

# Investor update

OSB Group Investor update  
13 March 2025



# Agenda for today



<b>Introduction</b>	Andy Golding	10:00
<b>Optimised lending growth plan</b>	Jon Hall	10:10
<b>Investing in our future</b>	Clive Kornitzer and Matthew Baillie	10:35
<b>Break</b>		10:50
<b>Financial overview</b>	Victoria Hyde	11:10
<b>Summary</b>	Andy Golding	11:20
<b>Q&amp;A with management</b>		11:25
<b>Buffet lunch</b>		12:10

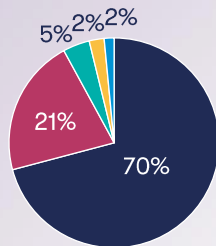
# OSB Group today

## #1 Specialist lender

- UK largest independent specialist Buy-to-Let lender<sup>1</sup>
- Holistic lending strategy with deep experience in Specialist Residential, Commercial, Asset Finance, Development Finance and Bridging
- Nearly 19,000 active broker partners

**Gross loans  
£25.3bn**  
as at 31.12.2024

● BTL  
● Residential  
● Commercial  
● Asset & development finance  
● Bridging & other



**KentReliance** **PRECISE.**  
For Intermediaries

**InterBay** **InterBay**  
Commercial Asset Finance

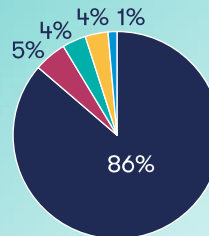
**Heritable**  
Development Finance

## Multi channel funding platform

- Two established retail savings brands with high retention levels: 91% for KR and 85% for CSB
- c.145k savings accounts a year on average added over last 5 years
- Funding diversification through wholesale and central bank funding including 26 securitisations since 2013 worth £13.5bn

**Group's funding  
channels**  
as at 31.12.2024

● Retail  
● BoE  
● Wholesale  
● Debt  
● ILTR



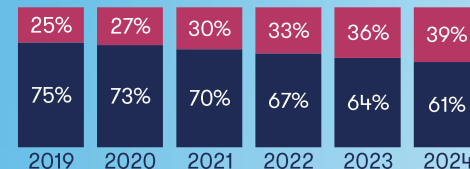
 **Charter**  
Savings Bank

**KentReliance**

## Unique operating model

- Over 900 highly-skilled colleagues our fully integrated subsidiary OSBIndia
- Excellent record of customer service: high retail savings NPS: +72 for KR and +62 for CSB
- 5-year transformation programme is in its third year and provides a foundation for future efficiencies

### Increasing proportion of colleagues in India<sup>2</sup>



■ UK ■ India

**osbIndia**

# Our track record of delivery

The Group is a leading specialist lender...



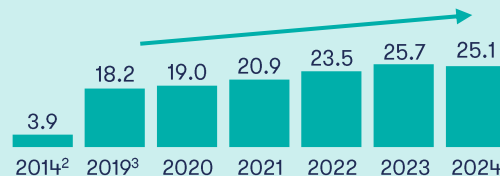
...with strong performance since 2019,

- Underlying return on equity: **21%** six-year average
- Class leading underlying cost to income ratio: **31%** six-year average

...consistent loan book growth,

Underlying net loan book £bn

**6.7% CAGR<sup>1</sup>**



- 2019-24 CAGR
- 2014 OSB only
- 2019 Combination with CCFS

...strong risk management,

- Fully secured loan portfolio
- Track record of low defaults
- Experienced and skilled underwriters

... and delivering attractive shareholder returns

Dividend per share in pence

**4 year average growth 31%<sup>1</sup>**



Since 2019 to date, the Group has returned **nearly £1.1bn** to its shareholders as dividends and share buybacks, **c.70%** of the Group's market capitalisation<sup>2</sup>

- Includes 2022 special dividend
- As at 11 March 2025

# Our plan

## **Taking the strengths that have delivered success**

- Relationships with intermediaries and borrowers with proven capability to grow
- Credit expertise in a wide range of secured lending segments



## **Transforming the way we operate our business**

- We are building our new leading technology platform
- Efficient growth without expanding headcount



## **Driving growth and diversification**

- Accelerated growth in lending, optimising risk adjusted returns
- Speed to market for lending and savings products taking advantage of opportunities



## **#1 Specialist lender**

- Improving RoTE and Net Interest Margin
- Positive cost jaws with operational leverage



# 2024 – 2026 Transitional Action Plan underway

	2025 Guidance	2026 Direction
<b>Net loan book growth</b>	Low single digit	Modestly higher than 2025
<b>NIM</b>	c.2.25%	Similar level to 2025
<b>Administrative expenses</b>	c.£270m	Modestly higher than 2025
<b>RoTE</b>	Low teens	
<b>Distributions</b>	5% dividend share growth per year and commitment to return excess capital	

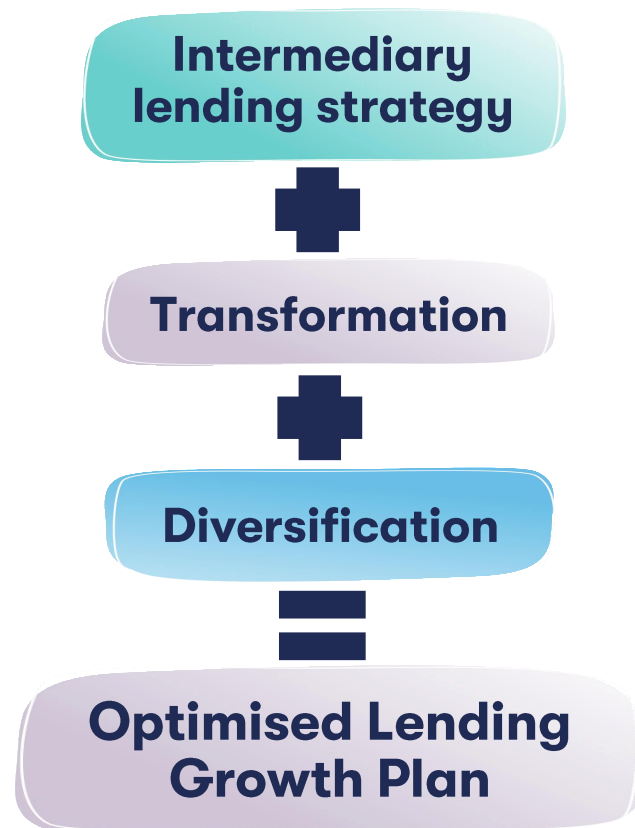
## Factors that will lead to improvement in performance from 2027:

- Lending back book increasingly replaced by new business written at attractive and sustainable NIM
- Significant momentum in loan book diversification
- Transformation programme completed in 2027 providing operational leverage to grow efficiently with positive jaws

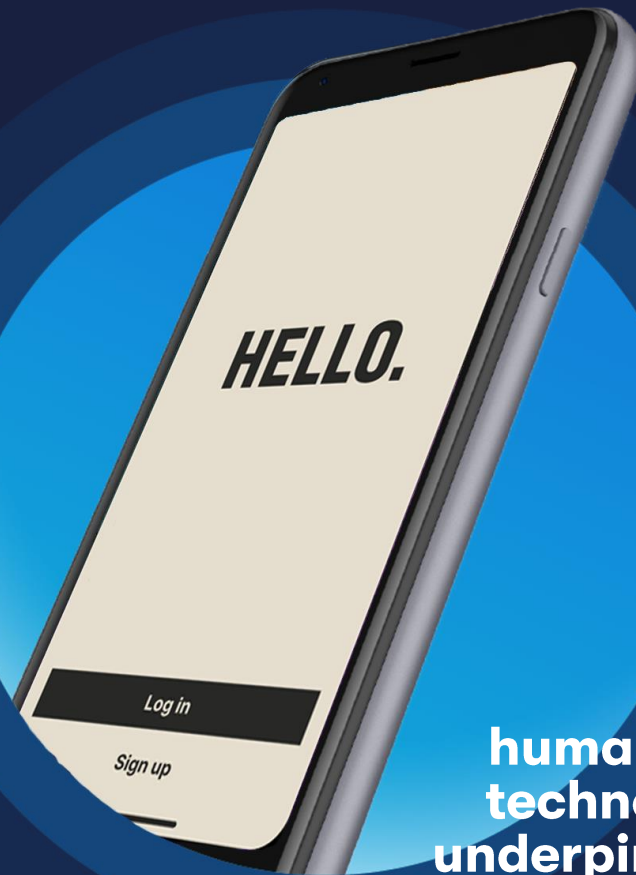
**This positions us well for 2027 and beyond**

