



The background of the cover features a smiling man with a beard, wearing a dark jacket over a light shirt, holding a pen. In the foreground, there is a circular inset showing two women in an office setting; one is wearing glasses and smiling, while the other is seen from the side, wearing a white hoodie. The overall design includes overlapping circles in shades of blue and white.

Annual Report and Accounts

2025

OSB Group is a leading specialist mortgage lender, primarily focused on carefully selected sub-segments of the UK mortgage market.

Our continued success is driven by strong relationships with all our stakeholders.

For more information see pages 120-123.

Our Purpose

is to help our customers, colleagues and communities prosper.

Our Values

are what our colleagues stand by, and support us in achieving our Purpose.

CAUTIONARY STATEMENT: This Annual Report contains forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. See Forward-looking statements on page 255

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For the latest investor relations content
www.osb.co.uk/investors

Highlights

The highlights demonstrate the Group’s resilient performance in 2025.

For definitions and calculation of the metrics listed here, see Appendix 4.

The Group’s external auditor performed an independent reasonable assurance review of certain metrics as marked with the symbol Δ – see Appendix 2 for the auditor’s assurance report.

Financial performance		
Originations^Δ	Net interest margin (NIM)^Δ	Cost to income ratio^Δ
+19%	-2bps	+1.7ppt
2025 £4.7bn	2025 228bps	2025 40.4%
2024 £4.0bn	Underlying 2024* 230bps	2024 38.7%
	2024 221bps	
	* 2025 statutory NIM is comparable with 2024 underlying NIM as both metrics exclude acquisition-related items, which were fully written off in 2024.	
Net loan book	Loan loss ratio^Δ	Profit before tax
+3.2%	+9bps	-9%
2025 £25.9bn	2025 5bps	2025 £382.5m
2024 £25.1bn	2024 (4)bps	2024 £418.1m

Highlights continued

Return on tangible equity (RoTE)^A

-1.2ppt



Basic EPS^A (pence per share)

-3%



Common Equity Tier 1 ratio

-50bps



Ordinary dividend^A

+5%



Tangible net asset value per share^A

+6%



Non-financial performance

Women in senior management¹

no change



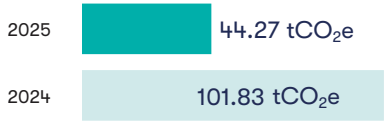
Savings customer satisfaction – Net Promoter Score

-5



Reduction in direct emissions²

57%



-9



1. Employees at grades A (Executive Director) to grade E (including function heads with senior direct reports or employees in specialist roles of a senior nature).
2. Direct emissions are Scope 1 and Scope 2 using market-based methodology.

Why invest in OSB Group?

OSB Group is a leading specialist mortgage lender, primarily focused on carefully selected sub-segments of the UK mortgage market.

A leading specialist lender

OSB Group operates a comprehensive lending strategy and is an experienced and diversified lender with deep expertise in Buy-to-Let, Specialist Residential, Commercial, Asset finance, Residential development and Bridging.

For 2024, OSB Group was the largest independent Buy-to-Let lender in the UK.¹

2025 new business market share²

4.7%

Highly capital-generative

The Group is strongly capitalised with a proven track record of capital generation through profitability. This allows it to support growth as well as distributions to shareholders.

In 2026, dividend per share is expected to increase by 5% per year and the Group is committed to returning excess capital to shareholders.

2025 dividend per share

35.3p

Consistent returns

Since its IPO, the Group has consistently generated attractive returns, driven by strong growth in its specialist sub-segments and sound risk management.

Return on tangible equity

13.7%

Our competitive advantage

The Group offers a breadth of complementary yet differentiated lending propositions, speed of lending decisions and long-standing reputation among intermediaries built over many years of strong relationships.

It is funded by two award-winning retail savings brands: Kent Reliance and Charter Savings Bank as well as opportunistic wholesale issuances.

The wholly-owned subsidiary OSB India provides a structural advantage, with access to talent, excellent customer service and cost effectiveness.



1. UK Finance, Largest Mortgage Lenders, July 2025
2. UK Finance BTLA1, Feb 2026.

Investor update

Progress on the Group’s strategy

In March 2025 the Group presented its five-year Plan and medium-term aspirations:

Building on the strengths that have delivered success

- Relationships with intermediaries and borrowers with proven capability to grow
- Credit expertise in a wide range of specialist secured lending segments

Transforming the way we operate our business

- We are building our new leading technology platform
- Efficient growth without expanding headcount

Driving growth and diversification

- Accelerated growth in lending, optimising risk adjusted returns
- Speed to market for lending and savings products taking advantage of opportunities

#1 Specialist lender

- Improving RoTE and Net Interest Margin
- Positive cost jaws with operational leverage

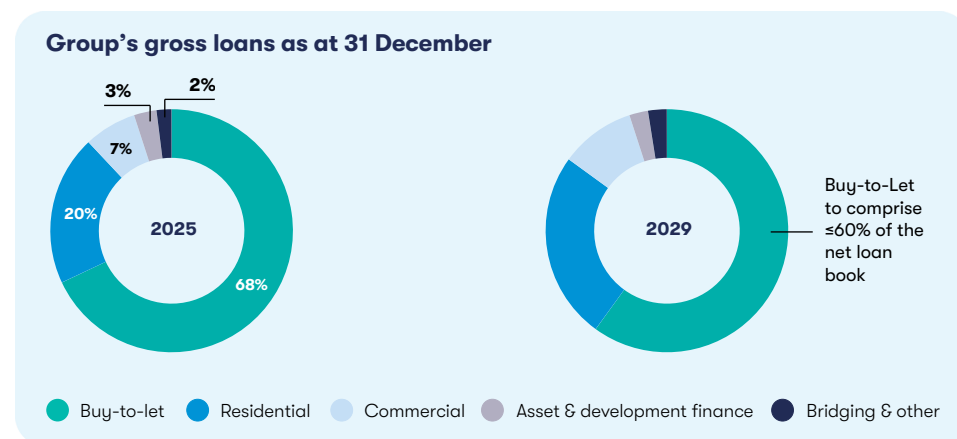
In 2025, the first year of the transition period, the Group met its guidance.

	2025 results		2025 guidance
Loan book growth	3.2%	✓	Low single digit
Net interest margin	2.28%	✓	c.2.25%
Administrative expenses	£270.1m	✓	c.£270m
RoTE	13.7%	✓	Low teens
Distributions	35.3p up 5% (2024: 33.6p) and a new £100m buyback	✓	5% growth in dividend per share and commitment to return excess capital

2026 guidance and medium-term aspirations		
	2026 Guidance	2027–2029 Aspirations
Loan book growth	Broadly similar to 2025 outcome	Mid single digit if returns meet our requirements
NIM	circa 225bps	
Loan book diversification		Buy-to-Let to comprise ≤60% of the net loan book
Administrative expenses	c.£280m ¹	Gradual improvement to low 30s% cost to income ratio and positive jaws
RoTE	Low teens	Mid teens in 2027-28 increasing to the top end of mid teens in 2029
Distributions	5% growth in dividend per share and commitment to return excess capital	Progressive dividend per share and commitment to return excess capital

1. Additional costs related to the new CEO transition and buyout are not included

Investor update continued



Loan mix shift

The Group's strategy to prioritise returns is supported by its key strengths:

- Intermediary strategy – trusted leadership with intermediaries, offering a single point of entry to the Group's diversified product range, through its 100+ sales relationship managers with deep product expertise
- Deep experience and credit expertise in a range of higher-yielding¹ specialist segments – with increasing diversification and ability to grow, delivering strong risk-adjusted returns
- Structurally lower cost base – focus on delivering cost efficiency and an increasing proportion of colleagues based in our wholly-owned subsidiary OSB India

- Building the bank for the future – entering the fourth year of a five-year transformation programme optimising operations for a digital future, which will transform the experience of intermediaries, brokers and colleagues
- Improving the broker and customer experience – combining our successful intermediary lending strategy with the transformation programme to deliver our optimised lending growth plan with a higher-yielding, diversified loan book

This will maintain the Group's leading position in specialist lending, delivering margin expansion, positive cost jaws, improved returns and enhanced distributions to shareholders.

	2025 £m	2024 £m	change %
Originations			
Buy-to-Let	1,951.4	1,889.0	3
Residential	774.5	770.5	1
Higher-yielding sub-segments ¹	1,984.1	1,294.2	53
Total originations	4,710.0	3,953.7	19

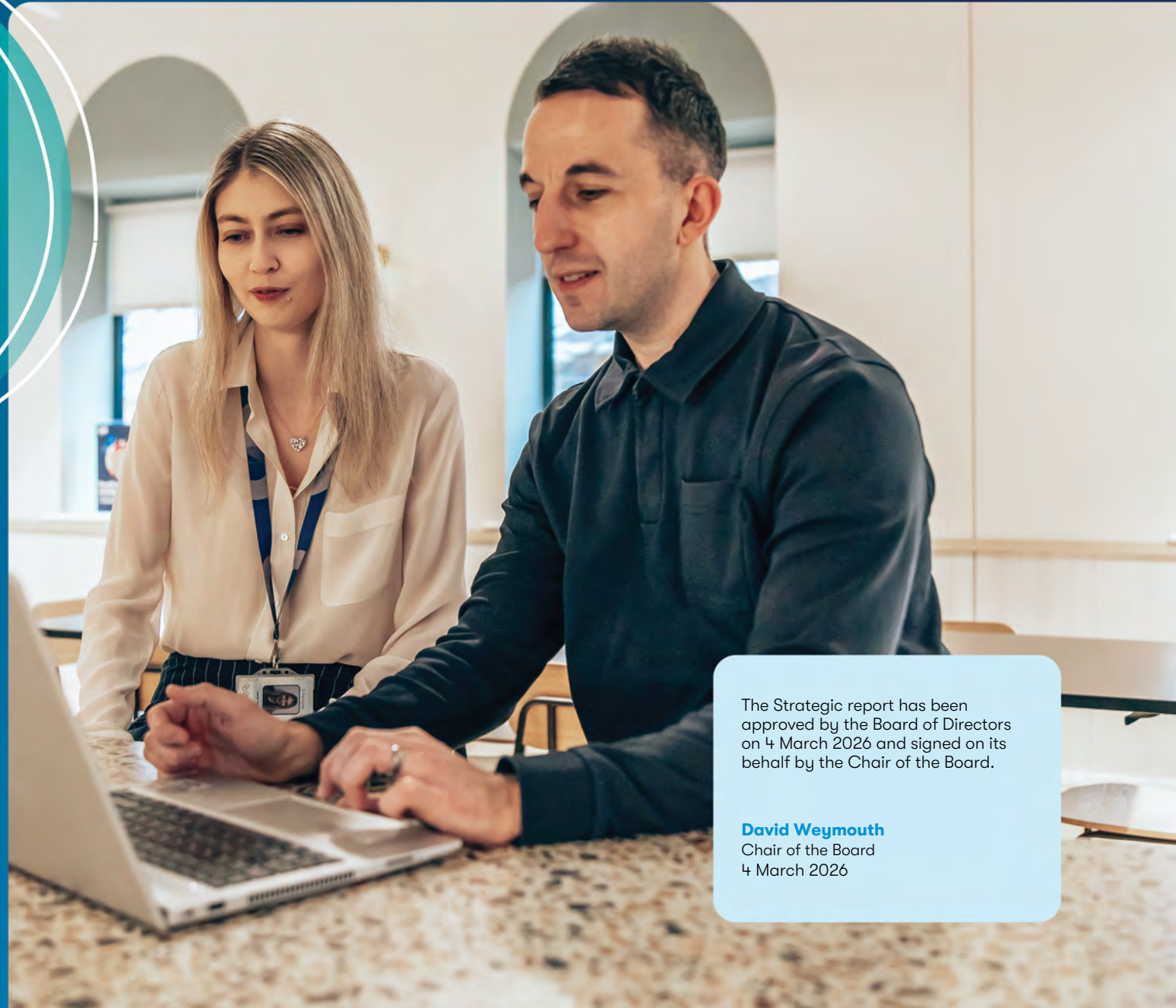
1. Includes Commercial, Asset finance, Residential development, Bridging and funding lines.

Transformation programme

During the year, the Group progressed its transformation programme, launching a new lending platform for Buy-to-Let borrowers and enhancing the range of products available on its new savings platform. Further details are provided on page 24.

Strategic Report

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The Strategic report has been approved by the Board of Directors on 4 March 2026 and signed on its behalf by the Chair of the Board.

David Weymouth
Chair of the Board
4 March 2026

Chair of the Board's statement

2025 was a year of solid progress against an uncertain economic, fiscal and regulatory backdrop. I am pleased with the progress the team has made on delivering the strategic commitments we set out at our Investor update in March last year.



I would like to highlight some of the key achievements of 2025:

- a well-received Investor update outlining how OSB will deliver value to our owners in both, short and longer term;
- continued roll out of our new technology across both lending and savings;
- launch of our new Rely brand consolidating our Buy-to-Let offerings; and
- good financial performance against guidance.

We also focused on developing a Board 'fit for the future'. In the year, we welcomed Sally Jones-Evans and Gareth Hoskin to the Board, who bring a wealth of skills and experience. Gareth Hoskin became the Senior Independent Director in October. I have already seen positive changes in Board governance and oversight and the influence of the new members in the discussions and the Group's direction. I am looking forward to working with the new Board in the year ahead.

I am pleased that the Group remains well capitalised and continues to generate capital through profitability. Given the greater clarity over the Basel 3.1 rules and our confirmed MREL status, we have taken a decision to revise our CET1 target to 13%-13.5%, allowing for shareholder distributions and the Basel 3.1 impact.

As stated in our Investor update, the Board has recommended a final dividend of 24.1 pence per share for 2025, which is an increase of 5% from the prior year. Together with an interim dividend of 11.2 pence per share, this represents a progressive total ordinary dividend for the year of 35.3 pence per share (2024: 33.6 pence). Following the successful completion of the £100m share repurchase programme announced in 2025, I am pleased to announce a new £100m share repurchase over the next 12 months that will commence on 6 March 2026.

The Board is confident that our focus on the new strategy and the five year Plan will deliver on our medium-term aspirations, with capital generation supporting further capital returns to our owners, and a progressive dividend per share.

Total ordinary dividend,
pence per share

35.3

2024: 33.6

Share repurchase

£100m

2024: £100m

Chair of the Board's statement continued

I would like to thank all of our colleagues across our offices in the UK and India for their hard work and dedication throughout the year. And, of course, Andy, who has announced his intention to retire by the end of the year. His enthusiasm in taking what was Kent Reliance Building Society to become OSB Group, the largest listed specialist lender, has been outstanding. We wish him well in the next phase of his career. Also, Noël Harwerth who is stepping down at the AGM, having reached the end of her 9 year term. I would like to thank Noël for her significant contribution during her term.

