

## 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 2021 to date.

#### Highlights

- The Group delivered strong financial and operating performance in the three months to 30 September 2021
- Organic originations were £1.1bn in the three months to 30 September 2021, up 46% from £0.7bn in the equivalent period in 2020
- Underlying<sup>1</sup> and statutory net loans increased by 8% in the nine months to 30 September 2021, to £20.6bn and £20.8bn respectively (31 December 2020: £19.0bn and £19.2bn)
- The Group updated the forward-looking macroeconomic scenarios used in its IFRS 9 models leading to a further impairment provisions release in the period. Three months plus arrears balances remained broadly stable
- The Group remains on track to deliver c.10% underlying<sup>1</sup> net loan book growth and underlying<sup>1</sup> NIM of c.270bp in 2021. The full year underlying<sup>1</sup> cost to income ratio is now expected to be broadly flat to the first half

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

#### **Andy Golding, CEO of OSB GROUP PLC, said:**

“I am delighted with the performance of the Group in the period, which further demonstrates the resilience of our business model and strong risk management capabilities.

Our lending and savings franchises performed well, and whilst we continue to control lending in our more cyclical businesses, we are seeing good demand in our Buy-to-Let and Residential segments, building the pipeline for 2022. We updated the forward-looking macroeconomic scenarios used in our IFRS 9 models to reflect the improved economic outlook, which together with the broadly stable credit performance of our loan book led to a further provisions release in the period.

We continue to review our capital position as we await more clarity on how the UK will adopt the capital rules under Basel 3.1. In October, the Group took further steps to optimise its capital stack by retiring its legacy AT1 securities and issuing £150m of AT1 securities from the holding

company at a coupon of 6%, further demonstrating the Group's attractiveness and its excellent capital markets capabilities.

We remain mindful of uncertainty in the outlook for the UK economy, however demand in housing and rental markets remains strong and the Group is well positioned to continue to deliver attractive and sustainable returns for shareholders across the cycle.”

#### **Enquiries:**

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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 funding schemes, including the Term Funding Scheme and the Term Funding Scheme 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, best-of-breed automated technology and systems, 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 provided by securitisation programmes and the Bank of England funding schemes, including the Term Funding Scheme and the Term Funding Scheme for SMEs.

#### **Important disclaimer**

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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 but are not the exclusive means of identifying such statements. Statements that are not historical facts, including statements about OSBG'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 that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. 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 OSBG 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 OSBG'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 OSBG'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 events; the impact of outbreaks, epidemics and pandemics, such as the Covid-19 pandemic and ongoing challenges and uncertainties posed by the Covid-19 pandemic for businesses and governments around the world; changes in laws, regulations, taxation, accounting standards or practices, including as a result of the UK's exit from the EU; regulatory capital or liquidity requirements and similar contingencies outside OSBG'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 OSBG in managing the risks of the foregoing.

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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, 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 Alternative performance measures section in the OSBG 2020 Annual Report and Accounts. Copies of this are available at [www.osb.co.uk](http://www.osb.co.uk) and on request from OSBG.