# 2027 – 2029 Aspirations

<b>Net loan book growth</b>	Mid-single digit if returns meet our requirements
<b>Loan book diversification</b>	Buy-to-Let to comprise $\leq 60\%$ of the net loan book
<b>Administrative expenses</b>	Gradual improvement to low 30s% cost to income ratio and positive jaws
<b>RoTE</b>	Mid teens
<b>Distributions</b>	Progressive dividend per share and commitment to return excess capital



# Optimised Lending Growth Plan



**human led,  
technology  
underpinned.**



# Bringing to life the #1 Specialist Lender

The specialist mortgage market is deeply personal, built on reputations and relationships.

Technology and use of data today is at an early stage in the specialist market but accelerating.

OSB as #1 Specialist Lender means:

- we best match partnership expectations of intermediaries,
- we cover the breadth of individual needs of their customers,
- all our lending products easily accessible.

**The 'go to' for  
intermediaries**



# Today

**Intermediary lending  
strategy**

**Diversified  
portfolio**

**Optimised Lending  
Growth Plan**

# Lending Headlines

OSB manages its lending in a **holistic way for intermediaries** across all its segments:

- offers a one stop for intermediaries
- allows the Group to grow all lending segments
- blend performance between lending with different profiles
- dynamically **optimising the risk adjusted return**



Through this strategy, the Group delivers **diversified secured lending products:**

1. Buy-to-Let
2. Specialist Residential
3. Other Specialist lending
  - i. Commercial Mortgages
  - ii. Asset Finance
  - iii. Bridging Finance
  - iv. Development Finance

# Lending Headlines

## 1. RELATIONSHIPS

Trusted leadership with intermediaries, delivered through 100+ sales relationship team.

## 2. CREDIT EXPERTISE

Credit capability delivered through 300+ experts across underwriting, credit and data analytics.

## 3. SCALE TO INVEST & INVEST TO SCALE

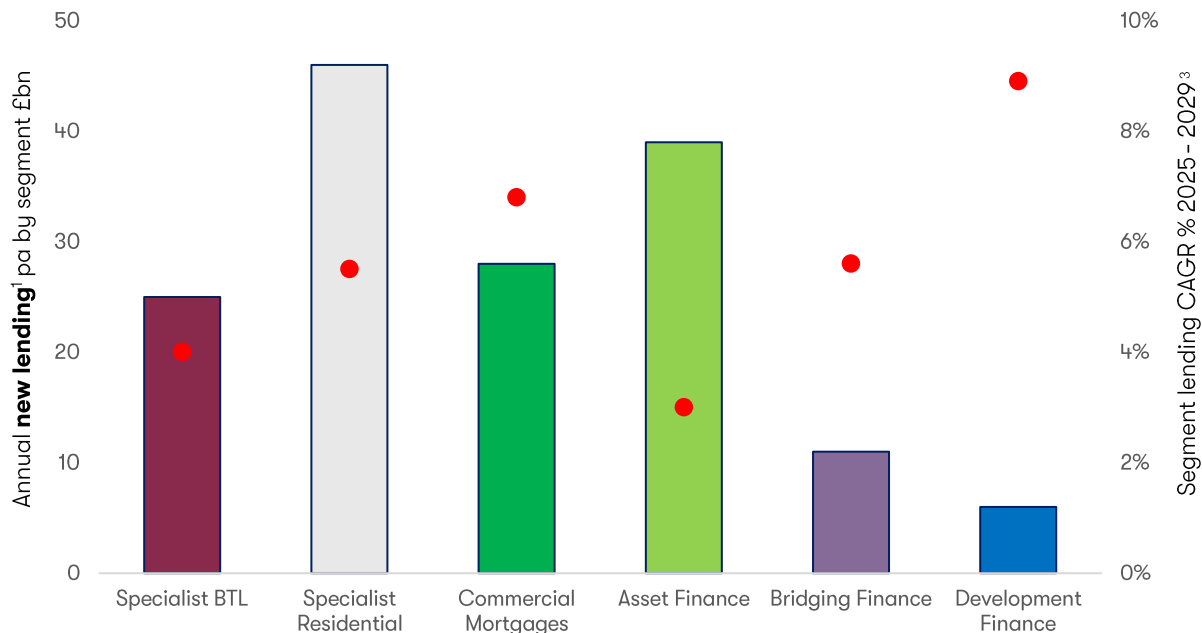
Scaled platform evidenced by new applications of £10bn in 2022 & £7bn in 2024 + investment in new technology to power growth and with an ambition to leapfrog the competition.



**The 3 advantages  
that support our  
Optimised Lending  
Growth Plan**

# Lending Headlines

Annual **new lending**<sup>1</sup> pa by segment & segment lending CAGR % 2025 - 2029<sup>2</sup>



OSB Yield<sup>3</sup>

6%+



New lending market **growth across all lending segments** is anticipated between 3% - 9% from 2025 to 2029.

The Group's segments deliver an **estimated annual lending flow of £155bn.**

OSB maintains a **leading position in BTL** + continuing to **expand in higher growth and higher yielding** segments.

The Group earns a range of yields across segments.

1. New lending includes New, Remortgages and Product Transfers 2. 3<sup>rd</sup> Party research and analysis

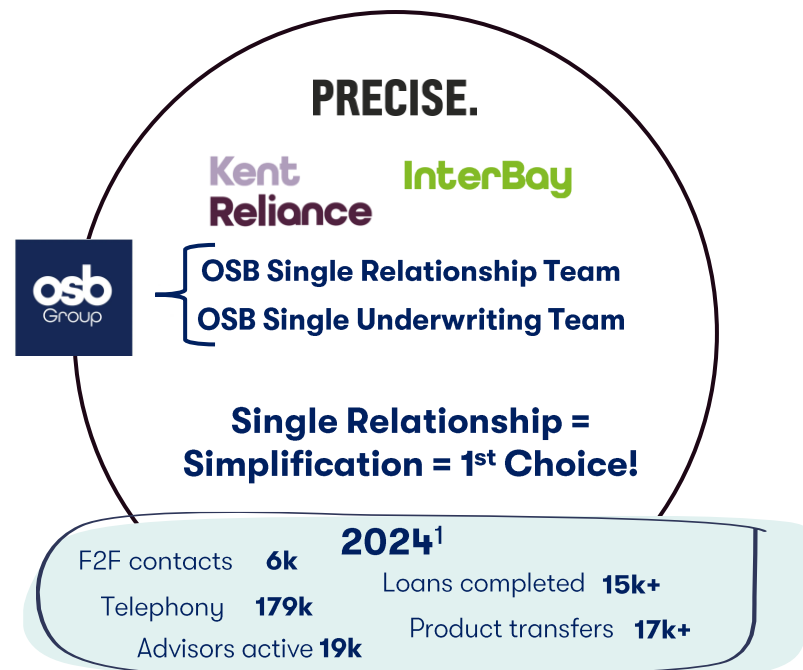
3. Lending Rate including Net Fees - December 2024 OSB Group

# OSB Intermediary strategy

Intermediaries access all Group lending via a single relationship management team

UK Mortgage origination is **90% intermediated**. —————→ **99%<sup>1</sup> of OSB lending through mortgage intermediaries.**

Controlled by a small number of corporate firms —————→ Accessed via a single relationship entry into the Group.