Finally, I will reach the end of my nine year tenure as Chair of the Board this summer. The Board invited me to extend my tenure to ensure continuity of leadership during the CEO transition and I intend to step down from the Board by September 2027.

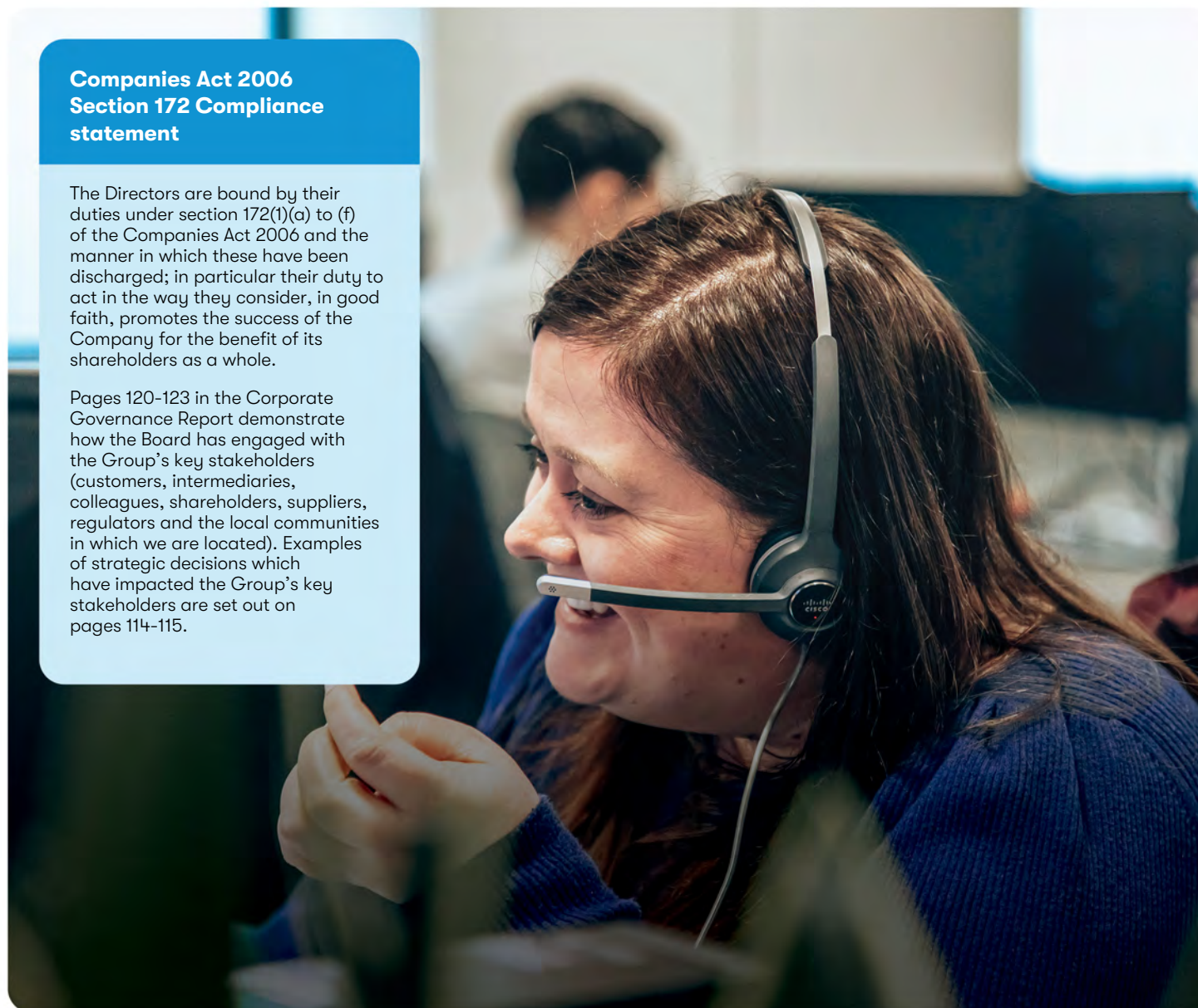
David Weymouth

Chair of the Board
4 March 2026

Companies Act 2006 Section 172 Compliance statement

The Directors are bound by their duties under section 172(1)(a) to (f) of the Companies Act 2006 and the manner in which these have been discharged; in particular their duty to act in the way they consider, in good faith, promotes the success of the Company for the benefit of its shareholders as a whole.

Pages 120-123 in the Corporate Governance Report demonstrate how the Board has engaged with the Group's key stakeholders (customers, intermediaries, colleagues, shareholders, suppliers, regulators and the local communities in which we are located). Examples of strategic decisions which have impacted the Group's key stakeholders are set out on pages 114-115.



Chief Executive Officer's statement

2025 was a year of achievement for the Group, both financially, with year end results in line with 2025 guidance, and operationally.

We also made tangible progress against our strategy that we set out at the Investor update in March last year. I am pleased that the Group's MREL resolution strategy was reclassified to Transfer from Bail-in, which will bring benefits in the later stages of our Plan.



Our lending discipline and focus on returns were demonstrated in strong growth in our higher-yielding sub-segments and return on tangible equity of 13.7% for the year. In addition, we made progress in the transformation programme, with the launch of our new lending platform and our dedicated Buy-to-Let brand, Rely.

Strategic progress

The Buy-to-Let market saw an improvement in activity in 2025, with gross new lending rising to £41.7bn, growth of 23% compared to £34.0bn in 2024.¹ The Group's Buy-to-Let originations reached £1,951.4m, an increase of 3% from £1,889.0m in 2024, which represented new business market share of 4.7% for 2025. For 2024, The Group was ranked the largest independent Buy-to-Let lender in the UK in terms of gross new lending with a market share of 5.3% in 2024.²

Combined originations in our higher-yielding sub-segments increased by 53% to £1,984.1m (2024: £1,294.2m), in line with our diversification strategy.

Buy-to-Let mortgages remained the largest part of the Group's portfolio, with £17,691.9m of gross loans at the end of December, broadly flat compared to £17,568.5m in the prior year. However, as a proportion of the

Group's total gross loan book, Buy-to-Let reduced to 68% from 70% at the end of 2024, in line with our diversification strategy. Higher-yielding segments represented 12% of the total gross loan book compared to 9% in 2024.

Throughout the year, we continued to serve the professional landlords, with 92% of Kent Reliance completions coming from professional, multi-property landlords in 2025.

I'm particularly pleased with the full market launch of our new lending platform in November and the benefits it brings to our broker partners and to the Group. Powered by technology, it allows for a fast and easy journey from broker registration through to various stages of securing a mortgage. Our broker partners and borrowers are benefiting from the new platform, with automation reducing the time from application to offer to as little as two hours and mortgage agreement in principle in less than 10 minutes.



...the Board has recommended a final dividend per share of 24.1 pence to deliver a progressive full year dividend per share of 35.3 pence, representing a payout ratio of 46% of earnings and a new £100m share repurchase programme...

Chief Executive Officer's statement continued

It also brings a strategic advantage for the Group in terms of product design, speed to market and improved decision-making. Our Buy-to-Let product range can now be repriced within hours, a considerable reduction from the previous process.

The first products offered are new Buy-to-Let mortgages under our newly launched Rely brand. Kent Reliance for Intermediaries and Precise brands no longer offer new Buy-to-Let mortgages and Precise has been focusing on Residential and Bridging mortgages, all part of our strategy to simplify our brands.

2025 was also a successful year for the savings transformation programme. Having launched fixed rate bonds, joint accounts and easy access accounts for new savers on the new savings platform earlier in the year, in October we commenced migrating the existing easy access accounts. In the first quarter of 2026, this will be extended to fixed rate bonds. The benefits of the new savings platform were reflected in a 19% increase in the number of accounts opened in the year and strong retention rates of 89% and 85% for Kent Reliance and Charter Savings Bank, respectively.

AI and advanced analytics form part of the transformation programme, supporting stronger risk management, improved operational efficiency and better customer outcomes. In January 2026, as part of a longer term programme, senior managers participated in a dedicated training focused on understanding how AI can be leveraged responsibly across the Group.

Attractive shareholder returns

The Board has recommended a final dividend per share of 24.1 pence (2024: 22.9 pence), which together with the interim dividend of 11.2 pence (2024: 10.7 pence), represents a total ordinary dividend per share of 35.3 pence for 2025, an increase of 5% from the prior year as guided.

The Board is committed to returning excess capital to shareholders and has today announced a new £100m share repurchase programme over the next twelve months to commence on 6 March 2026.

Looking ahead

In November, I announced my intention to retire at the end of 2026. It has been a great journey and a privilege to lead the Group for the last 14 years. Further, the Board recently announced the successful conclusion of the search for a new CEO, with the appointment of Enrique Alvarez Labiano (subject to regulatory approval). I wish him every success as he takes the business forward.

In 2026, we will continue to exercise discipline as we grow our lending portfolio, balancing returns and opportunity to optimise the composition of our book. Professional Buy-to-Let remains an attractive market for us, supported by sustained tenant demand and growth in rental income, while we will continue to deploy our expertise to increase scale in higher-yielding sub-segments.



£382.5m

Profit before tax

2024: £418.1m

53%

Growth in higher-yielding sub-segments

Chief Executive Officer's statement continued

The previously communicated direction for 2026 has been refined as guidance as follows:

- net loan book growth is now expected to be broadly similar to 2025 outcome,
- net interest margin is expected to be circa 225bps, reflecting the same key drivers as in 2025: a continuation of lending back book dynamics; new business written at sustainable margins; and a gradual normalisation of the cost of retail funding from the current elevated levels,
- administrative expenses are expected to be c.£280m³ with core costs increasing at no more than the rate of inflation and as we continue to invest in the transformation programme,
- finally, we anticipate a low-teens return on tangible equity and a dividend per share increasing by 5% in 2026.

Return on tangible equity remains our key focus. We continue to expect mid teens RoTE in 2027-28, increasing to the top end of mid teens in 2029 driven by the successful execution of our strategy, capital optimisation and the MREL qualifying debt securities reaching their respective call dates.

	2026 Guidance	2027–2029 Aspirations
Loan book growth	Broadly similar to 2025 outcome	Mid single digit if returns meet our requirements
NIM	circa 225bps	
Loan book diversification		Buy-to-Let to comprise ≤60% of the net loan book
Administrative expenses	c.£280m ³	Gradual improvement to low 30s% cost to income ratio and positive jaws
RoTE	Low teens	Mid teens in 2027-28 increasing to the top end of mid teens in 2029
Distributions	5% dividend per share growth and commitment to return excess capital	Progressive dividend per share and commitment to return excess capital
CET1 ratio		13 – 13.5% post implementation of Basel 3.1

The Group is well capitalised, with strong liquidity and a high-quality secured loan book. We are focused on making progress through the second year of the transition period to deliver on our medium-term aspirations, prioritising good outcomes for our stakeholders and strong returns for our shareholders.

Andy Golding

Chief Executive Officer
4 March 2026

1. UK Finance, BTLA1, February 2026 2. UK Finance, Largest Mortgage Lenders, July 2025. 3. Additional costs related to the new CEO transition and buyout are not included.

Market review

Activity in the housing and mortgage markets was strong, supported by falling interest rates and improving borrowers' affordability.



The UK housing and mortgage market

The UK housing and mortgage market outperformed the initially modest outlook for 2025, with strong growth observed in property transactions, mortgage approvals and gross mortgage lending during the year:

	2025	2024	change
Property transactions ¹	1.21m	1.10m	+10.0%
Mortgage approvals ²	1.36m	1.24m	+9.6%
Gross mortgage lending ²	£291bn	£242bn	+20.2%

This performance can be attributed to the following factors:

UK Buy-to-Let gross advances £

+23%



Source: UK Finance, Feb 2026

UK average house price inflation

2.4%



Source: Land Registry, Feb 2026

- Increased purchase activity ahead of the Stamp Duty changes:** In April 2025, the Stamp Duty nil-rate threshold reverted to £125,000 from £250,000 following the expiry of a temporary increase. This boosted activity in the first quarter of the year, with purchase completions totalling £26.9bn in March compared to £10.9bn a year earlier². Purchases represented 71% of all mortgage completions by value in the first quarter, compared to 63% for the remainder of the year.²
- Elevated refinancing activity driven by a high volume of maturing fixed rate mortgages:** According to UK Finance, 1.6m fixed rate mortgages reached maturity in 2025, reflecting five-year fixed rate products taken out during the record-low rate environment of 2020.³ Remortgage completions rose to £91bn (2024: £78bn) a 17% increase,² while product transfers grew 18% to £258bn (2024: £217bn).⁴
- Falling rate environment and a lower expected Bank Base Rate (BBR):** Demand for borrowing strengthened as the Bank of England implemented four further rate cuts, reducing the BBR from 4.75% to 3.75% supported by inflation moving closer to the 2% target.⁵ This easing was reflected in mortgage pricing: the average quoted rate on a two-year fixed, 75% LTV mortgage fell 63bps to 3.97% in December 2025 compared to a year earlier, while the average five-year fixed rate mortgage declined 37bps to 4.00% over the same period.⁶
- Improving mortgage affordability:** Borrowers' affordability continued to strengthen as falling interest rates combined with easing cost-of-living pressures. Nominal earnings growth consistently outpaced inflation and house prices, with real earnings growth positive for 30 consecutive months to October 2025.⁷ According to Nationwide, the UK house price-to-earnings ratio fell to 4.7 in the fourth quarter of the year, down from its mid-2022 peak of 5.8.⁸

Market review continued

The UK savings market

Savings balances in the UK increased by 4% in 2025 to close the year at £2,370bn, compared to a 5% increase recorded a year earlier.⁹ The household savings ratio decreased quarter on quarter throughout the year indicative of ongoing cost of living pressures.¹⁰

Speculation around potential reductions to cash ISA limits, which were partially realised in the November Budget, led to a £60.0bn increase in cash ISA deposits, a 16% growth year on year. This was accompanied by a shift in customer balances toward liquidity, with instant access balances rising by 3% over the year and fixed-term deposits declining by 3%.¹¹

The Bank of England base rate reduced by 100bps over the course of 2025, from 4.75% to 3.75%. In contrast, average rates on instant access accounts and one year fixed rate bonds fell by only 39 and 35 basis points, respectively. Competitive pressures within the variable rate cash ISA market further constrained reductions, resulting in average rates in this market decreasing by just 15bps year on year.¹²

At the end of December 2025, 2,319 savings products were actively promoted in the market, representing a 10% increase from the 2,117 accounts advertised a year earlier. The total number of savings providers also increased by 5% to 156 during 2025.¹³

The Group’s savings performance in 2025 broadly reflected the wider market trends. Retail deposit balances grew by 2% as the Group replaced its TFSME funding. Instant access savings increased to 46% of total deposits at 31 December 2025 from 36% a year earlier, as customers sought higher near-term rates.

