



OSB GROUP PLC

Buy-to-Let investor spotlight

(amended in places to improve accuracy and readability)

25 March 2026

Andy Golding, Group CEO

Well, good afternoon everybody and welcome to those of you that are joining us here in the auditorium and of course remotely via the webcast. This is the first in a series of OSB Investor Spotlight events, where we'll share deeper insights into the key aspects of our business.

Today, with some of my experienced Exco team, I'm excited to present to you OSB's market-leading buy-to-let franchise, the largest segment within our portfolio. After this presentation, we'd like you to have a better understanding of the professional buy-to-let market in the UK, our position in that market and our right to win, supported by our transformation programme.

In this first section, I'll provide an overview, then Jon Hall, our MD of Mortgages and Savings, will take you through the structural drivers supporting the market and how we can successfully compete. Next, Matt Baillie, the Group Chief Operating Officer, will talk to the investment that we're making in the business to ensure that we remain a leader in this segment. And then finally, I'll wrap up and there will be an opportunity for Q&A with the team, including myself and Victoria. But I'd ask you, if you don't mind, to hold your questions until that point in the session.

Let me start by highlighting the key messages we'll be emphasising throughout today's session. The UK private rented sector is not a short-term opportunity. It is a large and structurally embedded part of the UK housing market. Robust demand, coupled with constrained supply, continues to make this an attractive market for investment. Importantly, this market is becoming more professionalised, which plays directly to OSB's strengths as the UK's leading specialist buy-to-let lender.

Turning next to an overview of the market and our position within it. The private rented sector is financed by a range of providers, with specialist lenders and high street banks representing the largest share. Institutional investors and private equity also play a role, although in the UK their activity is concentrated largely in the build-to-rent segment in areas such as city centre developments, a segment we don't typically finance.

Drilling down to look at buy-to-let specifically, as you can see at the top centre chart, the total buy-to-let market is valued at nearly 300 billion. And that's up from 250 billion in 2019. And it constituted the second largest segment in the UK after first-time buyers.

Of the almost 300 billion today, around two-thirds was held by the high street banks and some building societies. And they tend to focus on the simpler and more commoditised business. While 72 billion was written by the specialist lenders, who typically focus on landlords with more complex needs.

OSB is the UK's largest specialist buy-to-let lender, holding a 24% share of the market that is forecast to expand to 96 billion by 2029. The chart at the bottom left here illustrates our growth.

Since 2019, the buy-to-let book has delivered a CAGR of 6%, which has been achieved despite the 1.2 billion deconsolidation transaction we completed at the end of 2024. And in December '25, our buy-to-let book stood at 17.7 billion, and as you can see in the next chart, this was the largest segment in our portfolio, representing 68% of the total loan book.

In line with our plans as we expand our higher yielding lending segments and specialist residential, buy-to-let will reduce over time to circa 60%. And while there's no precise definition of a professional landlord, the two metrics in the bottom right illustrate how portfolio is professionalising over time.

First, the proportion of originations from landlords buying properties within a limited company structure have increased from just 40% in 2015 to 92% last year, and whilst the share of new business from multi-property landlords has also increased, but from 60% up to 92% as well.

OSB is a scale lender in the specialist buy-to-let market. And during today's session, we'll explain why buy-to-let will remain a structurally attractive market for us and why it will remain a key component of our loan book.

Let me take a moment to explain why the professional buy-to-let segment is an attractive space for landlords and for us. The market is seeing strong and sustained demand for rental housing, driven by the shortage of homes, population growth, and continued affordability pressure for first-time buyers.

As housing supply gradually increases, the opportunity to lend into the sector will expand accordingly. At the same time, renting offers the flexibility that many households now require.

For landlords, this creates deep, resilient asset classes in which to invest with long-term yields and the potential for capital appreciation. And for OSB, it's exactly where we outperform. Professional, more complex cases, HMOs, multi-property portfolios, limited company structures, they all provide enhanced margin, strong credit quality, and play directly to our specialist underwriting capabilities.

So the fundamentals are strong, landlords are well positioned, and OSB is uniquely equipped to win in this specialist segment.

Before I hand over to Jon, let me briefly recap on the plan that we set out last March. Buy to let fits squarely within this strategy, leveraging our strong intermediary relationships and our specialist in-house credit expertise. Buy to let is also our first lending segment to benefit from the investment we've made in our transformation programme, which is helping us optimise returns and stay focused on delivering strong ROTE, our North Star.

With that, I'll hand over to Jon.

Jon Hall, Group Managing Director

Thanks, Andy, and good afternoon, everyone. I welcome the opportunity to bring to life the UK buy-to-let market, also referred to as the private rented sector.

This is a market with strong structural advantages, providing attractive fundamentals for those that participate in it, and is increasingly being consolidated by professionals investing in the homes for the UK and the lived experience of their tenants.

This slide outlines the key messages I'd like you to take away today. Firstly, as Andy said, the UK needs more houses. Housing growth is undershooting housing demand, and I'll outline this in more detail shortly. But the headline here is that we have a shortage of 4.3 million homes in the UK. And with 19% of homes in the UK provided by the private rented sector, renting is a flexible choice of tenure, and buy-to-let, which is the most substantial UK lending sub-segment after first-time buyers, is making a positive economic and societal contribution.

The third structural driver is huge intergenerational wealth transfer, and this will bring property and cash assets into a new generation, a number of whom are already starting to become the next generation of landlords.

