PILLAR 3 DISCLOSURES

For December 2025

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1. Introduction

1.1 Background and overview

This document sets out the consolidated Pillar 3 disclosures for OSB GROUP PLC (OSBG) and its subsidiaries (the Group) as at 31 December 2025. The two banking entities within the Group are authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) (being One Savings Bank plc (OSB) and Charter Court Financial Services Limited (CCFSL)).

The Group's disclosures have been presented and prepared in accordance with Disclosure (CRR) Part of the PRA Rulebook. The disclosures should be read in conjunction with the Group's Annual Report and Accounts (ARA) as at 31 December 2025. Both can be found in a single medium location on the Group's website: www.osb.co.uk.

The Group is classified as a 'large institution' and is therefore required to apply Article 433a when assessing the frequency and scope of disclosures.

1.2 Pillar 3 Disclosure policy

The Group has established a policy for its Pillar 3 disclosures to ensure that the Group is compliant with the disclosure requirements prescribed within Part Eight of the UK CRR. The policy sets out the internal controls and procedures to be applied when assessing the adequacy and appropriateness of disclosures.

The Group is supportive of the overarching objectives of the Pillar 3 disclosures, which are to promote market discipline and improve comparability and consistency of disclosures. To complement supervisory efforts, these objectives help to encourage banks to assess risk, maintain capital levels and develop and maintain a sound risk management framework.

The Group Pillar 3 disclosures have been subject to review, internal verification and sign off as prescribed in the Group's Pillar 3 Policy.

The Group Pillar 3 Disclosures have not been externally audited. However, certain information has been extracted from the ARA, which includes audited financial statements. Other information has been sourced from the Group's Enterprise Risk Management Framework (ERMF) and other related internal policies, Group's Remuneration and People Committee reports and the Group's Common Reporting (COREP) and Financial Reporting (FINREP) returns.

1.3 Non-material, proprietary and confidential

The Group regards information as material with respect to disclosures if its omission or misstatement would change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. The Group has not sought any exemption from its disclosure requirements on the basis of materiality, proprietary or confidential information.

Information is considered as proprietary if its public disclosure would undermine the Group's competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the Group's investments therein less valuable. Further, the Group must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Group to confidentiality. In the event that any such information is omitted, the Group shall disclose such information and explain the grounds of non-disclosure.

2. Annex I | Key metrics and overview of risk-weighted exposure amounts

2.1 UK KM1 – Key metrics template

The table below provides a summary of the Group's prudential key metrics.

		a	b	c	d	e
£m		**31-Dec-25**	**30-Sep-25**	**30-Jun-25**	**31-Mar-25**	**31-Dec-24**
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	1,975.8	1,913.7	1,915.5	1,835.0	1,946.4
2	Tier 1 capital	2,142.9	2,063.7	2,065.5	1,985.0	2,096.4
3	Total capital	2,392.9	2,313.7	2,315.5	2,235.0	2,346.4
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	12,541.7	12,395.5	12,205.0	12,046.4	11,915.7
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.8	15.4	15.7	15.2	16.3
6	Tier 1 ratio (%)	17.1	16.6	16.9	16.5	17.6
7	Total capital ratio (%)	19.1	18.7	19.0	18.6	19.7
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	0.8	0.8	0.8	0.8	0.8
UK 7b	Additional AT1 SREP requirements (%)	0.3	0.3	0.3	0.3	0.3
UK 7c	Additional T2 SREP requirements (%)	0.4	0.4	0.4	0.4	0.4
UK 7d	Total SREP own funds requirements (%)	9.5	9.5	9.5	9.5	9.5
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%)	2.0	2.0	2.0	2.0	2.0
11	Combined buffer requirement (%)	4.5	4.5	4.5	4.5	4.5
UK 11a	Overall capital requirements (%)	14.0	14.0	14.0	14.0	14.0
12	CET1 available after meeting the total SREP own funds requirements (%)[1]	9.6	9.2	9.5	9.1	10.2
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	28,956.3	27,830.2	27,563.4	28,042.3	27,322.9
14	Leverage ratio excluding claims on central banks (%)	7.4	7.4	7.5	7.1	7.7
	Liquidity Coverage Ratio[2]					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	3,181.5	3,238.5	3,201.0	3,285.2	3,351.8
16a	Cash outflows - Total weighted value	2,171.6	2,066.4	2,091.1	2,126.9	2,134.3
16b	Cash inflows - Total weighted value	273.0	277.8	302.1	326.6	340.0
16	Total net cash outflows (adjusted value)	1,898.6	1,788.6	1,789.0	1,800.3	1,794.3
17	Liquidity coverage ratio (%)	169.5	181.8	179.9	183.3	188.0
	Net Stable Funding Ratio[3]					
18	Total available stable funding	26,596.3	26,712.1	26,632.8	26,867.8	27,138.8
19	Total required stable funding	18,911.8	18,941.7	19,239.7	19,612.8	20,051.6
20	NSFR ratio (%)	140.6	141.0	138.5	137.1	135.4

[1] Represents, as a percentage, the level of CET1 capital left available to meet buffer requirements noting the minimum amount of CET1 capital required to meet total Pillar 1 plus Pillar 2A capital requirements, also referred to as total SREP own funds requirements. The minimum CET1 requirement is equivalent to 4.5 per cent (Pillar 1) plus the additional CET1 SREP requirement (56.25 per cent of Pillar 2A). The Group's Pillar 2A capital requirement is 1.5% of risk-weighted assets (including a static add-on of £17.4m for transformation risk), of which at least 0.8 per cent is to be met with CET1 capital.

[2] The liquidity balances are calculated as the simple averages of month end observations over the 12 months preceding the end of each quarter, therefore the liquidity coverage ratio (%) cannot be derived from the values given above it.

[3] The net stable funding balances are calculated as the simple averages of quarter end observations over the 4 quarterly averages preceding the end of each quarter.

Total Capital

The Group's capital position remained strong with a Common Equity Tier 1 (CET1) ratio of 15.8% and a total capital ratio of 19.1% as at 31 December 2025 (31 December 2024: 16.3% and 19.7%, respectively). Profit generated in the year increased the CET1 ratio by 2.3%, which was more than offset by 1.1% for the 2025 dividend, 0.8% for the £100m share repurchase programme announced in 2025 and 0.8% loan book growth and mix. Other movements in the CET1 reduced the ratio by a further 0.1%.

Leverage Ratio

The Group had a leverage ratio excluding claims on central banks of 7.4% as at 31 December 2025 (31 December 2024: 7.7%).

The Group is not subject to the leverage ratio capital requirements. However, following the implementation of PS21/21 the PRA has confirmed that 'all firms not in scope of the leverage ratio capital requirements should manage their leverage risk such that their leverage ratio does not fall below 3.25%'.

The Group's Leverage ratio exceeds the UK minimum 3.25% and the Group plans to maintain capital in excess of the 3.25% UK minimum requirement.

Liquidity Ratio

The Group had a 12-month average Liquidity Coverage Ratio (LCR) of 169.5% as at 31 December 2025 (31 December 2024: 188.0%). Liquidity ratios remained well above internal and regulatory requirements.

The Group will maintain sufficient liquidity to meet its liabilities as they fall due under normal and stressed business conditions; this will be achieved by maintaining strong retail savings franchises, supported by high-quality liquid asset portfolios comprised of cash and readily monetizable assets and through access to pre-arranged secured funding facilities.

The Board requirement to maintain balance sheet resources sufficient to survive a range of severe but plausible stress scenarios is interpreted in terms of the liquidity coverage ratio and the Internal Liquidity Adequacy Assessment Process (ILAAP) stress scenarios.

Net Stable Funding Ratio

The Group's Net Stable Funding Ratio (NSFR) which averaged 140.6%, over the four quarters ended 31 December 2025 (31 December 2024: 135.4%), is significantly in excess of the regulatory requirement of 100%.

2.2 UK KM2 – Key metrics template – MREL

In the Group's year-end Resolution Letter, it was determined that from 1 January 2026, the Group would move to a Transfer Strategy, based on which, moving forwards, the Group is only required to meet Minimum Capital Requirements (Note 49 of the ARA).

		a	b	c	d	e
£m		**31-Dec-25**	**30-Sep-25**	**30-Jun-25**	**31-Mar-25**	**31-Dec-24**
1	Total Capital resources	2,392.9	2,313.7	2,315.5	2,235.0	2,346.4
2	Eligible senior unsecured instruments issued	700.0	700.0	700.0	700.0	700.0
3	Total MREL resources	3,092.9	3,013.7	3,015.5	2,935.0	3,046.4
4	Total Risk-Weighted Assets (RWAs)	12,541.7	12,395.5	12,205.0	12,046.4	11,915.7
5	Total MREL resources as a percentage of total risk weighted assets (%)	24.7	24.3	24.7	24.4	25.6
6	UK leverage exposure measure	28,956.3	27,830.2	27,563.4	28,042.3	27,322.9
7	Total MREL resources as a percentage of UK leverage exposure measure (%)	10.7	10.8	10.9	10.5	11.1

2.3 UK OV1 – Overview of risk weighted exposure amounts

The table below provides an overview of risk weighted exposures and own funds requirements.

		a	b	c
		Risk weighted exposure amount		Own funds requirement
£m		31-Dec-25	30-Sep-25	31-Dec-25
1	**Credit risk (excluding CCR)**	**11,382.2**	**11,173.6**	**910.6**
2	Of which the standardised approach	11,382.2	11,173.6	910.6
6	**Counterparty credit risk - CCR**	**44.5**	**51.0**	**3.6**
7	Of which the standardised approach	13.0	21.1	1.0
UK 8a	Of which exposures to a CCP	10.0	11.2	0.8
UK 8b	Of which credit valuation adjustment - CVA	11.2	18.6	0.9
9	Of which other CCR	10.2	0.2	0.8
16	**Securitisation exposures in the non-trading book (after the cap)**	**126.4**	**129.7**	**10.1**
18	Of which SEC-ERBA (including IAA)	123.7	126.5	9.9
UK 19a	Of which 1250%/ deduction	2.6	3.2	0.2
23	**Operational risk**	**988.6**	**1,041.2**	**79.1**
UK 23b	Of which standardised approach	988.6	1,041.2	79.1
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	8.7	8.0	0.7
29	**Total**	**12,541.7**	**12,395.5**	**1,003.3**

2.4 UK INS1 – Insurance participants

Not applicable to the Group. The Group does not have any insurance participants.

2.5 UK INS2 – Financial conglomerates information on own funds and capital adequacy ratio

Not applicable to the Group. The Group does not qualify as a financial conglomerate.

2.6 UK OVC – ICAAP information

(a) Approach to assessing the adequacy of the internal capital (Article 438(a) CRR)

The Group's policy is to be well capitalised and its approach to capital management is driven by strategic and organisational requirements as well as its risk profile, whilst also taking account of the regulatory and commercial environment in which it operates. The Group maintains a strong capital base to support the development of its business and to ensure that the Total Capital Requirement (TCR) set by the PRA is met at all times. As a result, the Group maintains capital adequacy ratios above minimum regulatory requirements.

At least annually, the Group undertakes a detailed, forward-looking assessment of capital adequacy in order to assess the Group's Pillar 2a and Pillar 2b capital requirement. This exercise is known as the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP document is reviewed, challenged and endorsed by the Group Risk Committee (GRC), and following robust engagement with the Board of Directors it is approved by the Board.

The Pillar 2a assessment captures the Group's firm-specific risks that are not covered by the Pillar 1 capital requirement. Pillar 1 and Pillar 2a are added together to form the Group's TCR as set by the regulator which must be met at all times.

The Pillar 2b capital requirement is an assessment of the Group's capital composition under stressed conditions. The Pillar 2b requirements, including the Countercyclical Capital Buffer (CCyB) and the Capital Conservation Buffer (CCoB), are expected to cover losses in the event of a severe stress. Stress testing is an integral component of the ERMF as it enables a forward-looking risk identification and assessment process to provide a robust and flexible assessment of the adequacy of the Group's risk and financial management practices and resources.

The results of the ICAAP enable the PRA to determine the Group's required capital and supervisory buffers. It is the Group's policy to hold capital resources in excess of its capital requirements as set by the PRA.

Capital is allocated based on the Board-approved capital plan. The capital plan is updated at least annually with the associated capital forecasts updated on a monthly basis and reviewed by Group Assets and Liabilities

Committee (ALCO), GRC and Board. Following the approval of the business plan, quarterly reforecasts are presented to the Board during the course of the year.

(b) Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process (Article 438(c) CRR)

The Group is expected to disclose its TCR. The PRA set the Group's combined Pillar 2a requirement on 17 October 2024 at 1.35% of risk-weighted assets plus a static transformation risk add-on of £17.4m. As at December 2025 the Group's combined TCR was 9.35% + static transformation risk add-on of £17.4m (unchanged from December 2024).

The Group's Pillar 2a requirement as at December 2025, excluding the static transformation risk add-on equates to a £169.3m[4] capital requirement (December 2024: £160.9m) which must be met at all times with a minimum of £95.2m of CET1 (December 2024: £90.5m).

[4] Pillar 2a TCR excluding a static transformation risk add-on is calculated as 1.35% of RWAs.

3. Annex III | Risk management objectives and policies

3.1 UK OVA – Institution risk management approach

(a) Disclosure of concise risk statement approved by the management body (Point (f) of Article 435(1) CRR)

Risk management is essential in order for the Group to achieve its strategic objectives and the Group has established a set of risk management and oversight principles which inform and guide all underlying risk management and assessment activities. These principles are informed by the Group's Purpose, Vision and Values.

The ERMF sets out the principles and approach with respect to the management of the Group's risk profile in order to successfully fulfil its business strategy and objectives, including compliance with all conduct and prudential regulatory objectives.

The Group aligns its strategic and business objectives with its risk appetite, which defines the level of risk that the Group is willing to accept. The risk appetite is a critical mechanism through which the Board and senior management are able to identify adverse trends and respond to unexpected developments in a timely and considered manner.

Risk management is embedded across the Group through structured governance arrangements, clearly defined risk ownership and independent oversight functions. The Group's lending and funding activities are conducted within a Board-approved limit supported by portfolio management, stress testing and early warning indicator frameworks.

Further detail on the Group's risk management, risk appetite, along with the components of the ERMF structure is set out in the Group's ARA.

Related Party transactions

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. During the year, there were no related party transactions between the key management personnel and the Group, other than as described in Note 48 to the Group's financial statements.

(b) Information on the risk governance structure for each type of risk (Point (b) of Article 435(1) CRR)

The Board has ultimate responsibility for the oversight of the Group's risk profile and risk management framework and, where it deems it appropriate, it delegates its authority to relevant Committees. The Board and its Committees are provided with appropriate and timely information relating to the nature and level of the risks to which the Group is exposed and the adequacy of risk controls.

The Board has delegated responsibility to the GRC for the oversight of the Group risk appetite, risk monitoring and capital and liquidity management. The primary objectives of the GRC are to provide oversight and advice to the Board on current risk exposures and future risk strategy, and to assist the Board to foster a culture within the Group that emphasises and demonstrates the benefits of a risk-based approach to internal control and management of the Group.

Further detail on the Group's governance arrangements can be found in the Group's ARA.

Further details on the Board and Management Committees including terms of reference can be found on the Group's website www.osb.co.uk

(c) Declaration approved by the management body on the adequacy of the risk management arrangements (Point (e) of Article 435(1) CRR)

Risk management is a key capability and is fundamental to the Group's strategy. The risk appetite framework is a critical mechanism through which the Board and senior management identify adverse trends and respond to unexpected developments in a timely and considered manner.

As part of the internally facilitated Board evaluation carried out during the year, the GRC performance was assessed, and it was concluded that it continues to perform effectively. The results of the performance review and the subsequent action plan are due to be further considered by the Board in April 2026. More information on the progress against actions from last year's review, this year's evaluation process and areas for improvement identified can be found in the Group Nomination and Governance Committee Chair's Report in the ARA.

Enhancements have been made to the quality of management information presented to the GRC to reduce overlapping information with other committees. This has allowed the GRC to focus on the key issues and benchmark the Group's performance with that of its peers.

The GRC reviewed the ERMF in line with its annual review cycle to ensure it remains fit for purpose in the context of the Group's strategic objectives, business model, risk profile and industry best practices.

Further detail on the GRC and its activities throughout the year can be found in the ARA.

As such the management body are satisfied with the adequacy of the Group's risk management arrangements taking into account its risk profile and its strategy

(d) Scope and nature of risk disclosure and/or measurement systems (Point (c) of Article 435(1) CRR)

The Group's risk disclosures are designed to support effective oversight of the Group's risk profile by the management body. The Group's risk disclosures cover all material risks relevant to the Group's business model, including credit risk arising from its mortgage lending portfolios, liquidity and funding risk, market risk exposures associated with interest rate movements, operational risk, and other risks considered material to the Group's strategy and operating environment.

Risk information is generated using a combination of quantitative measurement techniques and qualitative risk assessment. Quantitative disclosures include for example, portfolio performance metrics, capital adequacy metrics, impairment and expected credit loss indicators, liquidity metrics and key risk indicators used to monitor alignment with Board-approved risk appetite.

Risk information is reported to management committees, the GRC and Board through established governance channels to ensure that the management body receives sufficient, accurate and timely information to oversee the Group's risk profile and its alignment with its risk appetite.

(e) Information on the main features of risk disclosure and measurement systems (Point (c) of Article 435(1) CRR)

The Group maintains integrated risk disclosure and measurement systems supported by controlled data processes, governance oversight and established reporting controls. Risk measurement is based on portfolio-level analytics, regulatory capital, expected credit loss frameworks, liquidity and funding risk monitoring, and operational risk event tracking.

Risk is measured through the Group's risk appetite statements and assessments. The Group has structured its risk appetite to align with its overarching strategic and business objectives. Principal risks, which can be assessed in a quantifiable manner, are supported by a suite of quantitative metrics with operational thresholds.

The Group's risk measurement systems are proportionate to the nature, scale and complexity of its business model and are subject to appropriate governance and oversight. Where modelling approaches are used, they are subject to internal governance standards, independent validation and ongoing performance monitoring through the Group's Models and Rating Committee.

