

OneSavings Bank plc: Trading update

Published: 13.11.2019

OneSavings Bank plc Trading update

OneSavings Bank plc (OSB), the specialist lending and retail savings Group, today issues its trading update for the period from 1 July 2019 to date.

As the recommended all share combination between OSB and Charter Court Financial Services Group plc (CCFS) completed on 4 October 2019, the financial highlights below cover OSB group and CCFS group separately.

OneSavings Bank plc

- Loan book growth of 15% for the nine months to 30 September 2019, with net loans and advances up by £1,307m to £10.3bn during the period (30 September 2018: £1,175m and £8.5bn, respectively)
- New originations of £842m in the three months to 30 September 2019 (Q3 2018: £730m) and £2.5bn for the nine months to 30 September (nine months to 30 September 2018: £2.2bn)
- As previously guided, we expect to deliver net loan book growth of high-teens for 2019. We expect net interest margin (NIM) to be broadly flat for the full year compared to the first half, in-line with management expectations

Charter Court Financial Services Group plc

- Loan book growth of 4% for the nine months to 30 September 2019 (21% excluding the impact of structured asset sales) with net loans and advances up by £236m to £6.9bn (30 September 2018: £787m and £6.2bn respectively)
- New originations of £865m in the three months to 30 September 2019 (Q3 2018: £708m) and £2.4bn for the nine months to 30 September (nine months to 30 September 2018: £2.1bn)
- As previously announced, residual interests in three securitisations sold for a pre-tax gain of £58.6m in the nine months to 30 September 2019, resulting in the derecognition of £1,293m of underlying mortgage assets and associated risk weighted assets (30 September 2018: £36.4m and £562.5m respectively)
- We expect to deliver high-twenties net loan book growth for 2019, excluding the impact of the above structured asset sales, and full year NIM to be slightly lower than the first half, in-line with management expectations

Andy Golding, CEO of OneSavings Bank, said:

“I am delighted that we successfully completed our combination with Charter Court Financial Services Group on 4 October and we are now in the early stages of integrating the two businesses. We remain focused on delivering shareholder value as we execute on the strategy for the enlarged Group.

Continued strong performance from both groups in the first nine months of the year delivered 15% net loan book growth for OSB and 21% for CCFS, excluding the impact of structured asset sales. Both banks’ lending franchises are performing very well with strong levels of applications at attractive margins across our core product types building a robust pipeline for Q1 2020.

In addition to strong retail savings franchises, we have excellent capabilities in the securitisation market which allow us to diversify our funding. I am pleased that in July 2019, OSB securitised £500m of organically originated mortgages under our newly established Canterbury Finance RMBS programme, which was well received in the market. During the quarter, Charter Mortgages Limited successfully sold a residual interest in the Precise Mortgage Funding 2019-1B plc, which generated a pre-tax gain of £28.8m.

We remain cognisant of the continued uncertain macroeconomic and political outlook, however we believe that as a combined business we are well placed to continue to deliver on our strategy and generate attractive shareholder returns through the cycle.”

Enquiries:

OneSavings Bank plc

Alastair Pate t: 01634 838 973

Brunswick Group

Robin Wrench / Simone Selzer t: 020 7404 5959

Financial calendar for 2020 *

19 March 2020	2019 year end results
6 May 2020	Q1 trading update
7 May 2020	AGM
27 August 2020	2020 half year results
12 November 2020	Q3 trading update

* All dates are subject to change

About OneSavings Bank 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. OSB is a specialist lending and retail savings Group authorised by the Prudential Regulation Authority, part of the Bank of England, and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

OneSavings Bank

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, InterBay Commercial and Prestige Finance. 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, the Term Funding Scheme and the Bank of England Indexed Long-Term Repo operation.

Charter Court Financial Services Group

CCFS focuses on providing Buy-to-Let and specialist residential mortgages; mortgage servicing, administration and credit consultancy; and retail savings products. It operates through its three brands – Precise Mortgages, Exact Mortgage Experts 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, the Term Funding Scheme and the Bank of England Indexed Long-Term Repo operation.

Important disclaimer

This document should be read in conjunction with the documents distributed by OneSavings Bank plc (OSB) through the Regulatory News Service ('RNS'). This document is not audited and contains certain forward-looking statements, beliefs or opinions, including statements with respect to the business, strategy and plans of OSB and its current goals and expectations relating to its future financial condition, performance and results. Such forward-looking statements include, without limitation, those preceded by, followed by or that include the words 'targets', 'believes', 'estimates', 'expects', 'aims', 'intends', 'will', 'may', 'anticipates', 'projects', 'plans', 'forecasts', 'outlook', 'likely', 'guidance', 'trends', 'future', 'would', 'could', 'should' or similar expressions or negatives thereof. Statements that are not historical facts, including statements about OSB's, its directors' and/or management's beliefs and expectations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by OSB or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in exchange rates, stock markets, inflation, deflation, interest rates and currencies; policies of the Bank of England, the European Central Bank and other G8 central banks; the ability to access sufficient sources of capital, liquidity and funding when required; changes to OSB's credit ratings; the ability to derive cost savings; changing demographic developments, and changing customer behaviour, including consumer spending, saving and borrowing habits; changes in customer preferences; changes to borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability, the potential for countries to exit the European Union (the EU) or the Eurozone, and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes and risks to cyber security; natural and other disasters, adverse weather and similar contingencies outside OSB's control; inadequate or failed internal or external processes, people and systems; terrorist acts and other acts of war or hostility and responses to those acts; geopolitical, pandemic or other such events; changes in laws, regulations, taxation, accounting standards or practices, including as a result of an exit by the UK from the EU; regulatory capital or liquidity requirements and similar contingencies outside OSB's control; the policies and actions of governmental or regulatory authorities in the UK, the EU or elsewhere including the implementation and interpretation of key legislation and regulation; the ability to attract and retain senior management and other employees; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; market relating trends and developments; exposure to regulatory scrutiny, legal proceedings, regulatory investigations or complaints; changes in competition and pricing environments; the

inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services and lending companies; and the success of OSB in managing the risks of the foregoing.

Accordingly, no reliance may be placed on any forward-looking statement and no representation, warranty or assurance is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Any forward-looking statements made in this document speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information of future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange PLC or applicable law, OSB expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in OSB's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. For additional information on possible risks to OSB's business, please see the "Risk Review" section of the OSB 2018 Annual Report and Accounts. Copies of this are available at www.osb.co.uk and on request from OSB.

Nothing in this document and any subsequent discussion constitutes or forms part of a public offer under any applicable law or an offer to purchase or sell any securities or financial instruments. Nor does it constitute advice or a recommendation with respect to such securities or financial instruments, or any invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000. Past performance cannot be relied on as a guide to future performance. Nothing in this document is intended to be, or should be construed as, a profit forecast or estimate for any period.

Liability arising from anything in this document shall be governed by English law, and neither the Company nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. Nothing in this document shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Certain figures contained in this document, including financial information, may have been subject to rounding adjustments and foreign exchange conversions. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly to the total figure given.