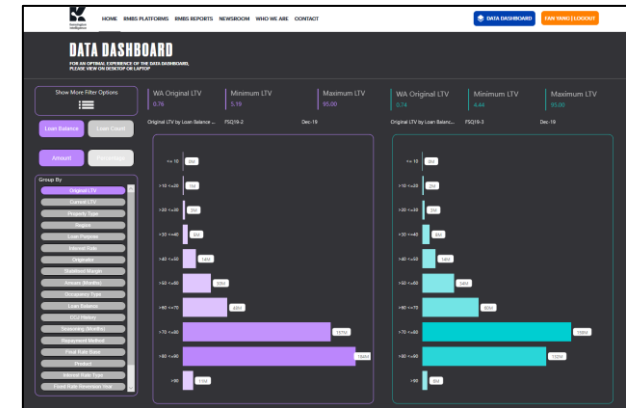
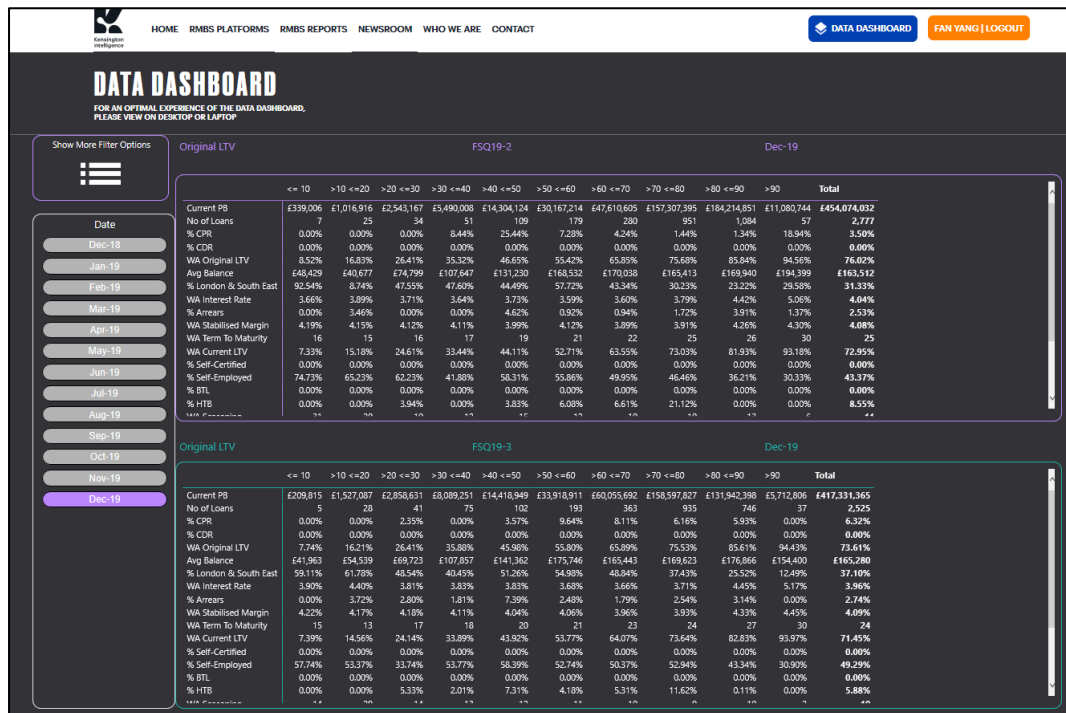


Investor Portal – Data Dashboard

Kensington

State of the art data visualisation application for bond investors

- <https://investors.kensingtonmortgages.co.uk/data-dashboard/report-1>
- The investor portal includes our new market leading data visualization application – the Data dashboard
 - All the underlying historical loan level data from the existing Kensington deals since issuance centralized in one application
 - Users can produce strats for a single or combined deals and visualise historical performance trends
 - Possibility of creating subset portfolios of loans with the option to filter by a variety of borrower, loan or property criteria
- The dashboard allows investors to easily drilldown into characteristics of a chosen portfolio of loans, compare deal transactions and analyse performance of any deal.
 - All data can be exported into an excel spreadsheet





Investor Portal – FSQ 21-1 Green Reporting



Kensington Green Securitisation Allocation Reporting

- As part of the Finsbury Square 2021-1 Green transaction, Kensington reports the total amount of green loans (min EPC B-rated properties) the firm originates every month until full allocation of the green proceeds raised as part of the issuance of the Class A GR bond
- The report is updated every month and available on the following link https://investors.kensingtonmortgages.co.uk/rmbs-reports/finsbury-square/FinsburySquare_2021-1_GREEN (category 'Other')
 - The report shows the green proceeds allocated, the remaining unallocated amount and details on the loans that form part of the allocation to ensure they are not allocated to any other future Kensington's green bond issuance
 - Each loan ID is unique and is allocated only against the Finsbury Square 2021-1 Green GBT



Green Securitisation Allocation

Finsbury Square 2021-1 Green
Report Date : 2022-03-31

Finsbury Square 2021-1 Green						Loan Level Check	Original Balance	Loan Count			
Green proceeds allocation in regards to the issuance of the Class A-Green bond											
Original size of Class A:			£639,375,000.00								
Total of Eligible Green Projects refinanced on closing (Original Balance):			£68,176,441.27		Sum of Closing Pool Loan Level	£68,176,441.27	336				
Total of unallocated green proceeds to Eligible Green Projects on closing (Original Balance):			£571,198,558.73								
Total of Eligible Green Projects financed since closing (Original Balance) i.e. Kensington originations since 2021-05-01 :			£272,038,099.11		Sum of Post Closing Loan Level	£272,038,099.11	1286				
Total of Eligible Green Projects financed (Original Balance) :			£340,214,540.38		Total Closing Pool + Post Closing	£340,214,540.38	1622				
Total of unallocated green proceeds still to be allocated to the financing of Eligible Green Projects (Original Balance):			£299,160,459.62								
Percentage of Eligible Green Projects Allocated :			53.21%								
Percentage EPC rated A :			1.64%		A Rated Loans	£5,588,232.87	26				
Percentage EPC rated B :			98.36%		B Rated Loans	£334,626,307.51	1596				
Loan Level Data											
LoanID	Originator	Origination Date	Original Balance	Occupancy Type	Original LTV	Geographic Region	Construction Year	Help To Buy	Property Type	EPC Rating	Origination Flag
9100231793	Kensington Mortgage Company	2022-03-31	£185,124.00	Purchase	75%	East of England	2021	Y	House, detached or semi-detached	B	Post Closing
9100279360	Kensington Mortgage Company	2022-03-31	£131,399.00	Purchase	71%	North West	2021	Y	House, detached or semi-detached	B	Post Closing
9100299867	Kensington Mortgage Company	2022-03-31	£256,455.00	Purchase	90%	East of England	2021	N	Flat / Apartment	B	Post Closing
9100300902	Kensington Mortgage Company	2022-03-31	£232,500.00	Purchase	75%	East of England	2021	Y	House, detached or semi-detached	B	Post Closing
9100366085	Kensington Mortgage Company	2022-03-31	£132,245.00	Purchase	76%	Yorkshire and The Humber	2021	Y	House, detached or semi-detached	B	Post Closing
9100375856	Kensington Mortgage Company	2022-03-31	£185,439.37	Buy-to-let	76%	East of England	2021	N	Flat / Apartment	B	Post Closing
9100389500	Kensington Mortgage Company	2022-03-31	£309,549.00	Purchase	85%	West Midlands	2021	N	House, detached or semi-detached	B	Post Closing
9100392171	Kensington Mortgage Company	2022-03-31	£182,750.00	Purchase	85%	South East	2021	N	House, detached or semi-detached	B	Post Closing
9100406106	Kensington Mortgage Company	2022-03-31	£78,117.00	Purchase	92%	Yorkshire and The Humber	2021	N	House, detached or semi-detached	B	Post Closing
9100428971	Kensington Mortgage Company	2022-03-31	£457,450.00	Purchase	86%	South West	2021	N	House, detached or semi-detached	B	Post Closing



Kensington Intelligence

Originations Analytics

Data access via iPad/iPhone gives the origination function unique insight into broker and competitor activity

Proprietary CRM tool showing broker activity

Provides the sales team with an ability to see the volume and quality of business that Kensington has completed with a given broker. It also provides whole of market information on the business that broker has completed over the same time frame

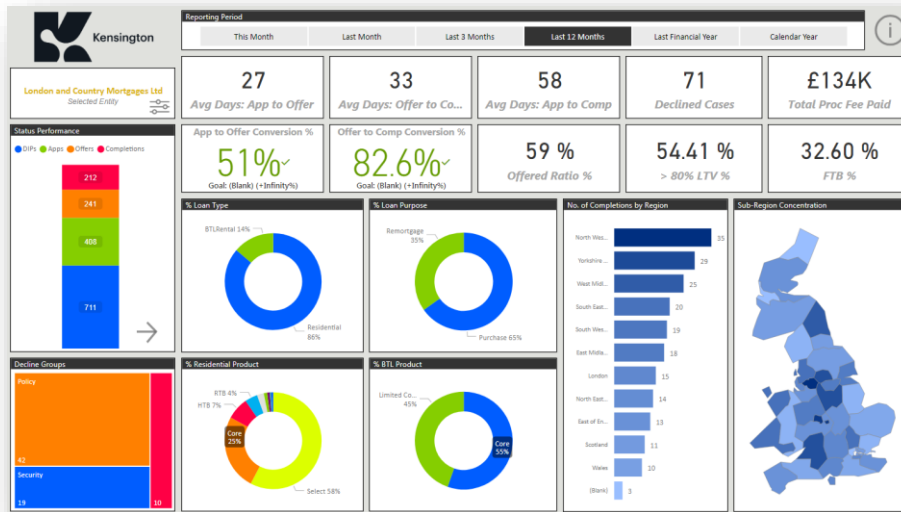
Live data on new business

Live feed provided on key front end business measures like applications, offers and completions in key segments

Competitor activity monitoring

Kensington uses PowerBI to give colleagues direct access to our database on market volume via their iPhones. Database includes almost live data on the sales metrics for other specialist lenders in 18 key product segments