(f) Strategies and processes to manage risks for each separate category of risk (Point (a) of Article 435(1) CRR)

Risk management is fully embedded within the Group through its ERMF. The ERMF is owned by the Board and represents the structure within which the Board discharges its duty to embed a strong risk culture and establish robust risk management practices. The ERMF is reviewed and approved by the Board on an annual basis following recommendation from the Group Risk Committee.

The Board carried out an assessment of the principal risks and uncertainties which may threaten the Group's operating model, strategic objectives, financial performance and regulatory compliance commitments.

Further detail and the outcome of that assessment can be found in the Group's ARA.

Stress testing

Stress testing is an important risk management tool, which is used to evaluate the potential effects of a specific event and/or movement in a set of variables on the Group's financial and operating conditions. Stress tests comprise the following techniques:

- **Sensitivity analysis:** Assessment of exposures and risks to single factor shocks.

- **Scenario analysis (Macro-economic):** Technique to assess the adequacy of capital and financial resources based on severe adverse external events across the planning horizon.
- **Scenario analysis (Risk-type):** Analysis of actual or hypothetical scenarios undertaken to assess the level of risk exposure and assessment of financial resources maintained for specific risk types.
- **Reverse Stress Tests:** Exploration of economic scenarios that could threaten the Group's survival or viability.

Through the implementation of Stress Testing Framework, the Group seeks to:

- Inform the assessment of its risk profile, both in respect of its existing business and as regards any potential changes to its business activities (forward-looking basis)
- Test its ability to withstand the materialisation of risks in 'stressed' conditions
- Assess the adequacy of the Group's financial resources (both capital and liquidity) and the potential management actions available to mitigate the effect of any adverse events
- Identify any gaps in the Group's ERMF (such as a potential weakness in the controls operated by the Group); and
- Provide inputs for the Group's risk appetite, business planning processes, ICAAP, ILAAP and Recovery and Resolution Plan (RRP), BAU testing of Valuations in Resolution and Restructuring Planning (including testing the ability to deliver Restructuring and a Business Reorganization Plan).

(g) Information on the strategies and processes to manage, hedge and mitigate risks (Points (a) and (d) of Article 435(1) CRR)

The Group's ERMF is the overarching framework that sets out the principals and components through which the Group actively manages its risk profile in order to successfully fulfil its business strategy and objectives, including complying with all conduct and prudential regulatory requirements.

Information on the Group's strategies and processes to manage and mitigate risk can be found in the Group ARA.

3.2 UK OVB – Disclosure on governance arrangements

(a) The number of directorships held by members of the management body (Point (a) of Article 435(2) CRR)

Number of external directorships held by Executive and Non-Executive Directors (excluding directorships held within OSB Group). All members comply with the limits on number of directorships held by each Director:

Name	Position	Number of directorships held
David Weymouth	Non-Executive	2
Henry Daubeney	Non-Executive	1
Kal Atwal	Non-Executive	2
Noël Harwerth	Non-Executive	2
Gareth Hoskin	Non-Executive	1
Sally Jones-Evans	Non-Executive	1
Simon Walker	Non-Executive	1
Andy Golding	Executive	2
Victoria Hyde	Executive	0

(b) Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise (Point (b) of Article 435(2) CRR)

The Group Nomination and Governance Committee is responsible for leading the process for the appointment of new members of the Board and Executives and provides oversight and guidance to the Board on all Corporate Governance matters in relation to the Group.

In relation to the values, ethics and overall culture of the Group, the Board sets the tone from the top leading the Group towards creating a sustainable business. The Group adheres to best practice in relation to Corporate Governance, which is in line with the Code and the requirements of the PRA and FCA. The Board, its Committees and the boards of the subsidiary companies operate effectively and have an appropriate balance of diversity, skills, experience, availability, independence and knowledge of the Group to enable them to discharge their respective responsibilities effectively.

Sally Jones-Evans was appointed to the OSB Group plc Board as a Non-Executive Director with effect from 1 April 2025. She also took on the roles of People Champion and Chair of the Group Remuneration and People Committee in May 2025.

Gareth Hoskin was appointed as Non-Executive Director of OSB Group plc, effective 1 April 2025, and became SID on 1 October 2025 succeeding Noel Harwerth in that role. He brings extensive and diverse experience from over 30 years in financial services.

The Group Nomination and Governance Committee acknowledges the need for an effective and robust succession plan for both NEDs and Executives in order to fill any potential skills gaps and to continue to develop broader diversity within the Board.

Further information on the Board of Directors in terms of their actual knowledge, skills and expertise can be found within the Group ARA.

(c) Information on the diversity policy with regard of the members of the management body (Point (c) of Article 435(2) CRR)

The Group recognises and embraces the benefits of having a diverse Board and workforce and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Board believes that a truly diverse Board and workforce will include and make good use of differences in the skills, regional and industry experience, age, background, race, gender and other distinctions between people. The Board recognises for itself that diversity is the key to better decision-making and avoiding 'group think'.

These differences are considered in determining the optimum composition of the Board and, where possible, will be balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

For a number of years, the Group has subscribed to the Women in Finance Charter, which is an initiative to drive the representation of female employees at senior levels across the financial services industry. Having met the initial three-year target of ensuring that 30% of all senior roles would be filled by females by the end of 2020, the Committee agreed to a new three-year commitment to the end of 2023 to achieve 33%. Our target of 33% of senior management positions within the UK to be undertaken by female employees was achieved by the end of 2023, in line with our published commitment and noting that there were periods during 2023 when 33% was exceeded. Enhancing gender diversity remains an area of ongoing focus, through a renewed Women in Finance Charter commitment of 40% of UK senior management positions to be undertaken by female employees by the end of 2026.

From a Board perspective, and as at 31 December 2025, 44% of the OSB Board members were female, of which one female holds the senior Board position of CFO. Additionally, one member of the Board is from a minority ethnic background.

In addition to Board and Executive succession planning resulting in the appointment of Gareth Hoskin and Sally Jones-Evans during the year; other items considered by the Group Nomination and Governance Committee included Board effectiveness and NED conflicts of interest.

The Group's Diversity, Equity and Inclusion Policy set out the Board's commitments in relation to diversity and inclusion. These commitments include addressing behavioural gender and ethnic bias and basing appointments on merit and objective criteria and, within this context, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The policy also sets out the Board's commitment to the Women in Finance Charter and has introduced measurable objectives with the Group committing to increase the percentage of female employees in senior management positions within the Group's UK population.

(d) Information whether or not the institution has set up a separate risk committee and the frequency of the meetings (Point (d) of Article 435(2) CRR)

The Group has a separate GRC which met nine times in 2025.

(e) Description on the information flow on risk to the management body (Point (e) Article 435(2) CRR)

The flow of information to the management body can be found in Section 3.1 (d).

4. Annex V| Scope of application

4.1 UK LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories.

		a	b	c	d	e	g
				Carry Values of items			
£m		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Not subject to capital requirements or subject to deduction from capital
	Breakdown by asset class according to the balance sheet in the published financial statements						
1	Cash in hand	0.4	0.4	0.4	-	-	-
2	Loans and advances to credit institutions	3,053.0	3,053.0	2,634.3	268.1	-	150.6
3	Investment securities	1,814.5	1,814.5	805.2	-	1,009.3	-
4	Loans and advances to customers	25,920.6	25,920.6	25,920.6	-	-	-
5	Fair value adjustment on hedged assets	85.1	85.1	85.1	-	-	-
6	Derivative assets	101.4	101.4	-	101.4	-	-
7	Other assets	21.0	21.0	21.0	-	-	-
8	Current taxation asset	1.7	1.7	1.7	-	-	-
9	Deferred taxation asset	8.8	8.8	8.7	-	-	0.1
10	Non-current assets held for sale	1.5	1.5	1.5	-	-	-
11	Property, plant and equipment	47.8	47.8	47.8	-	-	-
12	Intangible assets	66.9	66.9	-	-	-	66.9
13	**Total assets**	**31,122.7**	**31,122.7**	**29,526.3**	**369.5**	**1,009.3**	**217.6**
	Breakdown by liability classes according to the balance sheet in the published financial statements						
1	Amounts owed to credit institutions	1,838.1	1,838.1	-	328.2	-	1,509.9
2	Amounts owed to retail depositors	24,251.1	24,251.1	-	-	-	24,251.1
3	Fair value adjustment on hedged liabilities	11.9	11.9	-	-	-	11.9
4	Amounts owed to other customers	478.4	478.4	-	-	-	478.4
5	Debt securities in issue	1,010.0	1,010.0	-	-	-	1,010.0
6	Derivative liabilities	152.0	152.0	-	152.0	-	-
7	Lease liabilities	6.3	6.3	-	-	-	6.3
8	Other liabilities	70.8	70.8	-	-	-	70.8
9	Provisions	3.4	3.4	0.7	-	-	2.7
10	Deferred taxation liability	20.5	20.5	-	-	-	20.5
11	Senior notes	723.4	723.4	-	-	-	723.4
12	Subordinated liabilities	260.1	260.1	-	-	-	260.1
13	**Total liabilities**	**28,826.0**	**28,826.0**	**0.7**	**480.2**	**-**	**28,345.1**

4.2 UK LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

£m		a	b	c	d
		Total	Items subject to		
			Credit risk framework	Securitisation framework	CCR framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	30,905.1	29,526.3	1,009.3	369.5
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	480.9	0.7	-	480.2
3	**Total net amount under the regulatory scope of consolidation**	**30,424.2**	**29,525.6**	**1,009.3**	**(110.7)**
4	Off-balance-sheet amounts	1,148.9	1,148.9	-	-
5	Differences in valuations	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	0.3	0.3	-	-
7	Differences due to consideration of provisions	(0.5)	(0.5)	-	-
8	Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-
9	Differences due to credit conversion factors	(942.6)	(942.6)	-	-
10	Differences due to Securitisation with risk transfer	-	-	-	-
11	Other differences	-	0.7	-	-
12	**Exposure amounts considered for regulatory purposes**	**30,630.3**	**29,732.4**	**1,009.3**	**(110.7)**

4.3 UK LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

There are no differences in the scope of accounting or regulatory consolidation methods. Therefore, the Group has not disclosed this template.

4.4 UK LIA – Explanations of differences between accounting and regulator exposure amounts

(a) Differences between columns (a) and (b) in template UK LI1 (Article 436(b) CRR)

There are no differences between column (a) and column (b) in template LI1.

(b) Qualitative information on the main sources of differences between the accounting and regulatory scope of consolidation shown in template UK LI2 (Article 436(d) CRR)

The differences shown in template LI2 are due to the application of credit conversion factors to loan commitments and the counterparty credit risk calculation methodology for interest rate swaps and securities financing transactions (SFTs).

4.5 UK LIB – Other qualitative information on the scope of application

(a) Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group (Article 436(f) CRR)

Management do not see any practical or legal impediment to the prompt transfer of own funds or the repayment of liabilities within the Group.

(b) Subsidiaries not included in the consolidation with own funds less than required (Article 436(g) CRR)

All subsidiaries are included in the Group consolidation.

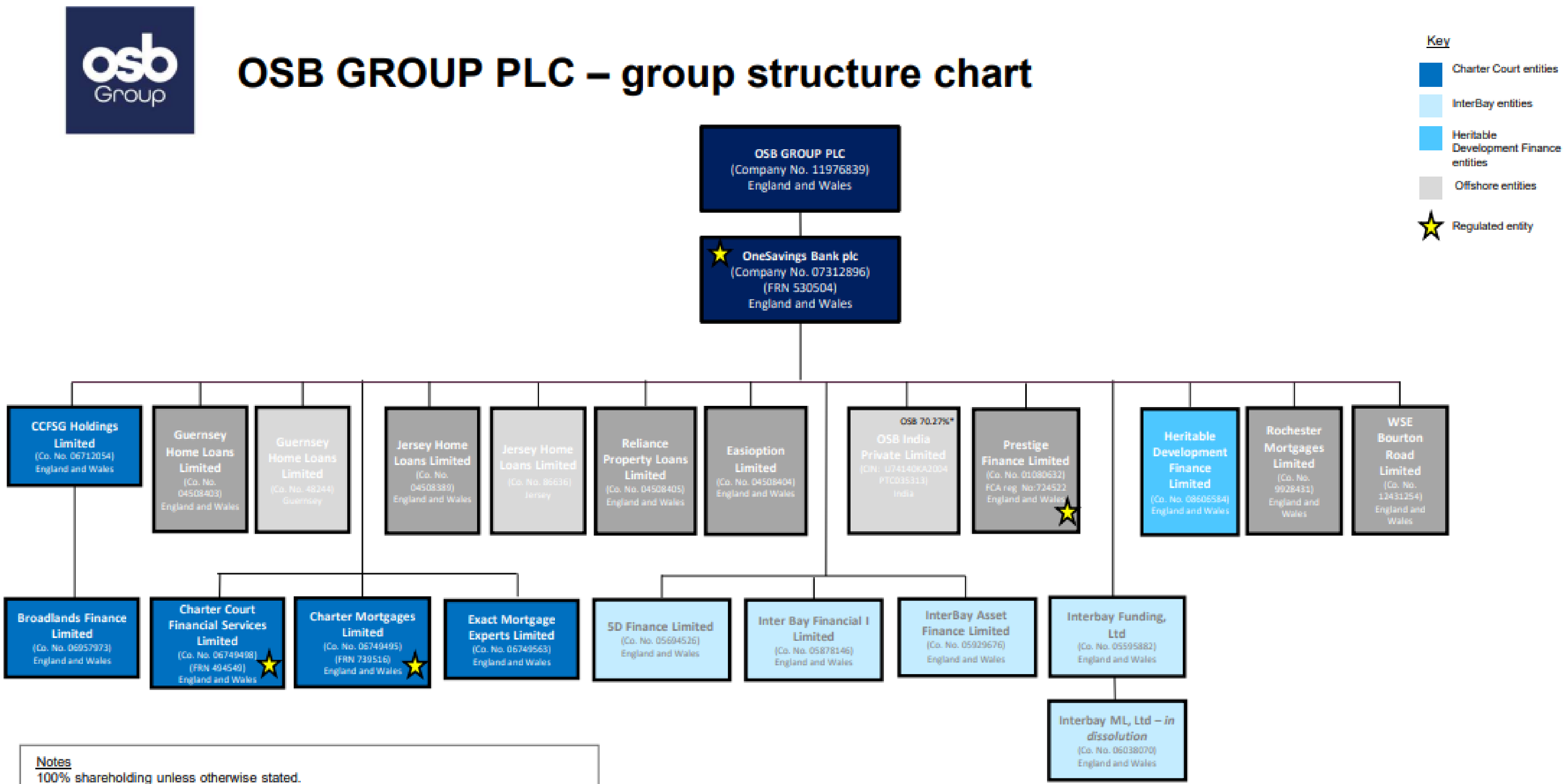
(c) Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR (Article 436(h) CRR)

The Group and its two banking entities are required to calculate and maintain capital on a consolidated basis as well on an individual basis. On a Group basis the derogations referred to in Article 7 or Article 9 CRR are not applied, however OSB makes use of Article 9 CRR where the PRA has granted the firm permission to incorporate in the calculation of its requirement under Article 6(1) of the CRR the undertakings listed below:

- Jersey Home Loans Limited (incorporated in England and Wales)
- Jersey Home Loans Limited (incorporated in Jersey)
- Guernsey Home Loans Limited (incorporated in England and Wales)
- Guernsey Home Loans Limited (incorporated in Guernsey)
- Reliance Property Loans Limited (incorporated in England and Wales)
- 5D Finance Limited (incorporated in England and Wales)
- InterBay Asset Finance Ltd (incorporated in England and Wales)

- InterBay Financial I Limited (incorporated in England and Wales)
- InterBay Funding, Ltd (incorporated in England and Wales)
- InterBay ML, Ltd (incorporated in England and Wales)
- Prestige Finance Limited (incorporated in England and Wales)
- Heritable Development Finance Limited (incorporated in England and Wales)

Group structure as at 31 December 2025



Notes
100% shareholding unless otherwise stated.

Additional shareholders:
*Easioption Limited 29.72% /Reliance Property Loans Limited 0.01%

Group Governance Office - as at 31 December 2025

(d) Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation (Article 436(g) CRR)

Not applicable to the Group.

4.6 UK PV1 Prudent valuation adjustments (PVA)

Not applicable to the Group. The Group calculates PVA under the simplified approach.

5. Annex VII | Own funds

5.1 UK CC1 – Composition of regulatory own funds

The table below provides detail on the composition of the Group's regulatory own funds capital position.

		a	b
£m		**Amounts**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	9.6	
	of which: fully paid up capital instruments	3.6	(d)
	of which: share premium	6.0	(e)
2	Retained earnings	3,181.3	(f)
3	Accumulated other comprehensive income (and other reserves)	(1,337.0)	(g)
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	189.8	(f)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2,043.8**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(1.0)	
8	Intangible assets (net of related tax liability) (negative amount)	(66.9)	(b)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(0.1)	(a)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	-	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(68.0)**	
29	**Common Equity Tier 1 (CET1) capital**	**1,975.8**	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	167.1	-
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**167.1**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
44	Additional Tier 1 (AT1) capital	167.1	(h)
45	**Tier 1 capital (T1 = CET1 + AT1)**	**2,142.9**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	250.0	(c)
51	**Tier 2 (T2) capital before regulatory adjustments**	**250.0**	
	Tier 2 (T2) capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**250.0**	
59	Total capital (TC = T1 + T2)	2,392.9	
60	**Total Risk exposure amount**	**12,541.7**	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.8	
62	Tier 1 (as a percentage of total risk exposure amount)	17.1	
63	Total capital (as a percentage of total risk exposure amount)	19.1	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is	9.8	

	required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)		
65	of which: capital conservation buffer requirement	2.5	
66	of which: countercyclical buffer requirement	2.0	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	**9.6**	
	Amounts below the thresholds for deduction (before risk weighting)		
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	8.7	(a)

5.2 UK CC2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	c
£m		**Balance sheet as in published financial statements and under regulatory scope of consolidation**	**Reference**
	Assets - Breakdown by asset class according to the balance sheet in the published financial statements		
1	Cash in hand	0.4	
2	Loans and advances to credit institutions	3,053.0	
3	Investment securities	1,814.5	
4	Loans and advances to customers	25,920.6	
5	Fair value adjustments on hedged assets	85.1	
6	Derivative assets	101.4	
7	Other assets	21.0	
8	Current taxation asset	1.7	
9	Deferred taxation asset	8.8	(a)
10	Non-current assets held for sale	1.5	
11	Property, plant and equipment	47.8	
12	Intangible assets	66.9	(b)
13	**Total assets**	**31,122.7**	
	Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements		
1	Amounts owed to credit institutions	1,838.1	
2	Amounts owed to retail depositors	24,251.1	
3	Fair value adjustments on hedged liabilities	11.9	
4	Amounts owed to other customers	478.4	
5	Debt securities in issue	1,010.0	
6	Derivative liabilities	152.0	
7	Lease liabilities	6.3	
8	Other liabilities	70.8	
9	Provisions	3.4	
10	Current taxation liability	-	
11	Deferred taxation liability	20.5	
12	Senior notes	723.4	
13	Subordinated liabilities	260.1	
	of which Tier 2	250.0	(c)
14	**Total liabilities**	**28,826.0**	
	Shareholders' equity		
1	Share capital	3.6	(d)
2	Share premium	6.0	(e)
3	Other equity instruments	167.1	(h)
4	Retained Earnings	3,457.0	(f)
5	Other Reserves	(1,337.0)	(g)
6	**Total shareholders' equity**	**2,296.7**	

5.3 UK CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

The table below details the main features of the Group's regulatory own funds instruments.