The supply of properties are from professional landlords. These rental businesses have become the driving force in the buy to let market, navigating the changing regulatory and taxation environment and delivering a quality source of homes. As Andy mentioned, these professional property landlords compliment the institutional bill to rent investors in times of asset type and target tenants.

The needs of these landlords bring additional complexity. It used to be if you could process an owner-occupied loan, you could turn your hands at buy to let, and that hasn't been the case for a decade. Professional landlords demand a specialist, and later I'll explain why.

And OSB has been instrumental in providing the finance to this market and these borrowers for decades. It's a market reliant on intermediaries where OSB has a proven advantage. We have embedded the deep experience we have in meeting the professional landlord's needs for speed, flexibility, certainty, and simplification into products, service experience, and a market-leading platform, all underpinned by a strong funding base and effective risk management.

This slide covers the supply shortage further. 4.9 million properties are rented privately in the UK, as I say, 19% of UK homes. And to put the shortage of housing in the UK at 4.3 million homes into context, we're building 200,000 a year against the government target of 300,000 and 400,000 to 500,000 new homes needed each year. So that shortfall is set to grow.

Unsurprisingly then, homes rented privately have stayed consistent for over a decade. The headlines of landlords selling up are in reality a trend of landlords buying from landlords. Amateur landlords do continue to exit the market, but are selling mostly to professional landlords, with only 10% of homes listed for sale having previously been let, and this is a long-term average.

I mentioned at the end here that buying remains difficult for first-time buyers, and I'll pick that point up further now as we move on to look at long-term rental demand.

Renting is a housing choice for all generations in the UK, made positively based on factors including flexibility, access to location, and of course, affordability. And our own research predicts that tenants will spike circa 15% over the coming years.

Renting privately is a more prevalent choice for younger age groups who are the fastest growing cohort in the UK. Availability of rental properties that meet the needs of this group is partly a factor in first-time buyers increasingly accessing home ownership later in life.

And this positive choice to rent is demonstrated by the OSB research with tenants and recent homeowners that shows 78% of tenants say they feel at home, 54% say they feel that they live in an area they want to, and 61% of recent buyers saying ownership has restricted their areas to live in and it's actually less flexible than renting.

So given the supply and demand imbalance, there is a positive underpin to the economics of being a landlord. However, like all successful businesses, there's a careful balance between maintaining an attractive product for tenants, the home, at an accessible price point in terms of rent. And whilst managing the increased overhead associated with being a landlord.

These graphs, which cover rental increases and yields, which are typically between 6% and 6.5%, in our view, demonstrate the effectiveness of landlord strategies in achieving that balance.

It gives confidence as to the future resilience for the buy-to-let market, having navigated the impact of significant events, including interest rate and economic cycles, including global financial crisis, Brexit, a global pandemic, and an emergency budget. Yet all of this is reflected in 87% of landlords surveyed last year have a positive outlook for tenant demand and rental growth, and 85% of landlords report deriving a profit from their lettings activity.

I wanted to end this section with the views of two tenants that were included in our research last year. These bring to life the attractiveness of renting privately, whether a positive personal experience for young people gaining their first steps into independence, or supporting their location to enable their working lives, or a less stressed option over maintaining the property.

We use the phrase professional landlords in a positive context, as if everybody should be able to picture who these are and be aware of their needs, plus appreciate quite why we position them as a positive factor.

In this section, I want to make this world of professional landlords more understandable, and then I'll turn to how OSB delivers every day against their current needs and is investing to maintain this reputation for the future.

This is David, a successful professional landlord. He started in 2016, so he's probably in the second wave of professional landlords. He's grown a portfolio of properties with a tax-sufficient limited company structure, and he focuses on a market he understands deeply. He's invested in his properties, and he's diversified his portfolio. He invests in homes for multiple occupation, and these are homes for shared occupants, which are professional workers, key workers, or students. They provide greater returns in rents and capital yields and diversify the risk of voids through greater flexibility in tenancy arrangements, clearly in locations focused on education or sources of commuting for work.

OSB has financed David from his early days and continued to do so, working closely with him and his advisor. And that finance partner through growth, complexity and changing portfolio demands is what OSB delivers.

David is characteristic of the wider group of professional landlords using incorporation to build a higher average portfolio size and diversifying their portfolios. Approximately 75% of buy-to-let purchases were made via a limited company in 2025, up from around 50% in 2021. This is because the structure is a more flexible and efficient mechanism to hold properties.

Approximately 50% of buy-to-let properties in the UK are in portfolios of greater than four properties, with the average size of a limited company portfolio being 12.8 properties. This gives better cost leverage and property diversification increasing portfolio yield and total profitability.

And 21% of landlords hold at least one house for multiple occupation, which increases to 35% for portfolios of four or more properties. This is OSB core market and is demonstrated by the profile of our loan book shown here. Therefore, we have deep specialist expertise.

In the near- and medium-term horizon, there are some taxation and regulatory changes that professional landlords are well positioned for and in a lot of cases have already addressed.

Professional landlords are generally able to adapt more successfully to the taxation changes announced in the UK Autumn budget last year because a limited company can deduct mortgage interest and pay corporation tax rates and their

responses tend to involve tax structuring and portfolio strategy or financing choices, often moving ahead of future property tax changes to mitigate the impacts.

Secondly, the Renters' Rights Act comes into force in May and is a complex set of measures for all involved in the private rented sector tenants, agencies, licensing authorities, and of course, landlords.

But professional landlords have several advantages to adapt successfully. For instance, professional compliance, allowing multiple properties to be managed, including correct licensing, often employing property management teams, and they have longer term investment horizons. So linked to longer tenancies, stable rental income, and tenant retention.