Kensington's database includes data on over 630k competitor products that have been in the market in the last two years



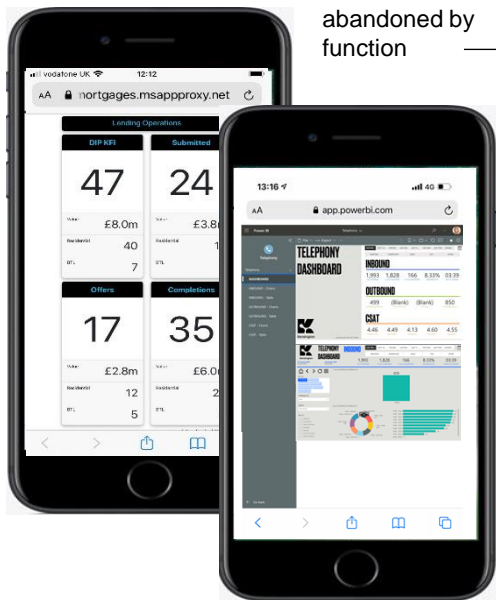


Kensington Intelligence

Operational Analytics

Analytics enhance operational efficiency as well as providing live performance monitoring

Performance Monitoring



Live data on calls answered and abandoned by function

Power BI

CEO dashboard provides senior management with live reporting on a number of operational performance metrics across lending and post completion operations

Operational efficiency

AVMs



All loans <80% LTV that are originated by Kensington receive an audit valuation using AVMs provided by Rightmove

I&E TOOL



Proprietary affordability model used in forbearance process which builds a detailed borrower profile using regional demographic and lifestyle information

QBEST



Forbearance Tool which determines the optimal forbearance option for a loan in arrears (permanent and temporary modifications) together with the affordability tool

LOAN SCORE



Credit Score tool built internally using The Group's extensive loan data base

POD



Predictive payment tool that is used to prioritise outbound call activity to maximise effectiveness of Call Centre staff

Portfolio Management

Analytics and almost real time reporting provide the origination function with unique insight



- Using Power BI, we have developed a customized portal to monitor all of our mortgage assets in real time
- Data can be viewed on a loan level, product level, or by portfolio, and comparisons can be made across different books and securitisation programmes
- Key performance trends on all portfolios can be viewed via App or through the intranet
- We use our proprietary vector model to forecast future performance

SUMMARY		Principal Balance											Total
		<= 10.00	10.01 to 20.00	20.01 to 30.00	30.01 to 40.00	40.01 to 50.00	50.01 to 60.00	60.01 to 70.00	70.01 to 80.00	80.01 to 90.00	90.01 >=		
Current Principal Balance		£274,481	£1,199,719	£2,648,704	£6,574,204	£14,113,429	£29,544,583	£51,258,166	£121,339,822	£153,558,017	£3,551,434	£384,092,560	
Number of Loans		7	24	43	59	100	187	304	775	888	24	2,411	
WA Original LTV		7.78	16.65	25.92	34.64	45.47	55.55	65.50	75.35	85.68	94.79	74.45	
Average Balance		£39,212	£49,988	£61,598	£111,427	£141,134	£157,992	£168,612	£156,568	£172,959	£147,976	£159,308	
WA Interest Rate		4.35	4.01	3.96	3.76	3.85	3.94	3.89	3.93	4.20	4.87	4.08	
WA Stabilised Margin		4.04	4.03	4.07	4.10	4.08	4.07	4.06	3.97	4.17	4.20	4.08	
WA Term to Maturity (Years)		15.12	14.19	15.86	20.84	20.23	20.74	22.02	24.27	27.41	31.61	24.72	
WA Current LTV		7.08	15.29	23.36	33.08	42.79	51.79	62.69	72.25	82.74	95.64	71.48	
% Self-Certified		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
% Self-Employed		60.30	39.91	52.92	44.88	54.82	42.02	58.23	49.60	40.63	19.63	46.42	
% BTL		0.00	3.46	12.53	29.84	16.81	30.96	35.07	41.53	5.37	0.00	23.55	
% HTB		0.00	0.00	0.00	1.22	2.49	5.17	3.40	10.27	0.00	0.00	4.21	
WA Seasoning (Months)		17.35	13.36	14.20	10.37	14.87	16.31	12.32	11.28	9.23	0.40	11.03	
% Bankrupt/IVA		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Largest Loan Balance		£62,833	£115,000	£174,600	£560,000	£777,000	£808,516	£2,000,000	£1,002,500	£981,000	£371,500	£2,000,000	

DETAIL												
Account Number	Originator	Principal Balance	Repayment Type	Current Coupon	Reversion Date	Final Rate Base	Stabilised Margin	Months in Arrears	Occupancy Type	Product Offering	Pr	Pa
C07900488	Kensington Mor...	777,000.00	Interest Only	5.10		3 month LIBOR	4.1	0.00	Owner-occupied	Fill		
C8729C17AA	Kensington Mor...	2,000,000.00	Interest Only	5.10		3 month LIBOR	4.1	0.00	Owner-occupied	Te		
CA4AC3D162	Kensington Mor...	32,309.39	Interest Only	5.10		3 month LIBOR	4.1	0.00	Owner-occupied	Hi		
CC2A790399E	Kensington Mor...	89,995.30	Interest Only	2.89	01 November 2020	3 month LIBOR	4.1	0.00	Owner-occupied	Hi		
CBFF34939D	Kensington Mor...	626,061.25	Interest Only	3.04	01 February 2021	3 month LIBOR	4	0.00	Owner-occupied	Premier	Hi	
CB49A49051	Kensington Mor...	207,110.00	Interest Only	2.84	01 February 2021	3 month LIBOR	4	0.00	Owner-occupied	Select	Hi	
CBF3E8B00C	Kensington Mor...	174,600.00	Interest Only	3.14	01 February 2021	3 month LIBOR	4	0.00	Owner-occupied	Select	Hi	
CF2D0E6469	Kensington Mor...	568,494.00	Interest Only	3.24	01 January 2022	3 month LIBOR	4	0.00	Owner-occupied	Select	Hi	
CEBA1B6C7A	Kensington Mor...	899,944.00	Interest Only	3.59	01 January 2024	3 month LIBOR	4	0.00	Owner-occupied	Premier	Hi	
CB2C066A4A	Kensington Mor...	667,925.62	Interest Only	3.59	01 February 2024	3 month LIBOR	4	0.00	Owner-occupied	Premier	Hi	
CB49687438	Kensington Mor...	576,437.50	Interest Only	3.59	01 February 2024	3 month LIBOR	4	0.00	Owner-occupied	Premier	Hi	
CB2477C880	Kensington Mor...	208,426.00	Interest Only	4.09	01 February 2024	3 month LIBOR	4	0.00	Owner-occupied	Select	Hi	
CB7582A2237	Kensington Mor...	97,000.00	Interest Only	4.09	01 February 2024	3 month LIBOR	4	0.00	Owner-occupied	Select	Hi	
CB8027E7628	Kensington Mor...	188,999.00	Interest Only	3.89	01 February 2024	3 month LIBOR	4	0.00	Owner-occupied	Select	Hi	
Total		384,092,559.85		4.15				0.00				







Kensington Intelligence

Research

Publication of regular research on the mortgage and property market (during 2020/21 we published several special COVID 19 editions - available on the Kensington portal)

- Kensington Intelligence publishes detailed insights reports on current issues in the UK mortgage market. Recent topics have included Mortgage Prisoners, Pay Rate Lending, the end of the Term Funding Scheme and more recently payment holidays within our special COVID-19 edition
- Each report is distributed to c. 1000 industry participants, and is followed by a breakfast discussion (or a webinar during the COVID-19 period) to which a small group of specialists (including banks, rating agencies, investors, and regulators) are invited to delve into the topic in more detail
- For any request regarding our research or to be added to the distribution list please contact Alex Maddox (alex.maddox@kensingtonmortgages.co.uk)





Welcome to the January 2022 edition of the Mortgage and Property Report. In this issue, we look at loan performance through time in Kensington's portfolio, focusing on trends in early and late stage arrears, as well as the impact of delayed litigation proceedings on the latter. We examine the underlying reasons for these trends and assess how we think they may develop in the coming years.

Key Highlights

- Overall arrears levels in the UK continue to decrease, with Covid-19 only having a limited impact thus far
- The percent of loans in early arrears in Kensington's portfolio has steadily decreased over the last 13 years, and is continuing to do so even after the Covid crisis
- The number of loans in very late stage arrears has increased significantly during and following the Covid crisis, as the absence of, and subsequent delay in, the repossession process has meant non-performing loans cannot exit the portfolio

Introduction


The performance of UK mortgages has steadily improved since the 2009 global financial crisis, and total arrears levels are the lowest they have been in c. 15 years. It was widely expected that the 18 months of on- and off- again lockdowns in the UK would throw a spanner in this trend but arrears remain at historic lows. In this newsletter, we look in more detail at two trends we are seeing in our own portfolio, as well as the wider market, and examine the underlying causes and potential future developments. The first trend is a continued decrease in the percent of loans in early arrears – those with 1 to 3 missed monthly payments. We look at how customer behaviour in reaction to Covid and the wider economic environment is impacting this. The second trend is an increase in the number of loans in late stage arrears – particularly those with more than 12 months of missed payments. We look at how measures to soften the financial impact of the pandemic on mortgage customers, particularly the moratorium on repossessions, has exacerbated this and how we expect this to develop going forward.


How We Measure Arrears

Beginning this month, Kensington has made some changes to how we calculate and report payment arrears on all the mortgages we service. Historically, Kensington used a "Month in Arrears" (MIA) concept, calculated by dividing a borrower's arrears balance by their contractual monthly instalment ("CMI") in a given month. The MIA was determined at the end of the month when the CMI was due and customers were classified as in arrears when MIA was greater than or equal to one month. In our new methodology, we have moved to a "Missed Payments" concept, where arrears are determined one calendar month following the date the relevant CMI was due (instead of at the end of the same month in which the CMI was due), and on the basis of the number of payments missed instead of the arrears balance divided by the CMI. This will correct anomalous results that occur due to (i) the point in the month in which a CMI is due (e.g. a customer with a payment due date close to the end of the month who pays a few days late would have been reported as 1 MIA at month end, while a customer who has a payment due date in the middle of the month and pays a few days late would not be in arrears if the payment is late by the same number of days but is made before month end); and (ii) a rate reset can result in a large change in MIA from month to month when the CMI changes as a consequence even though the customer's true arrears status has not changed. We believe the new methodology will be a more accurate reflection of arrears through time, and use it throughout this newsletter as well as all future public reporting.