Ref	Capital instruments main features	CET1	AT1	AT1	Tier 2	Senior unsecured	Senior unsecured
1	Issuer	OSB GROUP PLC	OSB GROUP PLC	OSB GROUP PLC	OSB GROUP PLC	OSB GROUP PLC	OSB GROUP PLC
2	Unique Identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	GB00BLDRH360	XS2391408072	XS3223316228	XS2613354922	XS2642668821	XS2747270986
2a	Public or private placement	Public	Public	Public	Public	Public	Public
3	Governing law(s) of the instrument	English law	English law	English law	English law	English law	English law
3a	Contractual recognition of write-down and conversion powers of resolution authorities	n/a	Yes	Yes	Yes	Yes	Yes
	Regulatory treatment						
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	Additional Tier 1	Additional Tier 1	Tier 2	n/a	n/a
5	Post-transitional CRR rules	CET1	Additional Tier 1	Additional Tier 1	Tier 2	n/a	n/a
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 Instruments	Additional Tier 1 Instruments	Tier 2 Instruments	Senior Unsecured	Senior Unsecured
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	GBP 3,559,642[5]	GBP 17,072,000[6]	GBP 150,000,000	GBP 250,000,000	GBP 300,000,000	GBP 400,000,000
9	Nominal amount of instrument	GBP 0.01	GBP 17,072,000	GBP 150,000,000	GBP 250,000,000	GBP 300,000,000	GBP 400,000,000
UK-9a	Issue price	100%	100%	100%	100%	100%	100%
UK 9b	Redemption price	n/a	100%	100%	100%	100%	100%
10	Accounting classification	Shareholders' Equity	Shareholders' Equity	Shareholders' Equity	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	26-Feb-21[7]	07-Oct-21	25-Nov-25	27-Apr-23	07-Sep-23	16-Jan-24
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	No maturity	No maturity	27-Jul-33	07-Sep-28	16-Jan-30
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes	Yes	Yes

[5] Ordinary shares excluding share premium.
[6] This Instrument underwent an 'any and all" tender off in November 2025, £132,928,000 was tendered in the process, The new instrument was issued concurrently.
[7] This is the date of the first issuance of shares with a nominal value of £0.01. This followed the reduction of nominal value from £3.04 to £0.01 on 26 February 2021. Further shares have been issued from time to time since that date.

	Regulatory treatment						
15	Optional call date, contingent call dates and redemption amount	No	Optional Call Date – any date from (and including) 7 October 2026 to (and including) 7 April 2027	Optional Call Date – any date from (and including) 25 November 2036 to (and including) 25 May 2031	Optional Call Date – any date from (and including) 27 April 2028 to (and including) 27 July 2028	Optional Call Date – 7 September 2027	Optional Call Date – 16 January 2029
			Regulatory Call – Yes	Regulatory Call - Yes	Regulatory Call – Yes	Regulatory Call – No	Regulatory Call – No
			Tax Call – Yes	Tax Call - Yes	Tax Call – Yes	Loss Absorption Disq Call – Yes	Loss Absorption Disq Call – Yes
			Redemption Price – 100%	Redemption Price – 100%	Redemption Price – 100%	Tax Call – Yes	Tax Call – Yes
			0	0	0	Redemption Price – 100%	Redemption Price – 100%
16	Subsequent call dates if applicable	n/a	7 April 2032 and every 5 years thereafter	25 May 2036 and every 5 years thereafter	n/a	n/a	n/a
	Coupons / dividends						
17	Fixed or floating dividend/coupon	n/a	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	n/a	6% per annum until 7 April 2027. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate + 5.393% if not called	7.75% per annum until 7 May 2031. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate + 3.801% if not called	9.993% per annum until 27 July 2028. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate + 6.296% if not called	9.500% per annum until 7 September 2027. Resets to a fixed rate equal to the 1-year Benchmark Gilt Rate + 4.985% if not called	8.875% per annum until 16 January 2029. Resets to a fixed rate equal to the 1-year Benchmark Gilt Rate + 5.252% if not called
19	Existence of a dividend stopper	No	No	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative	n/a	n/a	n/a
23	Convertible or non-convertible	Non-Convertible	Convertible	Non-Convertible	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)

	Coupons / dividends						
24	If convertible, conversion trigger(s)	n/a	Contractual, if the Group's fully loaded CET1 falls below 7% Statutory conversion or bail-in by the UK Resolution Authority	Contractual, if the Group's fully loaded CET1 falls below 7% Statutory conversion or bail-in by the UK Resolution Authority	Statutory conversion or bail-in by the UK Resolution Authority	Statutory conversion or bail-in by the UK Resolution Authority	Statutory conversion or bail-in by the UK Resolution Authority
25	If convertible, fully or partially	n/a	Fully	Fully	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	£3.1247 subject to certain anti-dilution adjustments.	£3.1247 subject to certain anti-dilution adjustments.	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	Mandatory	Mandatory	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	Common Equity Tier 1	Common Equity Tier 1	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	OSB GROUP PLC	OSB GROUP PLC	n/a	n/a	n/a
30	Write down features	No	Yes (Statutory / Bail in only)	Yes (Statutory / Bail in only)	Yes (Statutory / Bail in only)	Yes (Statutory / Bail in only)	Yes (Statutory / Bail in only)
31	If write-down, write-down trigger(s)	n/a	Statutory write-down or bail-in by the UK Resolution Authority	Statutory write-down or bail-in by the UK Resolution Authority	Statutory write-down or bail-in by the UK Resolution Authority	Statutory write-down or bail-in by the UK Resolution Authority	Statutory write-down or bail-in by the UK Resolution Authority
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	n/a	n/a	n/a	Structural	Structural	Structural
UK-34b	Ranking of the position in normal insolvency proceedings	Common Equity Tier 1 – subordinate to Additional Tier 1, Tier 2 and senior unsecured.	Additional Tier 1	Additional Tier 1	Tier 2	Senior Unsecured	Senior Unsecured
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately subordinate to Additional Tier 1	Tier 2	Tier 2	Senior Unsecured	N/A	N/A
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes specify non-compliant features	n/a	n/a	n/a	n/a	n/a	n/a
37a	Link to full terms and conditions of the instrument (signposting)	n/a	Link	Link	Link	Link	Link

6. Annex IX | Countercyclical Capital Buffers

6.1 UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		a	e	f	g	i	j	k	l	m
		General credit exposures			Own fund requirements					
£m		Exposure value under the standardised approach	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
010	**Breakdown by country**									
	United Kingdom	26,574.2	1,009.3	27,583.6	900.6	10.1	910.7	11,383.5	99.6	2.0
	Other	65.6	-	65.6	3.3	-	3.3	41.5	0.4	-
020	**Total**	**26,639.8**	**1,009.3**	**27,649.1**	**903.9**	**10.1**	**914.0**	**11,425.1**	**100.0**	

6.2 UK CCyB2 – Amount of Institution specific Countercyclical Capital Buffer

		a	b
£m		31-Dec-25	30-Jun-25
1	Total risk exposure amount	12,541.7	12,205.0
2	Institution specific countercyclical capital buffer rate (%)	2.0	2.0
3	Institution specific countercyclical capital buffer requirement	250.2	243.5

7. Annex XI | Leverage ratio

7.1 UK LR1 – LRSum: Summary reconciliation of assets and leverage ratio exposure

£m		a 31-Dec-25	b 30-Jun-25
1	**Total assets as per published financial statements**	**31,122.7**	**30,287.5**
4	(Adjustment for exemption of exposures to central banks)	(2,426.3)	(2,752.5)
8	Adjustment for derivative financial instruments	121.2	(21.5)
9	Adjustment for securities financing transactions (SFTs)	43.9	0.2
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	226.1	221.5
12	Other adjustments	(131.2)	(171.8)
13	**Total exposure measure**	**28,956.3**	**27,563.4**

7.2 UK LR2 – LRCom Leverage ratio common disclosures

£m	Leverage ratio common disclosures	a 31-Dec-25	b 30-Jun-25
	On balance sheet exposures (excluding derivatives and SFTs)		
1	On balance sheet items (excluding derivatives, SFTs, but including collateral)	31,020.8	30,010.2
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(63.6)	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Assets amounts deducted in determining Tier 1 Capital)	(67.0)	(59.2)
7	**Total on balance sheet exposures (excluding derivatives and SFTs)**	**30,890.2**	**29,951.0**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	170.9	90.3
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	51.6	52.8
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
13	**Total derivative exposures**	**222.5**	**143.1**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	43.9	0.2
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	-
18	**Total securities financing transaction exposures**	**43.9**	**0.2**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	1,148.9	1,235.7
20	(Adjustments for conversion to credit equivalent amounts)	(922.8)	(1,014.2)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	-	-
22	**Total off balance sheet exposures**	**226.1**	**221.5**
	Excluded exposures		
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off-balance sheet))	-	-
UK-22k	**Total exempted exposures**	-	-

	Capital and total exposure measure		
23	**Tier 1 Capital (leverage)**	**2,142.9**	**2,065.5**
24	Total exposure measure including claims on central banks	31,382.6	30,315.8
UK-24a	(-) Claims on central banks excluded	(2,426.3)	(2,752.5)
UK-24b	**Total exposure measure excluding claims on central banks**	**28,956.3**	**27,563.4**
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	7.4	7.5
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	7.4	7.5
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	7.4	7.5
UK-25c	Leverage ratio including claims on central banks (%)	6.8	6.8

7.3 UK LR3 – LRSpl: Split of on balance sheet exposures (excluding derivatives, SFT and exempted exposures

		a
		Leverage ratio exposures
£m	**Split of On Balance Sheet Exposures**	**31-Dec-25**
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**31,020.8**
UK-2	Trading book exposures	-
UK-3	Banking book exposures, of which:	31,020.8
UK-4	Covered bonds	358.1
UK-5	Exposures treated as sovereigns	2,888.5
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
UK-7	Institutions	622.5
UK-8	Secured by mortgages of immovable properties	24,160.8
UK-9	Retail exposures	408.1
UK-10	Corporates	7.0
UK-11	Exposures in default	984.8
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	1,590.9

7.4 UK LRA Description of LR qualitative information

(a) Description of the processes used to manage the risk of excessive leverage (Point (d) of Article 451(1))

The Group's balance sheet predominantly relates to mortgage lending activities resulting in a low risk of large, unexpected movements in the leverage exposure measure.

In 2021, the PRA issued PS21/21 the UK Leverage ratio framework that set out the expectations that all firms not in scope of the leverage ratio capital requirement should manage their leverage risk such that their leverage ratio does not fall below 3.25%.

The Board recognises the importance of managing leverage which forms an essential part of capital planning and risk management. As at 31 December 2025, the Group had a leverage ratio excluding claims on central banks of 7.4% (2024: 7.7%). The Group manages and plans to maintain capital in excess of the 3.25% minimum requirement throughout its forecast horizon. Furthermore, it monitors its leverage ratio relative to its regulatory requirements, internal requirements as well as its peer group and the broader sector in which it operates.

The Group's capital plan and risk appetite statements set out the internal leverage ratio limits, targets, notification points, decisions, and action plans, including supporting forecasts and stress scenarios that the Group manages to remain in compliance at all times. The Group's ERMF sets out the governance framework for the management of the leverage ratio. Changes to the policy are initially considered by the GRC before being approved by the Board. The Group's ALCO provides oversight and monitors the Group's compliance with the capital plan and risk appetite policy on an ongoing basis.

(b) Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers (Point (e) of Article 451 (1))

The Group's leverage ratio excluding claims on central banks decreased from 7.7% as at 31 December 2024 to 7.4% as at 31 December 2025. The movement in the leverage ratio is driven by an increase in the numerator and the denominator of the ratio with Tier 1 capital increasing by £46.5m along with an increase of £1.6bn in the total leverage exposure measure excluding claims on central banks. The increase in the total leverage exposure measure is predominantly driven by balance sheet growth along with a reduction in the eligible claims on central bank.

The Group's capital position remained strong. Profit generated in the year increased the CET1 ratio by 2.3%, which was more than offset by 1.1% for the 2025 dividend, 0.8% for the £100m share repurchase programme announced in 2025 and 0.8% for loan book growth. Other movements in the CET1 reduced the ratio by a further 0.1%.

8. Annex XIII | Liquidity requirements

8.1 UK LIQA – Liquidity risk management

(a) Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding

The Group adopts a thorough approach to risk management ensuring the effective identification, assessment, monitoring and management of all risks as defined by the ERMF.

Liquidity and funding risk is a principal risk included within the ERMF.

The ERMF ensures that internal and external expectations (including the PRA Rulebook and BCBS Principles for Sound Liquidity Risk Management and Supervision) are met and liquidity usage is optimised. This includes the reporting of metrics including the LCR, Net Stable Funding Ratio (NSFR) and internal stress test scenarios.

A set of standard operating procedures sit below the policies. These are a formal set of instructions to be followed when executing an analytical or reporting process.

In addition to the LCR, NSFR and internal stress scenarios, the Group manages within a Board-approved risk appetite framework which sets limits around the concentration of certain sources of funding and the tenor of that funding. Any planned funding is measured against these limits to ensure funding sources remain well diversified.

(b) Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)

The Market and Liquidity Risk Policy articulates how the Group manages funding and liquidity risk and is developed based on the principles, structure and ethos of the ERMF.

In July 2025, the Group received a Domestic Liquidity Sub-Group (DoLSub) Permission which allows full fungibility and management of liquidity and funding across the Group's two banking entities.

Submission of the ILAAP is a key regulatory requirement and is underpinned by the liquidity risk governance structures in place across the Group, in conjunction with reporting how the liquidity and funding profile influences the liquidity requirements of the DoLSub.

The Group utilises a hierarchical committee structure to oversee and manage market and liquidity risk. Key decisions are reviewed and challenged at Board and relevant Committees, including the Group Risk Committee and ALCO. ALCO delegates the day-to-day monitoring of the liquidity and funding position of the Group to the Liquidity Forum (LF).

(c) A description of the degree of centralisation of liquidity management and interaction between the group's units

Following the approval of the DoLSub waiver, liquidity risk management is carried out at a DoLSub level with a combined HQLA portfolio and liquidity risk appetites. Some risk appetite limits remain at a solo level where it is deemed more appropriate to manage the risk at this level.

(d) Scope and nature of liquidity risk reporting and measurement systems

Regular and accurate liquidity risk management information and analytics are produced in order to assist the Board, Senior Management and external parties in understanding the risk to which the Group is exposed, and providing confirmation that the Group is operating within its market and liquidity risk limits.

- **Cash flow forecasting:** Daily cash flow forecasting to ensure the DoLSub will continue to meet risk appetite and regulatory requirements.
- **Advances, redemptions and rollovers:** The Group models expected fixed rate savings rollovers and mortgage advances and redemptions based on historical information, seasonality and key future events such as repricing periods and reversion to SVR. Advances, redemptions and rollovers are monitored on a weekly basis through the Liquidity Forum (LF) and reported monthly to ALCO.
- **Stress Testing:** Stress tests are conducted on a regular basis by the Risk function to identify sources of potential liquidity stress. The stress testing considers the potential impact of institution-specific, market- wide, combined and protracted global alternative scenarios. Different time periods and varying degrees of stressed conditions are considered. Reverse stress testing identifies which event, or sequence of events (scenarios), could potentially lead to the DoLSub becoming unviable.
- **ALCO Reporting:** The Group's key funding and liquidity risk report is the ALCO MI pack, which is reviewed by the Committee on a monthly basis and extracts from the pack are provided to the Group Risk Committee.
- **LWG Reporting:** the LWG pack is prepared weekly to cover detailed funding and liquidity, operational and commercial MI.

(e) Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

The Group's risk appetite and early warning indicators mitigate the liquidity risk by ensuring sufficient levels of liquid assets are maintained and that funding concentration is at an acceptable level. The estimated liquidity position for the DoLSub is projected for at least the next three months on a daily basis. The Group maintains and tests its monetisation channels on a regular basis to ensure non-cash assets can be liquidated in stress.

The Group maintains a variety of contingent funding options to mitigate liquidity risk in times of stress. Positions are monitored daily and must remain within the Board-approved risk appetite.

(f) An outline of the Group's contingency funding plans

The Group's contingency funding plan is embedded into its Recovery & Restructuring Plan (RRP). The RRP is reviewed and updated annually. The RRP depicts the details on:

- The recognition of stress, such as the Early Warning Indicators and the Recovery Triggers;
- The Group's Recovery Options including the hierarchy of use and the Total Recovery Capacity in stress; and
- Escalation process, communication plans and roles and responsibilities in stress.

(g) An explanation of how stress testing is used

The Liquidity Risk stress tests are owned by the Market & Liquidity Risk Director. Market and Liquidity Risk run the suite of stress tests on a daily basis, which are then reported and distributed to the Group's liquidity Forum; results are also presented to the Group's ALCO on a monthly basis. Results are compared with risk appetite set by Board and any forecast divergence to target is discussed at the Liquidity Forum, with any strategic management actions to resolve any shortfalls presented to ALCO for approval.