And what's impressed me when talking to professional landlords is their focus on tenant satisfaction and the tenant lived experience. And that is totally aligned to the ethos of the act.

And finally, the third trend here is the investment in energy efficient properties as demonstrated by David. Professional landlords see the advantage of upgrading their properties well ahead of any legislation changes, improves the desirability of their asset portfolio and its yield generated.

Also, having a portfolio approach means a more effective spreading of cost, a lower unit outlay, and also potentially the ability to manage the gaps in rental whilst the work is being undertaken.

Taken together, this is why when we survey professional landlords, a strong majority report optimism in navigating the environment and are positive for the future.

The other structural shift we're seeing is through intergenerational wealth transfer, which will see circa 3 billion of property wealth and 2 million properties move to the younger generation, some of which will be existing buy to lets from portfolios. This is enabling the next generation of landlords.

So whilst the next generation of landlords will comprise a significant proportion of current seasoned landlords who remain focused on being a landlord for another decade at least, significantly, this will be alongside millennials and Gen Z. And in our research, this could comprise nearly 50% of the landlord market in the near and medium term.

Indeed, they are already made a material makeup of landlords. 70% of future landlords find inheritance as a route to achieving what is viewed as a positive journey as a professional landlord. And this is likely to be an increasing trend which OSB is well positioned to support.

And when we ask these future landlords about what motivates them and their views on being a landlord, what's clear is that the positive response that resulted in us defining professional landlords as landlord leaders is even more evident in the next generation of landlords. Playing a positive role in their community, in their tenants' lives, and in providing housing are positive messages.

OSB has delivered a forward-looking research programme that can bring to life the view of landlords, tenants and brokers. This is a live and ongoing programme and is part of OSB delivering deep expertise into the value chain for professional buy-to-let and enabling a successful future for the private rented sector.

So, if you do want to learn more, we have a landlord leader site that captures our engagement with all participants in the private rented sector.

So, on to OSB as number one specialist. We presented at our 2025 Investor Day, our leadership with intermediaries as a trusted partner. We are relied upon by intermediaries because we are trusted by their clients. Professional landlords, a position built over many years. And this is brought to life by these three case studies.

For an experienced landlord operating over 25 years, OSB is the only lender he uses for his portfolio of more than 28 million. For a landlord offering homes across the life stages of their tenants, we've grown to financing 87 mortgage properties over 370. And for a leading provider of build-to-rent, we've provided more than 100 million pounds over the past few years. And in each of these cases, we work closely with the landlord and their intermediary in a trusted tripartite relationship.

On the screen here, these are the key themes that intermediaries and their professional landlord clients use when showing the advantage that OSB has, referencing relationship, scale, reputation, the faster handling of both the non-standard and the complex, and flexibility.

And on the next few slides, I will show how we've built this into our DNA.

OSB has proven capabilities in four areas that enable us to outperform our competitors in the buy-to-let market. Firstly, being number one specialist, trusted by intermediaries, is our secret sauce. This is delivered by an expert, experienced, and scaled sales team, representing a single buy-to-let brand. This sales capability delivers a single access point to the group's lending across the range of mortgage intermediaries in the UK. It is equivalent to a high street lender but deployed powerfully into specialist segments like professional buy-to-let.

Secondly, we've developed our products against clearly defined needs for professional landlords, all through a single buy-to-let platform. This means our products are flexible, accessible for complex needs, and are personalised to landlord needs differently to other lenders, for instance, specialist property types, such as HMOs or semi-commercial, are a core capability.

We offer a short-term loan to enable refurbishment of a property before moving to a term buy-to-let mortgage, all in a single underwrite, and a single loan facility covering multiple properties enables landlords to have efficient management as they are growing their portfolios.

Thirdly, people expertise is absolutely key. We've hard-coded our understanding of professional landlord needs built over many years into the end-to-end landlord journey. Credit policies, data-led decisioning, alongside human relationship management in cases that need it, with real estate professionals in-house.

Some of where this benefit is felt for landlords include, crucially, getting the right valuation route, day one. For complex properties, we link with valuer experts, and if it's more standard, it's automated through automated valuations. Our dedicated specialist finance team can support the structurally more complex loan arrangement, and often, this involves our transactional credit committee of senior decision makers, enabling responsive decision making, giving confidence for intermediaries, and for OSB, warranting a premium return for offering flexibility and speed.

Having an effective product transfer process and high net worth relationship managers also means we keep our professional landlords and achieve repeat business.

In summary, through our people, we have a reputation for delivering certainty and decisioning through relationships with solution-focused expertise. And this matters more than headline rate in specialists buy-to-let, supporting sustainable margins and enabling advantage for future growth.

And then finally, on top of this, we have built our transformed experience for intermediaries and colleagues through the new platform. This simplification and acceleration of the lending decision with the product flexibility makes us the first-place intermediaries want to go for their buy-to-let clients, and Matt will bring this to life shortly, but this has been described as a game changer by intermediaries.

Also, in times of volatility, like in recent weeks, it enables the group to rapidly deploy a newly priced range, mitigating risk whilst having products in the market whilst others have withdrawn.

And I mentioned our single buy-to-let brand, and we launched Rely in November 2025, having soft launched with brokers over six months last year, which has immediately seen an uplift in group buy-to-let volumes.

The brand identity is loved by intermediaries for its freshness, clarity, and confidence, and the fact it conveys a promise to give landlords the winning edge, a promise backed by years of us doing just that.