The Group’s lending segments

Buy-to-Let

The Private Rented Sector (PRS) comprised 4.7m households in 2023-24, according to the English Housing Survey, an increase of 52% since 2008-09, and accounted for 19% of all households, making it England’s second largest tenure and a critical component of housing supply.¹⁴

The English Private Landlord Survey highlighted the central role of professional, multi-property landlords: 17% of landlords owned five or more rental properties yet accounted for 49% of all tenancies.¹⁵ It is these experienced, professional landlords that constitute the Group’s core customer base.

The operating environment for landlords during the year was shaped by the Renters’ Rights Act and measures in the UK Budget:

- **The Renters’ Rights Act 2025** which gained Royal Assent in October 2025 ahead of phased implementation in 2026, will introduce major changes including ending no-fault evictions, a shift to open ended periodic tenancies and limits on rent increases to once a year. It will also establish new regulatory structures such as a PRS database, ombudsman and the application of the Decent Homes Standard to the sector.
- **The 2025 Budget** introduced a new property income tax rate set at 2% above the standard income tax rates that will be introduced from April 2027.

These measures will increase compliance requirements and tax burdens on landlords. However they are likely to disproportionately affect landlords with smaller portfolios, who do not benefit from economies of scale, potentially accelerating the market



repositioning towards professional landlords. The Group remains well-placed to serve these landlords as they look to re-leverage their portfolios to maximise profitability.

	2025	2024
Increase in private rents – 12 months to December ¹⁶	4.0%	9.0%
Rental yield – Q4 ¹⁷	6.4%	6.4%

Rental growth declined to 4.0% in the year to December, though it continued to exceed the rate of consumer price inflation for 30 consecutive months. Tenant demand, while still firm, softened through the year. RICS reported weaker demand in late 2025, and Pegasus Insight noted that the share of landlords seeing ‘high demand’ fell from 83% to 61% since the start of 2024.¹⁷

Buy-to-Let lending remained resilient. Outstanding mortgage balances grew 4% to £312bn (2024: £299bn). Gross advances reached £42bn in the 12 months to December 2025, up from £34bn in 2024. Product transfers rose 10% to £51bn, accounting for 63% of Buy-to-Let refinancing.¹⁸

The Group’s Buy-to-Let gross loans increased by 1% in 2025, in line with its portfolio optimisation strategy, although this was at a slower pace than the wider market.

Residential

Residential gross mortgage advances to homeowners grew by 20% to £247bn in the 12 months to December 2025, from £205bn in 2024, according to UK Finance. Within this total, purchase activity increased by 21% to £176bn (2024: £145bn), while remortgage volumes increased by 17% to £71bn (2024: £60bn).¹⁹

Market review continued

Product transfers remained popular amongst owner occupiers, totalling £258bn in the 12 months to December 2025, an 18% year-on-year rise (2024: £217bn), and continued to account for 77% of all regulated refinancing activity (2024: 77%).⁴

The reduction in the Group's residential lending balances reflected the strategic decision towards the end of the year to offer residential products exclusively under the Precise brand. As a result, Kent Reliance residential gross loans declined by 10% over the year, while Precise grew by 4%, supported by new products launched in the second quarter of the year.

Commercial

CBRE data for the UK commercial property market indicated that growth in capital values moderated to 1% in 2025, compared with 2% in the prior year, as asset prices continued to adjust to the higher interest rate environment. Rental values increased by 3%, consistent with 2024, supported by resilient occupier demand across selected sectors.²⁰

According to CoStar Group Research, office sector transaction volumes totalled £9bn in 2025, with average yields of 9%,²¹ broadly unchanged from the previous year. Capital values within the office sector increased by 2% year-on-year. Leasing activity improved in 2025, with net absorption turning positive as 4.1 million square feet more space was occupied than vacated, reflecting stabilising demand.^{20,21}

In the retail sector, transaction volumes reached £7bn, achieving an average yield of 8%,²² consistent with 2024, while capital values remained broadly stable. National retail leasing activity increased to a six-year high, rising by 15% year-on-year²², supported by an improvement in consumer confidence. The Office for National Statistics reported a 1% increase in annual retail sales volumes,

with growth observed across food, non-food and non-store retailers.²³

The industrial sector remained comparatively robust in 2025. Total transaction volumes reached £6bn in the year, with average yields of 7%,²⁴ while capital values increased by 5%. Leasing demand remained resilient, with take up volumes of industrial and logistics premises rising by 22% year-on-year and market rents increasing by 4%. The vacancy rate increased to 6%, largely reflecting the return of second hand space to the market rather than a deterioration in occupier demand.^{20,24}

The Group delivered 38% growth in its commercial and semi-commercial loan book in 2025, consistent with its diversification strategy towards higher-yielding sub-segments. The portfolio is predominantly secured against lower value assets in secondary and tertiary locations, which typically attract local occupiers and investors. Performance across these markets can be more nuanced than that of prime assets in major urban centres. While such properties remain exposed to broader economic and political conditions, the diversification of asset types, geographies and occupier profiles provide a degree of insulation from the volatility often experienced at the larger, institutional end of the commercial property market.

Residential development

A lower level of activity in the residential development sector reflected the subdued wider housing market as developers reduced the number and scale of projects in response to the higher cost of financing and lower demand from homebuyers.

In the 12 months to 30 June 2025 new-build completions across the UK market were 11% lower than a year earlier, whilst new build starts declined by 22%.²⁵



Heritable Development Finance, the Group's residential development brand, outperformed the wider market, increasing its committed number of units by 45% in the year to 31 December 2025, supported by strong developer relationships and a focus on developments outside of major city centres.

1. HM Revenue and Customs, Monthly Property Transactions, Jan 2026.
2. Bank of England, Jan 2026.
3. UK Finance, Mortgage Market Forecast, Dec 2025.
4. UK Finance, Lending and affordability for new refinancing and leveraging mortgages, Feb 2026
5. Office for National Statistics, Consumer Price Inflation, Jan 2026.
6. Bank of England, Quoted household interest rates, Jan 2026.
7. Office for National Statistics; Average Weekly Earnings, Jan 2026.
8. Nationwide, Affordability report, Jan 2026.
9. BoE, Sterling retail deposits (VRJX), Feb 2025.
10. ONS, Household Saving Ratio, Dec 2025.
11. Bank of England, Sterling Household Deposits (LPMB5S9, LPMZ3TT, LPMZ3TZ, LPMB8S4), Feb 2026.
12. Building Societies Association, Savings interest Rates, Feb 2026.

13. Moneyfacts, Treasury Reports on UK Savings Trends, Dec 2024 to Dec 2025.
14. UK Government: English Housing Survey 2023 to 2025.
15. UK Government: English Private Landlord Survey 2024.
16. ONS: Price Index of Private Rents, Jan 2026.
17. Pegasus Insight Landlord Trends Q4 2025.
18. UK Finance, BTL mortgages outstanding, Feb 2026.
19. UK Finance, new mortgages and affordability, Feb 2026.
20. CBRE, UK Monthly Index, Jan 2026.
21. CoStar Research, Office national report, Jan 2025.
22. CoStar Research, Retail national report, Jan 2025.
23. ONS, Retail sales, Great Britain, Dec 2025.
24. CoStar Research, Industrial national report, Jan 2025.
25. ONS, UK House building: permanent dwellings started and completed, Jan 2026.

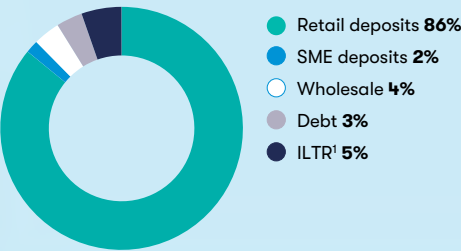
Our business model

We are a leading specialist mortgage lender, supported by diversified and stable funding platforms and a unique and cost-efficient operating model.

Sophisticated funding platforms

Our lending is predominantly funded by retail deposits sourced under Kent Reliance (KR) and Charter Savings Bank (CSB) brands. The Group’s issuance of high-quality residential mortgage-backed securities and access to Bank of England facilities provide funding diversification.

Group’s funding channels as at 31 December 2025



Retail deposits
£24.3bn

2024: £23.8bn

27

securitisations
since 2013 worth

£14.1bn

2024: 26 securitisations
worth £13.5bn

Competitive advantages

Brands and heritage

KR and CSB are award-winning retail savings brands. KR has over 160 years of heritage and six branches.

Read more on pages 19-20.

Capital markets expertise

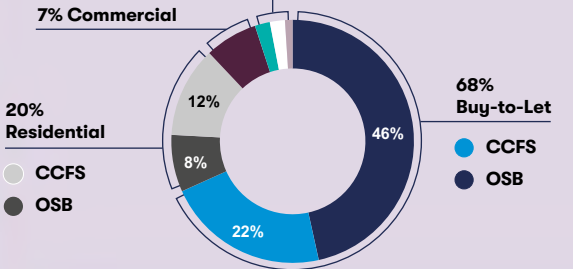
Our strategy is to be dynamic and nimble with issuance plans providing cost-efficient term funding.

1. Indexed Long-Term Repo.

Specialist mortgage lending

The Group offers a breadth of complementary yet differentiated lending propositions and speed of lending decisions delivered through strong relationships with intermediaries.

Gross loans as at 31 December 2025



Net loans
to customers
£25.9bn

2024: £25.1bn

Originations

£4.7bn

2024: £4.0bn

Value we
create

Competitive advantages

Relationships with intermediaries

We have a long-standing reputation among intermediaries built over many years of strong relationships.

Read more on page 18.

Breadth of propositions

Our diverse brands allow us to tailor our lending propositions to better meet the needs of our borrowers.

Unique operating model

The Group operates customer service functions in multiple locations, including our wholly-owned subsidiary OSB India. The Group also has expertise in credit assessment, case management, in-house real estate expertise and collections.

Read more on page 21.

OSB savings
customer NPS

+67

2024: +72

Cost to income ratio

40.4%

2024: 38.7%

CSB savings
customer NPS

+53

2024: +62

Competitive advantages

Outstanding customer service

OSB India offers excellent customer service, demonstrated by customer Net Promoter Scores (NPS). It provides a structural advantage to the Group with access to talent and cost effectiveness.

Deep credit expertise

Our deep credit expertise and strong data analytical capabilities offer valuable insights and learning from the performance of mortgage products.

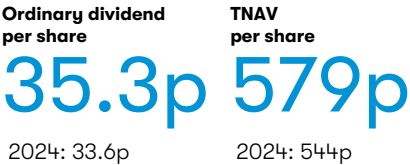
Our business model continued

Value we create



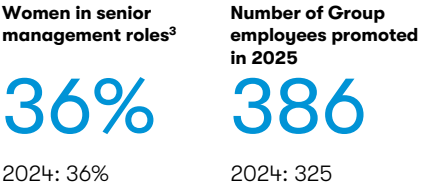
For shareholders

Our proven business strategy and capital generation capability support consistent capital returns including a progressive dividend per share.



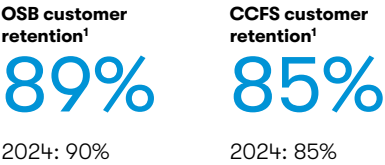
For employees

We strive to create a positive, collaborative and inclusive environment for all colleagues. We invest in training, development and employee engagement activities and offer competitive remuneration and attractive benefits.



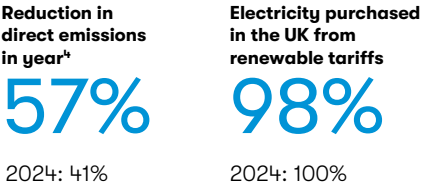
For savers

We offer fair and transparent products that meet our customers’ needs and recognise loyalty with special rates for existing savers. Our commitment to excellent customer service is reflected in our strong NPS scores.



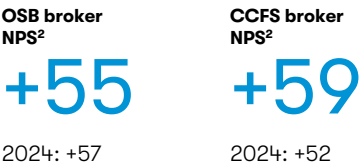
For the environment

We are committed to environmental stewardship, reducing our impact on the environment, supporting the transition to a low-carbon economy and achieving net zero across our value chain.



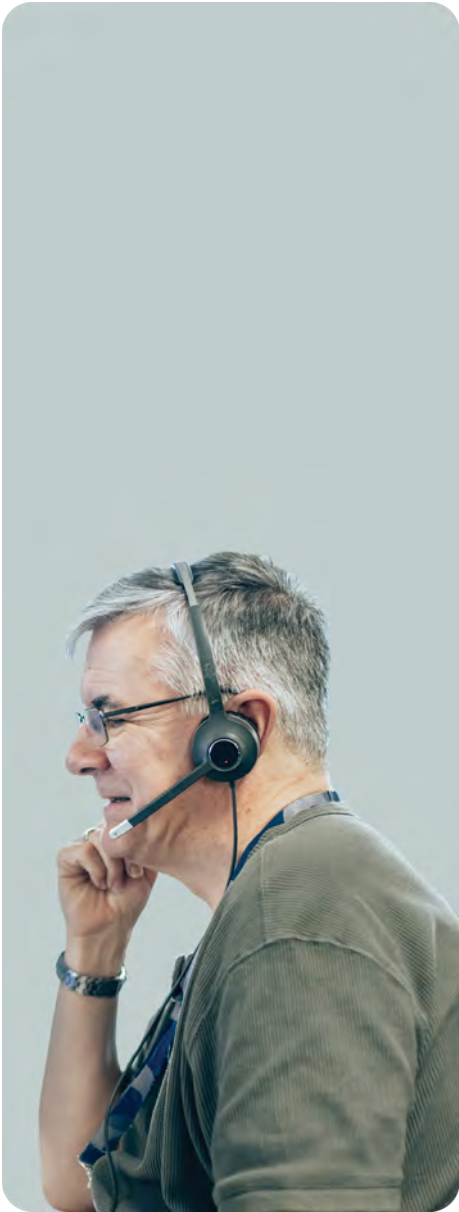
For intermediaries

Our Sales teams have strong relationships with intermediaries, helping them to understand our products. We structure bespoke solutions for our borrowers, delivering clear, accurate and fast decisions that are recognised for their quality, fairness and consistency.



For our communities

We support our national and local community partnerships through a variety of volunteering initiatives, fundraising events and sponsorships.



1. Retention is defined as average maturing fixed contractual retail deposits that remain with the Group on their maturity date.
2. OSB broker NPS relates to Kent Reliance brokers and CCFS broker NPS relates to Precise brokers.
3. Employees at grades A (Executive Director) to grade E (including function heads with senior direct reports or employees in specialist roles of a senior nature).
4. Direct emissions are Scope 1 and Scope 2 using market-based methodology. Reduction since 2022 (Baseline year).

Our business model explained

Specialist mortgage lending

The breadth of complementary yet differentiated lending propositions, speed of lending decisions and strong relationships with intermediaries make the Group a leading specialist lender in the UK.