In addition, the Group identifies a range of catastrophic stress scenarios, which could result in the failure of its current business model. Business model failure scenarios (reverse stress tests) are primarily used to inform the Board and senior management of the outer limits of the Group's risk profile.

(h) A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy

The Board and senior management are confident that the Group is in full compliance with the Overall Liquidity Adequacy Rule (OLAR). The Group's Board-approved ILAAP demonstrates that the Group:

- Has sufficient liquidity, at a point-in-time and on a forward looking basis under a range of scenarios to support its business and achieve its objectives;

- Has a robust corporate and risk governance framework based on the three lines of defence model which fosters a strong risk culture. This includes a clear risk appetite that is monitored on a daily basis and supported by a range of monitoring, metrics and risk assessments;
- Has a set of credible management actions that are available to mitigate funding and liquidity issues;
- Has considered the cost of funding and liquidity risk in pricing decisions;
- Has considered the cost of funding of management actions; and
- Has a prudent funding strategy in place to manage the balance sheet and liquidity position over the next five year horizon.

The Board and senior management are confident that the assessment process undertaken to produce the Group ILAAP is comprehensive and robust given the well-established governance processes. The senior management of the Group have a good understanding of the main drivers of funding and liquidity risk and vulnerabilities, the ILAAP and the coherence of the ILAAP with the Group's strategic plans. The Group manages to a conservative risk appetite and funding and liquidity risk is understood by the Group Risk Committee, ALCO and the Treasury, Risk and Savings functions.

(i) A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy

The Group will maintain sufficient liquidity to meet its liabilities as they fall due under normal and stressed business conditions; this will be achieved by maintaining a strong retail savings franchise, supported by a high-quality liquid asset portfolio comprised of cash and readily monetizable assets, and through access to pre- arranged secured funding facilities. The Board requirement to maintain balance sheet resources sufficient to survive a range of severe but plausible stress scenarios is interpreted in terms of the Liquidity Coverage Ratio and the ILAAP Stress Scenarios.

The Group manages liquidity risk within a Board-approved framework of risk appetite limits, which are predominantly set at a DoLSub level, with a limited number applied at the solo bank level. Level 1 limits ensure overall liquidity adequacy linked to LCR and ILAAP Stresses as well as NSFR, whilst Level 2 limits are set to manage more granular metrics to manage funding concentration (for example single counterparty and maturity profile) and asset encumbrance.

8.2 UK LIQ1 – Quantitative information of LCR

		a	b	c	d	e	f	g	h
£m		Total unweighted value (average)				Total weighted value (average)			
UK1a	Quarter ending on (DD Month YYY)	31-Dec-25	30-Sep-25	30-Jun-25	31-Mar-25	31-Dec-25	30-Sep-25	30-Jun-25	31-Mar-25
UK1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					3,181.5	3,238.5	3,201.0	3,285.2
	CASH – OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	22,697.8	22,510.7	22,321.3	22,188.5	1,201.6	1,124.2	1,146.5	1,180.0
3	Stable deposits	11,435.0	11,080.0	9,623.5	8,228.2	571.7	554.0	481.2	411.4
4	Less stable deposits	4,510.9	4,215.0	4,973.2	5,738.7	549.2	496.0	595.8	710.9
5	Unsecured wholesale funding	814.2	739.9	757.4	788.4	330.1	300.4	308.5	320.6
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	806.5	732.2	748.0	779.4	322.4	292.7	299.1	311.6
8	Unsecured debt	7.7	7.7	9.4	9.0	7.7	7.7	9.4	9.0
9	Secured wholesale funding					11.9	10.0	14.0	9.1
10	Additional requirements	337.8	352.2	359.8	364.6	337.8	352.2	359.8	364.6
11	Outflows related to derivative exposures and other collateral requirements	337.8	352.2	359.8	364.6	337.8	352.2	359.8	364.6
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	25.5	22.5	24.3	25.3	7.2	3.0	3.0	3.0
15	Other contingent funding obligations	936.9	912.0	857.8	821.2	282.9	276.6	259.2	249.5
16	TOTAL CASH OUTFLOWS					2,171.6	2,066.4	2,091.1	2,126.9
	CASH – INFLOWS								
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	386.4	368.9	355.8	349.3	242.0	237.2	250.3	263.9
19	Other cash inflows	31.0	40.6	51.8	62.6	31.0	40.6	51.8	62.6
UK19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-			
UK19b	(Excess inflows from a related specialised credit institution)					-			
20	TOTAL CASH INFLOWS	417.4	409.4	407.6	412.0	273.0	277.8	302.1	326.6
UK20a	Fully exempt inflows	-	-	-	-	-	-	-	-
UK20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
UK20c	Inflows subject to 75% cap	417.4	409.4	407.6	412.0	273.0	277.8	302.1	326.6

	TOTAL ADJUSTED VALUE					
UK21	Liquidity buffer		3,181.5	3,238.5	3,201.0	3,285.2
22	Total net cash outflows		1,898.6	1,788.6	1,789.0	1,800.3
23	Liquidity coverage ratio (%)		169.5	181.8	179.9	183.3

8.3 UK LIQB Qualitative information on LCR, which complements template UK LIQ1

(a) Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

The Group's business model centres on lending to retail and Small and Medium-sized Enterprises (SME) customers including professional landlords, which are predominantly funded by retail savings products. Consequently, the main drivers of LCR results are retail deposit outflows and mortgage pipeline outflows, offset by mortgage repayments. The changes in the LCR over time are predominantly driven by changes in the levels and remaining term of retail savings deposits held within OSB and CCFSL impacting the size of outflows, and also the Liquidity Buffer, and by changes in the levels of mortgage pipeline and net lending flows.

(b) Explanations on the changes in the LCR over time

In the fourth quarter of 2025, the Group 12-month average LCR decreased quarter on quarter. This was primarily driven by higher LCR requirements from increased deposit maturities falling within Q4, as well as a decrease in HQLA due to active actions taken to reduce surplus liquidity.

(c) Explanations on the actual concentration of funding sources

In addition to the regulatory Additional Liquidity Monitoring Metrics (ALMM), the Group ensures that funding diversification is measured on a regular basis, paying particular attention to the split between sources of funding (retail, wholesale, central bank facilities, etc.) and any concentrations by maturity, customer and product type in its internal risk metrics. These monitoring metrics are reported on a regular basis and escalated to the appropriate levels for review. The Group's main source of funding is from retail depositors and is therefore considered well diversified. Internal risk appetite limits are set to limit the level of individual depositor balances to reduce concentration risk.

(d) High-level description of the composition of the institution`s liquidity buffer.

The Group's liquidity buffer is comprised of central bank reserves, as well as HQLA eligible government securities, bonds issued by Multilateral Development Banks (MDB), covered bonds, and Residential Mortgage-Backed Securities (RMBS). In addition to HQLA eligible instruments, each entity holds RMBS (internally issued or third party) which can be used in a stress to generate liquidity and to which an element of value is given as part of their ILAAP assessments.

(e) Derivative exposures and potential collateral calls

The Group maintains the capability to value all derivative trades as often as necessary and at least daily. Margin calls are assessed and made in line with the contractual terms and standard market practices. The Group also considers the impact of external factors on its derivative margin and looks at the impact of shifts in the yield curve.

(f) Currency mismatch in the LCR

Due to the simple nature of the Group's balance sheet, currency mismatch does not pose a material risk.

(g) Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

In its ILAAP, the Group has taken into consideration a range of risk factors that may not be captured by the regulatory LCR disclosure. As defined in its ILAAP document, these include Intraday Liquidity Risk, Off Balance Sheet Risk, Concentration & Correlation Risk, and Liquid Asset Buffer Monetisation.

8.4 UK LIQ2 – Net stable funding

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
£m		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	Capital items and instruments	2,125.5	-	-	250.0	2,375.5
2	*Own funds*	2,125.5	-	-	250.0	2,375.5
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		19,603.7	2,257.1	957.8	21,436.9
5	*Stable deposits*		14,243.3	1,843.2	748.6	16,030.7
6	*Less stable deposits*		5,360.5	413.9	209.2	5,406.1
7	Wholesale funding:		2,701.3	612.4	1,645.6	2,784.0
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		2,701.3	612.4	1,645.6	2,784.0
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	0.5	141.2	-	-	-
12	*NSFR derivative liabilities*	0.5	-	-	-	-
13	*All other liabilities and capital instruments not included in the above categories*		141.2	-	-	-
14	**Total available stable funding (ASF)**					**26,596.3**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					**158.5**
UK-15a	Assets encumbered for more than 12m in cover pool					-
16	Deposits held at other financial institutions for operational purposes		14.5	-	74.5	81.8
17	Performing loans and securities:		626.7	606.7	24,610.7	17,566.9
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		50.7	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		59.3	-	-	5.9
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		104.7	92.7	2,100.2	2,133.2
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	249.3
22	*Performing residential mortgages, of which:*		410.8	504.4	21,883.7	14,889.6
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		328.4	411.3	21,354.5	14,351.7
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		1.3	9.6	626.8	538.2
25	Interdependent assets		-	-	-	-
26	Other assets:		60.3	3.6	636.8	679.2
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-

29	*NSFR derivative assets*		9.0			9.0
30	*NSFR derivative liabilities before deduction of variation margin posted*		2.7			0.1
31	*All other assets not included in the above categories*		48.6	3.6	636.8	670.0
32	Off-balance sheet items		923.6	-	-	425.5
33	**Total RSF**					**18,911.8**
34	**Net Stable Funding Ratio (%)**					**140.6**

9. Annex XV | Credit risk and credit quality

9.1 UK CRA – General qualitative information about credit risk

(a) In the concise risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile.

The Group's credit risk strategy is aligned to the Group's business model. The Group aims to continually enhance its credit risk management capabilities ensuring that it acts as a responsible lender and is attuned to the needs of the customer.

A robust framework of governance and controls ensures credit risk taking is based on sound credit risk management practices across its segments with responsible provision of credit through an appropriate assessment of affordability and credit worthiness of customers.

Credit risks can emerge due to changes in customer profiles or a downturn in the general macro-environment. Credit risk monitoring, analytics, and credit strategies across the customer lifecycle, detailed within policy and rigorously governed by the three lines of defence model, ensures performance remains in line with expectations and appetite.

(b) Strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits in accordance with points (a) and (d) of Article 435(1) CRR.

The Group's credit risk Management Framework, reviewed and approved annually, articulates how the Group identifies, assesses, monitors and manages the credit risks which it faces within each banking entity and subsequent subsidiaries. The risk appetite component of this framework sets out the level of risk taking that the Board is willing to accept in relation to credit risk for the Group, and the OSB and CCFSL solo banking entities.

The Group has an established Risk Appetite Framework in place with a clear linkage between strategy and appetite, ensuring that the setting and monitoring of risk appetite is embedded within the business. The risk appetite statements and limits articulate the level of risk which the Board is willing to accept, ensuring the safety and financial soundness of the Group, which in turn drives business strategy and financial objectives.

Credit risk Policy is defined through the Group's suite of Lending, Arrears & Forbearance, and other supporting policies, with fulfilment through decision processes considering borrower affordability / rental coverage, credit scores and policy rules.

Credit risk quality is monitored throughout the life of the loan using up to date behavioural data and forward-looking indicators.

(c) The structure and organisation of the credit risk management and control function in accordance with point (b) of Article 435(1) CRR

The Board delegates responsibility to the Group Risk Committee, for oversight of the Group's risk appetite, risk monitoring, provisioning and capital and liquidity management. The primary objectives of the Group Risk Committee are therefore to provide oversight and advice to the Board on current risk exposures and future risk strategy and assist the Board to foster a culture within the Group that emphasises and demonstrates the benefits of a risk based approach to internal control and management of the Group.

The Group Risk Committee's primary responsibilities in respect to credit risk management are:

- The Group establishes appropriate methods for measuring its risk appetite;
- Adequate capital is maintained for the Group's risk exposures, both to ensure regulatory compliance and the achievement of its strategic objectives;
- The Group's current and proposed credit risk activities are reviewed against its risk appetite and capital budgets;
- Appropriate sub-committees and associated governance structures are established and monitored, including the Group Credit Committee and Transactional Credit Committee;
- Review of credit risk reports which detail the performance of the Group's credit profile performance; and
- Oversight of provisioning methodologies, judgements and estimates ensuring appropriateness, together with the Group Audit Committee.

The Group Credit Committee oversees, monitors and manages the credit profile of the Group, within the confines of the Board risk appetite limits.

A Transactional Credit Committee will be convened where there is a need to approve a specific case outside the mandate of the underwriters (either a value or exception mandate).

(d) The relationships between credit risk management, risk control, compliance and internal audit functions in accordance with point (b) of Article 435(1) CRR

The Credit Risk Management Framework clearly defines the roles and responsibilities for the management of credit risk. The Group adopts the 3 lines of defence model in respect of credit risk management activities ensuring that the roles and responsibilities are communicated and widely understood:

The first Line is responsible for the day-to-day management of risk and control.

The second line has responsibility to ensure that: 1) effective risk systems, controls and a clear articulation of the Group risk appetite is embedded throughout the business; 2) effective monitoring mechanisms are in place and issues are escalated in a timely manner; 3) the Group continues to adhere to all prudential, compliance and other regulatory requirements; and 4) there is independent oversight, assurance and advisory activity with respect to credit risk activity across the Group.

The third line provides objective assurance that risk and control arrangements implemented by the first and second lines of defence are appropriate and are being executed as prescribed.

9.2 UK CRB – Additional disclosure related to the credit quality of assets

(a) The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes

	Definition
Past Due	A loan is defined as past due when the borrower fails to make a payment under the contractual terms of the loan agreement.
Impaired	If the present value of estimated future cash flows discounted at the original Effective Interest Rate (EIR) is less than the carrying value of the loan, a provision is recognised for the difference. Such loans are classified as impaired.
Default or Non-Performing	A loan is defined as in Default or Non-Performing when it meets one or more of the following criteria: • The rebuttable presumption that more than 90 days past due is an indicator of default. The Group has not rebutted this presumption and therefore deems more than 90 days past due as an indicator of default. • The Group has also deemed it appropriate to classify accounts that have moved into an unlikely to pay position, which includes certain forbearance treatments, bankruptcy, repossession and interest-only term expiry.
Performing	A loan is defined as Performing when it does not meet the criteria of a Non-Performing loan.

(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

The Group does not have any past due exposures more than 90 days that are not considered to be impaired.

(c) Description of methods used for determining general and specific credit risk adjustments

Loans and advances to customers

The Group uses the IFRS 9 three stage Expected Credit Loss (ECL) approach for measuring impairment. The three impairment stages under IFRS 9 are as follows:

	Definition
Stage 1	Entities are required to recognise a 12-month ECL allowance where there is no significant increase in credit risk (SICR), since initial recognition.
Stage 2	A lifetime loss allowance is held for assets where a SICR is identified since initial recognition. The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period for the life of the loan.
Stage 3	Requires objective evidence that an asset is credit impaired, at which point a lifetime ECL allowance is required.

Further information on ECL can be found in the ARA.

(d) The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the European Banking Authority (EBA) Guidelines on default in accordance with Article 178 CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

The Group considers the forbearance measure in conjunction with the impact on cash flow expectations for the purpose of regulatory and statutory default.

9.3 UK CR1 – Performing and non-performing exposures and related provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures– accumulated				On performing exposures	On non-performing exposures
£m			Stage 1	Stage 2		Stage 2	Stage 3		Stage 1	Stage 2		Stage 2	Stage 3			
5	Cash balances at central banks and other demand deposits	2,513.0	2,513.0	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	25,522.3	21,689.5	3,821.4	1,061.9	-	1,018.5	(46.0)	(17.7)	(28.3)	(77.0)	-	(75.9)	-	24,504.2	981.9
20	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Credit institutions	483.0	483.0	-	-	-	-	-	-	-	-	-	-	-	-	-
50	Other financial corporations	57.0	57.0	-	-	-	-	-	-	-	-	-	-	-	-	-
60	Non-financial corporations	13,071.3	11,761.4	1,309.9	327.2	-	327.0	(26.9)	(13.9)	(13.0)	(36.6)	-	(36.6)	-	12,646.6	287.9
70	Of which: SMEs	12,622.9	11,319.4	1,303.5	317.1	-	316.8	(24.8)	(12.2)	(12.6)	(34.1)	-	(34.0)	-	12,201.2	280.2
80	Households	11,911.1	9,388.2	2,511.5	734.6	-	691.5	(19.1)	(3.7)	(15.3)	(40.4)	-	(39.3)	-	11,857.6	694.0
90	Debt Securities	1,814.5	1,413.9	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	178.0	178.0	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	627.2	627.2	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	1,009.2	608.6	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	1,148.9	1,148.9	-	-	-	-	(0.7)	(0.7)	-	-	-	-		-	-
200	Non-financial corporations	734.6	734.6	-	-	-	-	(0.5)	(0.5)	-	-	-	-		-	-
210	Households	414.4	414.4	-	-	-	-	(0.1)	(0.1)	-	-	-	-		-	-
220	**Total**	**30,998.7**	**26,765.3**	**3,821.4**	**1,061.9**	**-**	**1,018.5**	**(46.6)**	**(18.3)**	**(28.3)**	**(77.0)**	**-**	**(75.9)**	**-**	**24,504.2**	**981.9**

9.4 UK CR1-A – Maturity of exposures

		a	b	c	d	e	f
		Net exposure value					
£m		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	312.4	1,151.4	2,048.6	22,948.3	-	26,461.1
2	Debt securities	-	23.7	1,782.4	8.4	-	1,814.5
3	**Total**	**312.4**	**1,175.1**	**3,831.0**	**22,956.7**	**-**	**28,275.6**

9.5 UK CR2 – Changes in the stock of non-performing loans and advances

Not applicable to the Group due to the non-performing loan ratio being <5%.

9.6 UK CR2a – Changes in the stock of non-performing loans and advances and related net accumulated recoveries

Not applicable to the Group due to the non-performing loan ratio being <5%.