And this consolidated buy-to-let entry point has further reduced leakage, widened the advisors using OSB for buy-to-let, and enabled us access to a diverse, innovative product range.

In future, also having all of our customer data in a single place enables us to launch connected services for landlords and deepen our relationships further. We have measured how all of this investment OSB has made creates an advantage we have with intermediaries.

Our third-party research in early 2025, even before launching Rely and the new platform, has shown we scored higher than the market across a number of key criteria in areas that matter to brokers and customers. Processing time, consistency, ease of dealing, and product flexibility.

So the key three points to end on would be the UK has a housing shortage, and the buy-to-let market is critical to providing homes across all generations. Professional landlords are the driving forces in providing quality homes and a strong tenant experience in a resilient and future-proof model. And OSB is a trusted partner in this market and has played and will play a key role in financing the UK buy-to-let market. We are the specialists of buy-to-let that this market demands.

Thanks for being generous with your time and attention. Before we go to the next update from Matt, I'd just like you to hear from some of our borrowers and brokers personally on our impact for that. Thank you.

VIDEO [includes multiple voices]

When it comes to specialist lending, it's important to work with a lender who really understands your client, and I think this is where OSB really stands out.

I had a case with Rely that went through very quickly, eight days in all, and our customers want that. Having direct access to the decision makers, it's a game changer. There are some lenders that don't do that.

Where they've been in the market supporting landlords over many years, and also now with Rely, the technology that they've now enhanced.

For me, I've got a relationship that goes back to 2009. I know the history of Kent Alliance and then through to OSB, and I know key members. So that's very, very important to me. So we're up to about 30 billion in assets, which is huge, so significantly strong.

What's good about Rely is the automation of the system. So it's super-fast, but it's the best way for us because you can actually pick up the phone and speak to a business development manager or an underwriter to assist you.

I think with a range of products for first time investors or larger portfolio landlords, it's really proved important in the current climate. Technology has meant that it's streamlined the process of how we do things from app to offer.

It doesn't matter who comes through the door, whether it's a customer who wants to buy a two-bedroom flat near the station up the road, or someone with a really complex multi-unit block or HMO. I have every confidence that for whatever customer I have got a product for my clients.

They're also knowledgeable about what they're doing. So they understand me, what I'm wanting to do with the business. You also do something which is interesting. They invite customers to get together, which is really good in exchange of ideas. So that's clever.

It was really good to be involved at the early stages on the pilot with Rely. So I was one of the first advisors to submit a case, which was fantastic. As part of that pilot, I actually got to speak to the developers. And we went through the system page by page. I could say what I liked, what I didn't like.

For me personally, I think Rely has revolutionised the market. OSB and Rely, you know, relationships that we have, they really get it. It's about the personal touch as well. I think those relationships really kind of underpin the strong relationship we have and why OSB have this year.

Matt Baillie, Group Chief Operating Officer

Good afternoon, everyone. Thanks, Jon, and an even bigger thank you to our brokers for sharing their reflections. As a reminder, last year, we spoke about the breadth of transformation and the structured approach we're taking to deliver it.

Year one was focused on laying the foundations, establishing our cloud centre of excellence, and building our technology ecosystem.

Year two was about building out the platform, developing the capabilities and infrastructure required to support a modern, scalable business. This saw the launch of our new savings offering.

Year three, we successfully launched buy-to-let and introduced Rely, our new brand. This was an important milestone for OSB and demonstrated our ability to execute against the roadmap.

This year is about scaling, and we're excited to bring residential mortgages to market later this year. We've built a scalable platform supported by our growing in-house engineering capability. Increasing capacity where it adds strategic value without increasing overall group headcount.

More broadly, we've evolved as an organisation, becoming a more technology-enabled business with a modern architecture and operating model designed for the future.

We've deliberately partnered with best-in-breed providers across both fintech specialists and larger technology firms to deliver a fully integrated, end-to-end customer and colleague experience. This ensures we benefit from specialist innovation whilst maintaining strong control over our technology stack.

The advantage is that many of the capabilities developed for buy-to-let are reusable, allowing us to accelerate delivery of the residential platform. This ensures colleagues and brokers benefit from a consistent look and feel, aligned to the experience they've enjoyed in Rely.

Together, these capabilities ensure the platform not only supports our growth today but also positions us well for the future. We're also embedding AI-driven capabilities, which I'll come back to it later in the presentation.

Importantly, our group-wide transformation remains firmly on track, delivering within budget, with strong operational stability, and building the foundations of a bank fit for the future.

Moving to our customer-centric lending platform. What's important here is that we haven't just transformed a single process we've improved the entire end-to-end journey, leading to a better experience for brokers, customers, and colleagues. We've moved from complex, fragmented systems to a modern, digitally enabled platform built around data-driven automation.

The process headlines may sound familiar. Application, underwriting, completions, but every one of them has been simplified and strengthened. Each incremental improvement compounds to make a meaningful difference. All buy-to-let business for the bank is now processed through the new platform.

We have in excess of 4,500 registered brokers, resulting in 2,500 full mortgage applications and are proud to have already achieved in excess of 500 customer completions.

We put data at the heart of our organisation to support better decision-making. This frees up our experts to focus their time where it truly adds value across more complex cases.

Ultimately, transformation helps our people apply their expertise and judgment where it matters most, ensuring we deliver the best possible outcomes.