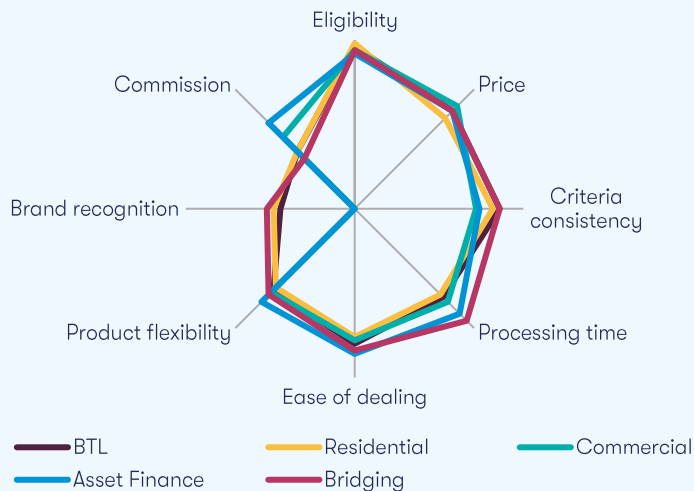
# OSB Intermediary strategy

We understand what matters to intermediaries and focus on it

## What matters?

Client eligibility, Criteria consistency, Processing time, Ease of dealing & Product flexibility

### Key Criteria for Lending Intermediaries



### We commissioned 3rd party research

“When selecting a product, how important are the following dimensions?”

How do the following mortgage providers perform against the following criteria?

(Please rate from 1 = Low - 5 = High)



# OSB Intermediary strategy

Our intermediaries tell us our approach works in all segments

Buy To Let

Specialist Residential

Commercial

Asset Finance

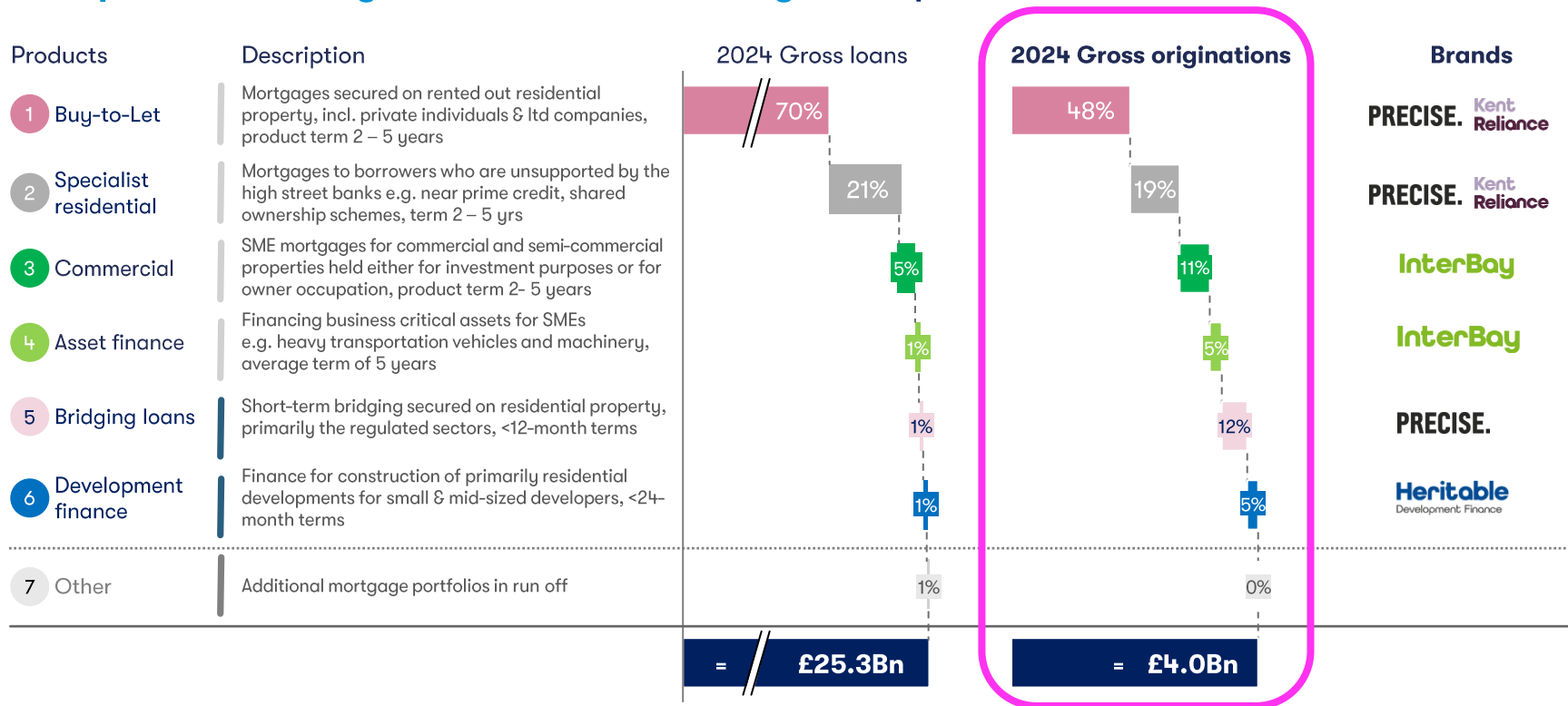
Bridging Finance

Accommodate  
Efficient **Trust** Quick  
Faster **Relationship** Support  
**Recommend** Edge  
Flexibility **Scale** Stable  
Non-Standard Complex Reputation  
Adaptable



# OSB Diversified Portfolio

Our **Optimised Lending Growth Plan** is delivering into the portfolio mix

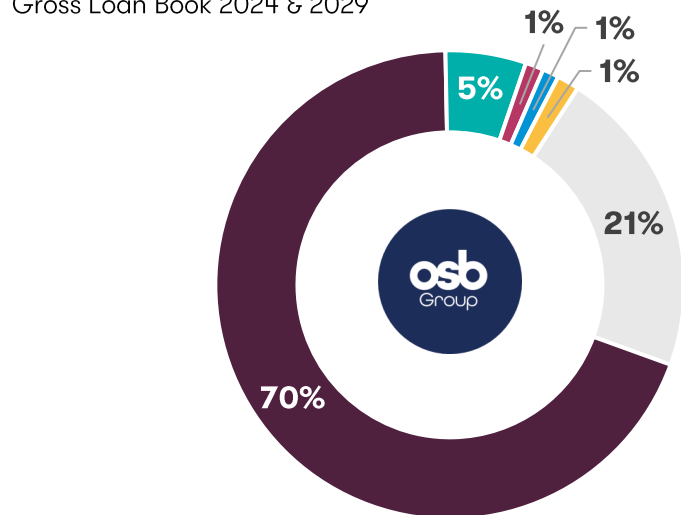


**We have built towards the 2024 mix since the end of pandemic – scaling after cautious re-entry**

# OSB Diversified Portfolio (2029)

Our **Optimised Lending Growth Plan in medium term** reflected in mix

Gross Loan Book 2024 & 2029



■ Residential      ■ BTL      ■ Commercial  
■ Asset Finance      ■ Development Finance      ■ Bridging

