

OSB GROUP PLC: Trading update

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OSB GROUP PLC Trading update

OSB GROUP PLC (OSBG or the Group), the specialist lending and retail savings group, today issues its trading update for the period from 1 January 2022 to date.

Highlights

- Strong financial and operational performance continued throughout the first quarter
- Organic originations of £1.1bn in the first three months of 2022 (Q1 2021: £1.1bn)
- Underlying¹ and statutory net loans and advances increased by 1% in the first quarter to £21.2bn and £21.4bn, respectively, in line with management expectations (31 December 2021: £20.9bn and £21.1bn)
- 3+ months arrears remained stable in the first quarter
- Underlying net interest margin in 2022 is now expected to marginally exceed 2021, due primarily to the benefit of recent base rate rises. There is no change to previous guidance for underlying net loan book growth and underlying cost to income ratio
- The Group has repurchased £21.6m worth of shares under the £100m share buyback programme²

Andy Golding, CEO of OSB Group, said:

“I am pleased with the Group’s performance so far this year. Application volumes continued to grow during the first quarter in our Buy-to-Let and Residential sub-segments supported by the commercial, semi-commercial and bridging products relaunched in January. Current demand for our products remains robust, building a strong pipeline for the remainder of the year.

Our capital position, secured loan book and proven risk management capabilities position us well to respond to the opportunities and challenges ahead. We remain mindful of the ongoing impact of the rising cost of living and geopolitical uncertainty, however we will deploy our resources to continue to deliver attractive, sustainable returns for our shareholders across the cycle.”

1. Underlying loan book excludes the fair value uplift to CCFS loan book on acquisition and related acquisition adjustments.
2. As at market close on 3 May 2022.

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About OSB GROUP PLC

OSB began trading as a bank on 1 February 2011 and was admitted to the main market of the London Stock Exchange in June 2014 (OSB.L). OSB joined the FTSE 250 index in June 2015. On 4 October 2019, OSB acquired Charter Court Financial Services Group plc (CCFS) and its subsidiary businesses. On 30 November 2020, OSB GROUP PLC became the listed entity and holding company for the OSB Group. The Group provides specialist lending and retail savings and is authorised by the Prudential Regulation Authority, part of the Bank of England, and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Group reports under two segments, OneSavings Bank and Charter Court Financial Services.

OneSavings Bank

OSB primarily targets market sub-sectors that offer high growth potential and attractive risk-adjusted returns in which it can take a leading position and where it has established expertise, platforms and capabilities. These include private rented sector Buy-to-Let, commercial and semi-commercial mortgages, residential development finance, bespoke and specialist residential lending, secured funding lines and asset finance.

OSB originates mortgages organically via specialist brokers and independent financial advisers through its specialist brands including Kent Reliance for Intermediaries and InterBay Commercial. It is differentiated through its use of highly skilled, bespoke underwriting and efficient operating model.

OSB is predominantly funded by retail savings originated through the long-established Kent Reliance name, which includes online and postal channels as well as a network of branches in the South East of England. Diversification of funding is currently provided by securitisation programmes and the Bank of England's Term Funding Scheme with additional incentives for SMEs.

Charter Court Financial Services Group

CCFS focuses on providing Buy-to-Let and specialist residential mortgages, mortgage servicing, administration and retail savings products. It operates through its brands: Precise Mortgages and Charter Savings Bank.

It is differentiated through risk management expertise and best-of-breed automated technology and systems, ensuring efficient processing, strong credit and collateral risk control and speed of product development and innovation. These factors have enabled strong balance sheet growth whilst maintaining high credit quality mortgage assets.

CCFS is predominantly funded by retail savings originated through its Charter Savings Bank brand. Diversification of funding is currently provided by securitisation programmes and the Bank of England's Term Funding Scheme with additional incentives for SMEs.

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Non-IFRS performance measures

OSB GROUP PLC believes that the non-IFRS performance measures included in this document provide valuable information to the readers as they enable the reader to identify a more consistent basis for comparing the business' performance between financial periods, and provide more detail concerning the elements of performance which the Group is most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Board. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. For further details, refer to Alternative performance measures in the Financial review in the OSBG 2021 Annual Report and Accounts. Copies of this are available at www.osb.co.uk and on request from OSBG.