Moving to delivering operational efficiencies. Here you can see the same processes brought to life with tangible examples. We've seen significant improvements in the originations journey, reducing the effort required for brokers by more than half and introducing a single registration that works across all of our brands.

At the same time, underwriting has evolved from a model where every case required manual review to one increasingly driven by data-led decisioning, ensuring our experts focus their time where they add the most value.

In simple terms, think of this as an 80/20 shift. We've automated much of the repeatable manual activity, allowing our experts to concentrate on the more complex value-add cases.

That combination of automation, data, and expert oversight is what we believe differentiates us in the market.

We'll now move to a short video where our colleagues share their perspectives on the new platform and what it means in practice.

VIDEO 2 [Multiple Voices]

Brokers are telling us they appreciate the speed the new platform brings. With a risk-based view to each case, we can now offer automated valuations, desktop valuations. This enables us to go from application to offer in a much quicker speed than we ever did before.

Secondly, brokers are appreciating the choice that we can now offer. When it comes to investment valuations, we now have a wide range of valuers on the panel, which we enable the client and broker to select from.

We've also widened our solicitor panel with hundreds available, giving more flexibility and choice.

The system has improved my role as it takes away the mundane tasks. The system pulls through land registry data. It automatically calculates group exposure. It also assesses the applicant's payment history by pulling through external and internal data. Now I can focus on more of the complex valuations and conduct interviews for larger borrowers.

The new platform has really improved my day, as when I come in the morning, I'm no longer needing to complete manual searches, as the system has already done this for me. I can now concentrate on reviewing the high-risk applications and use my expertise to add value.

For us in technology, the shift has been really fundamental. We've moved to a more modern, modular API-first platform, which has really transformed the way we build, integrate, and innovate.

This has allowed us to integrate services from our fintech partners really quickly and cleanly, and what is really exciting about this is that it's a truly ground-up transformation for our entire lending journey.

And for our team, we can really build, deploy, observe, and iterate in near real time, enabling our businesses to move at market speed.

Matt Baillie, Group Chief Operating Officer

As you've heard from our colleagues, we're driving efficiency through an accelerated mortgage process. Application-in-principle decisions can now be delivered in under 10 minutes, supported by more than 14 data integrations, increasing both speed and decision certainty.

Customers can now receive an offer in as little as two hours, and we have seen a 30% reduction in the average number of days it takes to get from application to offer. This isn't just about speed. Faster, more consistent decisions enhance risk control and improve capital allocation.

At the same time, we're delivering clear commercial benefits. Our time to reprice and the ability to introduce new lending criteria has reduced from weeks to hours, materially increasing our agility and speed to market.

This capability has been demonstrated over the past two weeks of market volatility. We've been able to withdraw existing products and simultaneously launch new ones, reinforcing our agility and delivering a clear competitive advantage.

Taken together, this positions us as a faster, more data-driven, and capital-efficient lender.

AI is an important part of future-proofing the platform and is already being developed and deployed across the group. We're applying AI across areas such as fraud prevention, income verification, and data validation, strengthening risk and control. Internally, it's enhancing software development through code creation and automated testing, improving both developer productivity and release reliability.

Together, these capabilities improve accuracy and help us deliver faster, more consistent outcomes for brokers and customers.

Alongside this, we're investing in our people through a partnership with Cambridge Spark. We took 50 senior leaders to Cambridge University earlier this year to start a six-month program on leading in the age of data and AI.

In summary, the group's multi-year transformation is delivering as planned, moving from foundations to a scalable, technology-enabled platform now ready to support growth, including the launch of residential later this year.

A modern, end-to-end digital lending platform has replaced legacy complexity, improving broker, customer, and colleague experience through automation and data-led decisioning.

This is driving significant operational efficiency with faster processing times, reduced manual effort, and experts focused on higher-value cases. Crucially, the platform materially enhances agility, enabling rapid product changes and faster time to market, even in a volatile condition.

Together, we're embedding AI capabilities. This positions the business as a more scalable, data-driven, and capital-efficient lender in the future.

I'll pause there and hand back to Andy. Thank you.

Andy Golding, Group CEO

Thank you, Matt, and thank you, Jon. I hope you've enjoyed hearing a little bit more about our market and our expertise in it, as well as our technology stack. And as we draw towards the close, I'll summarise a few key themes from today.

The UK absolutely faces a longstanding and structural shortage of housing. Professional landlords play a critical role in meeting demand by providing high quality, flexible, energy efficient, and well-maintained homes.

OSB is uniquely positioned to win new business from those professional landlords. Our scale enables us to support landlords and their portfolios grow, backed by deep expertise through the mortgage credit and lifecycle.

This is strengthened by strong intermediary relationships and this adoption of advanced technology, a transformation that will also be a game changer for other lending segments, beginning with residential later this year.

We've worked closely with our customers and brokers for over a decade now, taking the time to listen and respond to their increasingly complex needs. Through targeted product innovation, investment in tech, we've remained at the forefront of this market, and I'm absolutely confident that it will continue.

Now we're going to give you the opportunity to ask us any questions that you'd like to. We'll take from the room first and then, of course, hand over to the operator to see if we have any questions from the webcast. But I'd like to invite my colleagues to join me on stage. Thank you.

Questions and Answers

Ben Toms: Thank you very much for the session. Ben Toms from RBC. The first question is in respect to buy-to-let mortgage repricing. A year ago, I don't think you were able to reprice your products that quickly, but post the recent investments in the business, maybe you could talk about how much faster you can now reprice, and has that allowed you to boost your margin and volumes during the recent rate of volatility?