The Group reports its lending business under two segments: OneSavings Bank and Charter Court Financial Services.

OneSavings Bank segment

Our differentiated lending propositions allow us to cater to the specific needs of our borrowers. In November, as part of the transformation programme, Rely was launched and became the Group's dedicated Buy-to-Let brand. The Group also launched its new lending platform which streamlines and enhances the application process, reducing the administrative burden on underwriters and intermediaries.

We consider each loan on its own merits, responding quickly and flexibly to offer an attractive solution for each of our customers. No case is too complex for us, and for those borrowers with more tailored or larger borrowing requirements, our Transactional Credit Committee meets three times a week, demonstrating the speed of lending decisions.

Charter Court Financial Services segment

As a result of the launch of Rely in November, CCFS has been focusing on residential and bridging mortgages under the Precise brand. Precise is a leading bridging lender with a strong reputation amongst the intermediaries.

Precise has always used an automated underwriting approach to manage mortgage applications and to deliver a rapid decision in principle. In 2026, residential and bridging products under Precise brand will be originated on the new lending platform, further improving and simplifying the experience for our intermediaries and colleagues.

Complementary lending propositions

Buy-to-Let

Focusing on professional landlords with specialist property types including houses of multiple occupations and multi-unit properties

New brand launched for originations:

RELY

Back book brands:

Kent
Reliance **PRECISE.**

Residential

Specialising in credit impaired, high-net worth individuals, first time buyers and borrowers with multiple or irregular income sources

PRECISE. Kent
Reliance

Higher-yielding segments

Providing commercial and semi-commercial mortgages, asset finance, bridging and development finance

InterBay
Commercial

InterBay
Asset Finance

Heritable
Development Finance

Our business model explained continued

Sophisticated funding platforms

The Group's lending business is supported by diversified and stable funding platforms. This enables cost of funds optimisation, while prudently managing funding and liquidity risks.



Retail savings

The Group is predominantly funded by retail savings deposits sourced under two brands: Kent Reliance and Charter Savings Bank (CSB).

Kent Reliance is an award-winning retail savings franchise with over 160 years of heritage. It takes deposits online as well as at six branches in the South East. CSB, a multi-award-winning retail savings bank, offers its products online.

Both Banks have a wide range of savings products, including easy access, fixed term bonds, cash ISAs and business savings accounts. CSB and Kent Reliance have diversified their retail funding sources through pooled funding platforms with a range of products offered, including easy access, longer-term bonds and non-retail deposits.

In 2025, our savings products received industry recognition: Charter Savings Bank won Best Overall Savings Provider for the eighth year running from Personal Finance Awards, Best Cash ISA Provider at the YourMoney.com awards and Personal Savings Provider of the Year at the Moneycomms Top Performer Awards. Money.net Personal Finance Awards named Kent Reliance as Best Children's Savings Provider.

Kent Reliance's proposition for savers is simple: to offer consistently good-value savings products that meet customer needs for cash savings with loyalty rates for existing customers.

CSB's philosophy is to maintain and develop its award-winning business, offering competitively priced savings products.

As part of the transformation programme, fixed rate bonds, joint accounts and easy access accounts were launched on the new savings platform during 2025. The platform offers fully digital onboarding and real time payments improving experience for our savers.

In July, the Group received a Domestic Liquidity Subgroup (DoLSUB) Permission which allows full fungibility of liquidity and funding across the Group's two banking entities. As liquidity will now be measured at the Group level, the Group will be able to leverage its savings brands more efficiently to support its funding requirements.

Securitisation platforms

The Group accesses the securitisation market to provide attractive long-term wholesale funding to complement its retail deposit franchise and to optimise its funding mix. Securitisations also provide efficient access to commercial and central bank repo facilities.

The Group's strategy is to be fleet-of-foot and dynamic rather than deterministic with its securitisation issuance plans. This enables it to maximise opportunities with repeat issuances during periods of buoyant market activity and to use other funding when the market is less favourable.

The Group is a programmatic issuer of high-quality prime residential mortgage-backed securities through the Precise Mortgage Funding (PMF), Charter Mortgage Funding (CMF) and Canterbury Finance securitisation programmes. OSB has also issued three securitisations of owner-occupied and Buy-to-Let acquired mortgages via Rochester Financing since 2013.

The Group was active in the securitisation market in 2025, with the issuance of CMF 2025-1, a £578m transaction backed by a pool of prime owner-occupied mortgages originated under the Precise brand. The transaction was designated as Simple, Transparent and Standardised (STS) under the UK securitisation Regulation.

CMF 2025-1 was well received by investors and demonstrated the Group's ability to utilise its wholesale funding programmes to deliver cost-efficient AAA-rated funding.

In total, the Group has completed 27 securitisations worth more than £14.1bn since 2013.

Retail deposits

£24.3bn

2024: £23.8bn

Securitisations

27

securitisations since 2013, across OSB and CCFS, worth

£14.1bn

2024: 26 securitisations worth £13.5bn

Our business model explained continued

Other funding

Bank of England Schemes

The Group takes advantage of the Bank of England's facilities. Drawings under the Term Funding Scheme for SMEs (TFSME) were fully repaid in 2025. Drawings under Index Long-Term Repo were £1,509.9m as at 31 December 2025 (31 December 2024: £380.3m).

Debt issuance

In November, the Group successfully issued £150m of AT1 securities, generating significant interest from both new and existing investors and achieving more favourable pricing on a spread basis relative to the existing AT1 instrument. In parallel, the Group launched an early tender offer for the purchase of the current AT1 securities with many existing investors participating.

The Group's bonds continued to be actively traded in the secondary markets.



The Group significantly expanded its debt investor base.

Jens Bech, Group Commercial Director



Our business model explained continued

Unique operating model

The lending and savings businesses operate through the Group’s unique and cost-efficient operating model.

Customer service

The Group operates customer service functions in multiple locations across the UK including Chatham, Wolverhampton, Fareham, London and Fleet. These, together with OSB India, help deliver on the aim of putting customers first.

The Group has proven collection capabilities and expertise in case management and supporting customers in financial difficulty.

This offers valuable insights into, as well as the opportunity to learn from, the performance of mortgage products.

The Group has deep credit expertise through strong data analytical capabilities.

The Group delivers cost efficiencies through excellent process design and management with strong IT security and continues to invest in enhancing the digital offering as customer demand changes.

OSB India

OSB India (OSBI) is a wholly-owned subsidiary, strategically located in Bangalore and Hyderabad. As the Group’s Global Capability Centre, OSBI plays a key role in delivering scalable and cost-effective solutions across Customer Service, Business Operations and Technology.

OSBI leverages India’s deep talent pool and digital infrastructure to support transformation across the Group. We invest in high-calibre talent at competitive cost and provide training to ensure our operations are aligned to evolving business needs in both India and the UK.

Our operating model is built around excellence in service delivery, process efficiency and technological innovation. We reward performance based on customer outcomes, operational impact and the development of future-fit solutions, as evidenced by strong Net Promoter Scores, lean processes and modern platforms.

In 2025, OSBI maintained a stable workforce with a regretted attrition rate¹ of 10%, and retained its ‘Great Place to Work’ certification for the 9th consecutive year, underscoring our strong culture and high level of employee engagement.

Our offices are fully paperless and purpose-built for a modern, digital-first workforce. All data and processing remain within the UK, ensuring compliance and operational integrity.

Sustainability

The Group operates in a sustainable way, with key Environmental, Social and Governance considerations guiding its actions and decisions.

We are aware of the positive impact we can make in society through our activities and the responsibility we have to minimise our impact on the planet.

The Group strives to create a diverse and inclusive workplace, one that supports the development of all colleagues.

Our Community Impact Strategy supports a range of community initiatives and in 2025 we donated over £376k to charitable causes and colleagues contributed over 7,385 hours of volunteering.

Whilst reducing the environmental impact of our lending remains challenging, we have continued to reduce the impact from our offices and branches, reducing emissions by 57% in the year.

1. Employees electing to leave the Group by way of resignation, excluding those retiring or resigning due to formal performance or absence process.
2. Employees at grades A (Executive Director) to grade E (including function heads with senior direct reports or employees in specialist roles of a senior nature).
3. Direct emissions are Scope 1 and Scope 2 using market-based methodology.

OSB India colleagues at the end of 2025

1,031

2024: 949

OSBI regretted attrition rate¹

10%

2024: 12%

Group colleagues at the end of 2025

2,489

2024: 2,498

Women in senior management roles²

36%

2024: 36%

Reduction in direct emissions³

57%

2025: 44.27 tCO₂e
2024: 101.83 tCO₂e

Total benefit to all charities/ organisations

over £376k

2024: over £394k

Strategic framework

Our Vision is to be recognised as the UK’s number one specialist lender, through our commitment to exceptional service, strong relationships and competitive propositions.

A leading specialist lender

Grow and diversify the portfolio in areas of existing expertise

Our goals

- Exercise lending discipline, deploying our expertise across all of our lending segments and balancing returns and opportunity to optimise the composition of the loan book
- Buy-to-Let lending to comprise $\pm 60\%$ of the net loan book by 2029

2025

- Continued execution of the optimised lending plan, balancing returns and opportunity across the sub-segments delivered a 13.7% return on tangible equity
- Originations were £4.7bn (2024: £4.0bn) with an 53% increase in originations in our higher-yielding sub-segments
- Buy-to-Let remained the largest part of the portfolio, with £17.7bn of gross loans (2024: £17.6bn) and it represented 68% of the total gross loan book (2024: 70%)
- The Group was the largest independent Buy-to-Let lender in the UK in 2024¹

Looking forward

- Continue to deploy scale and resources on new lending opportunities

Key risks

- Political and economic uncertainty affecting demand for specialist lending
- Potential regulatory changes, including legislative focus on Buy-to-Let and environmental regulation
- New specialist lenders entering the market

1. UK Finance, Largest Mortgage Lenders, July 2025.

Focus on quality underwriting and credit risk management

Our goals

- Deploy deep credit expertise across our products to deliver high-quality lending decisions
- Provide a differentiated underwriting approach that blends speed and precision: offering a seamless, automated path for straightforward cases, while providing experience-driven, expert manual underwriting for more complex cases
- Combine judgement with intelligent automation to deliver credit decisions that are clear, accurate and recognised by intermediaries for their quality and speed

2025

- The Transactional Credit Committee met three times a week to offer expert advice and deliver rapid decisions for over 240 high-value and more complex cases
- Launched a new lending platform, initially for Buy-to-Let borrowers, that intelligently determines the most appropriate underwriting pathway for each case

Looking forward

- Continue embedding a technology-enabled approach to better serve borrowers’ needs across our products
- Adopt smart automation to drive higher conversion rates and simplified journeys

Key risks

- Evolving regulation reshaping underwriting frameworks
- Challenges in attracting and retaining experienced underwriters
- Rising intermediary expectations for speed, flexibility and innovation

Originations

£4.7bn

2024: £4.0bn

Return on tangible equity

13.7%

2024: 14.9%

Loan loss ratio

5bps

2024: -4bps

Strategic framework continued

A leading specialist lender continued

Deepen relationships and reputation for delivery with intermediaries

Our goals

- Be the go-to for intermediaries, offering an unparalleled one-stop lending shop with a broad, easy to navigate and consistent experience
- Offer a personalised understanding of an individual borrower, an essential driver of success for specialist lenders

2025

- Launched a new lending platform that reduces broker data requirements by 50% and accelerates the application-to-offer process to as little as two hours
- Launched the Rely brand for Buy-to-Let mortgages, pooling and enhancing our range of existing products

Looking forward

- Residential mortgages to be offered on the new platform
- Ongoing platform optimisation with enhanced speed to market from a more agile product set

Key risks

- Competitive pressures and changing macroeconomic conditions leading to peaks and troughs in demand, potentially affecting service levels

OSB broker NPS

+55

2024: +57

CCFS broker NPS

+59

2024: +52

Multi-channel funding platforms

Maintain stable, high-quality, diversified funding platforms

Our goals

- Maintain resilient and diversified funding platforms to support future growth, ensure that liquidity requirements are met and cost of funds is optimised
- Be primarily funded through attracting and retaining loyal retail savings customers, whilst maintaining a sophisticated securitisation funding programme and balance sheet management capability
- Make further progress in the transformation programme

2025

- Opened over 282,000 new savings accounts across both savings brands in 2025 (2024: over 237,000)
- Launched a range of Kent Reliance products on the new saving platform and implemented real time payments for new customers
- Completed a £578m securitisation of residential mortgages under the CMF programme
- Received DoLSub permission allowing full fungibility of funding across the Group

Looking forward

- Complete the migration of Kent Reliance and Charter Savings Bank customers on to the new savings platform
- Launch an innovative app for savings customers
- Benefit from the ability to execute structured balance sheet management transactions

Key risks

- Maintaining price competitiveness in the retail savings market
- Volatility of capital markets on demand and price

Savings accounts opened

over 282,000

2024: over 237,000

Unique operating model

Enhance operational efficiency and scalability

Our goals

- Deliver best-in-class customer service
- Maintain centres of excellence across existing locations in Chatham, Wolverhampton, Bangalore and Hyderabad
- Scale which allows operational efficiencies, creating a structural cost advantage and a greater origination capability for the Group

2025

- Maintained strong savings customer NPS of +67 for Kent Reliance and +53 for Charter Savings Bank reflecting our focus on customer service with transparent and fair savings products
- New lending platform delivered significant operational efficiencies such as reducing the time to train an underwriter from six months to one month

Looking forward

- Continue to scale data capabilities, ensuring even greater flexibility, deeper analytics and faster innovation
- Deliver faster innovation cycles, helping the Group to bring new products to market quickly and efficiently

Key risks

- Achieving continuous service improvement as the Group grows, whilst anticipating customers' evolving expectations
- Increasing complexity from compliance with changing regulation
- Maintaining operational resilience as the Group grows

Cost to income ratio

40.4%

2024: 38.7%

Strategy in action

Investing in our future

The Group presented its transformation programme at the Investor update in March 2025. In its third year, the programme progressed to target in 2025...

Savings

The new savings platform enables a fully digital customer onboarding and real-time payments for instant deposits and withdrawals. It delivers an enhanced experience for our savers and self-service options to access and manage accounts anytime, anywhere. It also enables the Group to optimise new deposit pricing, act with speed in the market and innovate its products.

In the year, Kent Reliance fixed-rate bonds, joint accounts and easy access accounts for new savers were added to the savings platform. In October, the Group also commenced the migration of the existing easy access accounts onto the new savings platform.

Lending

After a successful pilot involving over 50 broker firms and feedback from more than 500 brokers, in November, the Group launched its new lending platform to the market. The platform is powered by technology that allows for a simple and fast journey for our brokers: enhancing everything from broker registration, agreement-in-principle through to underwriting, valuations, risk assessment and document handling.