9.7 UK CQ1 – Credit quality of forborne exposures

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing Forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
£m				Of which defaulted	Of which impaired				
010	Loans and advances	301.9	432.0	395.8	395.8	(2.4)	(18.9)	712.4	412.8
060	Non-financial corporations	48.4	77.1	75.1	75.1	(0.8)	(6.0)	118.8	71.1
070	Households	253.5	354.9	320.7	320.7	(1.6)	(12.9)	593.6	341.7
100	**Total**	**301.9**	**432.0**	**395.8**	**395.8**	**(2.4)**	**(18.9)**	**712.4**	**412.8**

9.8 UK CQ2 – Quality of forbearance

Not applicable to the Group due to the non-performing loan ratio being <5%.

9.9 UK CQ3 – Credit quality of performing and non-performing exposures by past due days

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount 2025											
		Performing exposures			**Non-performing exposures**								
£m			**Not past due or past due <30 days**	**Past due >30 days <90 days**		**Unlikely to pay that are not past due or are past due <90 days**	**Past due >90 days <180 days**	**Past due >180 days <1 year**	**Past due >1 year <2 years**	**Past due >2 years <5 years**	**Past due >5 years <7 years**	**Past Due > 7 years**	**Of which Defaulted**
005	Cash balances at central banks and other demand deposits	2,513.1	2,513.1	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	25,522.3	25,354.4	167.9	1,061.9	704.0	154.6	105.1	65.6	30.9	0.7	1.1	1,035.0
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	483.0	483.0	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	57.0	57.0	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	13,071.3	13,034.7	36.6	327.2	267.5	33.8	11.2	9.6	4.5	0.6	-	327.0
070	Of which SMEs	12,622.9	12,586.3	36.6	317.1	257.4	33.8	11.2	9.6	4.5	0.6	-	316.8
080	Households	11,911.1	11,779.8	131.3	734.6	436.5	120.8	93.8	56.0	26.4	0.1	1.1	708.1
090	Debt securities	1,814.5	1,814.5	-	-	-	-	-	-	-	-	-	-
110	General governments	178.0	178.0	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	627.2	627.2	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	1,009.3	1,009.3	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	1,148.9			-								-
200	Non-financial corporations	734.6			-								-
210	Households	414.4			-								-
220	**Total**	**30,998.8**	**29,682.0**	**167.9**	**1,061.9**	**704.0**	**154.6**	**105.1**	**65.6**	**30.9**	**0.7**	**1.1**	**1,035.0**

9.10 UK CQ4 – Quality of non-performing exposures by geography

Not applicable to Group due to the non-domestic exposures being <10%.

9.11 UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry

		a	b	c	d	e
		Gross carrying amount				Accumulated impairment
			Of which non-performing		Of which loans and advances subject to impairment	
£m				Of which defaulted		
010	Agriculture, forestry, and fishing	5.6	-	-	5.6	(0.1)
020	Mining and quarrying	-	-	-	-	-
030	Manufacturing	41.7	0.3	0.3	41.7	(1.2)
040	Electricity, gas, steam and air conditioning supply	-	-	-	-	-
050	Water supply	0.2	-	-	0.2	(0.0)
060	Construction	282.7	5.7	5.7	282.7	(5.4)
070	Wholesale and retail trade	18.9	0.3	0.3	18.9	(0.3)
080	Transport and storage	286.2	2.5	2.5	286.2	(3.3)
090	Accommodation and food service activities	6.6	0.8	0.8	6.6	(0.4)
100	Information and communication	0.8	-	-	0.8	(0.0)
110	Financial and insurance activities	14.0	-	-	14.0	(0.1)
120	Real estate activities	12,687.0	313.9	313.9	12,687.0	(50.3)
130	Professional, scientific and technical activities	15.1	-	-	15.1	(0.1)
140	Administrative and support service activities	4.5	0.4	0.4	4.5	(0.2)
150	Public administration and defence, compulsory social security	-	-	-	-	-
160	Education	5.4	-	-	5.4	(0.0)
170	Human health services and social work activities	1.0	-	-	1.0	(0.0)
180	Arts, entertainment and recreation	13.7	-	-	13.7	(0.0)
190	Other services	15.1	3.2	3.2	15.1	(2.1)
200	**Total**	**13,398.5**	**327.2**	**327.2**	**13,398.5**	**(63.5)**

9.12 UK CQ6 – Collateral valuation - loans and advances

The Group's non-performing loan ratio does not exceed the 5% threshold.

9.13 UK CQ7 – Collateral obtained by taking possession and execution processes

Not applicable to the Group. The Group does not take possession of collateral that would result in recognition of an asset on its balance sheet.

9.14 UK CQ8 – Collateral obtained by taking possession and execution processes – vintage breakdown

The Group's non-performing loan ratio does not exceed the 5% threshold.

10. Annex XVII | Credit risk mitigation (CRM) techniques

10.1 UK CRC – Qualitative disclosure requirements related to CRM techniques

(a) Core policies and processes for on- and off-balance sheet netting (Article 453 (a) CRR)

Financial assets and financial liabilities are offset, and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group's derivatives are covered by industry standard master netting agreements. Master netting agreements create a right of set-off that becomes enforceable only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements do not qualify for offsetting and as such the Group reports derivatives on a gross basis.

Collateral in respect of derivatives is subject to the standard industry terms of International Swaps and Derivatives Association (ISDA) Credit Support Annex. This means that collateral received or given can be pledged or used during the term of the transaction but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral. Collateral paid or received does not qualify for offsetting and is recognised in loans and advances to credit institutions and amounts owed to credit institutions, respectively.

(b) The core features of policies and processes for eligible collateral evaluation and management (Article 453 (b) CRR)

Across both OSB and CCFSL lending brands, a robust underwriting assessment is undertaken to ensure that a customer has the ability and propensity to repay, and sufficient security is available to support the new loan requested. At OSB Rely Mortgages for BTL and CCFSL Precise for Residential lending brands, an automated scorecard approach is taken. At OSB InterBay Commercial, CCFS Precise Bridging and InterBay Asset finance lending brands, a manual underwriting approach, supplemented by independent credit bureau data to inform the lending decision is used. InterBay Asset Finance utilises a bespoke manual underwriting approach, supplemented by independent bureau data to inform the lending decision.

The Group ensures that security valuations are reviewed on an ongoing basis for accuracy and appropriateness. Residential and commercial properties are subject to quarterly indexing. Property valuations are undertaken by an independent valuer every three years for loans over £2.6m.

Asset Finance valuations are prepared by either the InterBay Asset Finance "in-house" valuer or panel valuers either in the form of a desktop assessment or a physical inspection of the asset.

(c) Main types of collateral taken by the institution to mitigate credit risk; (Article 453 (c) CRR)

The Group's main form of collateral held is property. Cash is the only form of collateral posted and cash and gilts are received to mitigate credit risk from derivatives.

(d) For guarantees and credit derivatives used as credit protection (Article 453 (d) CRR)

The Group does not use credit derivatives. The only guarantees recognised as credit protection are government guarantees in relation to the Coronavirus Business Interruption Loan Scheme (CBILS).

(e) Information about market or credit risk concentrations within the credit mitigation taken; (Article 453 (e) CRR)

Credit risk concentration is the risk of loss arising from imperfect diversification across single name, industry sector or geographic sector in the Group's business. The Group's roots as a regionally based building society and the nature of its BTL business have resulted in a significant residential exposure across London and the South East of England. Further information can be found in Note 41 to the Group's financial statements.

The Group works within and monitors performance against portfolio limits on LTV, affordability, name, sector, and geographic concentration that are approved by the Group Risk Committee and the Board. These are reviewed on a semi-annual basis. In addition, stress testing is performed to ensure that the Group maintains sufficient capital to absorb losses in an economic downturn and continues to meet its regulatory requirements.

10.2 UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

£m		a	b	c	d	e
		Unsecured carrying amount	**Secured carrying amount**			
				Of which **secured by collateral**	Of which **secured by financial guarantees**	
						Of which **secured by credit derivatives**
1	Loans and advances	3,487.6	25,486.1	25,484.7	1.3	-
2	Debt securities	1,814.5	-	-	-	
3	**Total**	**5,302.1**	**25,486.1**	**25,484.7**	**1.3**	**-**
4	Of which non-performing exposures	3.2	981.9	981.9	-	-
5	Of which defaulted	3.4	981.9			

11. Annex XIX | Standardised approach

11.1 UK CRD – Qualitative disclosure requirements related to standardised model

(a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) (Article 444(a) CRR)

The Group uses external credit assessments published by Fitch, Standard and Poor's and Moody's.

(b) The exposure classes for which each ECAI or ECA is used (Article 444 (b) CRR)

The ECAIs are used for the following exposure classes:

- Central governments or central banks
- Institutions
- Covered bonds

(c) A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book (Article 444 (c) CRR)

Not applicable to the Group. The Group does not have a trading book.

(d) The association of the external rating of each nominated ECAI or ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps (Article 444 (d) CRR)

The Group have mapped the ECAI to UK CRR using EBA mappings.

11.2 UK CR4 – Standardised approach – credit risk exposure and CRM effects

		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
£m	Exposure Class	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWA Density %
1	Central governments or central banks	2,618.1	-	2,619.4	-	21.7	0.8
4	Multilateral development banks	269.2	-	269.2	-	-	-
6	Institutions	207.8	-	207.8	-	61.8	29.7
7	Corporates	7.0	-	7.0	-	5.7	80.7
8	Retail	409.4	-	408.1	-	233.2	57.1
9	Secured by mortgages on immovable property	24,160.8	959.7	24,160.8	204.4	9,424.4	38.7
10	Exposures in default	984.8	-	984.8	-	990.5	100.6
11	Exposures associated with particularly high risk	354.0	188.6	354.0	1.9	534.0	150.0
12	Covered bonds	358.1	-	358.1	-	35.8	10.0
16	Other items	160.7	-	160.7	-	75.2	46.8
17	**Credit Risk-Standardised Approach**	**29,529.8**	**1,148.3**	**29,529.8**	**206.3**	**11,382.2**	**38.3**

11.3 UK CR5 – Standardised approach

£m	Exposure class	Risk weight									Total	Of which unrated
		0%	2%	10%	20%	35%	75%	100%	150%	250%		
		a	b	c	d	e	f	g	h	i	p	
1	Central governments or central banks	2,610.7	-	-	-	-	-	-	-	8.7	2,619.4	-
4	Multilateral development banks	269.2	-	-	-	-	-	-	-	-	269.2	-
6	Institutions	-	2.4	-	179.6	-	-	25.8	-	-	207.8	-
7	Corporates	-	-	-	-	-	-	7.0	-	-	7.0	7.0
8	Retail exposures	-	-	-	-	-	408.1	-	-	-	408.1	408.1
9	Exposures secured by mortgages on immovable property	-	-	-	-	22,342.7	105.5	1,917.1	-	-	24,365.2	24,365.2
10	Exposures in default	-	-	-	-	-	-	973.5	11.3	-	984.8	984.8
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	356.0	-	356.0	356.0
12	Covered bonds	-	-	358.1	-	-	-	-	-	-	358.1	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	-	-
16	Other items	85.5	-	-	-	-	-	75.2	-	-	160.7	160.7
17	**Total exposure value**	**2,965.3**	**2.4**	**358.1**	**179.6**	**22,342.7**	**513.5**	**2,998.5**	**367.3**	**8.7**	**29,736.1**	**26,281.8**

12. Annex XXI | Use of the IRB approach to credit risk and Annex XXIII Specialised lending

The Group does not currently have IRB permissions, nor does it have specialised lending and equity exposures under the simple risk weighted approach, therefore the following templates have not been disclosed.

12.1 UK CRE – Qualitative disclosure requirements related to IRB approach

12.2 UK CR6 – IRB approach – credit risk exposures by exposure class and PD range

12.3 UK CR6-A – Scope of the use of IRB and SA approaches

12.4 UK CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

12.5 UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

12.6 UK CR8 – RWEA flow statements of credit risk exposures under the IRB approach

12.7 UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale)

12.8 UK CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

12.9 UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach

13. Annex XXV | Counterparty credit risk – (CCR)

13.1 UK CCRA – Qualitative disclosure related to CCR

(a) Methodology used to assign internal capital and credit limits for counterparty credit exposures (Article 439 (a) CRR)

The Group's derivative contracts are calculated for regulatory purposes using the Standardised Approach to Counterparty Credit Risk (SA-CCR) referred to in Part Three, Title II, and Chapter 6 of the CRR.

The Group enters into repurchase agreements under the terms of the individual counterparty Global Master Repurchase Agreements (GMRA). These transactions are calculated for regulatory purposes using the Financial Collateral Comprehensive Method prescribed in Part Three, Title II, and Chapter 4 of the CRR.

The Group has a defined risk appetite for counterparty credit risk. The minimum defined counterparty rating must fall into Credit Quality Step 1 or 2. Limits are in place which are outlined in the Group's Market and Liquidity Risk Policy which sets out the maximum allowable exposures to a single counterparty. Counterparty limits are set by the Interest Rate Risk Forum, taking into consideration anticipated use of the counterparty, reasonableness, along with a number of other on-boarding factors which are then presented to ALCO for final approval. The policy is reviewed by 2nd line risk and approved by the CRO.

This risk is considered to be inherently low from a capital perspective due to the quality of the counterparties the Group transacts with, the prudent limits that are in place and the fact that Over the Counter (OTC) derivative contracts are now subject to central clearing.

There are no limits in place for exposures to central counterparties.

(b) Policies related to guarantees and other credit risk mitigants (Article 439(b) CRR)

Market Risk arising from the origination of fixed rate retail assets and liabilities is managed through interest rate derivative contracts. The Group trades in OTC derivative contracts under the terms of Clearing agreements and ISDAs. Under the terms of the Clearing Agreements, ISDAs and Credit Support Annexes (CSA), the Group will receive collateral for net exposures and post collateral for net liability positions.

(c) Policies with respect to Wrong-Way risk as defined in Article 291 of the CRR (Article 439(c) CRR)

Wrong way risk is defined as the risk that occurs when an exposure to a counterparty is adversely correlated with the credit quality of that counterparty.

The Group primarily enters into interest rate derivative contracts which have minimal exposure to wrong way risk. The Group's wrong way risk is immaterial.

(d) Other risk management objectives and relevant policies related to CCR (Article 439(d) CRR)

Counterparty credit risk exposures are managed by Treasury in accordance with the Market and Liquidity Risk Policy. The security of assets will always be paramount when placing wholesale investments; preference is given to the quality and financial strength of a counterparty, and the liquidity value of the investment. Lending to wholesale counterparties other than the BoE and UK Government will increase credit risk and associated capital requirements under the CRR. The Group also has external exposures to commercial bank counterparties for operational accounts and derivatives.

Special Purpose Vehicles (SPVs)

Though each SPV related to a securitisation is structured as a bankruptcy remote entity, in some cases the SPVs are consolidated for accounting purposes within the Group. In each case, the Group (in its role as servicer on the transactions), may manage excess liquidity on behalf of the relevant SPV. Each SPV has its own investment criteria, which include minimum credit ratings for counterparties and investments.

Interest rate risk relating to securitised assets is managed through bilateral interest rate swap agreements entered in to by the SPVs with third party swap providers that are subject to margining and have rating triggers that require the swap counterparties to post collateral and/or be replaced in the event of multiple notch rating downgrades.

(e) The amount of collateral the institution would have to provide if its credit rating was downgraded Article 439(e) CRR

The Group has a rating, but it does not currently have any collateral obligations linked to that rating. Therefore, the risk of a downgrade in its own rating is not assessed.

13.2 UK CCR1 – Analysis of CCR exposure by approach

£m		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre CRM	Exposure value post CRM	Exposure value	RWEA
UK1	Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
UK2	Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	17.7	8.5		1.4	36.7	36.7	36.7	13.0
2	IMM (for derivatives and SFTs)	-	-		1.4	-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					574.6	51.2	51.2	10.2
5	VaR for SFTs					-	-	-	-
6	**Total**					**611.3**	**87.9**	**87.9**	**23.3**

13.3 UK CCR2 – Transactions subject to own funds requirements for CVA risk

£m		a Exposure value	b RWEA
4	Transactions subject to the Standardised method	36.7	11.2
5	**Total transactions subject to own funds requirements for CVA risk**	**36.7**	**11.2**

13.4 UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

	a	b			c
		Risk weight			
£m	Exposure classes	2%	20%	50%	Total exposure value
6	Institutions	12.8	86.8	31.4	131.0
11	**Total exposure value**	**12.8**	**86.8**	**31.4**	**131.0**

13.5 UK CCR4 – IRB approach – CCR exposures by exposure class and PD scale

Not applicable to the Group. The Group uses the standardised approach for counterparty credit risk.

13.6 UK CCR5 – Composition of collateral for CCR exposures

Not applicable to the Group. The Group has not exceeded the £125 billion threshold prescribed in PS17/21.

13.7 UK CCR6 – Credit derivatives exposures

Not applicable to the Group. The Group does not have credit derivatives.

13.8 UK CCR7 – RWEA flow statements of CCR exposures under the IMM

Not applicable to the Group. The Group does not have exposures under the IMM.

13.9 UK CCR8 – Exposures to CCPs

£m		a Exposure value	b RWEA
1	**Exposures to QCCPs (total)**		**10.0**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	43.1	10.0
3	(i) OTC derivatives	43.1	10.0
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	150.6	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-

14. Annex XXVII | Securitisation positions

14.1 UK SECA – Qualitative disclosure requirements related to securitisation exposures

(a) Securitisation and re-securitisation activities (Article 449(a) CRR)

The Group actively utilises securitisations to achieve the following key objectives:

- provide long term funding to its balance sheet, diversifying its funding mix and increasing the weighted average life of its liabilities.
- generate retained bonds to utilise as collateral for third party sale and repurchase (Repo) agreements or as collateral for the BoE Sterling Monetary Framework including drawings under the ILTR; and
- enable the generation and release of capital through the sale of securitisation exposures resulting in the derecognition of the underlying loans or achievement of Significant Risk Transfer (SRT).

The Group does not have a trading book, therefore all activity relates to the banking book. The Group's securitisations are traditional cash, pass through transactions. The Group has not issued any form of synthetic securitisation or re-securitisation.

The Group has four outstanding Simple, Transparent and Standardised (STS) securitisations CMF 2023-1, CMF 2024-1, PMF 2024-2 and CMF 2025-1, and Rochester Financing No. 3 has achieved SRT.