And then second, on digitalisation of mortgages, and I don't mean like applying for a mortgage on the internet, but I mean turning a mortgage into a digital asset sitting on blockchain with an embedded smart contract for end-to-end digitalisation. For retail, I think we're a couple of years away from that, if you listen to the big banks. How far are we away from that, do you think, in the buy-to-let space? Thank you.

Andy Golding: Thanks, Ben. A couple of excellent questions. Jon, you want to take that?

Jon Hall: Yeah, first of all, thanks, Ben. So, yes, if you move back kind of a year, particularly focusing on the kind of platforms of buy-to-let, it would have taken 48 hours plus to kind of get a product rebuilt and re-out to market.

As I think Matt was saying, we're able to pull a product and simultaneously launch a new one. So within hours, we get a new product onto the market. It's still managed based upon the service delivery that we want to provide to our intermediaries to give them some confidence. We can tighten that at our own request, and we did that through the period that we've been experiencing the last two or three weeks.

What it does enable us to do that is instead of cutting the range and/or not getting a product back out there, we're able to reprice and get higher rates as others have pulled out of the market. And we have seen, to your point there, that we've been able to get that flow then, that the market capacity is provided at higher rates and push that through. But the primary purpose in these instances has clearly been about protection and making sure that we're able to respond to volatile conditions.

Victoria Hyde: So I'll just add on that. I guess the other point is what Rely has also given us is more breadth of pricing. So I think we now can price for different risks. So there is speed, but there is also breadth. And I think that's something else when we talk about more efficient capital allocation, it is around pricing for the right risk and capital usage. So I think that's another piece of the new technology that's given us that flexibility.

Andy Golding: Actually, we've got that same capability on the liability side of the balance sheet. So again, in volatile swap markets, we've been able to price and take advantage of that to make sure that we're funding the volumes as it comes through. So having that on both sides of the balance sheet has been uber beneficial in this kind of bumpier period that we've seen in terms of swap rates.

Matt, do you want to have a stab on the other one or should we ask our CIO who's sat at the back to give it a bash?

Matt Baillie: I mean, ordinarily say thank you for the question, but wow, what a question to get us going. I suppose the first thing I would call out is our transformation journey started back end of '22 by laying out a strategy for the next five years. As part of that, we're now in year 4 and it's fair to say that we've made major inroads.

And I'm just going to use a really specific example around our ability to disburse money. Previously, that would take, in the event of a completion, up to three to five working days. We can now do that instantly.

Now, what we've done in modernising our core technology tech stack has enabled us to then embrace new technologies as they come into play. So if we were to see the move that you're describing into blockchain technologies, we've laid the foundations to enable us to keep pace with customer demand and expectation.

And as Jon has well-articulated, our very premise is to serve the customers that we've been serving for a number of years in the method and mode that they most want. And that therefore means as we exit this cycle in 2027, the next of our you know kind of ongoing transformation the team are enduring they're there and can obviously embrace any next technology wave that we believe that we're going to go down. Thank you.

Rae Maile: Rae Maile from Panmure Liberum (for a bit longer). Investment in technology is always one of those ones which always sounds marvellous when anyone ever displays it. The problem is that we're not brokers, we're not... well I suppose some people here might be professional landlords as well, but we don't actually see these things in action. So obviously you've shown quite a lot of data about how much better this is than it was previously, but competitively what are your brokers telling you about how this compares with where the rest of the industry was already, because presumably the rest of the industry isn't standing still either?

Andy Golding: No, it's not. I'll hand over to Jon in a minute. Jon has a fact book and regularly shares quotes we get incoming from brokers. I think you used the phrase earlier in your presentation, one broker said this is a game changer. And actually, there's a guy who used to work for me years ago, who is a really hot mortgage broker in the buy-to-let market operating out of London. He did a mortgage with us for one of his clients and the feedback to me directly was, "I can't believe it. I've never seen a mortgage done so quickly. This is just unbelievable."

When you get that kind of response from a broker that's telling you you're doing something your competition aren't, and I'm sure Jon can talk about the way we monitor what our competition are up to and they're nowhere near it.

Jon Hall: I'll give Matt a little bit of time to think of the really good answer to that question as well. But I mean fundamentally, the approach that we've adopted is to actually look at the whole end-to-end and re-platform everything. And I think what that gives is, you can do app to offer or app to decision in a matter of hours and offers in a matter of hours.

But as Rachel kind of gave in that video, that whole completion in eight days. I mean, the market itself is out to offering closer to 20. So we are halving the time and the effort the intermediaries are having to do. And it may well be, we put a lot of effort into the property assessment up front in the portal and make sure that the data collection is really clear on the way through. But that's all the way through the underwrite process, all the way through the completion process. And so that consistency and speed and acceleration goes all the way through.

What we've seen in terms of our competitors is they tended to invest in one part or another, but not the whole end-to-end. So they may well have done something around property, or they might well have upped their portal experience, but that whole experience where the whole underwriter and that whole kind of completion exercise is all part of the same journey is the bit that intermediaries are going, we're just not seeing this. And that is bearing fruit for the kind of the end-to-end view that we've taken.

Matt Baillie: My only build would be our approach to this transformation is fundamentally different to where a number of our competitors have started, i.e., to Jon's point, they've started by looking at the application process, and then they've moved on to how do they underwrite that, how do they complete.

Rather than getting right underneath and starting, as I described in year one, with laying the foundations around having a cloud network and infrastructure in place. By building on a modern core technology stack, you then get speed all the way through the process.