At the same time, Rely was launched, a dedicated Buy-to-Let brand which enhances and streamlines the Buy-to-Let offering across the Group. Rely will serve our first-time landlords as well as large professional investors. Rely sales teams will support brokers with more complex or unusual cases.

Rely became the Group's Buy-to-Let powerhouse. All Buy-to-Let products for new borrowers under Precise and Kent Reliance brands were withdrawn. Precise will continue to focus on residential and bridging mortgages, its area of expertise.



The new platform has delivered tangible benefits, including automated valuations for c.10% of cases, where none existed previously.

Foundations

We have built our core banking system underpinned by the modern, resilient and high-performing savings and lending platforms.

In the year, we continued to invest in cloud, data and engineering to create foundations that reduce costs, accelerate speed to market of our products and enhance customer experience.

Mortgage agreement in principle (AIP) in less than

10 minutes

Mortgage application to offer in as little as

2 hours

40k

accounts migrated onto the new savings platform

Savers enjoy new

13

self-service features

Key performance indicators

Key performance indicators (KPIs) demonstrate the Group’s resilient performance in 2025 compared to 2024.

The Board and Management use KPIs when assessing and measuring performance of the Group against strategic priorities.

For calculation of key performance indicators, see Appendix 4.

The Group’s external auditor performed an independent reasonable assurance review of certain KPIs as marked with the symbol Δ – see Appendix 2 for the auditor’s assurance report.

Originations ^Δ	Net interest margin (NIM) ^Δ	Cost to income ratio ^Δ
+19% 2025£4.7bn 2024£4.0bn Definition Gross new lending before redemptions. 2025 performance Originations increased in the year as the Group focused on returns and loan book diversification into higher-yielding sub-segments.	-2bps 2025228bps Underlying 2024*230bps 2024221bps Definition Net interest income as a percentage of a 13-point average of interest earning assets (cash, investment securities, loans and advances to customers and credit institutions). It represents the margin earned on loans and advances and liquid assets after swap expense/income and cost of funds. 2025 performance The reduction in NIM was due to more costly spreads to SONIA from new retail funding in the year that more than offset more resilient lending margin.	+1.7ppt 202540.4% 202438.7% Definition Administrative expenses as a percentage of total income. It is a measure of operational efficiency. 2025 performance The cost to income ratio increased as a result of higher administrative expenses largely reflecting continued investment in the Group’s transformation programme.

Key performance indicators continued

Management expense ratio ^Δ	Loan loss ratio ^Δ	Basic EPS ^Δ (pence per share)	Ordinary dividend per share ^Δ (pence per share)
+5bps	+9bps	-3%	+5%
2025 90bps	2025 5bps	2025 75.6p	2025 35.3p
2024 85bps	2024 (4)bps	2024 77.6p	2024 33.6p
Definition Administrative expenses as a percentage of a 13-point average of total assets. It is a measure of operational efficiency. 2025 performance The management expense ratio increased in the year as a result of higher administrative expenses largely reflecting the continued investment in the Group’s transformation programme and a smaller net loan book balance throughout 2025 impacting average assets. In December 2024, the Group completed a £1.25bn securitisation and deconsolidation of Precise Buy-to-Let loans.	Definition Expected credit losses as a percentage of a 13-point average of gross loans and advances. It is a measure of the credit performance of the loan book. 2025 performance The loan loss ratio was impacted by an increase in provision for accounts in arrears, changes in borrowers’ profiles as they transitioned through impairment stages, loan book growth, write-offs and other adjustments. These were partially offset by updated macroeconomic scenarios, model and post-model adjustments and other releases.	Definition Profit attributable to ordinary shareholders, which is profit after tax and after deducting coupons on AT1 securities, gross of tax, divided by the weighted average number of ordinary shares in issue. 2025 performance Basic EPS decreased due to a lower profit after tax, more than offsetting the benefit of a lower number of shares in issue as a result of the £100m share repurchase programme in progress during the year.	Definition The sum of the recommended final dividend per share and any interim dividend per share for the year. 2025 performance The Board has recommended a final dividend of 24.1 pence per share, which together with the 2025 interim dividend of 11.2 pence represents a total ordinary dividend of 35.3 pence per share.

Key performance indicators continued

Return on tangible equity ^Δ	Tangible net asset value per share ^Δ	CRD IV Common Equity – Tier 1 capital ratio	Savings customer satisfaction – Net Promoter Score
-1.2ppt	+6%	-50bps	-5
202513.7% 202414.9%	2025579p 2024544p	202515.8% 202416.3%	OSB 2025+67 2024+72 -9 CCPS 2025+53 2024+62
Definition Profit attributable to ordinary shareholders, which is profit after tax and after deducting coupons on AT1 securities, as a percentage of a 13-point average of shareholders' equity, excluding 13-point average of intangible assets and AT1 securities. 2025 performance Return on tangible equity reduced due to lower profitability in the year.	Definition Shareholders' equity excluding intangible assets and AT1 securities as at the end of the year end divided by the number of shares outstanding as at the end of the year. 2025 performance Tangible net asset value per share improved largely as a result of lower number of shares outstanding.	Definition Common Equity Tier 1 (CET1) capital as a percentage of risk-weighted assets (calculated on a standardised basis for credit risk and operational risk) and is a measure of the capital strength of the Group (for more information, see note 49 to the Consolidated Financial Statements). 2025 performance The CET1 ratio decreased, as profit for the year was more than offset by the 2025 dividend, share repurchase programme and loan book growth as well as an increase in risk-weighted assets.	Definition The NPS measures customers' satisfaction with services and products. It is based on customer responses to the question of whether they would recommend us to a friend. The response scale is 0 for absolutely not to 10 for definitely yes. Based on the score, a customer is a detractor between 0 and 6, a passive between 7 and 8 and a promoter between 9 and 10. Subtracting the percentage of detractors from promoters gives an NPS of between -100 and +100. 2025 performance Savings customer NPS remained strong, however reduced in the year as the strong ISA season had some impact on customer service.

Financial review

Our focus throughout the year was delivering against the first year of the transition period and building towards medium-term aspirations presented to the market in March 2025. I am pleased, therefore, that the financial results were delivered in line with guidance.

These results reflect our strong discipline in both lending and cost management, including investment in the transformation programme. We delivered 13.7% return on tangible equity for the year.



2025 guidance delivered

The Group's net loan book increased by 3.2% to £25.9bn as at 31 December 2025 from £25.1bn in the prior year, in line with the full year guidance. The growth was supported by originations of £4.7bn during the year (2024: £4.0bn), with a 53% increase in combined originations from higher-yielding sub-segments, including Commercial, Asset finance, Bridging and Residential development.

Net interest margin (NIM) for 2025 was also in line with guidance at 228bps. However, it reduced by 2bps compared to the underlying NIM of 230bps in 2024, the equivalent comparative which also excludes acquisition-related items. The reduction was due to more costly spreads to SONIA from new retail funding in the year that more than offset more resilient lending margin.

The Group's NIM excluding liquid assets¹ was 267bps for the year (2024: 266bps) enabling a more meaningful comparison with our closest peers.

We again demonstrated our strong cost discipline and operational efficiency. Administrative expenses for 2025 were £270.1m (2024: £258.1m), in line with guidance, with the increase mainly driven by further investment in the transformation programme. I am pleased that core administrative expenses¹ across the UK and India increased by only 0.8% compared to 2024.

Lending and funding

Our focus on returns was reflected in our lending discipline as we continued to write business at sustainable margins. We were disciplined when pricing new and retention business as well as shifting the composition of the loan book towards higher-yielding sub-segments. This approach delivered another year of new business written at sustainable returns and margin, that met our risk appetite and capital requirements. However, as the back book matures, some of that benefit was offset by the roll-off of historical higher yielding Buy-to-Let and Residential mortgages.

Retail deposits remained the primary source of funding for the Group. In 2025, the retail deposit market was competitive leading to some pressure on the Group's cost of funds from the second quarter of the year. In the second half, funding costs remained elevated. As we entered 2026, the December Bank of England's rate cut was not fully passed onto the savers.

As at the end of 2025, retail deposits reached £24.3bn, an increase of 2% from £23.8bn at the end of 2024. In September, the Group fully repaid its TFSME drawings and continued to utilise other Bank of England funding schemes, including Indexed Long-Term Repo with a balance of £1,509.9m at the end of 2025 (31 December 2024: £380.3m).

In September, the Group completed a £578m securitisation of owner-occupied prime mortgages under the CMF programme, achieving our best-ever pricing for this transaction. We will continue to complement retail savings with attractive price and duration funding options as we actively manage our overall cost of funds.

Financial review continued

Strong capital position

I am pleased that the Group's Minimum Requirement for Own Funds and Eligible Liabilities (MREL) resolution strategy was reclassified to Transfer from Bail-in, effective from 1 January 2026. The Group's MREL requirement will now be equal to its minimum capital requirement, which is the sum of Pillar 1 and Pillar 2A. This change is expected to positively impact the Group's RoTE from 2029. The Group continues to evaluate the optimal approach to its existing MREL qualifying debt securities as they approach their respective call dates.

We continue to expect that the implementation of Basel 3.1 rules as written, would reduce the CET1 ratio as at 31 December 2025 by 1.3% as a result of a 9% uplift in the RWAs. This is compared to just over 1% as at 31 December 2024. The increase in impact on the CET1 ratio is largely due to the growth and change in the mix of the Group's loan book.

With greater clarity over the Basel 3.1 rules and our confirmed MREL status, the Board reviewed the Group's capital position and set a new CET1 target in the range of 13% – 13.5%. The Group continues to generate enough capital to support loan book growth and a progressive dividend. The Board remains committed to returning excess capital to shareholders as the Group progresses towards its new CET1 target post Basel 3.1 implementation. As at 31 December 2025, the Group's CET1 ratio was 15.8%, after the £100m of share repurchase programme announced in March 2025 (31 December 2024: 16.3%).

During the year, we continued to optimise our capital structure, issuing £150m of AT1 securities. The transaction attracted significant interest from new and existing investors and priced more favourably on a spread basis than the AT1 security in issue. In parallel, the Group launched an early tender

offer for the purchase of the current AT1 security with many existing investors participating.

The Group continues to engage with the PRA on its IRB application and is waiting for clarity on the possible introduction of a foundation IRB approach for residential mortgage exposures.

Outlook

For 2025, net interest margin is expected to be circa 225bps, reflecting the same key drivers as in 2025: a continuation of lending back book dynamics; new business written at sustainable margins; and a gradual normalisation of the cost of retail funding from the current elevated levels.

Return on tangible equity remains our key focus. We continue to expect low teens RoTE in 2026, mid teens RoTE in 2027-28 increasing to the top end of mid teens in 2029 driven by the successful execution of our strategy, capital optimisation and the MREL qualifying debt securities reaching their respective call dates.

In 2025, we made strong progress against the strategic priorities, both financial and operational and I am pleased with the outcome in the first year of our transition period.

Victoria Hyde

Chief Financial Officer
4 March 2026



1. See Appendix 4 for definition and calculation of APMs.

Financial review continued

Summary Profit or Loss	FY 2025 £m	FY 2024 £m	Change
Net interest income	679.4	666.4	2%
Net fair value loss on financial instruments	(22.1)	(1.5)	n/m
Gain/(loss) on sale of financial instruments	3.4	(2.4)	n/m
Other operating income	7.3	4.7	55%
Total income	668.0	667.2	–%
Administrative expenses	(270.1)	(258.1)	5%
Profit before provisions and impairment of financial assets	397.9	409.1	(3%)
Provisions	(2.4)	(2.7)	(11%)
Impairment of financial assets	(13.0)	11.7	n/m
Profit before tax	382.5	418.1	(9%)
Profit after tax	285.7	308.1	(7%)

Key ratios - see Appendix 4 for more information

Net interest margin, bps	228	221	7
Cost to income ratio, %	40.4	38.7	1.7ppt
Management expense ratio, bps	90	85	5
Loan loss ratio, bps	5	(4)	9
Return on tangible equity, %	13.7%	14.9%	(1.2)ppt
Basic earnings per share, pence	75.6	77.6	(3%)
Ordinary dividend per share, pence	35.3	33.6	5%
Common Equity Tier 1 ratio	15.8%	16.3%	(0.5)ppt
Tangible net asset value per share, pence	579	544	6%

Extracts from the Statement of Financial Position	31-Dec-25 £m	31-Dec-24 £m	Change
Loans and advances to customers	25,920.6	25,126.3	3.2%
Retail deposits	24,251.1	23,820.3	2%
Total assets	31,122.7	30,243.6	3%
Risk-weighted assets	12,541.7	11,915.7	5%

Profit before tax

	FY 2025	FY 2024	Change
Profit before tax	£382.5m	£418.1m	(9%)
Earnings per share	75.6p	77.6p	(3%)
Return on tangible equity	13.7%	14.9%	(1.2)ppt

Profit before tax decreased due to an impairment charge compared to an impairment credit in 2024, an increase in fair value loss on financial instruments and higher administrative expenses. These movements were partially offset by an increase in net interest income, a gain on sale of the second charge mortgage portfolio and an increase in commissions and servicing fees income.

The Group's effective tax rate remained broadly flat in 2025 at 25.3% (2024: 26.1%), see note 11 to the Consolidated Financial Statements.

Return on tangible equity and basic earnings per share decreased predominantly due to a reduction in profit after tax compared to the prior year.

Net interest income and net interest margin

	FY 2025	FY 2024	Change
Net interest income	£679.4m	£666.4m	2%
Underlying net interest income*	–	£690.6m	n/m
Net interest margin	228bps	221bps	7bps
Underlying net interest margin*	–	230bps	n/m
Other operating income	£7.3m	£4.7m	55%

* 2025 statutory NIM is comparable with 2024 underlying NIM as both metrics exclude acquisition-related items, which were fully written off in 2024.

Net interest income and net interest margin reduced by 2% and 2bps, respectively, compared to underlying results in 2024. The reduction was primarily driven by more costly spreads to SONIA from new retail funding which more than offset more resilient back book performance and new business written at sustainable margin. NIM was further impacted by higher average liquid assets balance compared to the prior year.

Other operating income mainly comprised CCFS' commissions and servicing fees, including those relating to securitised loans, which have been derecognised from the Group's balance sheet.

Financial review continued

Net fair value loss on financial instruments

	FY 2025	FY 2024	Change
Net fair value loss on financial instruments	£22.1m	£1.5m	n/m

Net fair value loss on financial instruments included a loss of £1.7m (2024: £19.8m loss) from hedge ineffectiveness and a net loss on unmatched swaps of £16.2m (2024: £21.2m gain). The Group also recorded a £9.4m loss from the amortisation of hedge accounting inception adjustments (2024: £5.5m loss), £nil from the amortisation of acquisition-related inception adjustments (2024: £2.3m gain), and a gain of £5.2m from other items (2024: £0.3m gain); see note 5 to the Consolidated Financial Statements.