BTL ≤ 60% of portfolio



**Optimised Mix**

**Strong Blended Returns**

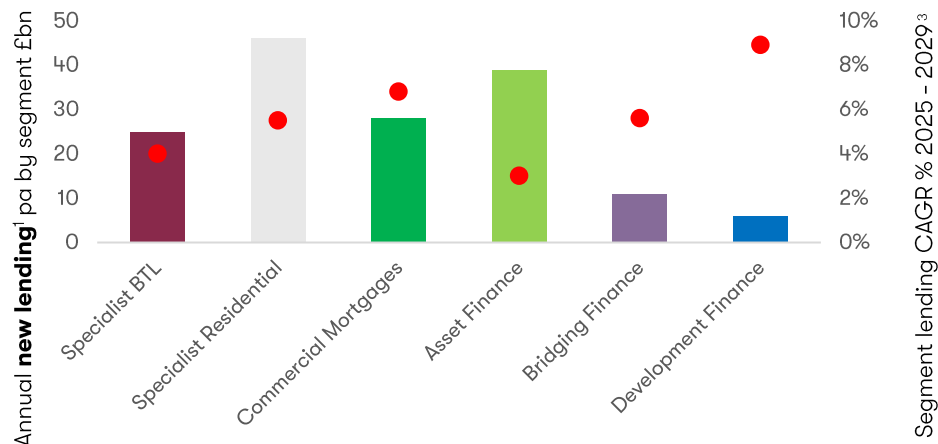
**All Segments Growing**

**= mid single digits CAGR**

# Optimised Lending Growth Plan

- 1. Continue to love specialist BTL with its scale, more attractive growth & returns than mainstream BTL.**
- 2. Boost Specialist Residential and Commercial Mortgages where there is market growth & headroom for the Group to outperform overall UK lending growth.**
- 3. Optimise the mix from high yield segments with strong expertise to deliver a progressive blended portfolio return.**

Annual **new lending**<sup>1</sup> pa by segment & segment lending CAGR % 2025 - 2029<sup>2</sup>





# Buy To Let

## Segment Drivers

- **Core foundations remain strong**, and market has returned to growth, 4% CAGR<sup>1</sup> gross lending between 2024 -2029 for Specialist BTL.
- **Shortage of housing** starts driving tenant demand, **improved landlord economics** increasing borrowing appetite.
- Specialists continue to gain share as borrower **complexity increases** and professional landlords drive activity.
- Specialists deal with complex cases such as large portfolios (10+) held by individuals or LTD companies, portfolio lending, mixed purpose, student, Homes in multiple occupation ('HMOs') which are outperforming in growth, landlord economics and lending yield.

Market Stock <sup>1</sup>	2024 E	2029 E
BTL	<b>£290bn</b>	<b>£305bn</b>
Specialist BTL	<b>£72bn</b>	<b>£96bn</b>

## Key facts<sup>2</sup>

- Shortfall of 4.3m of homes in the UK.
- Tenant demand + 15% in next 5 years.
- Rental growth from 2024 to 2027 of 17%, 4.5% rental growth forecast in 2025.
- Professional landlords with 11+ properties achieve gross rental yields of 7.1%, compared to the market average of 6.4%.
- Portfolio landlords intend to grow their portfolios at twice the rate of smaller landlords during the next year.



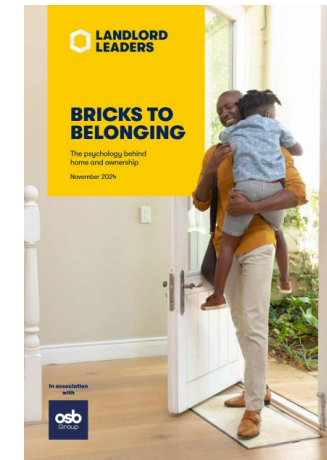


# Buy To Let – ‘Landlord Leaders’

OSB driving BTL thought leadership, giving evidence for positivity from landlords in a thriving sector.

- Framed ‘**landlord leaders**’, professional landlords investing in environmental improvements, reshaping portfolios and putting tenant at heart of decision making.
- 80% planned to increase portfolio & 45% committed to grow, 68% invested ahead of EPC legislative change. 72% think of the tenant experience.
- 84% described their relationship with tenants as positive.
- 73% of landlords acting on the tenant ask of personalisation, allowing tenants to adapt their home.
- 80% of landlords support longer tenures which is a win-win with tenants.

Positions the Group visibly as an expert in BTL





# Buy To Let

Our focus is on professional landlords.

## OSB Drivers

- **Unparalleled market leading credit expertise for professional landlords**
  - 85% of 2024 completions were Ltd Co &/or HMO<sup>3</sup>
- **Improved share & funnel conversion from investment in platform**
  - Combining the best of what we do from simple to complex in a single platform
  - A dedicated single BTL brand
  - A reimagined broker experience with use of automated verification & broker integration
- **Investment in areas intermediaries prioritise**
  - Outperform other specialists in processing time, consistency, ease of dealing

1. 3<sup>rd</sup> party research and analysis 2. New lending includes New, Remortgages and Product Transfers 3. Internal OSB Analysis

2024 Est OSB  
New Lending  
Share<sup>1,2</sup>

**7%**

Opportunity to grow lending  
market share by 0.5% - 1% pa

## Leverage OSB outperformance with BTL Brokers



Scale: 1 – 5



Rated as key from Intermediary research

<sup>4</sup>. High Street Banks



# Specialist Residential

## Segment Drivers<sup>1</sup>

- £46bn Specialist residential segment with 30% growth in annual flow by 2029.
- **Specialists gain volume by working 'smartly' alongside high street** to service customers not accepted by mainstream through automated scorecards or manual underwriting.
- 20% of the UK mortgage market is available to **specialist application scoring**.
- Specialist mortgages don't meet big six high street bank score, the **two largest niches are adverse credit** (40-50% of specialist market) **and irregular incomes** (30% - 40% of specialist market).

Market Stock <sup>1</sup>	2024 E	2029 E
Residential	<b>£1,408bn</b>	<b>£1,653bn</b>
Specialist Resi	<b>£146bn</b>	<b>£179bn</b>

## Key facts<sup>2</sup>

- Potentially 3m+ self employed people prevented from accessing home ownership.
- 8m+ people in the UK estimated to have experienced adverse credit in last 3 years.
- Circa 2m people with adverse credit plan to buy in next 12 months.
- 69% of people who don't own would like to buy.
- 47% of working age population have multiple incomes, up from 25% in 2021.
- 1.2m people on the social housing list.

1. 3<sup>rd</sup> party research and analysis 2. IMLA, Pepper Money, UK Finance, Sage Research



# Specialist Residential

Our focus is on credit impacted, FTB & irregular incomes.

## OSB Drivers

- **Data led application scorecard advantage in a scalable platform**
  - Wide product range and credit data with c.20 years of data history used in Precise market leading product 'cascade' system
  - 80%<sup>1</sup> specialist segment estimated as scorecard driven by 2029
- **Investment in platform enables scale, conversion & agility**
  - Rapid product deployment & scorecard updates
  - A dedicated single brand for residential improves funnel conversion
  - Easy submission integrated to intermediary platform & frictionless experience.
- **A competitive advantage in intermediary performance areas that matter**

1. 3<sup>rd</sup> party research and analysis 2. New lending includes New, Remortgages and Product Transfers

2024 Est OSB  
New Lending  
Share<sup>1,2</sup>

**2%**

Opportunity to grow lending  
market share by 0.15% - 0.25% pa

## Leverage OSB outperformance with Specialist Residential Brokers



Scale: 1 – 5



Rated as key from Intermediary research



# Commercial Mortgages

## Segment Drivers<sup>1</sup>

- **Stable with slow, resilient recovery** in Commercial lending through 2025-29 driven by growth in SME turnover.
- **Positive commercial property index** in 2024 / 2025 YTD.
- Mortgages are c.£30bn in commercial lending for property acquisitions and refinancing.
- Commercial mortgage lending to SMEs anticipated to grow c.4%.
- **Specialists win on flexible processes and criteria with speedier outcomes & helping intermediaries to shape deals**

Market Stock <sup>1</sup>	2024 E	2029 E
	<b>£158bn</b>	<b>£167bn</b>

## Key facts<sup>2</sup>

- Commercial yields estimated at c.6% at end 2024 expected to trend to historical average of 5%. Mortgage rates reflect higher capital density in commercial lending.
- Commercial let properties have structures that appeal to diversified investors.
- Commercial outlook forecast as positive per CBRE. Increased investment volumes in offices and logistics in Q4 2024. 'All property' capital and rental values increased in 2024 & January 2025.