Separately, the Group acts in the capacity of investor through the purchase of senior third party RMBS bonds (in each case being credit step 1, with a minimum ECAI rating of AAA, or equivalent) for liquidity and investment purposes.

Entities within the Group typically perform the roles of sponsor, originator, servicer and risk retention holder within the securitisation process.

Positions in third party RMBS bonds are routinely monitored to ensure the performance of underlying assets remains acceptable. They are stress tested annually through the ICAAP to determine Pillar 2a and Pillar 2b capital requirements.

Any changes to credit ratings are picked up in real time through the regular scanning of rating agency press releases. Month end positions are reported to ALCO.

From a liquidity standpoint, a number of third-party bonds held at the 2025-year end are BoE Type B or Type C eligible collateral and are pre-placed with the BoE. As a result, the Group receives an implied mark on each bond from the BoE, which is monitored daily through treasury reporting. The Group does not operate a trading book, and these positions are held to maturity.

The Group does not utilise hedging or unfunded protection to mitigate the risks of retained securitisation exposures, other than hedging the underlying mortgage assets for interest rate risk in the ordinary course of business.

(b) The type of risk the Group is exposed to in its securitisation and re-securitisation activities (Article 449(b) CRR)

(i) risk retained in own-originated transactions

As an issuer of RMBS transactions, the main risk faced by the Group is market risk at execution. The Group manages this risk by maintaining a diversified set of funding options. Once a deal has closed, the Group maintains a contingent exposure to breaches in representations and warranties given at the closing of each transaction.

A Group entity will typically maintain a subordinated 'first loss' piece, or exposure to variable excess spread cash flows, with other positions sold to third party investors. The Group will then recognise the mortgage assets (rather than the RMBS positions) on its balance sheet, on a look through basis for capital purposes. In some circumstances, Group Treasury will retain all or a part of the senior AAA rated positions for liquidity purposes.

In respect of PMF 2024-2, on completion, the underlying mortgages in the transaction were derecognised from the Group's balance sheet. A proportion of the senior AAA rated notes in this transaction have been retained by the Group for liquidity purposes and these positions are held for sale.

The Group has two transactions where the majority of notes are retained for funding and collateral purposes, these being Canterbury Finance No.4 and Canterbury Finance No. 5.

The Group has not engaged in any re-securitisation activity.

(ii) risk incurred in relation to transactions originated by third parties, in accordance with point (b) of Article 449 CRR

Third party bonds acquired are all post crisis UK RMBS issued under the CRD IV risk retention regime. At the year end, all third party bonds held by the Group were rated AAA by at least two rating agencies.

As a holder of third party RMBS positions, the Group minimises liquidity risk and accounting volatility by holding such positions and, accordingly, accounting for such positions to maturity. As it has only purchased CRR compliant bonds at credit step 1, underlying credit risk is minimal. Nonetheless, it retains downgrade risk (being the risk that bonds will get downgraded below credit step 1, increasing the Group's capital requirements). The Group stresses for this risk within its Pillar 2b capital framework. To date, none of the bonds within its liquidity or investment portfolio have been downgraded.

The Group does not run a trading book therefore it does not typically need to value its securitisation positions, other than for assessing the liquidity value of any senior retained position for liquidity purposes; using a third party market values of similar financial instruments.

(c) Approaches to calculating the risk-weighted exposure amounts applied to securitisation activities (Article 449(c) CRR)

Where the Group, being the originating institution has not transferred significant credit risk it shall calculate risk weighted exposure amounts as if they had not been securitised in accordance with Art 245.2 of the CRR.

For investment in securitisation positions the Group use the SEC-ERBA (External Ratings-Based Approach) to determine risk weights for positions held, taking into account STS designation.

(d) A list of Securitisation Special Purpose Entities (SSPEs) with a description of their types of exposures to those SSPEs (Article 449(d) CRR)

(i) SSPEs which acquired exposures originated by the Group

- Canterbury Finance No. 2 plc
- Canterbury Finance No. 3 plc
- Canterbury Finance No. 4 plc
- Canterbury Finance No.4 plc
- Canterbury Finance No.5 plc
- CMF 2023-1 plc
- CMF 2024-1 plc
- CMF 2025-1 plc
- CSC Shelf 2025-1
- Keys Warehouse No.1 Limited
- Precise Mortgage Funding 2019-1B plc
- Precise Mortgage Funding 2020-1B plc

- PMF 2024-1 plc
- PMF 2024-2 plc

(ii) SSPEs sponsored by the Group

Rochester Financing No.3

(iii) SSPEs and other legal entities for which the Group provide securitisation-related services, such as advisory, asset servicing or management services

The Group acts as mortgage servicer to two third party securitisations and one third party warehouse facility

(iv) SSPEs included in the Group's regulatory scope of consolidation, in accordance with point (d) of Article 449 CRR

- Canterbury Finance No.4 plc
- Canterbury Finance No.5 plc
- CMF 2023-1 plc
- CMF 2024-1 plc
- CMF 2025-1 plc
- CSC Shelf 2025-1
- Keys Warehouse No.1 Limited
- PMF 2024-1 plc

(e) A list of any legal entities in relation to which the Group have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three CRR (Article 449(e) CRR)

Not applicable to the Group. The Group does not provide support to securitisations beyond its contractual obligations.

(f) A list of legal entities affiliated with the Group and that invest in securitisations originated by the Group (Article 449(f) CRR)

- Charter Court Financial Services Limited
- One Savings Bank plc

(g) A summary of accounting policies for securitisation activity (Article 449(g) CRR)

Where the Group acts as originator or sponsor and has retained control or residual risk on those mortgage assets, those mortgage assets will continue to be recognised on the Group's balance sheet. Where accounting derecognition has been achieved, those mortgages will not be included in the Group's balance sheet.

Where the Group invests in securitisation positions, the Group will account for those assets based on accounting principles in accordance with the Group's business model for each security. As at December 2025, the Group had securitisation positions held at amortised cost and Fair Value Through Profit and Loss (FVTPL). Further detail can be found in Note 16 to the financial statements within the ARA.

Further information regarding the Group's accounting policies in relation to securitisation activity can be found in Note 1 to the financial statements within the ARA.

(h) Names of the ECAIs used for securitisations and the types of exposure for which each agency is used (Article 449(h) CRR)

Fitch Ratings, Moody's, Standard and Poor's and DBRS Morningstar. The Group uses two of these four to rate each transaction. The Group does not use particular agencies for particular transactions (all of which, for the avoidance of doubt, are RMBS transactions involving the securitisation of own-originated or acquired UK residential and Buy-to-Let mortgages).

(i) Where applicable, a description of the Internal Assessment Approach (Article 449(i) CRR)

This is not applicable to the Group.

14.2 UK-SEC1 – Securitisation exposures in the non-trading book

		a	b	c	d	e	f	g	h	I	j	k
		Institution acts as originator					Institution acts as sponsor			Institution acts as investor		
		Traditional					Traditional		Sub-total	Traditional		Sub-total
		STS		Non-STS		Sub-total	STS	Non-STS		STS	Non-STS	
£m	Total exposures		of which SRT		of which SRT							
1	**Total exposures**	**514.6**	**-**	**566.0**	**-**	**1,080.7**	**-**	**5.0**	**5.0**	**428.1**	**114.1**	**542.2**
2	Retail (total)	514.6	-	566.0	-	1,080.7	-	5.0	5.0	428.1	114.1	542.2
3	Residential mortgage	514.6	-	566.0	-	1,080.7	-	5.0	5.0	428.1	114.1	542.2

14.3 UK SEC2 – Securitisation exposures in the trading book

Not applicable to the Group. The Group does not operate a trading book.

14.4 UK-SEC3 – Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values by regulatory approach				RWEA by regulatory approach				Capital charge after cap			
£m		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA (including IAA)	SEC ERBA	SEC-SA	1250% deductions	SEC-IRBA	SEC ERBA	SEC-SA	1250% deductions	SEC-IRBA	SEC ERBA (including IAA)	SEC-SA	1250% deductions
1	**Total exposures**	**460.0**	**-**	**2.8**	**4.1**	**0.2**	**-**	**466.9**	**-**	**0.2**	**-**	**58.1**	**-**	**2.6**	**-**	**4.6**	**-**	**0.2**
2	Traditional transactions	460.0	-	2.8	4.1	0.2	-	466.9	-	0.2	-	58.1	-	2.6	-	4.6	-	0.2
3	Securitisation	460.0	-	2.8	4.1	0.2	-	466.9	-	0.2	-	58.1	-	2.6	-	4.6	-	0.2
4	Retail underlying	460.0	-	2.8	4.1	0.2	-	466.9	-	0.2	-	58.1	-	2.6	-	4.6	-	0.2
5	Of which STS	454.9	-	2.8	4.1	-	-	461.8	-	-	-	57.1	-	-	-	4.6	-	-

14.5 UK-SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
£m		≤20% RW	>20 % to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1	**Total exposures**	**542.2**	**-**	**-**	**-**	**-**	**-**	**542.2**	**-**	**-**	**-**	**65.6**	**-**	**-**	**-**	**5.2**	**-**	**-**
2	Traditional securitisation	542.2	-	-	-	-	-	542.2	-	-	-	65.6	-	-	-	5.2	-	-
3	Securitisation	542.2	-	-	-	-	-	542.2	-	-	-	65.6	-	-	-	5.2	-	-
4	Retail underlying	542.2	-	-	-	-	-	542.2	-	-	-	65.6	-	-	-	5.2	-	-
5	Of which STS	428.1	-	-	-	-	-	428.1	-	-	-	42.8	-	-	-	3.4	-	-

14.6 UK-SEC5 – Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

		a	b	c
£m		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	**Total exposures**	**3,704.5**	**24.1**	**(5.6)**
2	Retail (total)	3,704.5	24.1	(5.6)
3	residential mortgage	3,704.5	24.1	(5.6)

15. Annex XXIX | Standardised approach and internal model

15.1 UK MRA – Qualitative disclosure requirements related to market risk

(a) A description of the institution's strategies and processes to manage market risk (Points (a) and (d) of Article 435 (1) CRR)

The Group does not engage in trading activities and, as such, it does not have a trading book. OSB Group market risk only arises within the banking book which covers all assets and liabilities.

The Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to a bank's capital and earnings arising from adverse movements in interest rates that affect its banking book positions. Changes in interest rates have a direct impact on the timing and present value of future cash-flows, resulting in changes to the underlying value of a bank's assets, liabilities and off-balance sheet items and hence its economic value. The Group is exposed to the following sub-categories of IRRBB: duration risk, basis risk, option risk, and credit spread risk.

- Market risk – interest rate/duration risk - is generated from adverse movement in the overall level of interest rates and is the risk that arises from mismatches in the timing of repricing of assets and liabilities, both on and off balance sheet. It includes risks arising from imperfect hedging of exposures and the risk of customer behaviour driven by interest rates (e.g. the prepayment risk - the ability to repay the principal borrowed in advance of contractual maturity dates). The Group's Treasury function actively hedges to match the timing of cash flows from assets and liabilities.

- Market risk – basis risk – is the risk associated with imperfect hedging due to adverse divergence in interest rates. It arises where assets and liabilities reprice from different variable rate indices.

- Market risk – option risk – is the risk that customers use the optionality embedded in their products and change the level and timing of cash flows assumed for their products. The option risk is applicable to both on and off-balance sheet exposures of the Group.

- Market risk – credit spread risk – is the risk driven by changes in market perception including fluctuations in the price which is not explained by IRRBB or by expected credit or jump to default risk.

There is a very limited exposure to currency risk for services provided by the fully owned offshore service company One Savings Bank India (OSBI) which is managed through advance payments.

As the Group continues to expand and provide high-quality services to its customers, an integral part of its business strategy is establishing sound and reliable governance practices, with focus on efficiency in its market risk management, the development of an effective control and monitoring process and delivery of key business decisions in line with strategic goals and the overall Group risk appetite statement.

The Group has in place a comprehensive market risk framework which includes policies, limit setting and monitoring processes, in order to ensure a sound identification, measurement and control of overall market risks.

For an adequate mitigation and management of interest rate risk and basis risk, the Group applies three main approaches:

- Natural hedges (i.e. matching assets and liabilities with similar repricing timing or index rates).
- Use of derivative financial instruments - Fixed-Floating (or Floating-Fixed, or Floating-Floating) interest rate swaps.
- Structural hedge

Quantitative risk appetite limits are set by the Board for duration risk and basis risk exposure. The Board ensures the maintenance of a sound and sufficiently hedged balance sheet, in order to survive a range of severe but plausible stress scenarios for interest rate risk and basis risk.

Sound monitoring of risk appetite limits and EWIs enables the Risk function to capture and report all material risks related to both interest rate risk and basis risk. Limits are documented within the Market and Liquidity Risk Policy which is reviewed at least annually and requires approval from the CRO. In addition to this, risk appetites are annually and ad-hoc when required..

(b) Description of the structure and organisation of the market risk management function (Point (b) of Article 435 (1) CRR)

The Market Risk function is structured to fully support the Group's risk strategy and appetite and is aligned to the risk categorisation, headed up by the Group CRO. The Risk function is responsible for 2nd line oversight in identifying, measuring and monitoring of market risks, and is fully independent from the Treasury function, having a direct reporting line to Group Executive Committee (ExCo) and other Management Bodies. The Risk function is responsible for oversight of market risk appetite exposure, limits, EWIs, and MI.

The Board is responsible for setting and approving market risk appetite, following review at both ALCO and Group Risk Committee. The CRO is also responsible for the approval of market risk policies and frameworks.

The strategic direction of the Group is overseen by ExCo, which delegates the responsibility of day-to-day management of market risk to ALCO. Treasury are responsible for the daily risk mitigation of interest rate risk.

(c) Scope and nature of risk reporting and measurement systems Point (c) of Article 435 (1) CRR

The Group's business strategy is supported by a well-articulated and measurable risk appetite statement, with clearly defined risk appetite quantitative measures on interest rate and basis risk positions. The process surrounding possible breaches of risk appetite is documented within the Market and Liquidity Risk Policy.

The Group mitigates and controls interest rate risk through prudent management which seeks to minimise Interest Rate Risk in the Banking Book (IRRBB) exposures, typically through matching assets and liabilities with similar tenors, taking offsetting interest rate swaps or allocation of a structural hedge. Despite the fact that the Group is exposed to interest rate in the banking book, in the normal course of its business activities it does not look to profit from and has no appetite for incremental interest rate risk, with all interest rate risk residing within the banking book.

The main measures in the Group's management of interest rate risk and basis risk are:

- Economic Value (EV) – using an EV approach the Group measures interest rate risk by estimating the fair value impact on the full portfolio of assets and liabilities under a range of interest rate scenarios and assumptions applied for modelling interest rate risk in the banking book. The interest rate scenarios used are reviewed by ALCO at least annually (and more frequently where required).
- Earnings-based measures (Net Interest Income (NII)) – the Group measures a change in future profitability within a given time horizon. The Group measures interest rate risk as the impact of interest rate movements on future NII. Basis risk is measured by estimating the impact on NII under a range of dislocations between the bases over a period of one year, with the largest negative impact across the scenarios being the basis risk exposure tested against approved limits. ALCO is responsible for ensuring that the implementation and monitoring of this measure is fit for purpose.

In addition to the above internal measures applied, the Group also measures interest rate risk using the Economic Value of Equity (EVE) regulatory approach and the potential decline in NII, as prescribed in Rule 9.7 of the ICAA Part of the PRA Rulebook and in accordance with point (a) and (b) of Article 448(1) CRR.

15.2 UK MR1 – Market risk under the standardised approach

Not applicable to the Group. The Group does not have a trading book or any non-trading book positions that are subject to foreign exchange risk or commodity risk.

15.3 UK MRB – Qualitative disclosure requirements for institutions using the internal Market Risk Models

Not applicable to the Group. The Group does not have an internal model for market risk.

15.4 UK MR2-A – Market risk under the internal Model Approach (IMA)

Not applicable to the Group. The Group does not have an internal model for market risk.

15.5 UK MR2-B – RWA flow statements of market risk exposures under the IMA

Not applicable to the Group. The Group does not have an internal model for market risk.

15.6 UK MR3 – IMA values for trading portfolios

Not applicable to the Group. The Group does not have an internal model for market risk.

15.7 UK MR4 – Comparison of VaR estimates with gains/losses

Not applicable to the Group. The Group does not have an internal model for market risk.

16. Annex XXXI |Operational risk

16.1 UK ORA – Qualitative information on operational risk

(a) Disclosure of the risk management objectives and policies

The management of operational risk at the Group has three key objectives:

- Deliver an operational risk management capability owned and used across the business;
- Provide the frameworks, policies, procedures and tools to enable management to meet their risk management responsibilities while the second line of defence provides robust, independent, and effective oversight and challenge
- Deliver a consistent and aggregated measurement of operational risk that will provide clear and relevant insights, so that the right management actions can be taken to maintain the operational risk profile in accordance with the Group's strategy, the stated risk appetite and stakeholder needs.

The Group operates robust risk management system and a system of internal controls that enable the business to operate within agreed risk appetite and helps limit the Group's exposure to unacceptable risk events, losses or reputational damages. Operational risks are mapped to risk categories to support effective risk management, measurement, and reporting.

Risk management processes

Operational risk management is a dynamic process that is a continuous and evolving cycle of risk identification, measurement, mitigation, reporting, and monitoring. The Group's risk governance structure, including committees and the three lines of defence, articulates the accountabilities and responsibilities for managing operational risk across the Group and governance over the effectiveness of the operational risk management framework and profile.

Roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with the Operational Risk Management framework, policies and procedures rests with the business units where the risk arises. Review of the Group's operational risk control environment is monitored by the Group Operational Risk Management Forum. Depending on their nature and materiality, the outputs of these meetings are presented to the Group Executive Risk Committee or the Group Risk Committee.

The Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate Group-wide Operational Risk Management Framework and for providing oversight and challenge of the portfolio of operational risk across the Group. The Operational Risk Management function acts in a second line of defence capacity and is responsible for defining and overseeing the implementation of the framework and monitoring the Group's operational risk profile. The Operational Risk Management function monitors and alerts senior management when level 1 (Board level) risk appetite trigger levels are close to being breached in order to drive timely decision making and appropriate actions by the first line of defence.