PLEASE DO NOT REDISTRIBUTE

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www.kensingtonmortgages.co.uk





Kensington Portfolio Performance

The KMC portfolio has in recent years seen notable improvement in the percent of loans in arrears, particularly early arrears (as seen in Fig 2) and new arrears. In this newsletter, the KMC portfolio is defined as all assets to which we currently have both legal title and in which we have economic interest (in most cases through residual interest in a securitisation). Where that includes assets we acquired from a third party, we include the historical data for completeness, even if it relates to the period prior to our ownership. Where we have sold assets, we do not include them in the data, even for the periods during which we owned them. The amortisation of Kensington's portfolio of legacy mortgage assets combined with the continued increase in our new originations, means that the composition of our portfolio is moving towards a greater concentration of recently originated assets than was historically the case (as seen in Fig 3). This change in composition is one reason for the decrease in arrears we've observed, but more notably, we are also seeing a sharp drop in the number of new arrears.

Fig 1: Missed Payments in KMC Owned Portfolio (by Balance)

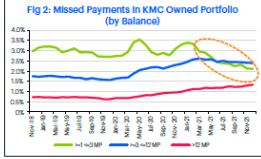


Fig 2: KMC Owned Portfolio Composition (by Balance)

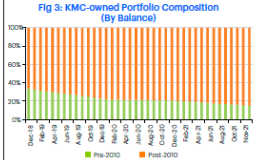


Fig 3: KMC Owned Portfolio vs Portfolio Size

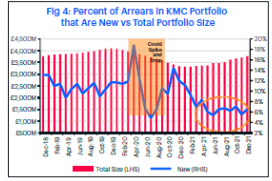


Fig 4: Percent of Arrears in KMC Portfolio that are New vs Total Portfolio Size

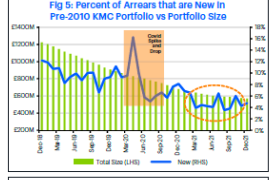


Fig 5: Percent of Arrears that are New in Pre-2010 KMC Portfolio vs Portfolio Size

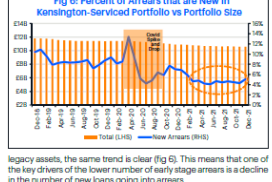
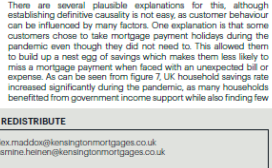


Fig 6: Percent of Arrears that are New in Kensington-Serviced Portfolio vs Portfolio Size





As can be seen in Figure 4, the percent of total arrears in our portfolio that are "new" arrears in each month has been trending downwards for some time and has been between 5-7% for the last 6 months, vs. an average of 7% previously (leaving aside an artificial spike in the months immediately after the start of the Covid crisis due to missed payments that should be categorised as payment holidays). Throughout this time, the portfolio size has been relatively constant. As seen in Figure 5, we see the same trend when we narrow the dataset to our legacy (pre-2010 originated) assets. Similarly, when we look at Kensington's full serviced portfolio including third party portfolios, which totals c. £10bn and is more heavily composed of legacy assets, the same trend is clear (Fig 6). This means that one of the key drivers of the lower number of early stage arrears is a decline in the number of new loans going into arrears.

There are several plausible explanations for this, although establishing definitive causality is not easy, as customer behaviour can be influenced by many factors. One explanation is that some customers chose to take mortgage payment holidays during the pandemic even though they did not need to. This allowed them to build up a nest egg of savings which makes them less likely to miss a mortgage payment when faced with an unexpected bill or expense. As can be seen from Figure 7 UK household savings rate increased significantly during the pandemic, as many households benefitted from government income support while also finding new

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COVID-19 Update Series Number 7

Welcome to the seventh edition of Kensington's Special COVID-19 Update Series. In this newsletter, we look back on the COVID-19 crisis and the impact it has had and continues to have on the mortgage industry. We focus on the mortgage payment holiday scheme which has now come to an end, the government's two income support schemes and the end of the repossession moratorium.

Key Highlights

- Mortgage Payment Holidays (MPHs) which were used by close to 2 million mortgage customers in the UK during the pandemic, have ended, and Kensington has exited the last of its MPHs
- Despite initial concerns, the impact on loan performance to date has been limited, but the impending end of the income support offered by CJRS and SEISS could change this
- The moratorium on repossessions has led to an increase in late-stage arrears in UK mortgage portfolios and this is expected to take some time to reverse as the backlog of cases is dealt with

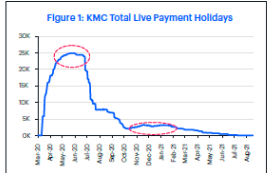
Introduction

Eighteen months after COVID-19 first hit the UK, wreaking havoc on the mortgage market, the wider economy and most aspects of day-to-day life, it seems we have at last turned the corner. The roll out of the vaccine programme is largely considered to have been a success, all restrictions on daily activities and the operation of businesses have been lifted, and a cautious sense of normality is returning. In this edition of our special COVID-19 newsletter series, we look back in detail on how the crisis has impacted the mortgage industry, the extent to which we have emerged from it and what we can expect going forward.

Mortgage Payment Holidays

One of the first and most significant impacts of COVID-19 on the mortgage industry was the introduction in March 2020 of payment holidays to help alleviate the financial impact of the virus and resulting restrictions on customers. Within weeks, more than 1.8 million (i.e. 35% of the market) MPHs were taken by customers in the UK, and Kensington saw close to a quarter of its serviced book of loans for a payment deferral by June. Starting in the later summer months however, we saw these numbers decrease heavily and despite several extensions to the scheme (from an initial period of 3 months), live MPHs continued to reduce steadily. A small rise was experienced at the start of the first winter lockdown in November 2020, but new take ups remained low (possibly in part due to the fact that new MPHs and extensions to existing ones could not exceed a total period of 6 months). The scheme closed fully at the end of July this year, and Kensington exited its last payment holiday at the beginning of August. Data for the wider UK market mirrors that of the Kensington portfolio, with a sharp initial take-up followed by a steady decline (but is not available for publication).

Figure 1: KMC Total Live Payment Holidays



A key concern when the scheme was launched was the potential long-term repercussions it might have, especially on loan performance. While it is still too early to form a precise picture of how loans that were on a payment deferral will perform, initial data is encouraging. We examined c. 24,000 loans in our serviced portfolio that were on a payment deferral at some point during the crisis. We smudged the examined pool to loans that were originated at least 1 year prior to the crisis to ensure there was some level of pre-crisis performance data for comparison. We then compared the arrears multiple of each loan 3 months after it exited its final (as some loans were on multiple) payment holiday to the loan's arrears multiple at the end of February 2020 (i.e. the last month before COVID hit the

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Mortgage Servicing Platform



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Strictly Private and Confidential



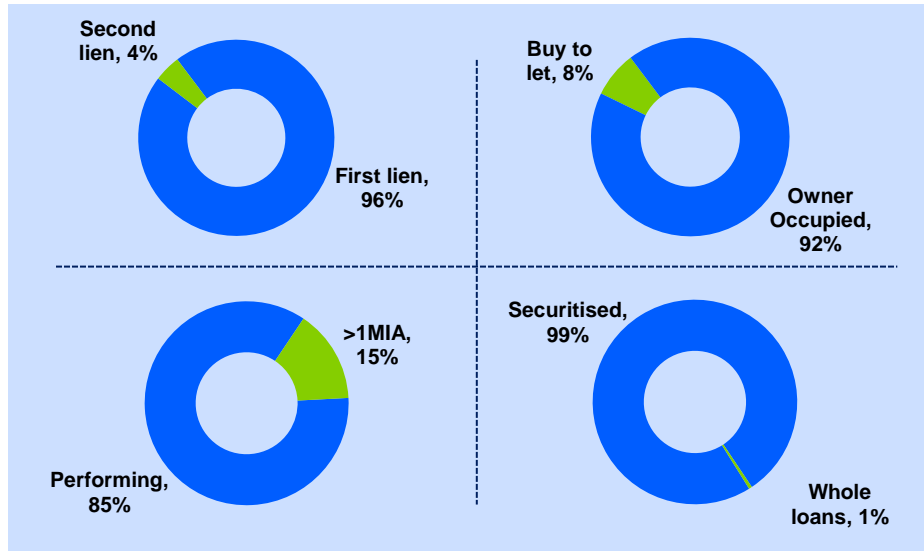
Servicing Platform Portfolio

Kensington

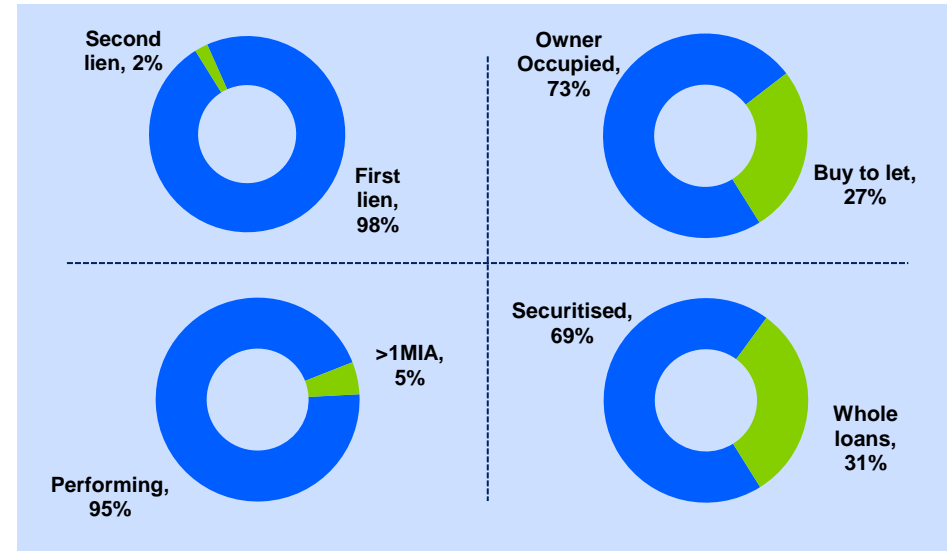
Track record of servicing a wide range of mortgages assets