# Commercial Mortgages

Our focus is on good secondary & tertiary commercial property, Purpose Built Student Accommodation, semi-commercial & trading related assets

## OSB Drivers

- **Leverage increasing trend for investors to seek yield uplift and diversify**
- **Expand the Interbay distribution**
- **A competitive advantage in intermediary performance areas that matter**
  - Outperform other specialists in eligibility, processing and ease of dealing.
- **Investment in platform to improve funnel conversion and turnaround times**
  - Allowing portal case management
  - Automation of straightforward activities

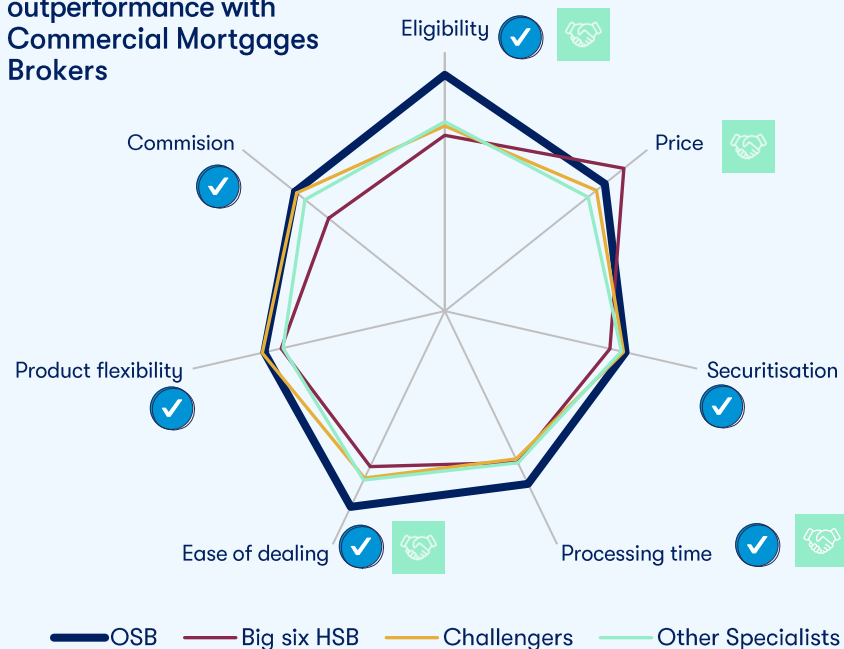
2024 Est OSB  
New Lending  
Share<sup>1</sup>

**2%**

Opportunity to grow  
lending market share by  
0.15% - 0.25% pa

## Leverage OSB outperformance with Commercial Mortgages Brokers

Scale: 1 – 5



Rated as key from Intermediary research

1. 3<sup>rd</sup> party research and analysis





# Asset Finance

Our focus is 'hard assets'; transport (trucks, trailers, vans) + construction (wheeled & tracked excavators) + manufacturing (engineering assets)

## OSB Drivers

- **Leveraging broader OSB distribution with intermediaries increasing their focus on this segment**
  - Continue to focus on business-critical asset classes likely to perform strongly
- **Outperform other specialists in intermediary performance criteria**
  - OSB has strong intermediary ranking for the key criteria for picking a lender.
- **Investment in platform allowing portal case management and automation**

1. 3<sup>rd</sup> party research and analysis

	2024 E	2029 E
Market Stock <sup>1</sup>	<b>£116bn</b>	<b>£134bn</b>
2024 Est OSB New Lending Share <sup>1</sup>	<b>0.4%</b>	Opportunity to grow lending market share by 0.1% - 0.2% pa

## Leverage OSB outperformance with Asset Finance Brokers



Rated as key from Intermediary research

Scale: 1 – 5



# Bridging Finance

Our focus is residential property, commercial property & refurbishment of existing property.

## OSB Drivers

- **Expand propositions in property enhancing & commercial bridging**
  - Represents 60% of the Bridging sub-segment
- **Leverage reputation as market leader in regulated bridging lender**
  - 12.5% market share in this sub-segment
- **Investment in platform to improve funnel conversion, turnaround times and broaden distribution of bridging**
  - Precise App launched and using Automated Valuations.
  - Portal case management
  - Automation of straightforward activities to slicken process.

1. 3<sup>rd</sup> part research and analysis

	2024 E	2029 E
Market Stock <sup>1</sup>	<b>£11bn</b>	<b>£14bn</b>
2024 Est OSB New Lending Share <sup>1</sup>	<b>4%</b>	Opportunity to grow lending market share by 0.5% - 0.75% pa

## Leverage OSB outperformance with Bridging Finance Brokers



Rated as key from Intermediary research



# Development Finance

Our focus is funding houses outside of city centre locations direct to housebuilding groups.

## OSB Drivers

- **OSB maintain its direct to housebuilder relationships**
- **Maintain a cautious appetite and tight credit criteria**
  - This is a market needing expert management and avoiding cash-stressed developers is key to growing a successful portfolio.
- **Flexible debt structuring which appeals to developers**
  - Revolving Credit Facilities, personalised terms, complex structures.
- **Expand asset classes**
  - Build to rent, build to live or student accommodation with strong covenant developers using OSB capital strength and expert in-house Development Finance leadership.

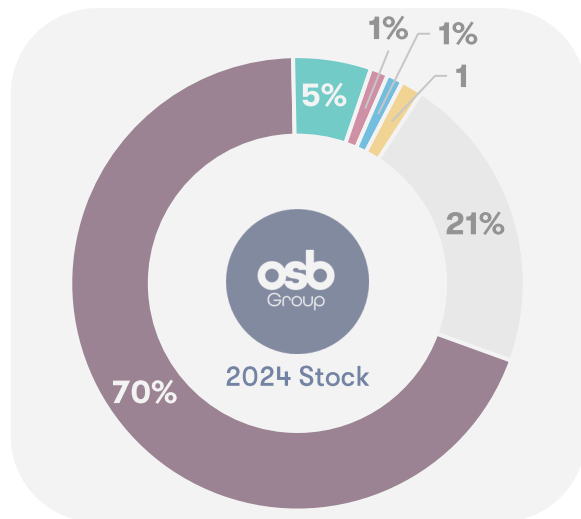
1. 3<sup>rd</sup> part research and analysis

	2024	2029 E
Market Stock <sup>1</sup>	<b>£24bn</b>	<b>£28bn</b>
2024 OSB New Lending 2024 Market Share <sup>1</sup>	<b>3%</b>	Opportunity to grow lending market share by 0.3% - 0.5% pa

- Since 2014, Heritable have committed to fund £2.15bn of development finance deals.
- Average loan size £7m (largest £40m).
- Existing customers typically reflect circa 90% of pipeline.

