

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 July 2022 to date.

Highlights

- The Group delivered strong financial and operating performance in the three months to 30 September 2022
- Organic originations were £1.6bn in the three months to 30 September 2022, up 53% from £1.1bn in the equivalent period in 2021
- Underlying¹ and statutory net loans increased by 7% in the nine months to 30 September 2022, to £22.4bn and £22.5bn respectively (31 December 2021: £20.9bn and £21.1bn)
- The Group's three months plus arrears balances remained stable at 1.1% as at 30 September 2022 (30 June 2022: 1.1%)
- The Group has repurchased substantially all of the shares under its £100m share buyback programme²
- The Group remains on track to deliver its 2022 full year guidance of c.10% underlying¹ net loan book growth, underlying¹ net interest margin broadly flat to the first half and underlying¹ cost to income ratio to increase marginally from 2021

1. Underlying refers to results which exclude exceptional items, integration costs and other acquisition-related items arising from the Combination with CCFS

2. As at market close on 2 November 2022

Andy Golding, CEO of OSB GROUP PLC, said:

“The Group delivered a strong performance in the third quarter, despite the backdrop of macroeconomic instability and rising interest rates, demonstrating the resilience of our business model. Our focus as always is on helping our customers who may be impacted by the rising cost of living and borrowing, and we are ready to provide appropriate support if required.

The Group's customer franchises performed well during the quarter. We saw healthy growth in our deposit book as our savers benefitted from our consistently fair savings proposition. Organic mortgage originations increased 53% on the equivalent period in 2021, as we converted our strong pipeline. Our prudent loan to values and high average interest coverage ratios, combined with the majority of borrowers being on fixed rate products, reflect the strength of our portfolio. The credit performance of our borrowers remained strong, with stable three months plus arrears, however we continue to review our forward looking macroeconomic scenarios in light of ongoing

instability in the UK outlook. The continued strong performance of the Group gives me confidence to reconfirm the guidance for 2022, which we provided at the time of the interim results.

Looking ahead, whilst the outlook for the UK economy and the overall shape and size of the mortgage market is somewhat unclear, the fundamental drivers of demand in the private rented sector remain robust. Our strong capital and liquidity position, secured loan book and proven risk management capabilities, as well as our focus on professional and portfolio landlords, position us well to navigate this challenging period and continue to generate attractive and sustainable returns for shareholders across the cycle.”

Financial calendar for 2023*

16 March 2023	2022 year end results
3 May 2023	Q1 trading update
11 May 2023	AGM
10 August 2023	2023 half year results
2 November 2023	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 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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Non-IFRS performance measures

OSB GROUP PLC believes that the 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 the Group is most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Board. However, these non-IFRS measures are not defined or detailed in the applicable financial reporting framework nor have they been audited or reviewed by OSBG's auditors. The non-IFRS performance measures in this document supplemental information not, and are not a substitute for, IFRS measures and readers should consider the IFRS measures as well. For further details, refer to Alternative performance measures section in the OSBG 2021 Annual Report and Accounts. Copies of this are available at www.osb.co.uk and on request from OSBG.