

OSB GROUP PLC: Trading update

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**OSB GROUP PLC
Q3 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 July 2024 to date.

Key highlights for the period

The Group maintained its lending discipline with organic originations of £0.9bn in the third quarter of 2024 (Q3 2023: £1.3bn), as demand in our core sub-segments remained in line with previous expectations. Underlying¹ and statutory net loans increased by 2% in the nine months to 30 September to £26.3bn (31 December 2023: £25.7bn and £25.8bn, respectively). Our renewed focus on Commercial Mortgages, Bridging Finance and Asset Finance is progressing, with an increase in applications in each of these sub-segments received in the third quarter. We now expect underlying net loan book growth of slightly under 3% for 2024.

Underlying net interest margin guidance is unchanged at 230bps–240bps for 2024 as higher yielding mortgages in the back book roll off to current prevailing spreads and as the market observes slightly elevated fixed term retail deposit pricing. The Group continues to evaluate customer behaviour in the reversion period throughout the fourth quarter and will assess this as part of the usual year-end process. The potential future impact of Precise Buy-to-Let customers spending less time on reversion will reduce significantly over the next two years as these mortgages reach maturity.

The Group continues to focus on cost control with proactive actions to make its business-as-usual cost base more efficient. At the same time, we continue to invest in the digitalisation of our core platform and customer facing propositions. In October the Group launched the first product on its new savings platform to Kent Reliance customers and will expand the range of products available over the coming months. The expected underlying cost to income ratio remains at c.36% for 2024.

Three months plus arrears balances increased by 10bps to 1.7% as at 30 September (30 June 2024: 1.6%) in line with management expectations as long-term fixed rate mortgages mature and transfer to higher prevailing rates. The Group's secured loan book benefitted from a small impairment release in the third quarter as the Group adopted improved forward-looking macroeconomic scenarios.

Capital and liquidity remain strong and the Group is reviewing the recently published Basel 3.1 capital standards which will be implemented on 1 January 2026. There remain areas of clarification and until these are finalised, our guidance on the impact for the Group at implementation is unchanged at slightly less than two percentage points on the Group's CET1 ratio which stood at 16.2% at 30 June 2024. The Group has repurchased £32.1m worth of shares under the £50m repurchase programme announced in August.²

Andy Golding, CEO of OSB GROUP PLC, said:

“Looking forward, whilst challenges remain, there are signs of a gradual return of confidence in our core markets and we are seeing increased applications in our more cyclical businesses. The potential impact on the future plans of professional landlords due to the increase in stamp duty on second properties introduced following the recent budget is being monitored. We have a diversified loan book with proven capabilities in multi-property professional Buy-to-Let lending and specialist residential mortgages and continue to invest in our business to ensure it is fit for the future.”

1. Underlying refers to results which exclude acquisition-related items arising from the Combination with CCFS
2. As at market close on 5 November 2024

Financial calendar for 2025*

13 March 2025	2024 year end results
30 April 2025	Q1 trading update
8 May 2025	AGM
20 August 2025	2025 half year results
6 November 2025	Q3 trading update

* All dates are subject to change

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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 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 as well as a network of branches in the Southeast 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 and Charter Savings Bank.

It is differentiated through risk management expertise and 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.