- Kensington’s servicing platform provides servicing to:
 - ✓ Third party-owned loans to which it also holds legal title under the Kensington brand
 - ✓ Kensington’s own legacy assets and all its new originations
- The Group services a total of c. £9.5bn mortgages, which is split c. 49/51 (by balance) across Kensington-owned mortgages and third party
 - ✓ Kensington holds legal title to c.34,000 loans to which third parties hold beneficial interest

THIRD PARTY-OWNED PORTFOLIO BY LOAN COUNT
(£4.8BN / c.56,500 LOANS)



KENSINGTON-OWNED PORTFOLIO BY LOAN COUNT
(£4.7BN / c.31,500 LOANS)

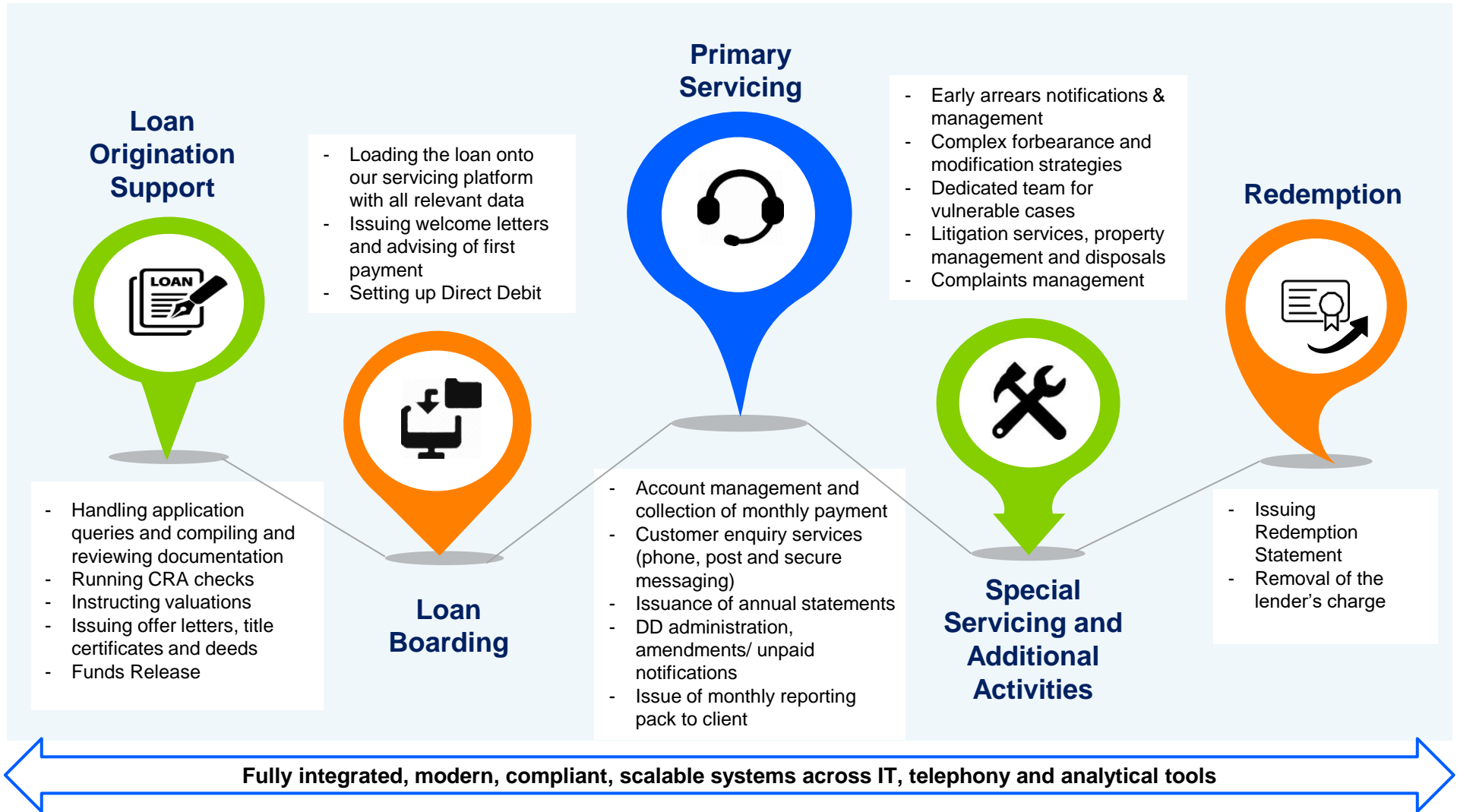




Mortgage Servicing End to End Solution

Customised end to end servicing solution from origination of new loans through to redemption

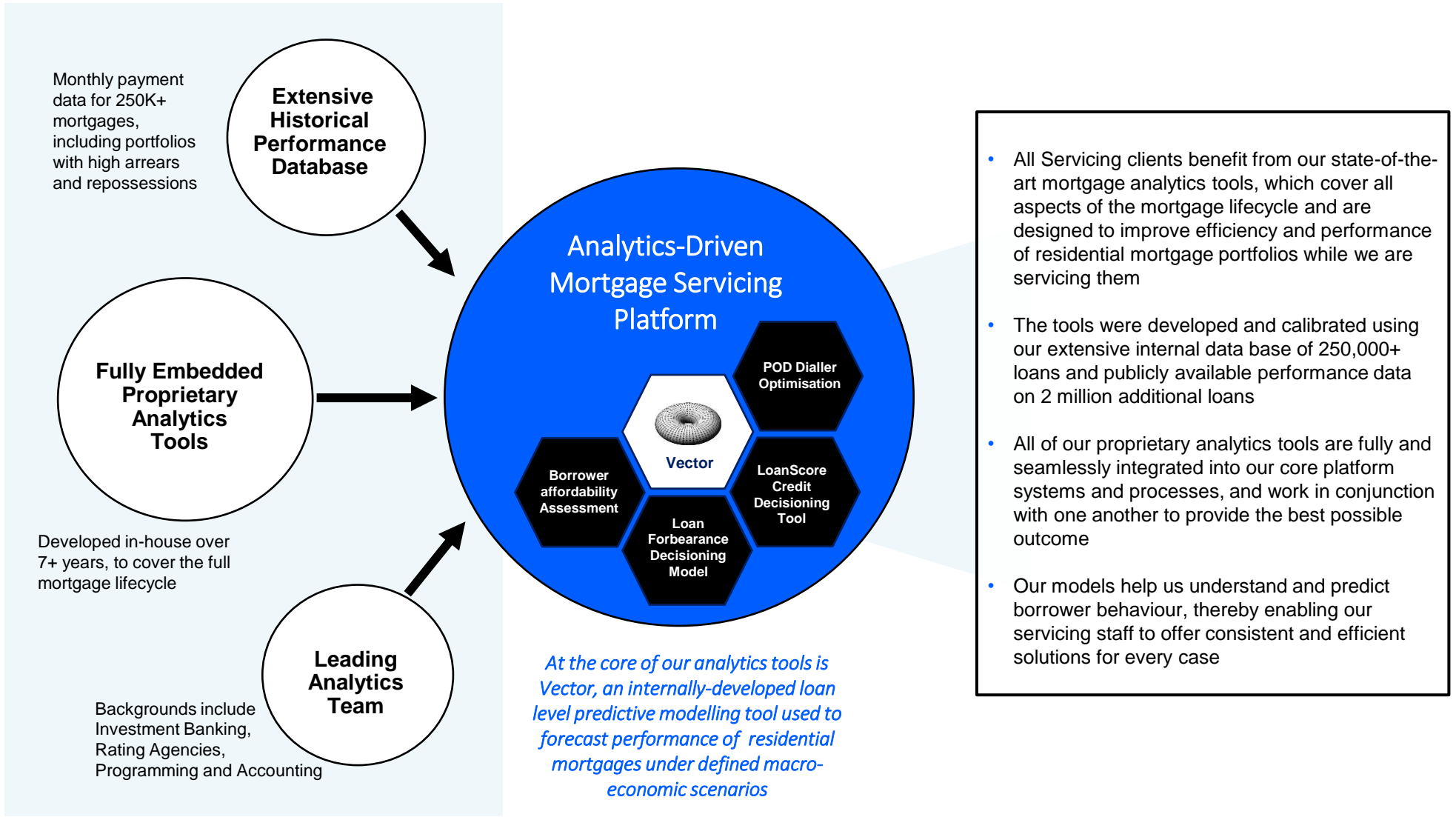
Kensington





Analytics-Driven Servicing Platform

Kensington **A robust Analytics Platform is at the core of the Group's servicing strategy**





Vulnerable Customers

Kensington

Dedicated staff to manage any “vulnerable” cases



Vulnerable Customers

- We have trained our Special Servicing specialists to identify and deal sympathetically and appropriately with customers who may be deemed as “vulnerable”, and have established special policies for these cases
- We recognize that vulnerabilities can stem from a range of circumstance and conditions, and a case can be considered “vulnerable” if a customer named on the account is experiencing any of the following:

- Impaired mental health
- Terminal illness
- Critical illness that affects their ability to manage their finances
- Death or imminent death of a partner, dependant or child
- Hospitalisation of over 6 weeks
- Disability suffered since having taken out the mortgage
- Age-related circumstances
- Suicide threat or notice of an attempt
- Victim of domestic violence
- Move from paid work to that of a permanent registered carer to look after an immediate family member

Procedure:

- If during a conversation with a borrower, a specialist identifies one of the above situations/characteristics, they would note it on the account after gaining explicit consent, if unable to gain explicit consent we can note in the best interest of the customer. If the vulnerability impacts the customers’ affordability, the case would be referred to the Vulnerable Forbearance Team through a referral form with details of the case
- A customer does not need to have financial impact to be referred to the Vulnerable Forbearance Team. A vulnerable customers is someone who, due to personal circumstances, is especially susceptible to harm
- The Vulnerable Forbearance team then undertakes a full review of the account, including a check of whether the account has been flagged as vulnerable in the past, whether it has previously been referred to the lender, whether there is a court hearing or eviction pending, and whether there is a third party that can be contacted
- Based on the information, they then speak with the borrower and offer them the most appropriate solution for their situation. This could be compassionate forbearance or a payment break
- The specialist will also request any necessary supporting documentation, and will monitor the case to ensure the arrangement is appropriate and there are no further changes to their circumstances

Property Management

Kensington

Dedicated Property Management Team

- Repossession is always the last resort, however when a property is taken into possession the Property Management Team seek to obtain the best sale price in the shortest possible timeframe



Customer contact relates to property access, clearance and next steps. Confirmation of possession is received within two hours of the eviction and updated onto the system immediately, initiating vacant property insurance



Two RICS valuations, estate agents' appraisals, comparable evidence and local area demographics are obtained and captured on Collect. Internal and external photographs of the property are also stored on the document imaging system.