Now, the other bit I would call out is the compound effect. So if everything is operating a little bit faster or a little bit better than your competitors, the end-to-end solution ends up feeling slick, seamless, and the outcome, ultimately, not just the speed of decision, but also the certainty that you can give differentiate us.

Now, we obviously look at all of our competitors and we attempt to benchmark. The fragmented nature of the mortgage application process means it's quite difficult to do that because we still have to interact with solicitors that take slightly longer than others and so on.

But through the work that we've done with savings, or in the savings space, where the platform has now got in excess of 4 billion pounds on it, we can see that we are moving the dial at a rate over and above that of the core competition. And that's a really exciting place to be.

Jon Hall: I mean, just to build on that as well, because there's so many builds, to be honest. We first launched the platform in November, and actually, by the beginning of January, we'd already identified the areas that intermediaries fed back, and we then put that through live within a month.

Previously, those sorts of time horizons would be three to six months to make those sort of changes. So instantaneously, intermediaries are going, actually, we'd quite like to see this. We're able to shape it and get it to market within a short space of time. And they go, actually, I will even move past. What are you doing next? What are you doing next? And that kind of excitement comes from the platform, but also the whole kind of presentation of the delivery and the brand as well.

As you can tell, we're passionate.

Andy Golding: Any more in the room, or shall we? Operator, would you mind asking if there are any questions on the webcast?

Operator: At present, we have no questions on the webcast.

Andy Golding: Okay, I'll come back to you then, but we've got one over here.

Aman: Thank you very much. Aman from Barclays. I wanted to pick up on the points around AI. Agentic AI feels like a really quite important development, stating the obvious. But also for a lot of the work that you guys do, right, the kind of hybrid approach to the complex underwriting that you're doing. I'm interested in, how would you encourage us to think about agentic AI for the kind of future role of the hybrid underwriting that you do. Because it seems like it could dramatically transform that relationship about how much is done by agentic workflows versus human beings.

And is there any sense you can kind of give us on what this might mean for the profile of, you showed the slide around headcount, so presumably there's pretty strong operating leverage in this business. Is it that we should think about the business growing strongly without the platform having to grow? And in terms of the profile of people that work within the service, if there's any kind of colour you can give us on that?

Andy Golding: It's a really good question. I'll come to you, Matt, on the specific AI points, but back in March last year when we set out at the Investor Day, the way in which we were planning to develop the business through using the platform that we were building. We set a stall out very clearly that said we see, remember at the moment we're running two platforms, right? We're running a new one and we're still running the legacy, but actually we see real operational draws in what we're building that will enable us to continually scale the balance sheet of the business without always adding headcount.

And we gave a couple of examples during the course of the presentation around 80/20 sort of rule where underwriters are now focusing on the 20% of stuff which is risk-based and we really need them to do it. They're not doing core boring mortgage processing, and you heard that from one of our underwriters on the screen.

The obvious knock-on effect of that is you don't need as many underwriters, so we actually have reduced headcount in some of those areas, but it means we can keep putting more stock through the engine.

Matt, do you want to talk specifically about the AI point?

Matt Baillie: I mean, as I described, the journey we're on in the first instance is around education and moving from a culture of fear around what AI can bring to one of opportunity.

The work that is happening on the ground is to partner, along with the basic tools like Copilot, ChatGPT, and such forth, in order to have colleagues be assisted in some of the more mundane routine activity that happens.

To the point you make, we see agentic workflows as a near-term opportunity and we're embedding that where we feel comfortable as an organisation. And that's not just in kind of underwriting, also things like fraud prevention, document verification and so forth.

For us, as Andy described, and as you saw in the earliest slide that I had, as we grow our technology footprint, we'll evolve the broader operations organisational part of your team to find that balance where we're not increasing overall headcount, but we're changing the mix in terms of the colleague skill set that we have.

And we have a really well-created future fit journey that we're operating with colleagues at all levels to support them on that transition journey.

Aman: Thanks very much for that guys. Thank you so much. I really appreciate that. I mean, just to kind of round out this discussion, I guess in the market at the moment, more broadly, not OSB, there's a lot of focus on the disruptive and the competitive threats that AI could pose to a number of business models. And I'm just kind of interested for your take on the enduring, I hate to use this word, but the moat of OSB, which I've understood to be the complex underwriting process and skill set that you bring to complex cases, you know, perhaps balanced with the strong relationships you have with your brokers that perhaps can't be replicated in an AI world. I'm kind of interested in your take on that, please.

Andy Golding: Yeah. So, I mean, let me start by saying that my general counsel is in the room and he has often scolded me when I use phrases like, "Lawyers, you're gone because AI can do this kind of stuff now". I am jesting with him slightly for effect, but there are a lot of components of stuff that can be done. But one of the things law firms realise is they need that human intervention to do the double checking and to actually get to the point where it is genuinely fit to face a client and work with.

And look, markets always have things that change, right? So let's look at the retail savings market. I was running a deposit taking organisation when best buy tables become super prevalent and everyone was, oh my God, the best buy tables, that means we're not going to attract any deposits because everyone's going to go with the top payer. Well, people still continue to attract deposits.

And then platforms came online, Hargreaves and many others that you'll be familiar with. I mean, obviously, we use those platforms. We have product on there. And they haven't disrupted the savings market. What they've done is actually given organisations like us a differentiated distribution channel to get into a different customer base than would ordinarily be a traditional retail deposit taker's customer base. And I think AI will do the same in those kind of areas.