The loss in respect of the ineffective portion of hedges arose from recent swap volatility and will unwind over the remaining life of the hedged items.

The net loss on unmatched swaps related primarily to fair value movements on mortgage pipeline swaps, prior to them being matched against completed mortgages, and was caused by a decrease in interest rate outlook on the SONIA yield curve. The Group economically hedges its committed pipeline of mortgages and this unrealised loss will unwind over the life of the swaps through hedge accounting inception adjustments.

Gain/(loss) on sale of financial instruments

	FY 2025	FY 2024	Change
Gain/(loss) on sale of financial instruments	£3.4m	£(2.4)m	n/m

In September 2025, the Group sold its second charge mortgage portfolio for £134.2m. The Group recognised a profit on sale of £3.4m from this transaction due to the difference between proceeds received and the carrying value of the items derecognised from the Group's balance sheet.

In December 2024, the Group completed PMF 2024-2 transaction which securitised £1,249.9m of CCFS Buy-to-Let mortgages. The Group recognised a loss on sale of £2.4m from this transaction.

Administrative expenses

	FY 2025	FY 2024	Change
Administrative expenses	£270.1m	£258.1m	5%
Cost to income ratio	40.4%	38.7%	1.7ppt
Management expense ratio	90bps	85bps	5bps

Administrative expenses increased mainly due to further investment in the Group's transformation programme. Core administrative expenses increased by 0.8%¹ compared to the prior year.

The Group's cost to income and management expense ratios increased as a result of higher administrative expenses. The management expense ratio was further impacted by a smaller net loan book balance throughout 2025 affecting total assets due to the £1.25bn securitisation and deconsolidation of Precise Buy-to-Let loans completed in December 2024.

Impairment of financial assets

	FY 2025	FY 2024	Change
Impairment charge/(credit)	£13.0m	£(11.7)m	n/m
Loan loss ratio	5bps	(4)bps	9bps

The Group recorded an impairment charge and an adverse loan loss ratio in 2025 compared to an impairment credit and a favourable loan loss ratio in the prior year.

The impairment charge was primarily due to a £11.8m charge relating to an increase in provision for accounts with arrears of three months or more, a £3.9m increase in Stage 1 provisions in respect of loan book growth and a £2.9m charge for individually assessed provisions. Write-offs and other adjustments amounted to a charge of £16.3m in the year.

These were partially offset by updated macroeconomic scenarios and valuations resulting in a release of £2.4m, a £13.3m release due to a reduction in model and post-model adjustments and a £6.2m release from IFRS 9 stage migration.

In 2024, the impairment credit was largely due to more favourable macroeconomic scenarios, partially offset by an increase in provisions for accounts in arrears, changes in the credit profile of borrowers as they transitioned through modelled IFRS 9 impairment stages and higher individually assessed provisions and write-offs.

1. See Appendix 4 for calculation of APMs.

Financial review continued

Dividend

The Board has recommended a final dividend of 24.1 pence per share for 2025 which, together with the interim dividend of 11.2 pence per share, represents a total ordinary dividend of 35.3 pence per share.

The recommended final dividend is subject to approval at the AGM on 7 May 2026. The final dividend will be paid on 13 May 2026, with an ex-dividend date of 2 April 2026 and a record date of 7 April 2026.

Balance sheet growth

	31-Dec-25	31-Dec-24	Change
Net loans and advances to customers	£25,920.6m	£25,126.3m	3.2%
Total assets	£31,122.7m	£30,243.6m	3%
Retail deposits	£24,251.1m	£23,820.3m	2%

Net loans and advances to customers increased in the year supported by a 19% growth in mortgage originations to £4.7bn from £4.0bn in 2024.

Total assets increased largely due to growth in loans and advances to customers and balances related to mortgage hedging. The Group's liquid assets remained broadly flat in the year as an increase in investment securities was partially offset by a reduction in liquidity balances held with the Bank of England.

Retail deposits continued to be the main source of funding in the year, as the Group repaid its final TFSME drawings in September. The main source of additional funding was provided by the Bank of England's Indexed Long-Term Repo with drawings of £1,509.9m as at the end of the year (31 December 2024: £380.3m).

Liquidity

	31-Dec-25	31-Dec-24	Change
High-quality liquid assets – Group	£3,676.2m	£3,631.6m	1%
High-quality liquid assets – DoLSub	£3,678.3m	n/a	n/a
Liquidity coverage ratio – Group	203%	217%	(14)ppt
Liquidity coverage ratio – DoLSub	197%	n/a	n/a

In July, the PRA granted permission for OSB and CCFS to be combined to form a Domestic Liquidity Sub Group (DoLSub) for the purposes of liquidity management and liquidity coverage ratio (LCR) compliance, alongside the requirements at a Group level. DoLSub allows full fungibility of liquidity and funding across the Group's two banking entities.

The DoLSub and Group hold a significant liquidity buffer of LCR eligible high-quality liquid assets (HQLA).

The DoLSub operates within a target liquidity runway in excess of the minimum LCR regulatory requirement. The DoLSub has a range of contingent liquidity and funding options available for possible stress periods, including portfolios of unencumbered pre-positioned Bank of England level B and C eligible collateral in the Bank of England Single Collateral Pool.

As at 31 December 2025, LCRs for the Group and DoLSub were all significantly in excess of the regulatory minimum of 100% plus Individual Liquidity Guidance.

Capital

Key ratios	31-Dec-25	31-Dec-24	Change
CET1 ratio	15.8%	16.3%	(0.5)ppt
Total capital ratio	19.1%	19.7%	(0.6)ppt
Risk-weighted assets	£12,541.7m	£11,915.7m	5%
Leverage ratio	7.4%	7.7%	(30)bps

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%.

The Group had a Pillar 2a requirement of 1.35% of risk-weighted assets (excluding a static add-on of £17.4m for transformation risk) as the end of the year, unchanged from the requirement as at 31 December 2024.

Financial review continued

Summary cash flow statement

	31-Dec-25	31-Dec-24
	£m	£m
Profit before tax	382.5	418.1
Net cash generated/(used in):		
Operating activities	243.6	2,235.7
Investing activities	(332.4)	(29.3)
Financing activities	(343.9)	(1,489.0)
Net increase/(decrease) in cash and cash equivalents	(432.7)	717.4
Cash and cash equivalents at the beginning of the year	3,231.4	2,514.0
Cash and cash equivalents at the end of the year	2,798.7	3,231.4

Cash flow statement

The Group’s cash and cash equivalents decreased by £432.7m during the year to £2,798.7m as at 31 December 2025.

In 2025, loans and advances to customers increased by £807.0m, primarily funded by £430.8m of deposits from retail customers and a £373.5m increase in amounts owed to other customers. The Group repaid £160.0m of cash collateral received and paid £82.3m of cash collateral on derivative exposures reflecting a reduction in swap pricing over the year. Cash used in financing activities of £343.9m included financing repaid: TFSME scheme repayments of £1,394.9m, repayment of £258.0m towards securitisation funding and the £133.2m redemption of AT1 securities. It also included interest on financing of £192.4m as well as £125.5m of dividends paid and £89.4m used under the share repurchase programme. These were partially offset by £1,129.6m of financing drawn from the ILTR scheme, funding through securitisations and senior note issuances which raised £248.8m, commercial repo drawings of £328.2m and £148.0m of proceeds from the issuance of AT1 securities. Cash used in investing activities was £332.4m.

In 2024, loans and advances to customers increased by £135.0m, primarily funded by £1,693.7m of deposits from retail customers. The Group repaid £52.8m of cash collateral received on derivative exposures and received £64.4m of initial margin, reflecting a reduction in swap pricing over the year. Cash used in financing activities of £1,489.0m included financing repaid: TFSME scheme repayments of £1,957.1m and repayment of £548.4m towards securitisation funding and repayment of PSBs of £15.0m. It also included interest on financing of £273.3m as well as £126.4m of dividends paid and £90.6m used under the share repurchase programme. These were partially offset by funding through securitisations and senior note issuances which raised £1,142.1m and £370.2m of financing drawn from the ILTR scheme. Cash used in investing activities was £29.3m.



Portfolio overview

The Group reports its lending business under two segments: OneSavings Bank (OSB) and Charter Court Financial Services (CCFS).

The consolidated view by product is presented below.

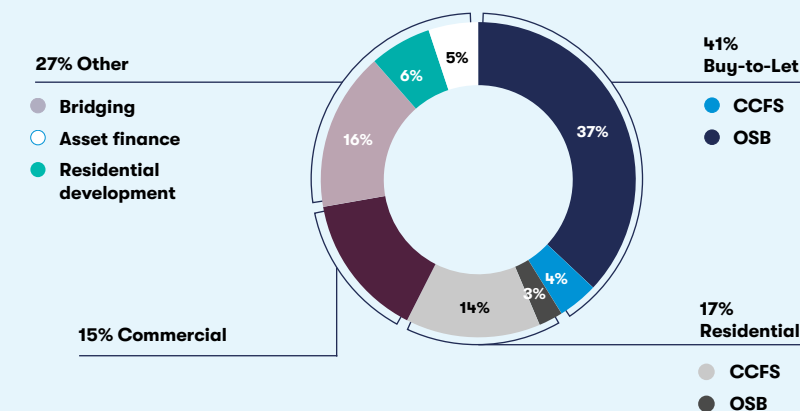
Originations

	2025 £m	2024 £m	Change %
OSB Buy-to-Let	1,754.7	1,372.3	28
CCFS Buy-to-Let	196.7	516.7	(62)
Total Buy-to-Let	1,951.4	1,889.0	3
OSB Residential	118.4	255.9	(54)
CCFS Residential	656.1	514.6	27
Total Residential	774.5	770.5	1
Commercial	701.0	446.8	57
Asset finance	242.1	182.1	33
Residential development	301.9	189.1	60
Bridging	724.9	460.1	58
Funding lines	14.2	16.1	(12)
Total originations	4,710.0	3,953.7	19

Originations by segment

	2025 £m	2024 £m	Change %
OSB segment	3,132.3	2,462.3	27
CCFS segment	1,577.7	1,491.4	6
Total originations	4,710.0	3,953.7	19

Originations as a percentage of total



Portfolio overview continued

Gross loans

	31 December 2025	31 December 2024	Change
	£m	£m	%
OSB Buy-to-Let	12,061.9	11,201.2	8
CCFS Buy-to-Let	5,630.0	6,367.3	(12)
Total Buy-to-Let	17,691.9	17,568.5	1
OSB Residential	1,967.1	2,181.2	(10)
CCFS Residential	3,130.9	3,005.7	4
Total Residential	5,098.0	5,186.9	(2)
Commercial	1,866.1	1,356.0	38
Asset finance	424.2	316.9	34
Residential development	343.1	262.0	31
Bridging	594.3	364.5	63
Other ¹	26.6	198.4	(87)
Total gross loans	26,044.2	25,253.2	3

Gross loans by segment

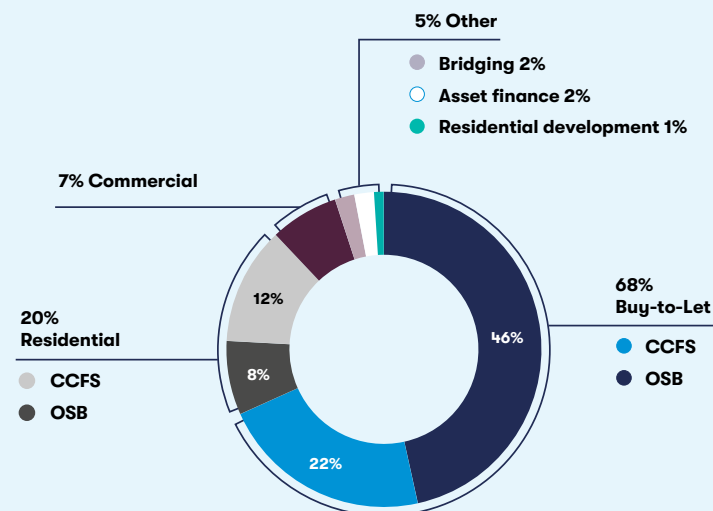
	31 December 2025	31 December 2024	Change
	£m	£m	%
OSB segment	16,677.4	15,439.0	8
CCFS segment	9,366.8	9,814.2	(5)
Total gross loans	26,044.2	25,253.2	3

Gross loans by product as a percentage of total loan book

	31 December 2025		31 December 2024	
	£m	% of total	£m	% of total
Buy-to-Let	17,691.9	68	17,568.5	70
Residential	5,098.0	20	5,186.9	21
Commercial	1,866.1	7	1,356.0	5
Asset finance	424.2	2	316.9	1
Residential development	343.1	1	262.0	1
Bridging	594.3	2	364.5	1
Other ¹	26.6	–	198.4	1
Total gross loans	26,044.2		25,253.2	

1. Other includes funding lines, second charge books in 2024 which were sold in September 2025 and a portfolio of residential mortgages recognised at fair value through profit and loss (FVTPL).

Gross loans as a percentage of total loan book



Portfolio overview continued

BUY-TO-LET

Lending under Kent Reliance (KR) and Precise brands, reported under OSB and CCFS segments, respectively

Completions in 2025

Five-year fixed rate completions

KR	69%
Precise	45%

Completions represented by refinance

KR	67%
Precise	50%

Weighted average new lending LTV

Precise
74%

Weighted average interest coverage ratio

KR	200%
Precise	160%

Proportion of professional, multi-property landlords

Kent Reliance
92%

Borrowing via a limited company²

KR	92%
Precise	66%

Net loan book

Customer retention¹

KR	71%
Precise	54%

Average loan size

Kent Reliance **£270k** Precise **£188k**

Weighted average book LTV

KR	70%
Precise	67%

1. Customers refinancing with the Group within three months of their fixed rate product ending.

2. KR includes purchases, while Precise includes both purchases and remortgages.

RESIDENTIAL

Lending under KR and Precise brands, reported under OSB and CCFS segments, respectively

Originations in 2025

Weighted average origination LTV²

KR	69%
Precise	64%

Net loan book

Weighted average book LTV³

KR	49%
Precise	60%

3. KR Residential sub-segment weighted average LTVs include first and second charge lending.

COMMERCIAL

Lending under the InterBay brand, reported under OSB segment

Weighted average book LTV

71%

Average loan size

£460k

BRIDGING

Lending under the Precise brand, reported under CCFS segment

Originations

£725m

RESIDENTIAL DEVELOPMENT

Lending under the Heritable brand, reported under OSB segment

Loan book

£343m

Committed

+ £258m

Representing

3,138

residential units

Segments review

The Group reports its lending business under two segments: OneSavings Bank and Charter Court Financial Services.

OneSavings Bank (OSB) segment

The OSB segment comprises two sub-segments: BTL/SME

Buy-to-Let mortgages secured on residential property held for investment purposes by experienced and professional landlords, commercial mortgages secured on commercial and semi-commercial properties held for investment purposes or for owner occupation, asset finance and residential development finance to small and medium-sized developers.