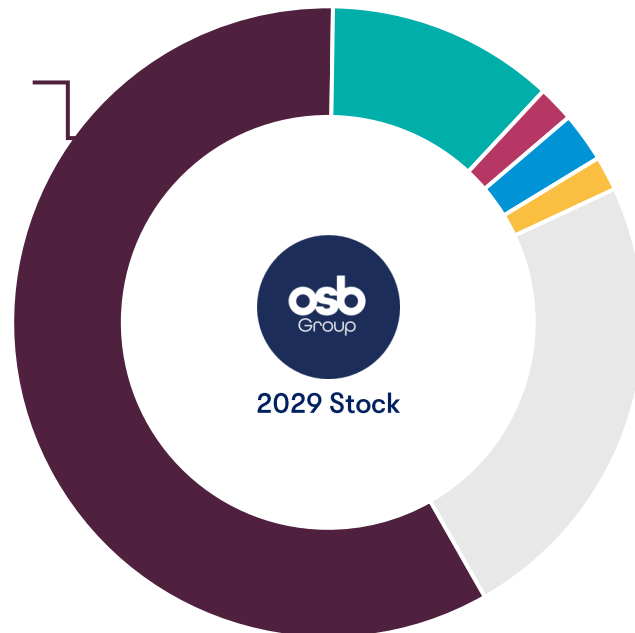
# OSB Diversified Portfolio (2029)

Our Optimised Growth Plan notably changes the mix



- Residential
- BTL
- Commercial
- Asset Finance
- Development Finance
- Bridging

BTL ≤ 60% of portfolio



**Optimised Mix**

**Strong Blended Returns**

**All Segments Growing**

**= mid single digits CAGR**



**Partnership**

**Experts**

**Range**

**Blend**

**Scale**

## OPPORTUNITY

Growth is anticipated in all OSB lending segments from 2025 to 2029

## HEADROOM TO GROW

OSB is uniquely positioned to leverage its leadership with intermediaries and credit expertise across its lending

## DEMONSTRATING DELIVERY

Optimised Growth Plan is delivering a diversified portfolio dynamically blending risk adjusted returns

# #1 Specialist Lender

The future of Specialist Lending **will be even more deeply personal** with a critical blend of human expertise and embedded technology.

That's why we're investing, to maintain and enhance our service to intermediaries and borrowers, with a laser focus on being **the #1 Specialist Lender.**

**human led,  
technology underpinned.**





# Investing in our future



# Transformation is essential...

## **Evolving Customer Expectations**

Demanding seamless,  
data-driven, and  
personalised banking

## **Changing Regulatory Landscape**

Maintaining  
compliance, whilst  
strengthening trust  
and stability

## **Optimising Operations for a Digital Future**

Improving efficiency,  
reducing costs, and  
integrating technology

## **Building Our Bank of the Future**

‘Technology doing the ordinary and humans doing the extra ordinary’

# OSBIndia – A structural advantage

- Remains a scalable and cost-effective location

- Located in **Bangalore** and **Hyderabad**, the top 2 destinations in India for Global Capability Centres



- Bangalore
- Hyderabad

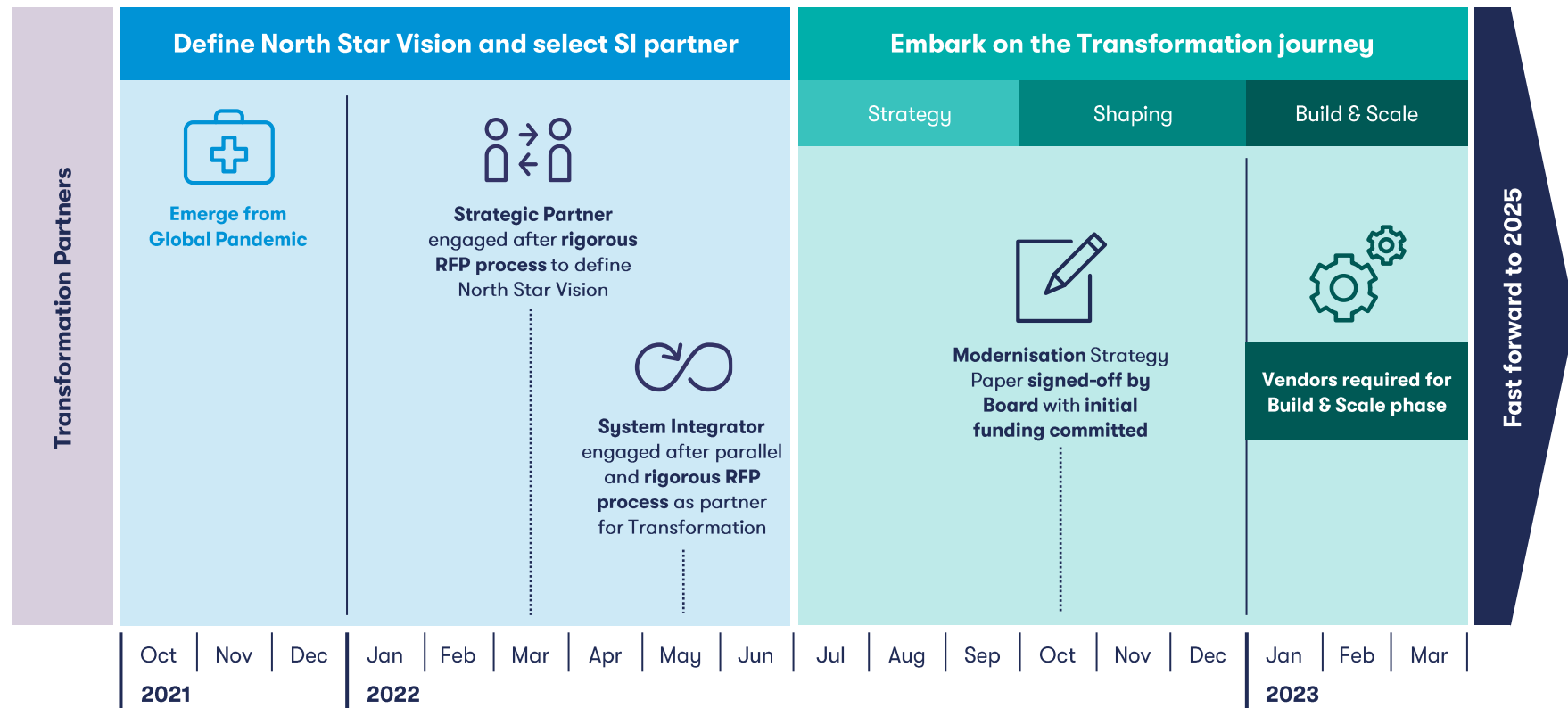
- Long established and integrated ways of working with the UK across most functions

- Deep, broad and skilled talent pool, especially in areas such as technology and data

'Great Place To Work'  
8 years in a row!