Clearance completed. Estate Agent attends the property to sign a "Fit To Market" Certificate. Two like-for-like quotes are obtained for all essential works required for either health and safety or maintenance reasons



A detailed review is completed and the marketing price set. The property is then placed on the market. Lender mandates for setting market prices, reductions and offers are built into the system and all referrals are made electronically. The property is reviewed every 14 days using system generated worklists and a full report is undertaken on a monthly basis detailing viewings, feedback, offers and internet traffic against the agent's average.



At completion of sale, a detailed review is completed and a letter is sent to the customer to advise the sale has concluded



Full exchange & completion checks are undertaken to ensure all costs are approved prior to exchange



Offers are received and reviewed. Offers are either accepted or declined with full reasoning

Any property unsold after 90 days is reviewed individually on a monthly basis and a bespoke strategy is formulated which may include changing agents, open houses, auctions, etc.



Interest Only Strategy

Kensington

Pro-active approach to customers on interest only mortgages

INTEREST ONLY MORTGAGES

- We believe that active engagement with borrowers well before they come to the end of their IO mortgage term is key to ensure they have a suitable repayment strategy at maturity
- We assess customer circumstances in order to offer appropriate forbearance, and in cases where the customer's strategy or repayment vehicle is unrealistic, or the I&E review shows no current or prospective affordability to make mortgage payments or pay towards principal, litigation and repossession may be deemed to be the most appropriate outcome
- The customer contact strategy used by KMC is set out below

Time to Term Expiry	Contact Strategy	
10 - 15 yrs	A letter is sent at 15yrs and again at 10yrs before expiry	<ul style="list-style-type: none"> • The letters will detail the customer's obligation to repay the loan at the end of the term and will either note that the customer has advised that they have a repayment strategy in place or set out options that the customer may have for repaying the loan, including signposting to external sources of assistance if a customer has not advised of their repayment strategy or if it is not acceptable.
6 yrs – 3 months	Customers are contacted by phone and by letter at 6yrs, 3yrs, 2yrs, 1yr, and 3months before expiry	<ul style="list-style-type: none"> • Calls are placed to the customer in order to understand what their repayment plan is (if it has not been established previously) or, if the servicer already has these details, to review and reconfirm that the strategy is still in place and is still reasonable. • Where there may be a shortfall or no repayment strategy is in place, the servicer will set out the customer's options for repaying the loan, including signposting to external sources of assistance, such as seeking independent financial advice or assistance from a debt advisory service like the Citizens Advice Bureau (CAB), National Debtline or AdviceUK, for further assistance with repayment options. • Where no contact has been made with the customer 1yr prior to term expiry, a Field Agent is instructed in order to make contact or obtain further details of the customer's circumstances and intentions to repay the loan at term expiry.
Post Expiry	Ongoing contact	<ul style="list-style-type: none"> • If no contact is established with the customer and the loan is not redeemed in full 3 months after term expiry, the customer will receive a 'letter before action' notification advising of the commencement of litigation proceedings. • If customer contact is made with satisfactory evidence provided as to how the loan will be repaid or the customer is identified as vulnerable, litigation proceedings are stopped.

IT Systems



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IT Systems and Infrastructure

Kensington Robust IT platform

- The Group has a modern, streamlined, compliant, data- and analytic-rich scalable IT platform, which has been extensively upgraded and is configured to be FCA compliant

SYSTEM	DESCRIPTION
FOP & Activate (Sopra) Core origination platform	<ul style="list-style-type: none"> Kensington moved to Sopra's Front Office Portal and Activate for Loan Originations in October 2020 (replacing DPR) FOP is the web portal used by Brokers to submit applications to Kensington (DIP to FMA) and fully integrates with Activate to provide automated decisioning at various stages of the application process. Activate provides a workflow engine to enable automated underwriting, document generation including compliant ESIS and Offer documents including APRC. Activate integrates with Summit for Servicing and multiple API's to support integrations with third parties. Interfaces with Equifax, Quest, Affordability, Laserfiche
Summit (SOPRA) Core servicing platform	<ul style="list-style-type: none"> Single repository of loan administration information for all portfolios. Summit fully integrates with Activate for loan completions and also Collect to provide a single point of interface of loan data to all downstream finance and reporting systems
Collect (SOPRA) & QBest Arrears management & complaints system	<ul style="list-style-type: none"> The Kensington Group moved to Sopra's Collect system in February 2016 Letters, texts and dialler calls are triggered automatically and the system enables different rules per client. Collect also has workflow built to handle end to end Complaints processing replacing Charter MMX in June 2020. Best is an application with a statistical engine delivering the most appropriate and affordable arrangement for the customer's circumstances
Avaya Telephony system	<ul style="list-style-type: none"> Telephony system is capable of managing up to 250,000 live accounts and has a call capacity of up to 900 Semafone enabled SIP channels for inbound / outbound calls. IVR provides ability for customers to answer security questions, register and make debit card payments using speech recognition
Finance Systems	<ul style="list-style-type: none"> In house built systems – BPS, FTA, PMP, ASIR, OPRA, P&I Engine External systems - MS-Dynamics (GL and Purchase Management, being replaced with SaaS solution called Workday, due for Q2 2022), FIS Quantum (Treasury), BottomLine C – Series (BACS), Autorek (Automated reconciliation).
Laserfiche Document Management System	<ul style="list-style-type: none"> System improves infrastructure and operational functionality yielding in faster document retrieval speed and configurable workflow management tool to automate document based events and processes Integrated with FOP & Activate to allow Brokers to upload documents as part of the underwriting process
Microsoft BI Business Intelligence	<ul style="list-style-type: none"> Provides data warehouse, business dashboards, client and investor reporting, and self-service access to BI for use throughout the group. A flexible Principal & Interest engine for cash distribution down the waterfall for Bond Administration.

APPENDIX: Recent RMBS Case Studies & Investor Reporting



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Finsbury Square 2021-1 Green Case Study



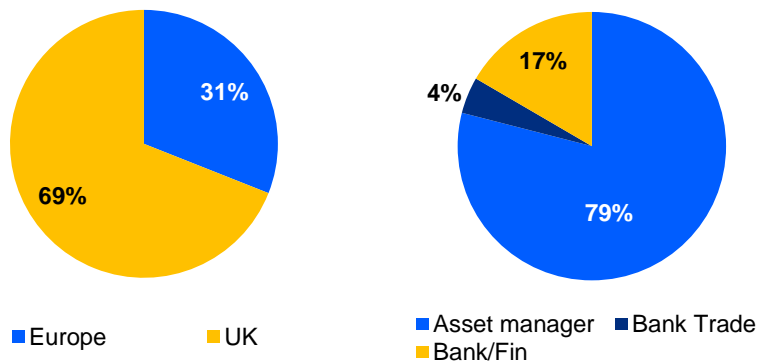
June 2021 – Largest Kensington's 2.0 deal post-crisis & Inaugural Green bond from Kensington

CAPITAL STRUCTURE AND PRICING

Class	Note Balance (£million)	Capital Structure	Provisional Rating (F/S&P)	CE (%) ⁽¹⁾	WAL ⁽²⁾ (years)	Spread over SONIA (bps)	Price
A-GREEN	639.375	85.25%	AAA / AAA	16.75%	4.48	+65	100%
B	65.625	8.75%	AA- / AA	8.00%	5.00	+100	100%
C	22.500	3.00%	A- / A+	5.00%	5.00	+125	100%
D	22.500	3.00%	CCC / CCC	2.00%	5.00	Retained	100%
X1	33.750	4.50%	BB+ / BB	n/a	n/a	Retained	100%
X2	18.750	2.50%	B+ / B	n/a	n/a	Retained	100%
Z	15.000	2.00%	Not rated	n/a	n/a	Retained	100%

- Kensington Holdco **retained Class D and Z notes** to comply with EU/UK Risk Retention Requirement; Class D, Class Z and the Certificates are retained to comply with U.S. Credit Risk Retention Rules;
- **Class X1 and X2** have been retained given no immediate need for liquidity within the business

DISTRIBUTION BY INVESTOR TYPE AND GEOGRAPHY



(1) Incl. General Reserve fund

(2) Assumes Base Case: 7.5% CPR for 18 months, followed by 35% CPR for 12 months, followed by 15% CPR for 24 months, followed by 35% CPR for 12 months, followed by 15% CPR thereafter. Deal is called on Step-Up Date, revolver is fully used and 0% arrears/defaults

