

OSB GROUP PLC: Trading update

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OSB GROUP PLC Trading update

OSB GROUP PLC (OSBG or the Group), the specialist lending and retail savings group, today issues its trading update for the period from 1 January 2024 to date.

Highlights

- Financial and operational performance in the first quarter of 2024 was stable and underlying¹ net interest margin is on track to meet full year guidance
- New originations of £1.0bn in the first three months of 2024 (Q1 2023: £1.2bn). Underlying¹ and statutory net loans and advances increased by 1% in the first quarter to £26.0bn (31 December 2023: £25.7bn and £25.8bn, respectively)
- Retail deposits grew by 4% to £23.1bn in the first quarter (31 December 2023: £22.1bn) and the Group has repaid £1.1bn of the Bank of England's TFSME drawings in 2024 with £2.2bn of drawings outstanding
- The Group's three months plus arrears balances increased to 1.5% as at 31 March 2024, inside modelled expectation, largely due to the impact of higher cost of living and borrowing (31 December 2023: 1.4%)
- In January, the Group issued an additional £400m of MREL qualifying debt securities and met its interim MREL requirement plus regulatory buffers of 22.5% of risk weighted assets, under the current standardised rules
- The Group has repurchased £18.8m worth of shares under the £50m share repurchase programme²

1. Underlying excludes the fair value uplift to CCFS' loan book on acquisition

2. As at market close on 7 May 2024

Andy Golding, CEO of OSB Group, said:

"I am pleased with the Group's operational and financial performance for the first quarter of 2024. Demand in our core Buy-to-Let and Residential sub-segments remains positive with high quality applications and completions supporting the growing net loan book and we are writing new business at attractive yields. Retail funds pricing remained stable through the quarter as we grew the savings book in line with our requirements.

Whilst market conditions remain dynamic, given the Group's performance to date, we are on track to deliver the 2024 full year guidance for underlying net interest margin broadly flat to 2023,

underlying net loan book growth of c.5% and the underlying cost to income ratio broadly flat to 2023.

The Group is well positioned to deliver attractive and sustainable returns across the cycle, with a strong and resilient business model, robust capital and liquidity position, secured loan book and proven risk management capabilities. I look to the future with confidence.”

Enquiries:

OSB GROUP PLC

Alastair Pate t: 01634 838 973

Brunswick Group

Robin Wrench / Simone Selzer t: 020 7404 5959

About OSB GROUP PLC

OneSavings Bank plc (OSB) began trading as a bank on 1 February 2011 and was admitted to the main market of the London Stock Exchange in June 2014 (OSB.L). OSB joined the FTSE 250 index in June 2015. On 4 October 2019, OSB acquired Charter Court Financial Services Group plc (CCFS) and its subsidiary businesses. On 30 November 2020, OSB GROUP PLC became the listed entity and holding company for the OSB Group. The Group provides specialist lending and retail savings and is authorised by the Prudential Regulation Authority, part of the Bank of England, and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Group reports under two segments, OneSavings Bank and Charter Court Financial Services.

OneSavings Bank (OSB)

OSB primarily targets market sub-sectors that offer high growth potential and attractive risk-adjusted returns in which it can take a leading position and where it has established expertise, platforms and capabilities. These include private rented sector Buy-to-Let, commercial and semi-commercial mortgages, residential development finance, bespoke and specialist residential lending, secured funding lines and asset finance.

OSB originates mortgages organically via specialist brokers and independent financial advisers through its specialist brands including Kent Reliance for Intermediaries and InterBay Commercial. It is differentiated through its use of highly skilled, bespoke underwriting and efficient operating model.

OSB is predominantly funded by retail savings originated through the long-established Kent Reliance name, which includes online and postal channels as well as a network of branches in the South East of England. Diversification of funding is currently provided by securitisation programmes and the Bank of England's Term Funding Scheme with additional incentives for SMEs.

Charter Court Financial Services Group (CCFS)

CCFS focuses on providing Buy-to-Let and specialist residential mortgages, mortgage servicing, administration and retail savings products. It operates through its brands: Precise Mortgages and Charter Savings Bank.

It is differentiated through risk management expertise and best-of-breed automated technology and systems, ensuring efficient processing, strong credit and collateral risk control and speed of product development and innovation. These factors have enabled strong balance sheet growth whilst maintaining high credit quality mortgage assets.

CCFS is predominantly funded by retail savings originated through its Charter Savings Bank brand. Diversification of funding is currently provided by securitisation programmes and the Bank of England's Term Funding Scheme with additional incentives for SMEs.

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OSBG believes that any non-IFRS performance measures included in this document provide a more consistent basis for comparing the business' performance between financial periods, and provide more detail concerning the elements of performance which OSBG is most directly able to influence or which are relevant for an assessment of OSBG. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Board. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. For further details, refer to the Alternative Performance Measures section in the OSBG Annual Report and Accounts 2023. Copies of this are available at www.osb.co.uk and on request from OSBG.