# Timeline



# Why are we doing this?

## Over-arching Vision of Transformation

New Savings and Lending services enabled by core capabilities

## Foundations

New ways of working to deliver, run, and continuously enhance the platform at scale



## Building our Bank of The Future



### Savings

Modern scalable savings platform



### Lending

Transform the lending experience for brokers, borrowers and colleagues



### Cloud

A mature, scalable, secure and resilient Cloud centre of excellence



### Data

Transform data into a strategic asset



### Core App. & Engineering

Composable architecture and in house engineering capability






### Ways of Working

Established agile ways of working with greater efficiencies for all colleagues

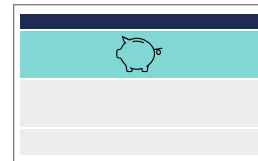
# Cloud, Data & Engineering: Driving a High-Performing, Future-Ready OSB




1

	Delivered	Coming next	Benefits
<b>Cloud</b> 	<ul style="list-style-type: none"> <li>Built a scalable, secure, and high-performing platform</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing cloud agility, its operational performance and cost-efficiency</li> </ul>	<ul style="list-style-type: none"> <li>A <b>resilient</b>, more cost-efficient business, that can scale and develop at pace</li> </ul>
<b>Data</b> 	<ul style="list-style-type: none"> <li>Established a centralised, scalable single data platform for OSG Group</li> </ul>	<ul style="list-style-type: none"> <li>Scaling data capabilities, ensuring even greater flexibility, deeper analytics and faster innovation</li> </ul>	<ul style="list-style-type: none"> <li>Data-driven decision-making, providing insights that fuel growth for a competitive edge</li> </ul>
<b>Engineering</b> 	<ul style="list-style-type: none"> <li>Integrated 30+ fintech solutions, providing cutting-edge capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Faster innovation cycles, helping us bring new products to market quickly and efficiently</li> </ul>	<ul style="list-style-type: none"> <li>Greater <b>security, reliability, and scalability</b></li> </ul>

# Transforming Savings for a Smarter, Faster Future

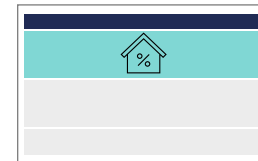


2

	Delivered	Coming next	Benefits
<b>Savings</b> 	<ul style="list-style-type: none"><li>Launched our first product, a 2-year fixed-rate bond on our new savings platform</li><li>Real-time payments for instant deposits and withdrawals</li><li>Created a fully digital on boarding experience for our customers</li></ul>	<ul style="list-style-type: none"><li>Expanding capabilities by launching joint savings accounts</li><li>Expanding our Product Set on Kent Reliance to include easy-access accounts</li><li>Complete the product set with ISAs</li><li>Deploy these new capabilities to Charter Savings brand</li></ul>	<ul style="list-style-type: none"><li><b>Same day changes</b> to products and pricing, creating market opportunities to optimise/reduce cost of new funds</li><li>New savings products can reach customers <b>within 24 hours</b></li><li><b>13 new self-service options</b>, customers can manage their accounts anytime, anywhere</li></ul>

Note: This is for new customers on the new platform

# Scale to Invest & Invest to Scale – Mortgages



3

	Delivered	Coming next	Benefits
<b>Lending</b> 	<ul style="list-style-type: none"><li>• Launched our new Broker registration portal (invite only)</li><li>• Streamlined the application process, improving everything from agreement-in-principle to full mortgage applications</li><li>• Built our new decision engine, giving us greater flexibility</li></ul>	<ul style="list-style-type: none"><li>• Opening the platform for broker registration.</li><li>• Public launch of our Buy to Let (BTL) product on the new platform</li><li>• Ongoing platform optimisation</li></ul>	<ul style="list-style-type: none"><li>• Brokers can register in <b>under four minutes</b></li><li>• AIP approvals take <b>less than 10 minutes</b>, cutting broker effort by 50% and increasing decision certainty</li><li>• <b>Automated verification</b> and API-driven integrations improve decision-making</li></ul>

Note: This is for new Brokers on the new platform



# Conclusion

- **By streamlining operations lowers the cost of funding freeing up capital.**
- **Scale seamlessly, supporting growth ambitions.**
- **Enhanced agility and automation.**
- **Faster decision-making, increased operational resilience.**
- **Customer-centric approach, driving long-term value.**



# Achieving our medium-term aspirations



# Near term guidance and medium-term aspirations

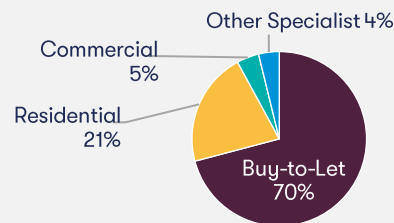
## Transition period

	2025 Guidance	2026 Direction	2027 – 2029 Aspiration
<b>Loan book growth</b>	Low single digit	Modestly higher than 2025	Mid single digit if returns meet our requirements
<b>NIM</b>	c.2.25%	Similar levels to 2025	
<b>Loan book diversification</b>			Buy-to-Let to comprise $\leq$ 60% of the net loan book
<b>Administrative expenses</b>	c.£270m	Modestly higher than 2025	Gradual improvement to low 30s% cost to income ratio and positive jaws
<b>RoTE</b>	Low teens		Mid teens
<b>Distributions</b>	5% dividend per share growth per year and commitment to return excess capital		Progressive dividend per share and commitment to return excess capital

# Changing mix of the loan book

## The composition of the loan book evolves over time...

Gross loans as at 31.12.2024

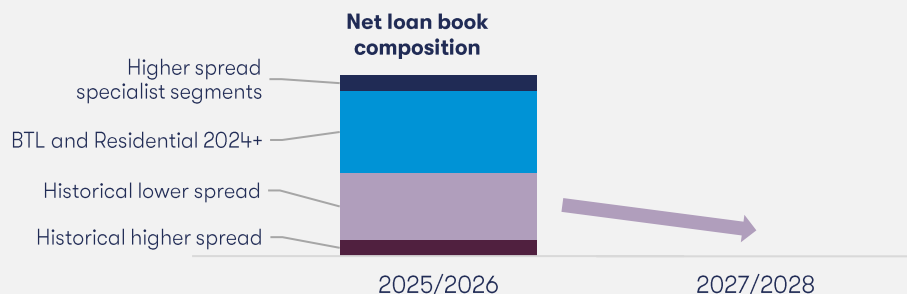


2029



- Maintain leading position in professional Buy-to-Let
- Progressive increase of originations in Residential, Commercial and other higher yielding specialist segments
- Growing share in each of our segments over time

## ...whilst the back book transitions to sustainable higher lending spreads and returns

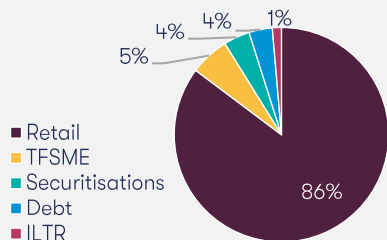


- Historical higher lending spread loans are materially matured by the end of 2026
- Historical lower lending spread loans mature in 2027 and 2028
- New and increasingly diversified lending from 2024 onwards expands the spread earned in medium term

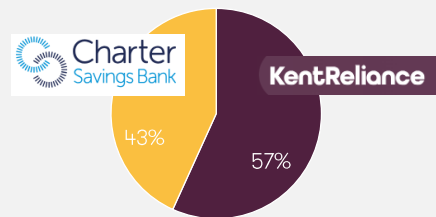
# Funding dynamics

## Primarily retail deposit funded...

Group's funding channels  
total £27.6bn as at 31.12.2024

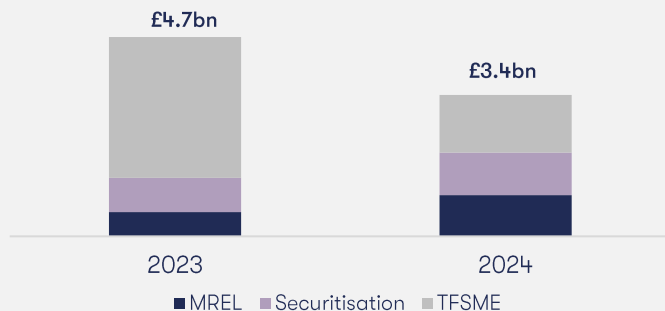


Retail savings  
total £23.8bn as at 31.12.2024



- Consistently funding loan book growth through our stable retail deposit franchise
- Transformation delivery enables greater optimisation of front book acquisition cost and increases operational efficiency

## ...with funding diversification via securitisations and Bank of England funding

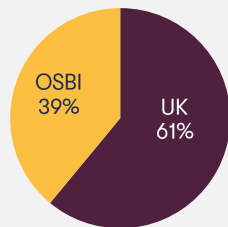


- Investment grade rating from Moody's and Fitch
- High quality recent securitisations issuance priced competitively with high demand
- Successful debt issuances executed with growing investor base and improved pricing