(3) Indexed CLTV – Current Principal balance / Indexed valuation

(4) Incl. Part & Part

TRANSACTION HIGHLIGHTS

- Joint Lead Managers: BNP, Lloyds and NAB
- **First labelled Green bond from a UK ABS issuer** - c. £640 million of green proceeds raised through the issuance of the Class A Green bond of which £68 million will be allocated on closing and the remaining £572 million unallocated proceeds on closing to be used by Kensington to originate eligible green loans within the next 5 years
- Kensington's largest FSQ / GMG securitisation backed by new originations since 2008
- The deal was successfully upsized to £750m from £477m. Senior and mezz bonds closed books 1.5x, 1.8x and 1.8x oversubscribed respectively (incl. trading orders)
- The transaction features a 5-year revolver feature potentially allowing c. £500m loans to revolve (assuming Base Case CPR ⁽²⁾)
- Strong interest from investors given the ESG label and positive market dynamics (lack of issuances from prime issuers); total of 21 unique investors across the senior tranche
- All-in cost of funding of 71bps for 4.6 years of funding + 43bps of swaps (5yr swap against SONIA) = 1.14% cost of funding (swaps + coupons on bonds)

Collateral Profile	Provisional Pool (as of 30-Apr-21)
Current Principal Balance	£569,565,797
No. of Loans	3,277
Average Current Balance	£173,807
Buy to Let	42.50%
WAC	3.84%
WA Original LTV	72.95%
WA Current LTV ⁽³⁾	71.21%
WA Seasoning (months)	9.03
WA Remaining Term (years)	25.05
London & South-East	35.48%
Performing (<=1MIA)	98.55%
Interest Only ⁽⁴⁾	44.06%
Help to Buy	5.03%
Self-employed	46.60%
No CCJs in the last 24 months	99.79%
Bankruptcy/IVA	0.00%
First Lien	100.00%
Payment Holidays	0.49%



Gemgarto 2021-1 Social Case Study

Kensington

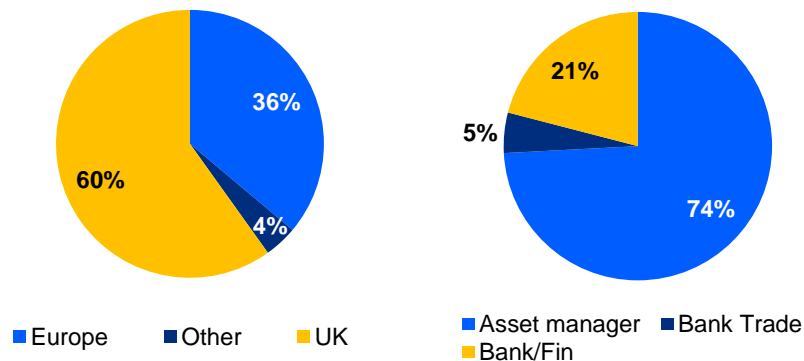
February 2021 – Inaugural Social and STS bond from Kensington

CAPITAL STRUCTURE AND PRICING

Class	Note Balance (£million)	Capital Structure	Provisional Rating (F/DBRS)	CE (%) ⁽¹⁾	WAL ⁽²⁾ (years)	Spread over SONIA (bps)	Price
A	422.44	89.50%	AAA / AAA	12.50%	3.65	+59	100%
B	21.24	4.50%	AA- / AA (low)	8.00%	4.04	+110	100%
C	11.80	2.50%	A / A (low)	5.50%	4.04	+130	100%
D	2.36	0.50%	A- / BBB (high)	5.00%	4.04	+200	100%
E	14.16	3.00%	CCC / NR	2.00%	4.04	Retained	100%
X	23.6	5.00%	BB / BB(low)	n/a	n/a	Retained	100%
Z	9.44	2.00%	Not rated	n/a	n/a	Retained	100%

- Kensington Holdco retained classes E and Z for **horizontal risk retention purposes**

DISTRIBUTION BY INVESTOR TYPE AND GEOGRAPHY



(1) Incl. Reserve fund

(2) Assumes 10% CPR for 18 months, followed by 35% CPR for 12 months, followed by 15% CPR for 24 months, followed by 35% CPR for 12 months, followed by 15% thereafter. Deal is called on Step-Up Date, revolver is fully used and 0% arrears/defaults

(3) Current Principal Balance / Original Valuation

(4) Incl. Part & Part

TRANSACTION HIGHLIGHTS

- Joint Lead Managers: BNP, Lloyds and NAB
- First labelled **Social bond** from a UK RMBS issuer
- Kensington's first STS deal and the deal is structured to be LCR/CRR compliant
- The transaction features a 4-year revolver feature potentially allowing c. £[315]m loans to revolve (assuming Base Case CPR⁽²⁾)
- Large interest from investors given the ESG & STS label and positive market dynamics (lack of issuances from prime issuers); Total of 29 unique investors across the 4 tranches incl. 4 new investors that had never invested in Kensington's paper post-crisis
- Tightest pricing achieved by a Kensington bond with an all-in cost (incl. swap) of 66bps (vs. 154bps for FSQ20-2) for a WAL funding of 3.7 years
- The transaction re-finances FSQ 18-1, which will be called in March 2021

Collateral Profile	Closing Pool (as of 31-Dec-20)
Current Principal Balance	£476,505,780
No. of Loans	2,826
Average Current Balance	£168,615
Buy to Let	-
WAC	4.08%
WA Original LTV	73.28%
WA Current LTV ⁽²⁾	71.26%
WA Seasoning (months)	15.26
WA Remaining Term (years)	25.82
London & South-East	26.54%
Performing (<=1MIA)	99.00%
Interest Only ⁽³⁾	4.58%
Help to Buy	13.24%
Self-employed	42.91%
No CCJs in the last 24 months	100%
Bankruptcy/IVA	0.00%
First Lien	100.00%



RMS32 Case Study

Kensington

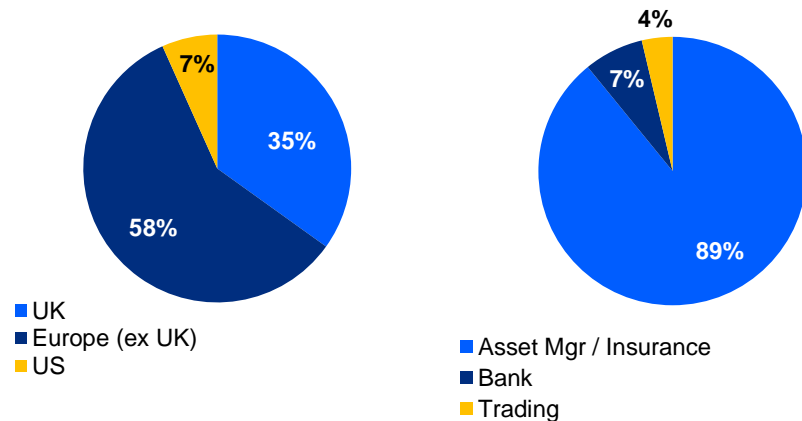
July 2020 – Largest RMBS deal publicly sold into the market since the Pandemic

CAPITAL STRUCTURE AND PRICING

Class	Note Balance (£million)	Capital Structure	Provisional Rating (F/S&P)	CE (%) ⁽¹⁾	WAL ⁽²⁾ (years)	Spread over SONIA (bps)	Price
A	520.8	80.00%	[AAA / AAA]	23.00%	2.86	+125	100%
B	48.8	7.50%	[AA- / AA+]	15.50%	3.84	+190	100%
C	26.0	4.00%	[A- / AA-]	11.50%	3.84	+220	100%
D	16.3	2.50%	[BBB- / A]	9.00%	3.84	+300	100%
E	16.3	2.50%	[BB / BBB]	6.50%	3.84	+430	100%
F1	9.8	1.50%	[B / BB-]	5.00%	3.84	Retained	100%
F2	13.0	2.00%	[NR]	-	3.84	Retained	100%
X1	13.0	2.00%	[B / B+]	n/a	n/a	Retained	100%
X2	10.0	1.53%	[NR]	n/a	n/a	Retained	50%
Z	19.5	3.00%	[NR]	n/a	n/a	Retained	100%

- Kayl Holdco retained classes F2 and Z for **horizontal risk retention purposes**

DISTRIBUTION BY INVESTOR TYPE AND GEOGRAPHY



TRANSACTION HIGHLIGHTS

- Joint Lead Managers: Citi, Deutsche Bank, Standard Chartered
- First deal publicly sold to the market with no protected orders since the Pandemic
- The deal refinances RMS 28 and KMS 2007-1 which will be called in September
- The deal garnered strong demand from the majority of global ABS investors with a total of 17 unique investors across the tranches. It was oversubscribed across all tranches; both senior and junior bonds priced at the tights of any other recent deal brought by a specialist lender since June
- RMS32 is the last transaction of a series of 11 UK RMBS deals placed to the market since its re-opening mid-June evidencing the return of a functioning ABS market in the UK after having been closed for 3 months
- No specific Covid-19 structuring features were added to the structure

Collateral Profile	Closing Pool (as of 31-May-20)
Current Balance	£653,960,481
No. of Loans	7,166
Average Current Balance	£91,259
Buy to Let	12.14%
WAC	4.64%
WA Original LTV	79.62%
WA Current Indexed LTV ⁽³⁾	55.83%
WA Seasoning (months)	163.32
WA Remaining Term (months)	118.27
London & South-East	34.78%
Arrears >=1 month	20.66%
Arrears >=3 months	11.36%
Interest Only ⁽⁴⁾	77.43%
Payment Holidays as of 13/07/20	21.18%
Self-employed	52.07%
CCJs	23.50%
Bankruptcy/IVA	1.36%
First Lien	97.02%

(1) Incl. Reserve fund (4) Incl. Part & Part

(2) Assumes, inter alia, (i) Base Case: 8.0%, (ii) deal is called on Step-Up Date, and (iii) 0% arrears/defaults

(3) Current Balance (including prior balance for second liens at origination) / Indexed Valuation using Nationwide quarterly index



Kensington existing RMBS transactions

Investor reporting – all docs and datatapes are also available on the Kensington investor portal at investors.kensingtonmortgages.co.uk