Residential

First charge mortgages to owner-occupiers, secured against a residential home and under shared ownership schemes.

The following tables present OSB's contribution to profit and loans and advances to customers:

Contribution to profit

For the year ended 31 December 2025	BTL/SME £m	Residential £m	Total £m
Net interest income	347.2	66.7	413.9
Other (expense)/income	(11.5)	0.5	(11.0)
Total income	335.7	67.2	402.9
Impairment of financial assets	(15.8)	(0.5)	(16.3)
Contribution to profit	319.9	66.7	386.6

For the year ended 31 December 2024	BTL/SME £m	Residential £m	Total £m
Net interest income (restated) ¹	313.0	76.0	389.0
Other expense	(2.9)	(0.6)	(3.5)
Total income (restated) ¹	310.1	75.4	385.5
Impairment of financial assets	8.6	(5.7)	2.9
Contribution to profit (restated) ¹	318.7	69.7	388.4

Loans and advances to customers

As at 31 December 2025	BTL/SME £m	Residential £m	Total £m
Gross loans and advances to customers	14,710.3	1,967.1	16,677.4
Expected credit losses	(96.0)	(8.5)	(104.5)
Net loans and advances to customers	14,614.3	1,958.6	16,572.9
Risk-weighted assets	7,530.7	857.5	8,388.2

As at 31 December 2024	BTL/SME £m	Residential £m	Total £m
Gross loans and advances to customers	13,155.8	2,283.2	15,439.0
Expected credit losses	(90.5)	(10.6)	(101.1)
Net loans and advances to customers	13,065.3	2,272.6	15,337.9
Risk-weighted assets	6,592.6	1,040.3	7,632.9

1. Prior period interest income, total income and contribution to profit were restated due to a change in swap cost allocation methodology.

Segments review continued

OSB segment continued

Buy-to-Let/SME sub-segment

Loans and advances to customers

	31-Dec-2025 £m	31-Dec-2024 £m	Change %
Buy-to-Let	12,061.9	11,201.2	8
Commercial	1,866.1	1,356.0	38
Asset finance	424.2	316.9	34
Residential development	343.1	262.0	31
Funding lines	15.0	19.7	(24)
Gross loans	14,710.3	13,155.8	12
Expected credit losses	(96.0)	(90.5)	6
Net loans	14,614.3	13,065.3	12

The Buy-to-Let/SME net loan book increased by 12% to £14,614.3m (31 December 2024: £13,065.3m) supported by originations across all sub-segments of £3,013.9m, which increased by 37% from £2,206.4m in the prior year, in line with the Group's diversification strategy.

Net interest income in this sub-segment increased by 11% to £347.2m (2024 restated¹: £313.0m) due to growth in the net loan book, more resilient back book performance and new business written at sustainable margin, partially offset by more costly spreads to SONIA from new retail deposit funding.

Other expenses were £11.5m and related primarily to losses from the Group's hedging activities (2024: £2.9m). The impairment charge of £15.8m (2024: £8.6m credit) was driven by modelled IFRS 9 stage migration, an increase in accounts with arrears and loan book growth. Overall, the Buy-to-Let/SME sub-segment made a contribution to profit of £319.9m, broadly flat compared to the prior year (2024 restated¹: £318.7m).

The Group remained highly focused on the risk assessment of new lending, as demonstrated by the average loan to value (LTV) for Buy-to-Let/SME originations² of 72% (2024: 70%). The average book LTV in this sub-segment² increased to 70%, with 5.1% of loans exceeding 90% LTV (31 December 2024: 68% and 4.5%, respectively).

Buy-to-Let

The Buy-to-Let gross loan book increased by 8% to £12,061.9m as at the end of December 2025 from £11,201.2m at the end of the prior year. Originations increased by 28% to £1,754.7m from £1,372.3m in 2024.

The proportion of Kent Reliance Buy-to-Let completions represented by refinancing increased to 67% from 62% in 2024. Product transfers were at 71% of existing borrowers choosing a new product within three months of their initial rate mortgage coming to an end (2024: 70%).

New borrowers continued to favour five-year fixed rate mortgages, which represented 69% of Kent Reliance Buy-to-Let completions (2024: 72%). The majority of Kent Reliance existing customers transferring to a new product at maturity preferred the flexibility of shorter-term mortgages.

Landlords continued to optimise their businesses from a tax perspective, with 92% of Kent Reliance mortgage purchase applications coming from landlords borrowing through a limited company, unchanged from 2024. Professional, multi-property landlords represented 92% of completions by value for the Kent Reliance brand in 2025 (2024: 91%).

Research conducted by Pegasus Insight in the fourth quarter of 2025, found that 61% of landlords reported strong tenant demand in the regions where they currently let property and that rental yields exceeded 6% for eight consecutive quarters to the end of 2025, the highest level recorded in ten years.

The weighted average LTV of the Buy-to-Let book as at 31 December 2025 increased to 70% with an average loan size of £270k (31 December 2024: 67% and £260k). The weighted average interest coverage ratio for Buy-to-Let originations remained high during 2025 at 200% (2024: 186%) supported by reducing mortgage interest rates and opportunities to increase rents.

Segments review continued

OSB segment continued

Buy-to-Let/SME sub-segment continued

Commercial

Through its InterBay brand, the Group lends to borrowers investing in commercial and semi-commercial property, reported in the Commercial total, and more complex Buy-to-Let properties and portfolios, reported in the Buy-to-Let total.

The gross loan book grew by 38% to £1,866.1m in 2025 (31 December 2024: £1,356.0m) supported by originations of £701.0m, an increase of 57% from £446.8m in 2024. The Group continued to focus on high-quality commercial and semi-commercial business, launching a new range of products in February with reduced rates and product fees. In July, the Group further enhanced its proposition with a new owner-occupied commercial range to support transactions where the security is predominantly used by the borrower for its own business purpose.

The weighted average LTV of the commercial book reduced to 71% and the average loan size increased to £460k in 2025 (31 December 2024: 73% and £440k).

InterBay Asset Finance, which predominantly targets UK SMEs and small corporates, financing business-critical assets, continued to grow in 2025, adding to its high-quality portfolio. The gross carrying amount under finance leases increased by 34% to £424.2m as at 31 December 2025 (31 December 2024: £316.9m) and originations grew by 33% to £242.1m from £182.1m in the prior year.

Residential development

Heritable residential development business provides development finance to small and medium-sized residential property developers. The preference is to fund house builders who operate outside central London and provide relatively affordable family housing, as opposed to complex city centre schemes where affordability and control of construction costs can be more challenging. New applications predominantly represent repeat business from the team's extensive existing relationships. Heritable continue to take a careful approach to approving funding for new customers.

The residential development finance gross loan book increased by 31% at the end of December 2025 to £343.1m, with a further £258.1m committed (31 December 2024: £262.0m and £168.2m, respectively). Total approved limits were £972.4m, exceeding drawn and committed funds due to the revolving nature of the facilities, where construction is phased and loans are redrawn as sales on the initially developed properties occur (31 December 2024: £623.3m).

At the end of December 2025, Heritable had commitments to finance the development of 3,138 residential units, the majority of which are houses located outside central London and other major cities in England.

Funding lines

During the year, the Group maintained a cautious risk approach focusing on servicing existing customers. Total credit approved limits as at the end of December 2025 were £39.2m with total gross loans outstanding of £15.0m (31 December 2024: £44.4m and £19.7m, respectively).



1. Prior period interest income, total income and contribution to profit were restated due to a change in swap cost allocation methodology.
2. Buy-to-Let/SME sub-segment average weighted LTVs include Kent Reliance and InterBay Buy-to-Let, semi-commercial and commercial lending.

Segments review continued

OSB segment continued

Residential sub-segment

Loans and advances to customers

	31-Dec-2025 £m	31-Dec-2024 £m	Change %
First charge	1,967.1	2,181.2	(10)
Second charge ¹	—	102.0	(100)
Gross loans	1,967.1	2,283.2	(14)
Expected credit losses	(8.5)	(10.6)	(20)
Net loans	1,958.6	2,272.6	(14)

1. The second charge mortgage book was sold in September 2025.

First charge

First charge originations under the Kent Reliance brand reduced to £118.4m in 2025 (2024: £255.9m) in line with the Group's strategic move to offer specialist Residential mortgages under the Precise brand. The gross loan book was £1,967.1m as at 31 December 2025, a decrease of 10% compared with £2,181.2m as at 31 December 2024.

Net interest income in the Residential sub-segment decreased by 12% to £66.7m (2024 restated¹: £76.0m) due to a decline in the net loan book, the roll off of higher margin mortgages and more costly spreads to SONIA from new retail deposit funding. Other income of £0.5m (2024: £0.6m expense) related to gains from the Group's hedging activities and the impairment charge of £0.5m (2024: £5.7m charge) was due to modelled IFRS 9 stage migration. Overall, contribution to profit from this sub-segment decreased by 4% to £66.7m (2024 restated¹: £69.7m) due to lower net interest income in the year.

The average book LTV increased marginally from prior year to 49%², with only 1.9% of loans with LTVs exceeding 90% (31 December 2024: 48% and 1.5%, respectively). The average LTV of residential originations increased to 69%² (2024: 66%) as a result of more mortgages completing at LTVs of 80% and above in the year.

1. Prior period interest income, total income and contribution to profit were restated due to a change in swap cost allocation methodology.
2. Residential sub-segment average weighted LTVs include first and second charge lending.



Segments review continued

Charter Court Financial Services (CCFS) segment

The CCFS segment comprises four sub-segments:

Buy-to-Let mortgages secured on residential property held for investment purposes by both non-professional and professional landlords, residential mortgages to owner-occupiers secured against residential properties including those unsupported by the high street banks and short-term bridging secured against residential property in both the regulated and unregulated sectors.

The following tables present CCFS' contribution to profit and loans and advances to customers.

The below contribution to profit tables are presented on an underlying basis in 2024, which is comparable with 2025 statutory basis, as both exclude acquisition-related items.

Contribution to profit

	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other ¹ £m	Total £m
For the year ended 31 December 2025						
Net interest income	155.4	90.2	22.7	1.6	(4.4)	265.5
Other expense	–	–	–	–	(0.4)	(0.4)
Total income	155.4	90.2	22.7	1.6	(4.8)	265.1
Impairment of financial assets	1.6	1.7	(0.1)	0.1	–	3.3
Contribution to profit	157.0	91.9	22.6	1.7	(4.8)	268.4

	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other ¹ £m	Total underlying £m	Acquisition -related items £m	Total statutory £m
For the year ended 31 December 2024								
Net interest income	189.5	92.6	13.9	3.1	2.5	301.6	(24.2)	277.4
Loss on sale of financial instruments	–	–	–	–	(2.1)	(2.1)	–	(2.1)
Other income	–	–	–	–	5.2	5.2	1.2	6.4
Total income	189.5	92.6	13.9	3.1	5.6	304.7	(23.0)	281.7
Impairment of financial assets	7.8	1.3	0.9	(0.1)	–	9.9	(1.1)	8.8
Contribution to profit	197.3	93.9	14.8	3.0	5.6	314.6	(24.1)	290.5

1. Other relates to net interest income or loss from securitised acquired loan portfolios and liquid assets, fee income from third-party mortgage servicing and gains or losses from the Group's hedging activities.

Segments review continued

CCFS segment continued

Loans and advances to customers

	Buy-to-Let £m	Residential £m	Bridging £m	Second charge ¹ £m	Other ² £m	Total £m
As at 31 December 2025						
Gross loans and advances to customers	5,630.0	3,130.9	594.3	–	11.6	9,366.8
Expected credit losses	(15.8)	(2.8)	(0.5)	–	–	(19.1)
Net loans and advances to customers	5,614.2	3,128.1	593.8	–	11.6	9,347.7
Risk-weighted assets	2,386.0	1,417.1	346.2	–	4.2	4,153.5

	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other ² £m	Total £m
As at 31 December 2024						
Gross loans and advances to customers	6,367.3	3,005.7	364.5	63.8	12.9	9,814.2
Expected credit losses	(20.5)	(4.6)	(0.4)	(0.3)	–	(25.8)
Net loans and advances to customers	6,346.8	3,001.1	364.1	63.5	12.9	9,788.4
Risk-weighted assets	2,687.8	1,355.8	205.7	28.7	4.8	4,282.8

1. Second charge mortgage book was sold in September 2025.
2. Other relates to acquired loan portfolios.

Loans and advances to customers

Loans and advances to customers	31-Dec-2025 £m	31-Dec-2024 £m	Change %
Buy-to-Let	5,630.0	6,367.3	(12)
Residential	3,130.9	3,005.7	4
Bridging	594.3	364.5	63
Second charge ¹	–	63.8	(100)
Other ²	11.6	12.9	(10)
Gross loans	9,366.8	9,814.2	(5)
Expected credit losses	(19.1)	(25.8)	(26)
Net loans	9,347.7	9,788.4	(5)

1. Second charge mortgage book was sold in September 2025.
2. Other relates to acquired loan portfolios.

CCFS' net loan book reduced by 5% to £9,347.7m at the end of 2025 (31 December 2024: £9,788.4m). Total CCFS segment originations increased by 6% to £1,577.7m from £1,491.4m in the prior year with strong new business volumes in Residential and Bridging sub-segments.

Segments review continued

CCFS segment continued

CCFS Buy-to-Let sub-segment

The gross Buy-to-Let loan book decreased by 12% in the year to £5,630.0m from £6,367.3m at the end of 2024 and originations decreased to £196.7m (2024: £516.7m). Throughout the year, the Group continued to focus on lending to more specialist and professional landlords serviced by OSB's Kent Reliance brand. In addition, Buy-to-Let products under the Precise brand were withdrawn towards the end of the year and all new Buy-to-Let lending has been provided by the Group's new Rely brand.

The proportion of remortgages increased to 50% of completions under the Precise brand from 46% in the prior year. Product transfers increased to 54% of existing borrowers choosing to switch to a new product within three months of their initial rate mortgage coming to an end (2024: 51%).

Five-year fixed rate products accounted for 45% of Precise completions, down from 63% in 2024, as an increasing proportion of borrowers elected to take shorter-term mortgages in anticipation of falling interest rates. Borrowing through a limited company made up 66% of Buy-to-Let completions in the year (2024: 69%).

The weighted average LTV of the loan book in this sub-segment was unchanged from the prior year at 67%. The new lending average LTV was 74% with an average loan size of £188k (2024: 73% and £190k, respectively). The weighted average interest coverage ratio for Buy-to-Let originations remained at 160% in the year.

Net interest income in this sub-segment decreased to £155.4m (2024: underlying¹ £189.5m) in the prior year, primarily due to a reduction in the loan book as a result of the strategic move to offer all new Buy-to-Let mortgages through OSB's brands of Kent Reliance and Rely later in the year. It was further impacted by more costly spreads to SONIA from new retail deposit funding.