The Operational Risk Management Framework comprises a number of elements which allow the Group to manage, monitor and measure its operational risk profile and to calculate the amount of capital that the Group needs to hold to absorb potential operational risk losses. This framework is implemented across the Group with all business areas required to follow the framework. The Operational Risk Management Framework is a key component of the Group's ERMF and has been designed to provide a consistent approach in respect of operational risk management and meet relevant external regulatory requirements and expectations. The Operational Risk Management Framework includes the following elements:

Risk and Control Self-Assessments: Risk and control self-assessments (RCSAs) is the Group's process to identify and assess forward looking operational risks and to consider the effectiveness of any mitigating key controls. The exercise primarily aims to support the Group in assessing the adequacy of operational risk management and the effectiveness of key controls. RCSA helps the Group evaluate the level of operational risk against approved risk appetite statement, triggers and limits. The businesses / functions are then able to make decisions on what action, if any, is required to reduce the level of residual risk exposure to within risk appetite. These risk assessments are reviewed regularly to ensure they accurately reflect the operational risk profile and that each business / function understands the risks it faces and key controls to mitigate the residual risks.

Risk Events: An operational risk event is something that occurs which places the business or companies / individuals with whom the business deals at risk, through the failure of internal systems and controls and could lead to breaking the law; a breach of regulation; an adverse effect on the operation of the business e.g. service issues; increasing costs; and financial losses. The definition includes situations in which the Group could have made a loss, but in fact made a gain, as well as risk events resulting in reputational damage or regulatory impact only. Part of the analysis includes the identification of improvements to processes or key controls, to reduce the recurrence and/or magnitude of risk events.

Operational Risk Appetite: The Board approves an Operational Risk Appetite Statement, limits and trigger levels, at a minimum on an annual basis, establishing the level and type of operational risk that the Group is able and willing to take in order to meet its strategic objectives and wider obligations to stakeholders. Operational risks are assessed and monitored against the Board-approved operational risk appetite, adequate plans or approved risk acceptance must be in place for any residual risk exposures that are above the acceptable level. The operational risk profile is monitored through management forums and Executive and Board level committees in the context of operational risk appetite.

Key Risk Indicators: Key risk indicators (KRIs) are metrics which allow the operational risk profile to be measured and monitored against the Group's risk appetite. KRIs include defined thresholds, and performance is reported regularly to management to drive action when risk exceeds acceptable limits.

Issue and Action Management: Issue and action management is the mechanism for identifying, recording, and managing the remediation of deficiencies and/or weakness in the operational risk management profile across the Group i.e. residual risks (as identified through the RCSA process) outside risk appetite (key controls are inadequate or ineffective or not in place), mitigating actions are required or an approved risk acceptance.

Assurance (Key control testing): The Group executes a programme of assurance over key controls, with the objective to provide independent validation of the RCSA control design and operating effectiveness outcomes are adequate to manage its operational risks. This is an essential aspect of the Group's internal control approach and helps in providing a level of assurance that the key controls in place are effective and functioning as intended.

Operational Risk Scenarios: Operational Risk scenarios are a summary of the extreme, but plausible, potential risk exposures for the Group covering the complete range of risks. The scenarios include an assessment of the key drivers for the exposure, occurrence and impact of the scenario and a review of the corresponding control environment. The operational risk scenario assessments are a key input to the calculation and benchmarking of economic capital requirements and the assessment considers analysis of internal and external loss experience, KRIs, RCSAs and other relevant information. The Group analyses plausible extreme scenarios, considering the circumstances and contributing factors that could lead to an extreme event; potential financial impacts; controls that seek to limit the likelihood of such an event occurring; and the mitigating actions that would be taken if the event were to occur (for example crisis management procedures, business continuity or disaster recovery plans). Operational risk scenarios support risk management through improved understanding of the risks and controls to ensure the Group are managing and controlling the most material risks; reducing the likelihood or impact of risk events; and identifying and managing residual risks outside appetite and where remedial actions are required or be subject to an approved risk acceptance. The operational risk scenarios are regularly re-assessed taking into account trends in risk factors.

Reporting: The ongoing monitoring and reporting of operational risk is a key component of the Operational Risk Management Framework. Reports and MI are used by the business, the Operational Risk Management function, and through management and Board level committees to understand, monitor, manage and control operational risks and losses.

(b) Disclosure of the approaches for the assessment of minimum own funds requirements

The Group uses the standardised (TSA) approach to calculate Pillar 1 operational risk requirements.

The operational risk capital requirement is calculated as a blend of 12% of the three-year average of the Group's annual gross income relating to its retail business as defined by the CRR and 15% of the three-year average of the Group's annual gross income relating to its commercial business.

(c) Description of the Advanced Measurement Approach (AMA) methodology approach used (if applicable)

Not applicable to the Group. The Group does not use AMA.

(d) Disclose the use of insurance for risk mitigation in the AMA

Not applicable to the Group. The Group does not use AMA.

16.2 UK OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

£m	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirement	Risk weighted exposure amount
		Year 3	Year 2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	625.8	658.9	659.2	79.1	988.6
3	Subject to TSA:	625.8	658.9	659.2		
4	Subject to ASA:	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

17. Annex XXXIII | Remuneration policy

17.1 UK REMA – Remuneration policy

(a) Information relating to the bodies that oversee remuneration

(i) Name composition and mandate of the management body and remuneration committee overseeing the Group's remuneration policy and the number of meetings held by that body during the year

The Group Remuneration and People Committee (the Committee) is responsible for the governance of remuneration for Executive Directors and other Material Risk Takers (MRTs). During the year, the Committee comprised independent Non-Executive Directors; Sally Jones-Evans (Chair of the Committee), Noël Harwerth, Gareth Hoskin, Kal Atwal and David Weymouth (Chair of the Board). Sarah Hedger (previous Chair of the Committee) and Rajan Kapoor stepped down during the year.

The Committee met seven times during the 2025 financial year. The Committee has responsibility for setting and reviewing the Remuneration Policy and determining pay levels and structure for senior management including Executive Directors and Material Risk Takers. In determining the Remuneration Policy, the Committee takes into account all factors which it deems necessary (including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (Code) and associated guidance). The terms of reference of the Committee are available at www.osb.co.uk.

(ii) External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework

The Committee obtains independent external advice from Korn Ferry, a consultancy specialising in executive remuneration. A separate team from Korn Ferry was also engaged as the Group's Executive succession planning adviser. The Committee also considers advice from the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief People Officer (CPO) and other key members of the HR team, Chief Risk Officer (CRO), Chairs of the Group Risk and Group Audit Committees and the Group General Counsel and Company Secretary as relevant (though not in relation to their own remuneration). The Committee takes account of the overall approach to reward for employees of the Company as a whole when designing the pay structures for Executive Directors and other Material Risk Takers. The Committee engages proactively with major shareholders through consultation on material changes to the Remuneration Policy relating to Executive Directors and senior management.

(iii) Description of the scope of the Group's remuneration policy

The Group has remuneration policies that apply to Executive Directors and to all other employees across the wider Group. The Committee has regard to pay structures for both Executive Directors and other employees and ensures that policies at and below executive level are coherent.

For 2025, the Committee implemented the Remuneration Policy approved by shareholders of OSB GROUP PLC in May 2025. Details of the Remuneration Policy can be found in the ARA.

(iv) Description of the staff or categories of staff whose professional activities have a material impact on the Group's risk profile (identified staff)

The Group has identified MRTs in accordance with the UK FCA Remuneration Code (SYSC 19) which defines a MRT as a staff member whose professional activities have, or potentially have, a material impact on the risk profile of the Group.

The Group has identified the following groups meeting the MRT criteria;

- Management Body (Board Executive Directors)

- Management Body (Board Supervisory, Non-Executive Directors)
- Other Senior management (Executive team)
- Other Code Staff (Beneath Executive team)

(b) Information relating to the design and structure of the remuneration system for identified staff

(i) Overview of the key features and objectives of remuneration policy, and information about the decision making process used for determining the remuneration policy and the role of the relevant stakeholders

The Committee has approved remuneration principles which support a clear link between pay and performance. These principles govern the design of pay structures within the Group and include:

- Striking an appropriate balance between risk taking and reward;
- Encouraging and supporting a strong culture of service and delivery;
- Aligning employees' interests with those of shareholders and customers;
- Rewarding the achievement of the overall business objectives of the Group and
- Guarding against inappropriate risk taking.

The Group's pay and incentive structures reflect these principles. In addition, to enhance the link between pay and performance, a significant proportion of remuneration for members of the ExCo and other MRTs is delivered in shares and deferred, with the final value dependent on the price of the underlying shares at the time of vesting.

The main elements of remuneration for identified MRTs is set out below.

Fixed pay

In order to attract and retain individuals of a suitable calibre, MRTs are paid fixed pay components of base salary, pension contribution (or equivalent cash allowance) and benefits which may include a car allowance, medical and life insurance or income protection. These elements are set at a level to ensure that there is not an excessive dependence on variable remuneration.

Executive Bonus Scheme (EBS), including the Deferred Share Bonus Plan (DSBP)

Members of the ExCo are eligible to receive awards under the EBS. The purpose of the EBS is to incentivise and reward individuals for the achievement of pre-defined annual financial and operational objectives, which are approved by the Committee and are closely linked to the corporate strategy.

The maximum award for Executive Directors is 135% of base salary under the Policy (albeit awards were granted at 110% of salary for 2025) with the cap for other MRTs being determined by reference to the role and grade within the organisation, but no other employee is eligible for a bonus above 100% of salary.

For the majority of the ExCo, between 80-95% of their overall bonus award is subject to achievement against the EBS Scorecard. The EBS scorecard contains a broad range of metrics so as to provide a comprehensive reflection of performance in all key areas of the business, including a strong focus on customer and quality indicators. The remaining proportion of their bonus award is based on individual performance versus established role specific objectives. The aforementioned split does not apply to the Group CRO, Group Chief Credit and Compliance Officer or Group Chief Internal Auditor, for whom a 50%:50% split applies instead.

Prior to approving awards under the EBS, the Committee receives confirmation from the Group Risk Committee that the Company has operated within the Board-approved risk framework for the year under review and that the indicative award is appropriate in this context.

For 2025, the performance conditions in the EBS were as follows (as a % of the EBS outcome):

- 65% Financial (underlying profit before tax (PBT), a-in Return on Tangible Equity (RoTE), cost delivery target, net loan book growth)

- 35% Non-Financial (across customer/broker satisfaction outcome; risk, quality control and audit outcomes, transformation outcomes; data outcomes and people outcomes)

The remaining elements of the award were based on the Executive Directors' and ExCo members' personal performance.

Executive Directors and members of the ExCo receive 50% of any bonus as shares with a holding period. The holding period for Executive Directors is three years and one year for other members of ExCo, and could be up to seven years in some cases.

Annual bonus

Senior managers below ExCo who are MRTs also participate in the EBS (50% of bonus opportunity) and in the discretionary bonus scheme applicable to the broader employee base (50% of bonus opportunity). Under the formulaic discretionary bonus scheme, bonus award levels are determined based on how the individual has performed against their outcome-focussed objectives and behaviours.

Performance Share Plan

ExCo members and MRTs are eligible for awards under the Performance Share Plan (PSP). The purpose of the PSP is to incentivise and recognise execution of the business strategy over the longer term, reward strong financial performance over a sustained period and provide a strong equity component to the remuneration package.

The performance conditions for 2025 awards were based on Earnings per Share (EPS) (30% weighting), Total Shareholder Return (TSR) (30% weighting), RoE (15% weighting), ESG (10%) and a non-financial risk-based measure (15% weighting). The details of the performance criteria for PSP awards granted in 2025 can be found in the ARA.

The awards vest in line with regulatory requirements.

At the time of vesting, the Committee will assess whether the formulaic vesting outcome is aligned with the underlying financial and non-financial performance, risk appetite and individual conduct over the period.

(ii) Information on the criteria used for performance measurement and ex ante and ex post risk adjustment

The Group uses variable pay to align reward with performance which is assessed against a number of metrics.

The Committee has discretion to apply ex ante and ex post risk adjustments, taking into account any risk events from a Conduct and Compliance, Operational and Reputational, Culture, Credit perspective. Risk adjustment can result in reduction or cancellation of payment, deferred or unvested elements.

Variable rewards are subject to malus and clawback for MRTs (i.e. reduction and/or cancellation of unvested awards and repayment or recoupment of paid/vested awards).

(iii) Whether the management body or remuneration committee reviewed the Group's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration.

The Executive Directors' Remuneration Policy was reviewed by the Committee ahead of its triennial renewal at the 2025 AGM. Details on the Executive Directors' Remuneration Policy, the changes made and the rationale for those changes can all be found in the 2025 ARA. The Director's Remuneration Policy is due to be reviewed again in 2026 (a year earlier than the normal triennial renewal).

(iv) Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee.

For Other Code Staff within Risk and Compliance, half of their maximum bonus opportunity is determined via the outturn of the Executive bonus scheme (using the Balanced Business Scorecard with weighting appropriately adjusted), and the other half is based on the discretionary bonus scheme which will consider the individual's performance against their individual objectives and overall behaviours.

(v) Policies and criteria applied for the award of guaranteed variable remuneration and severance payments

The Company does not usually grant guaranteed variable remuneration and severance payments.

On termination, other than gross misconduct, the Executive Directors will be contractually entitled to salary, pension and contractual benefits (car allowance, private medical cover, life assurance and income protection) over their notice period. The Company may make a payment in lieu of notice equivalent to the salary for the remaining notice period. Payments in lieu of notice would normally be phased and subject to mitigation, by offsetting the payments against earnings elsewhere.

The Company may also provide reasonable support for legal fees in respect of any compromise settlement.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes

The Committee retains the discretion within the Remuneration Policy to adjust existing targets and/or set different measures for the annual bonus. For the PSP, if events happen that cause it to determine that the targets are no longer appropriate, an amendment could be made so that they can achieve their original intended purpose and ensure that the new targets are not materially less or more difficult to satisfy.

Any use of discretions would, where relevant, be explained in the Directors' Remuneration Report in the Group's ARA and may, as appropriate, be the subject of consultation with the Company's major shareholders. The Group operates in a heavily regulated sector, the rules of which are subject to frequent evolution. The Committee therefore also retains the discretion to make adjustments to payments under this Policy as required by financial services regulations.

(d) The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD

The shareholders of OSB GROUP PLC have approved an increase to the variable pay of its MRTs to two times fixed pay.

(e) Description of the ways in which the Group seeks to link performance during a performance measurement period with levels of remuneration

(i) Overview of the main performance criteria and metrics for the Group, business lines and individuals

The awards under the PSP are based on performance conditions, as set out above.

The Executive Bonus Scheme (EBS) is based on financial and non-financial metrics (collectively the EBS Scorecard), as set out above.

(ii) Overview of how amounts of individuals' variable remuneration are linked to Group-wide and individual performance

The targets for each measure in relation to the EBS and PSP take into account the business plan, external operating environment and market expectations. Furthermore, when assessing the performance outcome, the Committee may adjust the formulaic vesting outcome to ensure that it is aligned with the underlying performance, risk appetite and individual conduct over the period.

The Committee has regard to pay structures across the wider Group when setting the Remuneration Policy for Executive Directors and ensures that policies at and below the Executive level are coherent. There are no significant differences in the overall remuneration philosophy, although pay is generally more variable and linked more to the long-term for those at more senior levels. The Committee's primary reference point for the salary reviews for the Executive Directors is the average salary increase for the broader workforce. A consistent approach is followed in the assessment of the annual bonus, with our Balanced Business Scorecard being used to assess bonus outcomes throughout the Group, with measures weighted according to role, where relevant.

Overall, the Remuneration Policy for the Executive Directors is more heavily weighted towards performance-related pay than for other employees. In particular, performance-related long-term incentives are not provided outside the most senior management population as they are reserved for those considered to have the greatest potential to influence overall levels of performance.

Although PSPs are awarded only to the most senior managers in the Group, the Company is committed to widespread equity ownership and a Sharesave Plan is available to all employees. Executive Directors are eligible to participate in this plan on the same basis as other employees.

(iii) Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments

The Committee operates the share plans in accordance with their respective rules, the Listing Rules and His Majesty's Revenue and Customs requirements, where relevant. The Company currently grants conditional awards which are typically satisfied via the new issue of shares. This is in line with market practice.

(iv) Information on the measures the Group will implement to adjust variable remuneration in the event that performance metrics are weak

The Committee has a general discretion to adjust the EBS and PSP outturn to reflect exceptional factors. Any use of discretion would, where relevant, be explained in the Directors' Remuneration Report in the Group's ARA and may, as appropriate, be the subject of consultation with the Company's major shareholders.

(f) Description of the ways in which the Group seeks to adjust remuneration to take account of long-term performance.

(i) Overview of the Group's policy on deferral, pay-out in instrument, retention periods and vesting of variable remuneration

50% of any bonus earned will be delivered in shares, subject to a three year holding period for Executive Directors. Separately a high proportion of variable compensation for our MRTs is deferred under the PSP, as set out above.

(ii) Information of the Group's criteria for ex post adjustment adjustments (malus during deferral and clawback after vesting)

Malus and clawback provisions apply to incentive plans including the Executive Bonus Scheme (including the deferred element) and the PSP. These provide for incentive recovery in the event of the discovery of a material misstatement of results, an error in the calculation of bonus outcome, significant failure of risk management, regulatory censure or in instances of individual gross misconduct.

In order to effect any such clawback, the Committee may use a variety of methods, including withholding deferred bonus shares, reducing or withholding future PSP awards or cash bonuses, or seeking to recoup cash already paid.

(iii) Where applicable, shareholding requirements that may be imposed on identified staff

Members of ExCo are required to build and maintain a shareholding in the Company. The CEO is required to accumulate and maintain a shareholding with a value equivalent to 250% of base salary; the CFO 200% of base salary; and other members of ExCo 100% of base salary. 50% of any vested share awards must be retained until the guideline is achieved. From 2020, the guidelines apply to Executive Directors for two years following cessation of employment.

Further information can be found in the Directors' Remuneration Report in the Group's ARA.

(g) The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR

Further information can be found in the Directors' Remuneration Report in the Group's ARA.