# Current Group cost profile

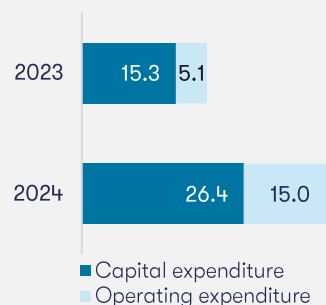
## Core costs

Average number of Group employees in 2024



- Core costs of £237.9m were up 3% in 2024, excluding the impact of the new Bank of England levy
- The Group employed nearly 2,500 colleagues at the end of 2024, broadly stable compared to 2023

## Transformation costs, £m



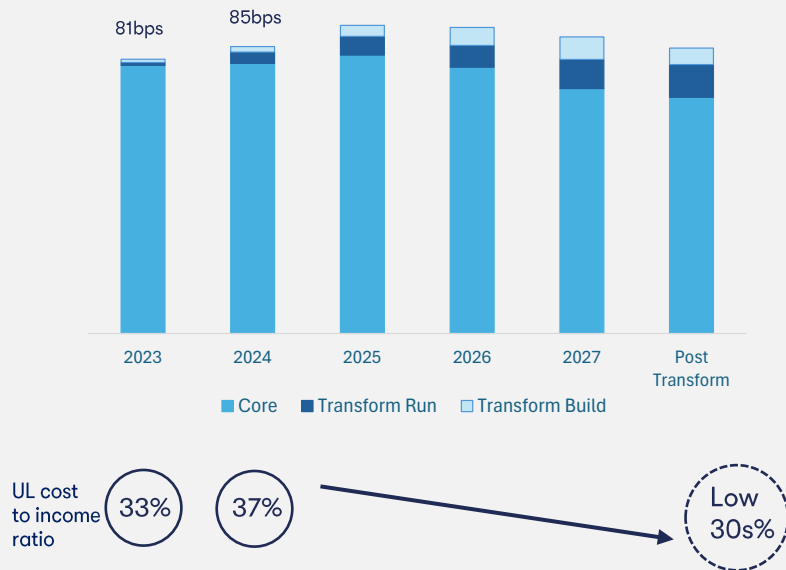
- 35 employees working on the transformation programme at the end of 2024
- £15.0m expensed in total in 2024, the second year of the programme

## 2025 Guidance

We expect administrative expenses to be c.£270m, with the increase mainly due to further investment in the transformation programme and core costs increasing below the rate of inflation

# Transformation drives the evolution of the Group's cost shape

Management expense ratio (Manex\*), bps



\* Manex ratio is calculated as administration expenses as a percentage of the 13-point average total assets

Operational efficiency (Manex) improves over time as the balance sheet scales faster than the cost base

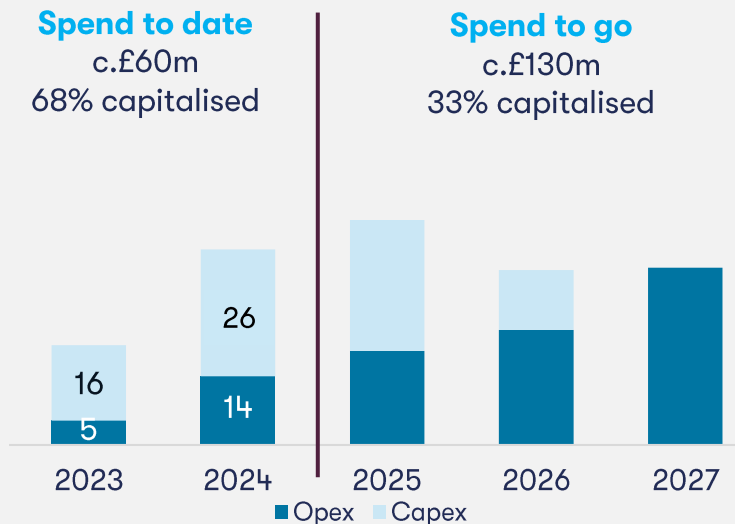
The cost profile gradually rebalances with a higher weighting towards technology spend and a reduced level of operational spend

“Core” contribution to manex reduces over time as the benefits of transformation offset cost inflation

“Transform Run” comprises the build of a new operating model including software licences and internal resources to run the new platforms

“Transform Build” comprises one off project costs and amortisation recognised in line with accounting rules

# Transformation total spend over the 5-year programme



## Approximate spend across the workstreams

Core 50%  
Lending 30%  
Savings 20%

- The fully loaded transformation spend in the 5-year period to 2027 is c.£190m
- No further capitalisation is expected from 2027 onwards as the programme moves to a BAU operating model. Approximately £50m remains on the balance sheet in 2027
- Peak investment is in 2025 with spend focused on customer and product facing deliveries that drive growth
- Amortisation impact on P&L reaches c.£14m in the medium-term p.a before declining



# Consistently strong capital generation that supports strong distributions and net loan book growth

2020–2024 Average annual  
as % of CET1:

**Organic  
capital  
generated  
3.6%**

Distributions  
c.2.0%

Loan book  
growth & other  
c.1.6%

Since 2019 to date, the Group has returned **nearly £1.1bn** to its shareholders as dividends and share buybacks, which is **c.70%** of the Group's market capitalisation as at 11 March 2025



## The Group's capital distribution approach

- Progressive dividend per share
- Board's commitment to return excess capital to shareholders
- Continue to operate at a CET1 target of **14%** post Basel 3.1

# To sum up

Our investors have told us they want more clarity so today we will set out OSB's journey towards a strong future

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We are in the midst of our transition period and originating good margin new business with EIR now a matter of business as usual

---

We are diversifying further into segments where we have experience and expertise

---

Our transformation programme is well advanced enabling future growth and operational leverage

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We are focused on shareholder returns with an increased payout ratio and a new £100m share buyback

# Appendix



# Speakers' biographies



**Jon Hall**

Group Managing Director,  
Mortgages and Savings

Jon joined OSB Group in November 2021. Jon has significant experience within the financial services sector and joined the Group from Aspinall Financial Services, a pre-authorisation bank start-up, having previously led Masthaven Bank from 2016 to early 2021 as their Chief Commercial Officer and Deputy Chief Executive.

Jon started his career with PricewaterhouseCoopers LLP, before joining Aviva plc and subsequently became Chief Executive of Saffron Building Society.

Jon is a Fellow of the Institute of Chartered Accountants in England and Wales.



**Clive Kornitzer**

Group Chief  
Operating Officer

Clive joined OSB in 2013. Clive has over 25 years of financial services experience, having worked at several financial organisations including Yorkshire Building Society, John Charcol Limited and Bradford and Bingley plc. Prior to joining OSB, Clive spent six years at Santander UK Plc where he was the Chief Operating Officer for the intermediary mortgage business. He has also held positions at the European Financial Management Association and has been the Chair of the FS Forums Retail Banking Sub-Committee. Clive is a Fellow of the Chartered Institute of Bankers and recently completed an advanced Leadership Program at INSEAD, as well as the FT Non-Executive Directors Diploma.



**Matthew Baillie**

Group Chief  
Transformation Officer

Matthew joined OSB Group in 2022.

Matthew has strong background in financial services, strategy and large-scale change, having previously worked at Lloyds Banking Group, where he held leadership roles spanning Product, Strategy, Digital, Change and Transformation. His final role at Lloyds was as Chief of Staff.

In addition to his role as Group Chief Transformation Officer, Matthew serves as a Non-Executive Director for OSB India, supporting the business's transitions to a Global Capability Centre. Matthew has a degree in Business Economics.

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