DEALS	VINTAGE	ISSUANCE	SERVICER	CBA	BoE data tape available
LMS1	1.0	Pre-crisis	HML	BoNY	n/a
LMS2	1.0	Pre-crisis	HML	TMF	n/a
LMS3	1.0	Pre-crisis	HML	TMF	n/a
GMG18-1	2.0	Post-crisis	Kensington	Citi – delegated CBA	https://sf.citidirect.com from closing
FSQ 19-2	2.0	Post-crisis	Kensington	Deutsche Bank – CBA	https://tss.sfs.db.com/ from closing
FSQ 19-3	2.0	Post-crisis	Kensington	Deutsche Bank – CBA	https://tss.sfs.db.com/ from closing
FSQ 20-1	2.0	Post-crisis	Kensington	Deutsche Bank – CBA	https://tss.sfs.db.com/ from closing
FSQ 20-2	2.0	Post-crisis	Kensington	Citi – delegated CBA	https://sf.citidirect.com / from closing
RMS32	1.0	Post-crisis	Kensington	Citi – delegated CBA	https://sf.citidirect.com from closing
GMG 21-1	2.0	Post-crisis	Kensington	Citi – delegated CBA	https://sf.citidirect.com from closing
FSQ 21-1 GREEN	2.0	Post-crisis	Kensington	Citi – delegated CBA	https://sf.citidirect.com from closing
FSQ 21-2	2.0	Post-crisis	Kensington	Citi – delegated CBA	https://sf.citidirect.com from closing

APPENDIX: UK Macro Highlights & RMBS Market



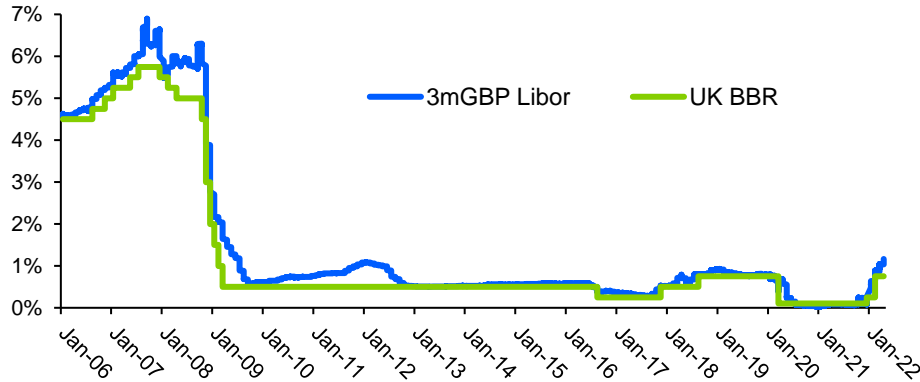
POWERED BY



UK Macro Indicators

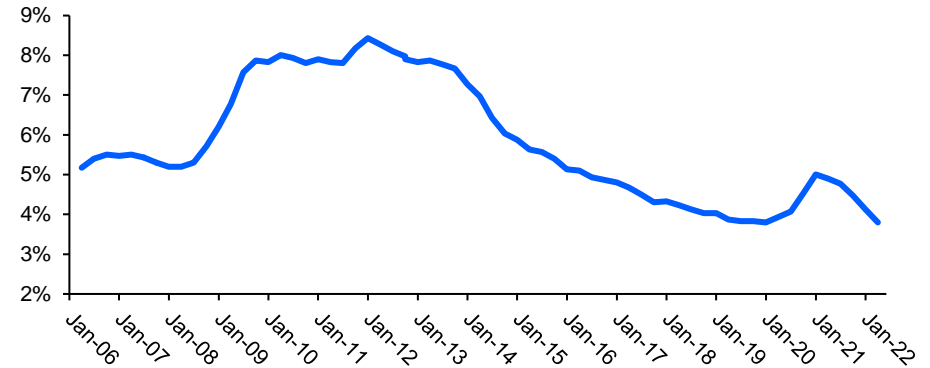
Kensington Risk on sentiment due to rising inflation

RATES STEADILY INCREASING



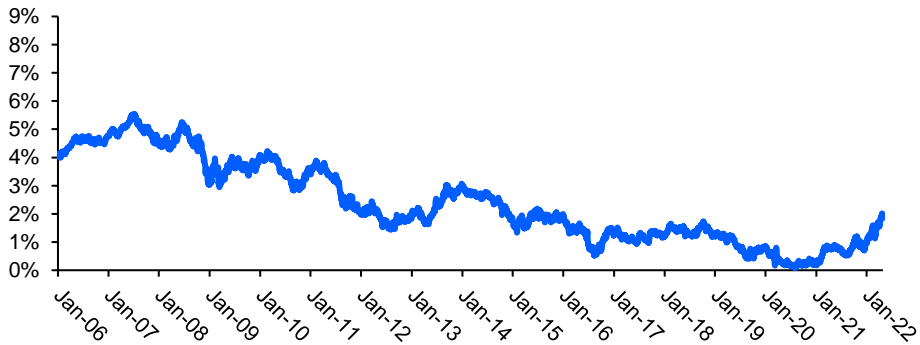
Source: Bloomberg, as of 04/2022

DECREASING UNEMPLOYMENT RATE



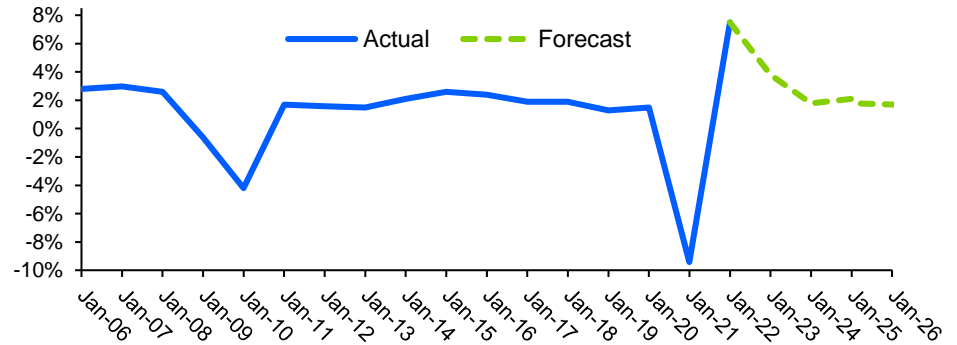
Source: Bloomberg EHUPGB, as of 03/2022

UK 10YR BOND



Source: Bloomberg GUKG10, as of 04/2022

UK GDP ANNUAL GROWTH



Source: OBR Forecasts, as of 04/2022

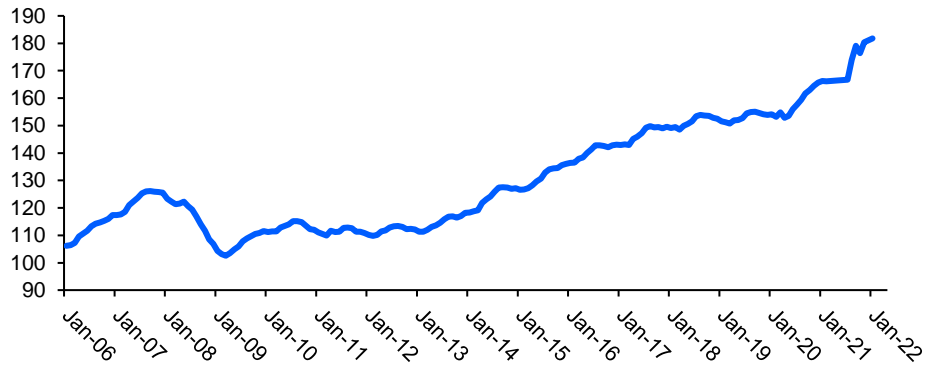


UK Housing Market

Kensington

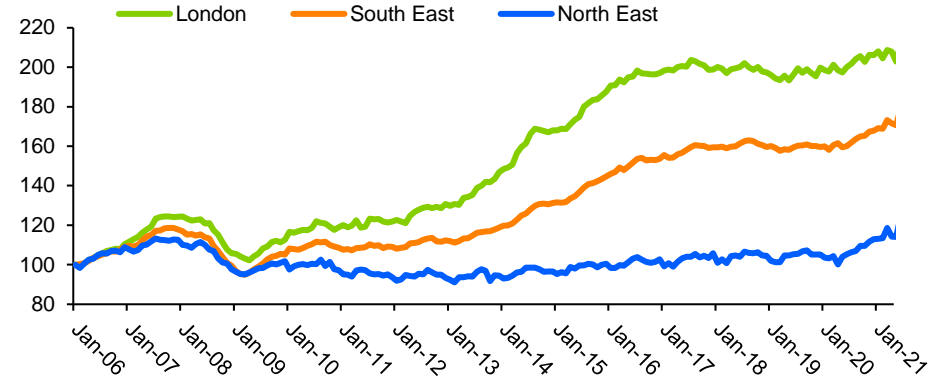
House prices continue to increase even post the stamp duty holiday's

UK HOUSE PRICES



Source: UKF 1HP12 Land Registry, Rebased to 100 at 01/2006, as of 04/2022

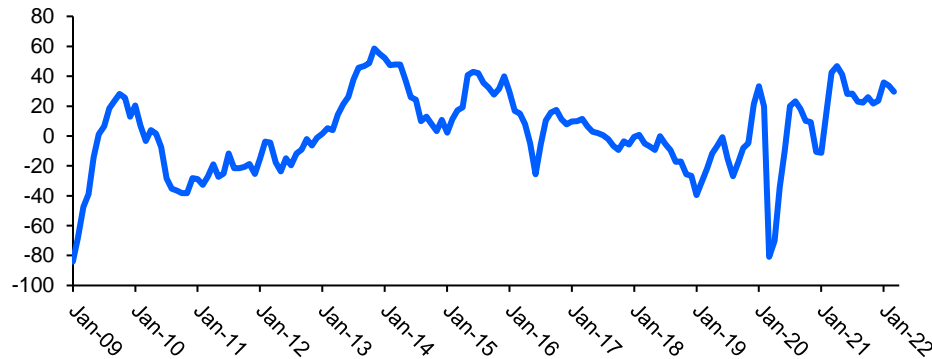
UK REGIONAL PRICE INDICES



Source: Land Registry, Rebased to 100 at 01/2006, as of 04/2022

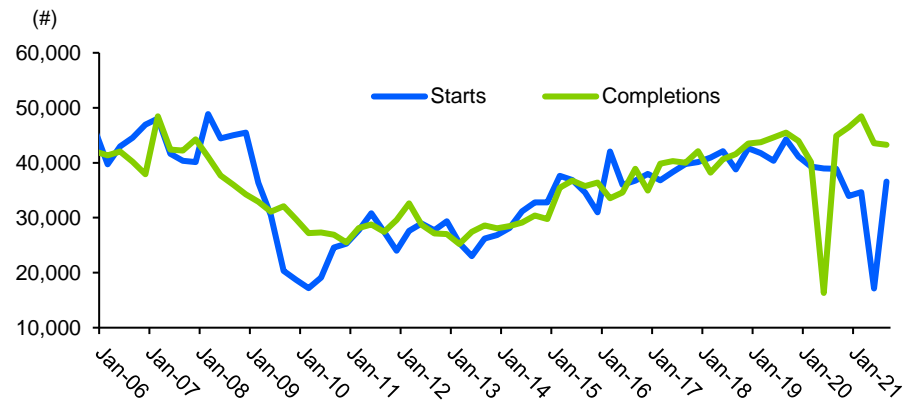
PRICE EXPECTATION NET BALANCE

(number reporting rise minus number reporting fall)