(h) Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management

The remuneration of the Group's Executive and Non-Executive Directors can be found in the Directors' Remuneration Report in the Group's ARA.

(i) Information on whether the Group benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR

The Group is a proportionality 2 firm and does not benefit from a derogation.

(j) Large institutions shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members in accordance with Article 450(2) CRR.

Quantitative disclosures applicable to the Group can be found in REM1 – REM5 below.

17.2 UK REM1 – Remuneration awarded for the financial year

£000s			a MB Supervisory function[8]	b MB Management function	c Other senior management	d Other identified staff
1	Fixed remuneration	Number of identified staff	10.0	2.0	10.0	21.0
2		Total fixed remuneration	1,247.3	1,631.5	3,676.3	4,395.2
3		Of which: cash-based	1,247.3	1,631.46	3,676.26	4,395.23
9	Variable remuneration	Number of identified staff	10.0	2.0	10.0	21.0
10		Total Variable remuneration	-	2,697.3[9]	5,353.0	3,737.6
11		Of which: cash-based	-	542.0	2,107.8	1,188.5
12		Of which: deferred	-	542.0	-	-
UK-13a		Of which: shares or equivalent ownership interests	-	1,613.3	3,245.1	2,549.0
17	**Total remuneration**		**1,247.3**	**4,328.7**	**9,029.2**	**8,132.8**

17.3 UK REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

£000s		a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year (£000s)				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	1	-
7	Severance payments awarded during the financial year - Total amount	-	-	403.0	-
8	Of which paid during the financial year	-	-	403.0	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	403.0	-
11	Of which highest payment that has been awarded to a single person	-	-	403.0	-

[8] MB supervisory body includes Rod Duke (CCFSL Chairman)
[9] Total variable remuneration includes the total value of the PSP Awards which were granted in March 2024 as well as 2024 bonus awards which are being paid in April 2025

17.4 UK REM3 – Deferred remuneration

		a	b	c	d	e	f	UK - g	UK - h
£000s	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	5,591.0	593.9	4,284.0	85.2	340.7	2,382.9	549.4	44.4
8	Cash-based	-	-	-	-	-	-	-	-
	Shares or equivalent ownership interests	5,591.0	593.9	4,284.0	85.2	340.7	2,382.9	549.4	44.4
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	8,769.8	803.9	6,786.5	195.8	783.4	3,594.1	1,122.3	102.1
14	Cash-based	-			-	-	-		-
	Shares or equivalent ownership interests	8,769.8	803.9	6,786.5	195.8	783.4	3,594.1	1,122.3	102.1
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	6,514.6	796.0	4,635.3	281.7	572.0	2,611.6	1,083.4	146.8
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	6,514.6	796.0	4,635.3	281.7	572.0	2,611.6	1,083.4	146.8
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	20,875.5	2,193.8	15,705.9	562.7	1,696.0	8,588.6	2,755.1	293.3

17.5 UK REM4 – Remuneration of 1 million EUR or more per year

EUR		a Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	7
2	1 500 000 to below 2 000 000	1
3	2 000 000 to below 2 500 000	
4	2 500 000 to below 3 000 000	
5	3 000 000 to below 3 500 000	1
6	3 500 000 to below 4 000 000	
7	4 000 000 to below 4 500 000	
8	4 500 000 to below 5 000 000	
9	5 000 000 to below 6 000 000	
10	6 000 000 to below 7 000 000	
11	7 000 000 to below 8 000 000	

17.6 UK REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h
		Management body remuneration			Business areas				
£000s		MB Supervisory function	MB Management function	Total MB	Investment Banking	Retail Banking	Corporate function	Independent Internal Control functions	Total
1	**Total number of identified staff**	**10**	**2**	**12**	**-**	**13**	**11**	**7**	**31**
2	of which: members of the MB	10	2	12	-	-	-	-	-
3	of which: other senior management	-	-	-	-	4.0	3.0	3.0	10.0
4	of which: other identified staff	-	-	-	-	9.0	8.0	4.0	21.0
5	**Total remuneration of identified staff (£000s)**	**1,247.3**	**4,328.7**	**5,576.1**	**-**	**7,153.9**	**5,682.5**	**4,325.6**	**17,162.0**
6	of which: variable remuneration	-	2,697.3	2,697.3	-	3,880.4	2,750.3	2,459.8	9,090.5
7	of which: fixed remuneration	1,247.3	1,631.5	2,878.8	-	3,273.5	2,932.2	1,865.8	8,071.5

18. Annex XXXV | Encumbered and unencumbered assets

18.1 UK AE1 – Encumbered and unencumbered assets

£m		010	030	040	050	060	080	090	100
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
010	**Assets of the reporting institution**	**2,811.2**	**29.7**	**-**	**-**	**27,312.5**	**3,565.5**	**-**	**-**
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	44.7	29.7	46.0	29.7	1,509.9	909.6	1,527.9	909.7
050	of which: covered bonds	-	-	-	-	260.4	260.4	260.5	260.5
060	of which: securitisations	15.0	-	16.4	-	1,066.9	446.1	1,135.1	446.7
070	of which: issued by general governments	29.7	29.7	29.7	29.7	123.7	123.7	123.7	123.7
080	of which: issued by financial corporations	-	-	-	-	93.2	93.2	93.1	93.1
090	Of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	2,774.9	-	-	-	25,846.8	2,574.9	-	-

18.2 UK AE2 – Collateral received and own debt securities issued

£m		010	030	040	050
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
130	**Collateral received by the reporting institution**	-	-	-	-
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	**-**	**-**	**-**	**-**
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			**1,297.8**	**-**
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**2,811.2**	**29.7**		

18.3 UK AE3 – Sources of encumbrance

		010	030
£m		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities Issued other than covered bonds and securitisations encumbered
010	Carrying amount of selected financial Liabilities	1,955.0	2,760.1

18.4 UK AE4 – Accompanying narrative information

(a) General narrative information on asset encumbrance

In line with the business strategy, assets are encumbered as part of the Group's funding arrangements. Risk appetites set a limit on the overall amount of assets to be encumbered, with ALCO monitoring the current and projected encumbrance profiles of the Group monthly. Any events causing a change in the asset encumbrance levels are examined.

(b) Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template UK AE1 and UK AE2

The main activities relate to securitisation, repurchase agreements and ILTR. The Group also holds encumbered assets in the form of pledged derivative cash margin. Other asset items deemed as unavailable for encumbrance include intangible assets, the deferred tax asset (DTA), property, plant and equipment, derivative assets and sundry debtors. Asset encumbrance is calculated using the median values of the four quarter end values in the year, determined by interpolation.

19. Annex XXXVII | Interest Rate Risk in the Banking Book

19.1 UK IRRBBA IRRBB – Risk management objectives and policies

(a) A description of how the institution defines, measures, mitigates and controls IRRBB for the purposes of risk control and measurement

IRRBB is defined by the Group as the current or prospective risk to capital and earnings arising from adverse movements in interest rates that affect its banking book positions. The Group is exposed to IRRBB in the normal course of business activities but does not look to profit from and has no appetite for incremental interest rate risk with all interest rate risk residing within the banking book. The Group is primarily exposed to IRRBB through duration risk, optionality risk, basis risk and credit spread risk.

The Board has ultimate responsibility for IRRBB, with the monitoring of risk appetites delegated to ALCO. Treasury is responsible for the daily risk mitigation of IRRBB. The Group measures and monitors IRRBB by assessing the sensitivity of both Economic Value (EV) and Earnings to changes in interest rates, alongside the regulatory requirements, and is undertaken at entity level.

(b) A description of the institution's overall IRRBB management and mitigation strategies

The Group manages and mitigates IRRBB through a strong governance process which also allows for flexibility in changing circumstances. The Group holds a monthly Interest Rate Forum with any issues escalated up to ALCO. The forum monitors a range of internally derived scenarios for EV and basis risk, alongside a parallel interest rate shock to assess earnings sensitivity to duration risk as well as the Supervisory outlier test results. A suite of early warning indicators (EWIs), including results from stress and reverse stress testing with impacts on risk appetite, are also monitored at the IRRBB working group, with an overall risk alert level shared with ALCO. CCFSL and OSB also operate within Gap report repricing bucket EWIs, which require dispensation from second line for any forecast breaches.

Limits are documented within the Market and Liquidity Risk Policy which is reviewed annually and requires approval from the CRO. In addition to this, risk appetites are reviewed annually, which also requires ALCO and Board approval.

The Group also monitors mortgage pipeline, savings retention and prepayment assumptions closely, especially during times of stress, and how divergences from current assumptions would impact Capital at Risk and subsequent hedging requirements. Frequent analysis is also undertaken to consider the impact of any BoE base rate changes.

IRRBB is mitigated further through natural offsets between repricing assets and liabilities, interest rate swaps and management of the Group's structural hedge programme.

(c) The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific risk measures that the institution uses to gauge its sensitivity to IRRBB, including changes to its economic value and earnings.

The Group runs scenarios to assess capital at risk (CaR), earnings at risk (EaR) and basis risk sensitivity.

Capital at Risk metrics are monitored daily. Earnings at Risk and basis risk metrics are calculated monthly but can be run more frequently when required.

CaR assesses EV sensitivity by estimating the change in the net present value of the Group's assets, liabilities and off-balance sheet items under a range of specific interest rate shock and stress scenarios. The largest negative result is compared against Tier 1 capital to ensure the sensitivity remains within risk appetite limits.

The Group measures earnings sensitivity through EaR, over a 12 month and 3 year horizon, and basis risk, over a 12 month horizon. All of these metrics assess the impact that specific interest rate shocks and scenarios have on net-interest income (NII), with the most adverse result compared against the projected NII for that year to ensure sensitivity remains within limit.

(d) A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in its economic value and in earnings

The EV measure of duration risk is calculated against a range of scenarios, using a 99.9% confidence interval, based on the methodology set out in the 2025 Basel consultation. This results in six shaped interest rate shocks being utilised including parallel, twist and short up and down, applied to the Sterling overnight Index Average (SONIA) yield curve.

Earnings sensitivity is measured by applying a 100bps parallel shock to a repricing balance sheet. In addition to this, earnings sensitivity is also calculated when monitoring basis risk with a 1-in-20 year interest rate dislocation incorporated into different scenarios including a flat, increasing and decreasing Bank of England Base Rate (BBR) accompanied by dislocations between BBR and SONIA.

(e) A high-level description of key modelling and parametric assumptions used in calculating change in economic value of equity (ΔEVE) and change in net interest income (ΔNII) in template UK IRRBB1

The change in Economic Value of Equity (EVE) calculations are assessed as per the PRA guidance and includes the following assumptions:

- EVE sensitivity is calculated using a run-off balance sheet and incorporates BAU mortgage prepayment assumptions, in line with internal metrics. Interest flows are only included for fixed rate products as the interest for variable products will vary depending on the scenario.
- Commercial margins are also excluded from the calculation. The definition of commercial margin adopted by the Group for the purposes of the Supervisory Outlier Test (SOT) is the customer rate minus the relevant swap rate applicable at the date at which it was hedged.
- The discount curve used for the risk free rate is the SONIA curve.
- Equity is removed from the repricing balance sheet.
- Non-maturing deposits reprice either on day 21 for Easy Access products, to reflect operational lag time, or upon notice periods for notice accounts.

The change in NII calculations are assessed as per the PRA guidance and include the following assumptions:

- NII sensitivity is calculated using a static balance sheet over a twelve month period, with balances assumed to reprice on like for like products.
- Administered rate products receive a full rate pass on in both rate rise and rate fall scenarios, subject to contractual floors

(f) A description of significant modelling assumptions used in the institution's internal measurement systems (IMS) for purposes other than disclosure that differ from the modelling assumptions prescribed for the disclosure in Template UK IRRBB1, including their directional implications and the rationale for those differences.

The Group calculates the disclosures for template UK IRRBB1 in line with section 9.7 of the ICAAP in the PRA rulebook. For EVE SOT, the only significant assumption differences are those that are prescribed, with equity included when calculating internal EV metrics. In addition to this, less severe interest rate shocks are applied to reflect historical changes, however following the same shapes.

For internal reporting of NII sensitivity less severe shocks are applied, with a +/- 100bps parallel shock scenario, against a risk appetite significantly lower, however it is assumed that retail savings do not fall below 0bps. If this assumption is incorporated into the disclosures in UK IRRBB1 the NII sensitivity would increase, with the impact of this described further within section (h).

(g) A high-level description of how the institution hedges its IRRBB, as well as the associated accounting treatment

Where possible the Group allows for natural hedges between mortgages and savings, with this predominately occurring between one and two year fixed rate savings and mortgage products. Outside of this the Group hedges its IRRBB by undertaking plain vanilla Fixed/SONIA interest rate swaps at different stages in the lifecycle of exposures. The stabilising of income and earnings across different rate environments is managed through the Group's structural hedge programme.

The Group has chosen to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in Chapter 6 of IFRS 9. The Group uses fair value hedge accounting for a portfolio hedge of interest rate risk, and micro fair value hedge accounting for specific fixed rate liabilities. The fair value movement of the hedging instruments is matched against appropriate hedged items fair value. The movement in each accounting period of the fair values of both hedging instruments and hedged items are offset in the statement of comprehensive income.

(h) Any other information which the institution wishes to disclose regarding its interpretation of the significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures

In line with the EVE calculation, the change in NII sensitivity under the 250bps parallel shock scenario reflects the assumption that the full shock can be passed onto administered rate products, unless contractual floors explicitly state otherwise.

If an implied customer rate of 0bps was applied to administered retail savings, to reflect the assumptions used within the internal calculation, this would result in greater NII sensitivity. For OSBG the loss in NII would be £0.63m.

Requirement	Quantitative information
Average repricing maturity assigned to non-maturing deposits (NMDs)	OSB – 21 days CCFSL – 36 days
Longest repricing maturity assigned to NMDs	OSB – 60 days CCFSL – 120 days

19.2 UK IRRBB1 – Quantitative information on IRRBBs

OSBG	∆EVE		∆NII		Tier 1 capital	
£m	31-Dec-25	30-Jun-25	31-Dec-25	30-Jun-25	31-Dec-25	30-Jun-25
Parallel shock up	52.0	77.9	(30.0)	(27.9)		
Parallel shock down	(28.2)	(85.6)	31.5	29.3		
Steepener shock	(5.6)	(10.5)				
Flattener shock	20.5	24.7				
Short rates shock up	35.7	48.2				
Short rates shock down	(18.8)	(50.8)				
Maximum	52.0	77.9	31.5	29.3		
Tier 1 capital					**2,142.9**	**2,065.5**

20. Glossary

Term/Acronym	Definition
ALCO	Group Assets and Liabilities Committee
ALMM	Additional Liquidity Monitoring Metrics
ARA	Annual Report and Accounts
AT1	Additional Tier 1 capital
BAU	Business As Usual
BBR	Bank of England Base Rate
BCBS	Basel Committee on Banking Supervision
BOE	Bank of England
CBILS	Coronavirus Business Interruption Loan Scheme
CCFSL	Charter Court Financial Services Limited
CCoB	Capital Conservation Buffer
CCyB	Countercyclical Capital Buffer
CCR	Counterparty Credit Risk
CEO	Chief Executive Officer
Code staff	An employee of a dual-regulated firm whose professional activities have a material impact on the firm's risk profile, including any employee who is deemed to have a material impact on the firm's risk profile in accordance with the Material Risk Takers Regulation 2020
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CRR	Capital Requirements Regulation
COREP	Common Reporting
CRD	Capital Requirements Directive also known as CRD IV or CRD V
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CSA	Credit Support Annexes
CVA	Credit Valuation Adjustment
DoLSub	Domestic Liquidity Sub-Group
DSBP	Deferred Share Bonus Plan
DTA	Deferred Tax Asset
DWF	Discount Window Facility
EBA	European Banking Authority
EBS	Executive Bonus Scheme
ECAI	External Credit Assessment Institution
ECL	Expected Credit Losses
EIR	Effective Interest Rate
EMIR	European Market Infrastructure Regulation
ERMF	Enterprise Risk Management Framework
EPS	Earnings Per Share
ERBA	External Ratings-Based Approach
ESG	Environmental, Social and Governance
EWI	Early Warning Indicator
EV	Economic Value
EVE	Economic Value Of Equity
ExCo	Group Executive Committee
FCA	Financial Conduct Authority
FINREP	Financial Reporting
GMRA	Group Master Repurchase Agreement
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process

ILTR	Index Long Term Repo
IRB	Internal Ratings-Based
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
KRI	Key Risk Indicator
LAB	Liquid Asset Buffer
LCR	Liquidity Coverage Ratio
LTV	Loan-to-Value
LWG	Liquidity Working Group
MDB	Multilateral Development Bank
MI	Management Information
MREL	Minimum requirements for own funds and eligible liabilities
MRT	Material Risk Takers
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
OCIR	Operational Continuity in Resolution
OTC	Over The Counter
OSB	One Savings Bank plc
OSBG	OSB Group plc
OSBI	One Savings Bank India
PBT	Profit before Tax
Pillar 1	The first pillar - Minimum Capital Requirement covers total risk including the credit risk, market risk as well as Operational Risk
Pillar 2	The second pillar - Supervisory Review Process is intended to ensure that the banks have adequate capital to support all the risks associated in their businesses
Pillar 3	The third pillar complements the first and second pillar. This is completed through these disclosures of capital structure and approaches to assess the capital adequacy including the governance
PRA	Prudential Regulation Authority
PSP	Performance Share Plan
PVA	Prudent Value Adjustment
RAF	Resolvability Assessment Framework
RCSA	Risk and control self-assessments
RMBS	Residential Mortgage-Backed Security
RMC	Risk Management Committee
ROE	Return on Equity
RWEA	Risk Weighted Exposure Amount
SCA	Strong Customer Authentication
SFT	Securities Financing Transactions
SME	Small and Medium-sized Enterprises
SONIA	Sterling Overnight Index Average
SOT	Supervisory Outlier Test
SREP	Supervisory Review and Evaluation Process
SRT	Significant Risk Transfer
SPV	Special Purpose Vehicle
STS	Simple, Transparent, Standardised
TCR	Total Capital Requirement
T&C's	Term and Conditions
The Group	OSBG and its subsidiaries
TSR	Total Shareholder Return
UK	United Kingdom