We all hear stories of AI will be able to tell people where to put their money, what to do with it, move it around if you give it mandate, all that sort of stuff. That's fine, but it still needs product providers with a banking license to have the product on the shelf. We need funding because we need to fund the lending book, and we'll make use of those evolving tools as they continue to do so.

Yes, it will help you get operational leverage. Yes, it will help you to reduce the number of people doing mundane tasks in an organisation, but you'll still need overlay, you'll still need governance, and you'll still need somebody to serve up to a customer who wants a human interaction, and that's not going to go away overnight, without doubt, in my view. Thank you.

Ben Toms: Ben Toms again from RBC. Three quick ones, please. One for Jon. You mentioned in the slides gross rental yield of 6.4%. I think we've talked about this before, but can you give us an idea about what you think the net rental yield is, i.e. post-mortgage costs for professional landlords.

Jon Hall: I think your research probably talks to that actually doesn't it Ben as well. I think the key measure on there is about profitability in overall terms and I think each model has got a different dynamic and I think for me the key stat on there is the 85% of profitable and so they find a way of kind of managing within that kind of gross yield. And when you look at the spread across multiple properties in that way, you can see kind of the leverage that you're able to get from that perspective.

So it depends on which model you want to look at. Each of the three, for instance, and even David, you talk about, they've all got different models, they all have different parameters, but fundamentally, they're all making their models work and significantly so as well.

You have three?

Ben Toms: The second one is in relation to the professional versus amateur market, and I always see that front book stack quoted around 90%, but I don't see the sector back book stack published. Do you have an idea about what the sector back book professional versus amateur is, i.e. how long and how much is that tailwind from the switch from amateur to professional going to last for?

Andy Golding: Without doubt, it's still going on. I think Jon talked in his section around we are seeing what I call dinner party landlords pulling out of the market because it's too hard, too difficult, tax regime is not pleasant, et cetera, et cetera.

But they're not pulling out of the market and typically just selling it straight back into the resi market. You've got professional landlords buying up twos and threes of those sort of things with a bit of a deal to be done to expand their professional portfolios.

I mean, I think that that professionalisation of the market will continue. I think unless I mean, we've shown a relatively stable picture over the last four years or so in terms of the number of properties that are in the private rented sector. Even though we've had dinner party landlords' kind of selling out and haemorrhaging, the professionals have picked up that tab.

I think as we continue to experience a supply and demand mismatch of the number of properties built and served up in the UK versus population expansion, the drivers for professional landlords wanting to acquire more rental property will continue for a while yet.

And I think as long as you're a lender that can service that need and grow with your borrower, the guy you saw on the video, we were lending to him in a building site I ran back in 2009. And he was building his portfolio. And back then, I thought his portfolio was enormous. It was 37 million quid's worth of West London. It's now a couple of hundred million quid's worth of West London. This is someone who just continues to expand the business. And he has mopped up a fair bit of property from amateurs wanting to come out, and he's making that work.

So I think there's legs in it here, and I think the drivers and the yield stats that we showed you through this presentation support that it's a profitable business. I mean, good rule of thumb on the kind of net pieces is kind of 20% profitability on it. Because most people are leveraged to about a 70% LTV mark, maybe 75% LTV mark. There's a bit of cost and fee that goes with letting and all of that sort of stuff. 20% of that gross yield is profit.

So it's not a bad business to be in when you couple into that, the capital appreciation, but long term goes with property.

Ben Toms: Thank you. And then last one for Victoria, because I know she'll have prepared for the question. In relation to deposits, and you talked at full year results about SONIA plus around 45 basis points, may you just give us an update about where you see kind of pricing in the deposit market a couple of weeks after your results, given the recent volatility?

Victoria Hyde: Yeah, I was going to say, I'd say Feb tempered down a little bit, so obviously we said that to hit our guidance, we needed funding costs to come down, so February did see it drift down slightly. March, it is a bit, I would say we're tactically now trying to pull forward some of the volume from April, looking to take opportunities because fixed rate is cheaper for now. It will depend on how market dynamics move into the ISA season.

So I'd say, with the increase in SONIA rates, we are now trying to tactically grab some funding at probably slightly lower rates. I mean, it's still higher than probably long-term averages, but slightly cheaper than what we anticipated.

But, you know, I mean, it's early days and we will see how the next few months as we go into the ISA season, how they evolve. But I would say, you know, early days in Jan and Feb, it did sort of come down as we anticipated.

We have, you know, migrated and put live our maturity journeys now for all of the Kent Reliance customers. So we see again the ability to price faster to when they choose, you know, for better product selection. Again, the transformation deliveries also are helping us to deliver that, are on track as well.

So yeah, I mean, as I say, it's an assumption and we will keep moving as well as tactically trying to, you know, leverage where the market goes. But, you know, the last few weeks, it's quite hard to call.

Ben Toms: Perfect. Thank you.

Andy Golding, Chief Executive Officer

Thank you. If there are no further questions in the room and I don't see any hands flying up, I would like to thank you all for attending and thank you to those on the webinar.

OSB was an organisation that was born out of adversity, a building society that found itself in a difficult position. We have come through, along with our borrower base, lots of things that UK PLC have been through, Brexits and pandemics and wars in Ukraine, cost of living crisis, and now we're in a slightly volatile market dynamic off the back of our friend across the pond doing what he thinks is the right thing to do.

The professional landlord segment will endure through that. It's demonstrated its resilience, as will OSB. And cream always floats to the top. I hope we've shown you that in this market, we're pretty creamy. So thank you very much.

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