Source: Bloomberg UKRXPRES as of 04/2022

ENGLAND HOUSING STARTS AND COMPLETIONS - Quarterly



Source: Bloomberg: UKHSECAL, UKHSEALL, as of 09/2021

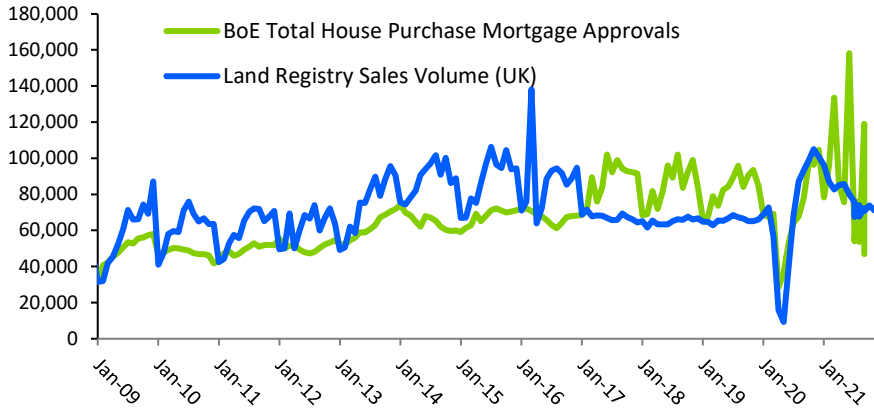


UK Mortgage Market

Kensington

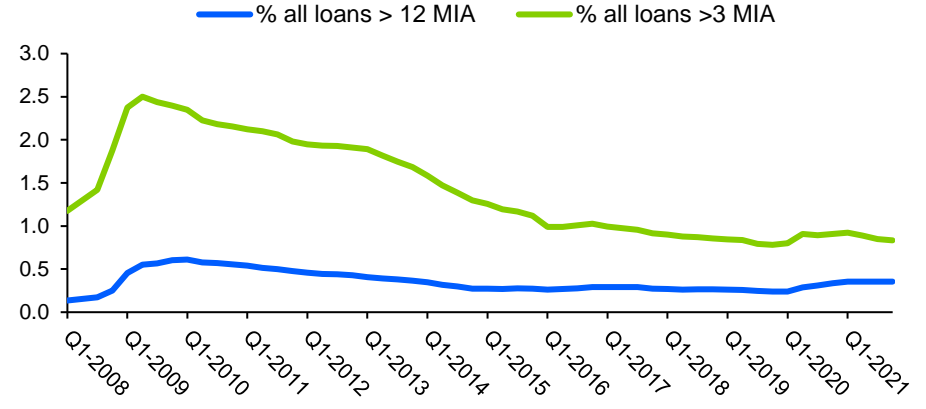
2-Year Fixed mortgage rates reach 6-year high; Arrears remain flat

UK MORTGAGE APPROVALS (#)



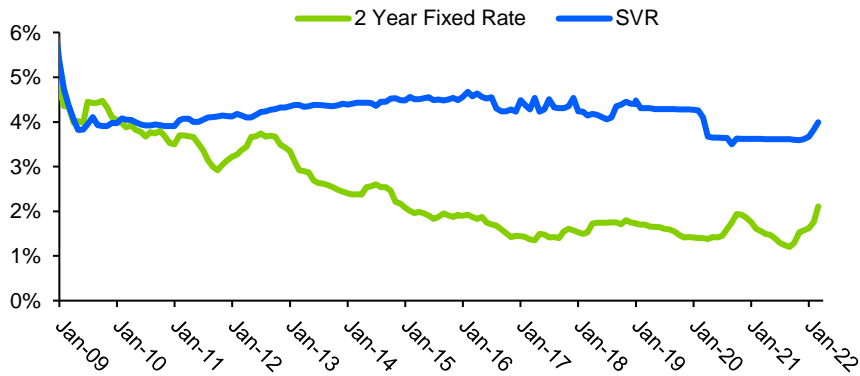
Source: Bloomberg UKVSUK & UKMSVTVX, CML, as of 04/2022

UK MORTGAGE ARREARS (%)



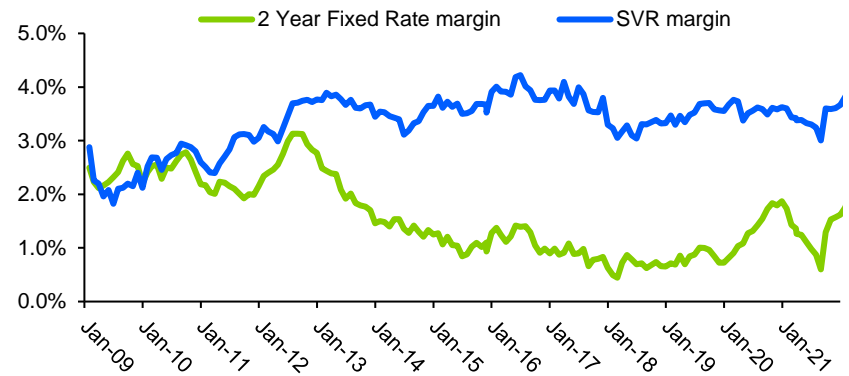
Source: UKF AP1 [Quarterly data], as of Q4 2021

UK MORTGAGE RATES



Source: Bloomberg UKMRM2Y, UKMRSVR, as of 04/2022

UK MORTGAGE MARGIN (OVER 3M LIBOR)



Source: Bloomberg UKMRM2Y, UKMRSVR, as of 12/2021

APPENDIX: Historical securitisation spreads



POWERED BY

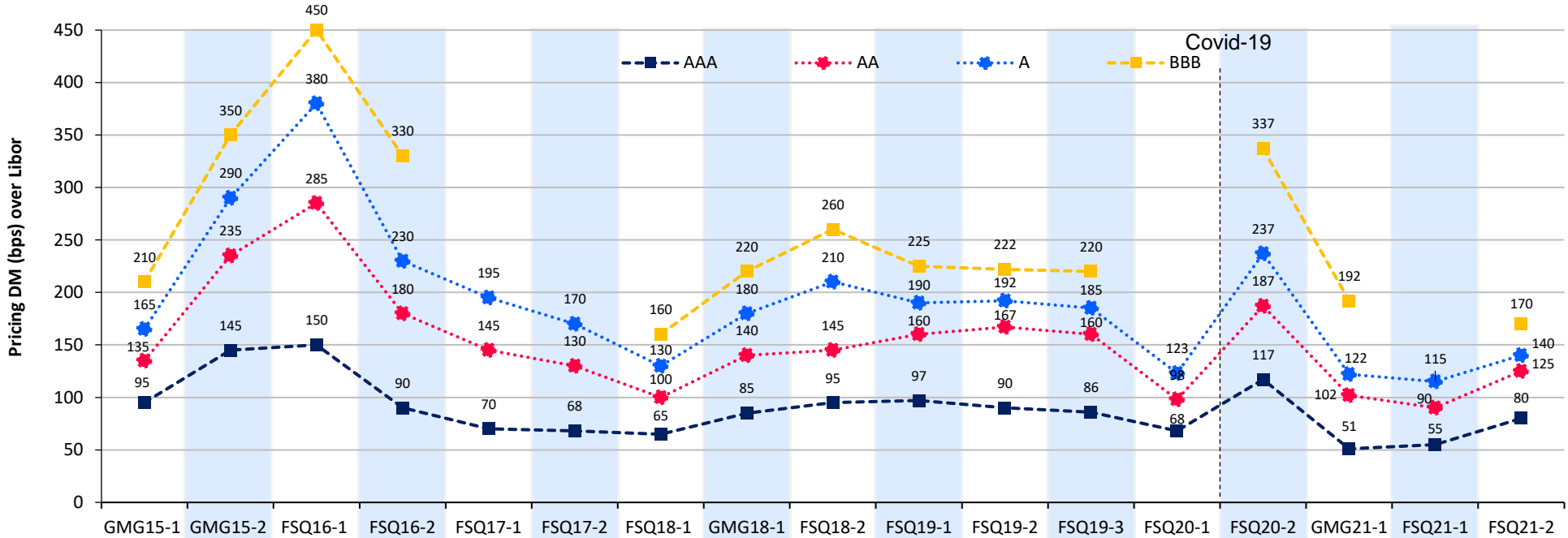




Kensington Securitisations

Kensington Historical Funding Spreads

HISTORICAL FUNDING SPREADS



Duration WA spread ⁽¹⁾	1.10%	1.81%	1.81%	1.12%	0.85%	0.80%	0.74%	1.04%	1.10%	1.11%	1.04%	0.99%	0.76%	1.41%	0.56%	0.61%	0.89%
Index	3mL	3mL	3mL	3mL	3mL	3mL	3mL	3mL	3mL	3mL	SONIA	SONIA	SONIA	SONIA	SONIA	SONIA	SONIA
WAL (years) ⁽¹⁾	3.5	2.6	2.6	2.4	2.4	2.5	2.5	3.9	2.5	2.4	2.4	2.6	2.5	2.4	3.7	4.6	4.5

(1) For Principal backed placed bonds
 (2) Spreads shown over SONIA FSQ19-2 onwards



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