The impairment credit of £1.6m (2024: underlying¹ £7.8m credit) reflected improved macroeconomic scenarios and a release of post-model adjustments. Buy-to-Let sub-segment made a contribution to profit of £157.0m, compared with underlying¹ £197.3m in the prior year primarily due to a reduction in net interest income.

CCFS Residential sub-segment

The gross loan book in the CCFS' Residential sub-segment increased by 4% to £3,130.9m at the end of 2025 (31 December 2024: £3,005.7m) reflecting a 27% growth in originations to £656.1m (2024: £514.6m). The growth was largely due to the strategic decision to discontinue offering new residential mortgages under Kent Reliance and to consolidate all new lending under the Precise brand as well as regular, targeted, criteria enhancements to the proposition that were made throughout the year.

New and improved products were launched in the year, including a new one-year and three-year fixed rate products, maximum LTV was expanded to 95%, zero fee mortgages were introduced as well as other lending criteria to support more borrowers.

The weighted average LTV for new Residential lending was 64% and the average loan size was £167k (31 December 2024: 63% and £160k, respectively). The average book LTV was 60% (2024: 59%)

Net interest income decreased to £90.2m (2024: underlying¹ £92.6m), reflecting more costly spreads to SONIA from new retail deposit funding and the roll off of higher margin mortgages partially offset by growth in the net loan book.

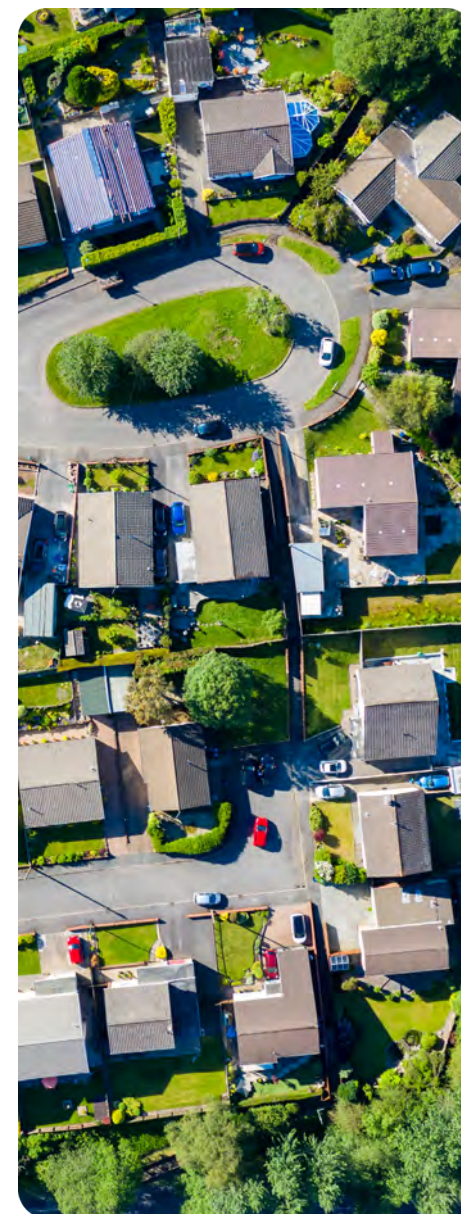
The Residential sub-segment recorded an impairment credit of £1.7m (2024: underlying¹ £1.3m credit) due to improved macroeconomic scenarios and a release of post-model adjustments. The Residential sub-segment contribution to profit decreased by 2% in the year to £91.9m (2024: underlying¹ £93.9m).

CCFS Bridging sub-segment

Short-term bridging originations grew by 58% to £724.9m (2024: £460.1m) as the Group focused on building a pipeline of high-quality, high-return business. The gross loan book in this sub-segment grew by 63% to £594.3m at the end of 2025 (31 December 2024: £364.5m).

In the year, the Group improved its bridging proposition by expanding the availability of automated valuations up to 75% LTV and allowing them to be used for light refurbishment. It also launched a new product that allows to borrow based on the future market value of a refurbished property and a zero fee options through select intermediary partners.

Net interest income in this sub-segment increased to £22.7m compared with underlying¹ £13.9m in the prior year as a result of loan book growth. Impairment charge of £0.1m was recognised for the year (2024: underlying¹ £0.9m credit) and the bridging sub-segment made a contribution to profit of £22.6m, an increase of 53% from the underlying¹ £14.8m in 2024.



1. Underlying basis in 2024 is comparable to 2025 statutory basis, as both exclude acquisition-related items.

Risk review

Approach to Risk Management

Executive summary

OSB Group plc and its subsidiaries aim to identify, monitor, manage and mitigate risks inherent in day-to-day business activities, via disciplined risk management and robust governance.

The Group's risk management capabilities continue to evolve and be enhanced over time to ensure that strategic and financial objectives continue to be met within the confines of Board approved risk appetite.

During 2025 the Group performed well in delivering key risk objectives. Notable activities included:

- The Group continuing to leverage its risk-based analytical capabilities including credit risk models, stress testing and scenario analysis to assess areas of potential future vulnerability. The outputs of which informed the setting of risk appetite and assessment of contingent financial resources.
- Liquidity coverage ratios remained strong across the Group, with funding predominantly provided by retail deposits, supplemented with wholesale funding, with the Group fully repaying Term Funding Scheme (TFSME) balances within the year. Indexed Long-Term Repo (ILTR) borrowing was also utilised. In July 2025, the Group received its Domestic Liquidity Subgroup (DoLSub) permission which allows full fungibility of liquidity and funding across the Group.
- During the period, the Group strengthened further its financial resilience, recovery and resolvability capabilities in accordance with its underlying risk management objectives and regulatory expectations. An enhanced reverse stress testing

framework was implemented to support the Board assessing a range of potential severe but plausible future risks.

- During the year an upgraded version of the Group's Operational Risk Management system was implemented. Incremental features will support an improved user experience with regard to documenting controls and recording ongoing operational risk performance.
- The Group's Transformation programme continued to be delivered in a controlled manner as indicated by the Group's operational risk profile remaining stable and within risk appetite. Progress was also made in simplifying the Group's Information Technology estate, whilst further enhancing cyber risk management capabilities which remains an ongoing key area of focus for the Board.
- The Group continues to leverage its internal ratings based (IRB) models to actively monitor and manage its risk profile, whilst capabilities continued to be further integrated into the Group's risk and capital management disciplines. The Group noted the Prudential Regulation Authority (PRA) announcement (DP1/25) which detailed a range of possible policy changes to the treatment of residential mortgage exposures under the IRB approach. The aim being to remove barriers for aspirant firms to gain accreditation, which in turn should improve the level of market competition and the ability for firms to scale and grow. During 2025 the Group met with the PRA to discuss its application plans.

Risk function priority areas for 2026

A heightened level of uncertainty remains around the UK macroeconomic outlook and the operating environment for 2026 and beyond. The Group's Enterprise Risk Management Framework continues to underpin the Group's management of existing and emerging risks, whilst delivering on strategic and financial objectives. Key areas of focus include:

- Ongoing oversight across planned credit profile enhancement initiatives. These include further leveraging analytical capabilities, embedding enhanced contact strategies and providing specialist and targeted support to customers to drive improvements in the Group's arrears profile and risk-based pricing, considering the market outlook and the impact of Basel 3.1 rules.
- Continue to further embed the Group's operational risk management framework, with a focus on the careful management of data, IT, information security, change and vendor risk as the Group progresses on its digital transformation journey.
- Continue to oversee the enhancement of the Group's approach to monitoring customer outcomes by integrating insights, data and customer feedback to consistently deliver products and services that meet and exceed customer needs.
- Continue to refine the second lines financial crime approach and oversee the Group's use of technology for improved sophistication and automation of risk identification.
- Deliver ongoing enhancements to the Group's stress testing procedures to ensure the robustness of capital and liquidity positions including the embedding of the latest iteration of IRB models within stress testing models, considering industry and PRA feedback.
- Continue to support and provide oversight for maturing and embedding the Group's capabilities to ensure the ongoing operational resilience of the Group. This includes delivery of refinements to critical processes and tolerances as the Group implements planned IT transformation activities including further digitisation of core processes.
- Continue to provide second line oversight of lending and funding strategies driving enhancements to analysis around key capital, credit and liquidity drivers.
- Maintain second line oversight and support delivery of planned climate risk management enhancement initiatives, to ensure the Group meets its stated ambitions and remains compliant with evolving regulation.
- Continue to evaluate and advance the risk reporting capabilities of the Group to ensure the gathering, processing and reporting of risk data remains effective, meets internal governance requirements and remains proportionately aligned to evolving external practice.

Risk review continued

Key risk performance indicators

Risk appetite is aligned to a select range of key performance indicators, which are used to assess performance against strategic, business, operational and regulatory objectives. Actual performance against these indicators is continually assessed and reported.

Loan loss ratio		Liquidity coverage ratio		3+ months in arrears		Capital ratios	
2025	5bps	Group	2025203%	OSB	20251.8%	CET1 ratio	202515.8%
2024	(4)bps		2024217%		20241.8%		202416.3%
		DoLSub	2025197%	CCES	20251.5%	Total capital ratio	202519.1%
			2024n/a		20241.5%		202419.7%
2025 performance The loan loss ratio was impacted by an increase in provision for accounts in arrears, changes in borrowers’ profiles as they transitioned through impairment stages, loan book growth, write-offs and other adjustments. These were partially offset by reductions in provision required post-updating macroeconomic scenarios, models and post-model adjustments.		2025 performance Liquidity coverage ratios for the Group and DoLSub remained strong, and were all significantly in excess of the regulatory minimum of 100% plus Individual Liquidity Guidance.		2025 performance The Group’s arrears levels remained elevated but stable, continuing to be impacted by the elevated cost of borrowing.		2025 performance 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%.	

Risk review continued

Enterprise Risk Management Framework

The Enterprise Risk Management Framework (ERMF) sets out the principles and approach with regard 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 ERMF is the overarching framework that enables the Board and senior management to actively manage and optimise the risk profile within the constraints of its risk appetite. The ERMF also facilitates informed risk-based decisions to be taken in a timely manner, ensuring that the interests and expectations of key stakeholders can be met.

The ERMF provides a structured mechanism to align critical components of an effective approach to risk management, linking overarching risk principles to day-to-day risk identification, assessment, mitigation and monitoring activities.

The modular construct of the ERMF provides an agile approach, keeping pace with the evolving nature of the risk profile and underlying drivers. The ERMF and its core modular components are subject to periodic review and approval by the Board and its relevant Committees. The components of the ERMF structure are as follows:

1 Risk principles and culture

The Group has established a set of risk management and oversight principles that inform and guide all underlying risk management and assessment activities. These principles are informed by the Group’s Purpose, Vision and Values.

2 Risk strategy and appetite

The Group established a clear business vision and strategy which is supported by an articulated risk vision and underlying principles. The Board is accountable for ensuring that the Group’s ERMF is structured against the strategic vision and is delivered within agreed risk appetite thresholds.

3 Risk assessment and control

The Group is committed to building a safe and secure banking operation through the implementation of an integrated and effective approach to risk identification, assessment and control.

4 Risk analytics

The Group uses quantitative analysis and statistical modelling to help improve its business decisions.

5 Stress testing and scenario development

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 to understand the impact on the Group’s financial and operating performance.

6 Risk data and information technology

The maintenance of high-quality risk information, along with the Group’s data enrichment and aggregation capabilities, are central to the Risk function’s objectives being achieved.

7 Risk Management Framework’s policies and procedures

Risk frameworks, policies and supporting documentation outline the process by which risk is effectively managed and governed within the Group.

8 Risk management information and reporting

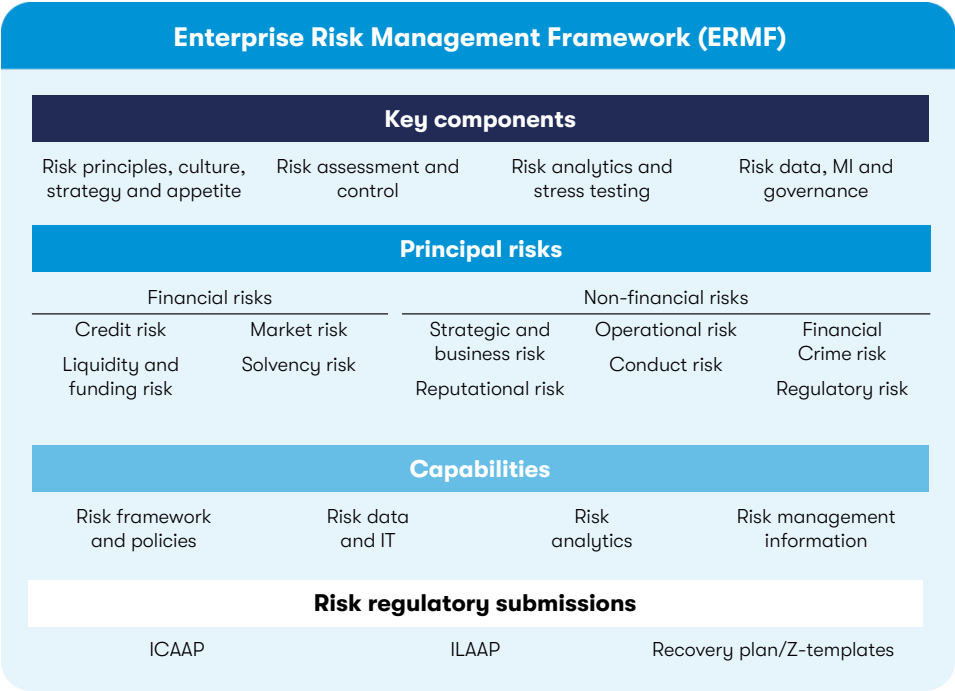
The Group has an established comprehensive suite of risk Management Information (MI) and reports covering all principal risk types.

9 Risk governance and function organisation

Risk governance refers to the processes and structures established by the Board to ensure that risks are assumed and managed within the Board-approved risk appetite, with clear delineation between risk-taking, oversight and assurance responsibilities. The Group’s risk governance is structured to adhere to the ‘three lines of defence’ model.

10 Use and embedding

Dissemination of key framework components across the Group to ensure that business activities and decision-making are undertaken in line with Board expectations.



Risk review continued

Group organisational structure

The Board has ultimate responsibility for the oversight of the Group's risk profile and risk management framework and, where it deems it appropriate, 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 Internal Audit function provides independent assurance to the Board and its Committees as to the effectiveness of the systems and controls and the level of adherence to internal policies and regulatory requirements. The Board also commissions third-party subject matter expert reviews and reports in relation to issues and areas requiring deeper technical assessment and guidance.

Risk appetite

As outlined within the Group's Risk Appetite Framework, 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.

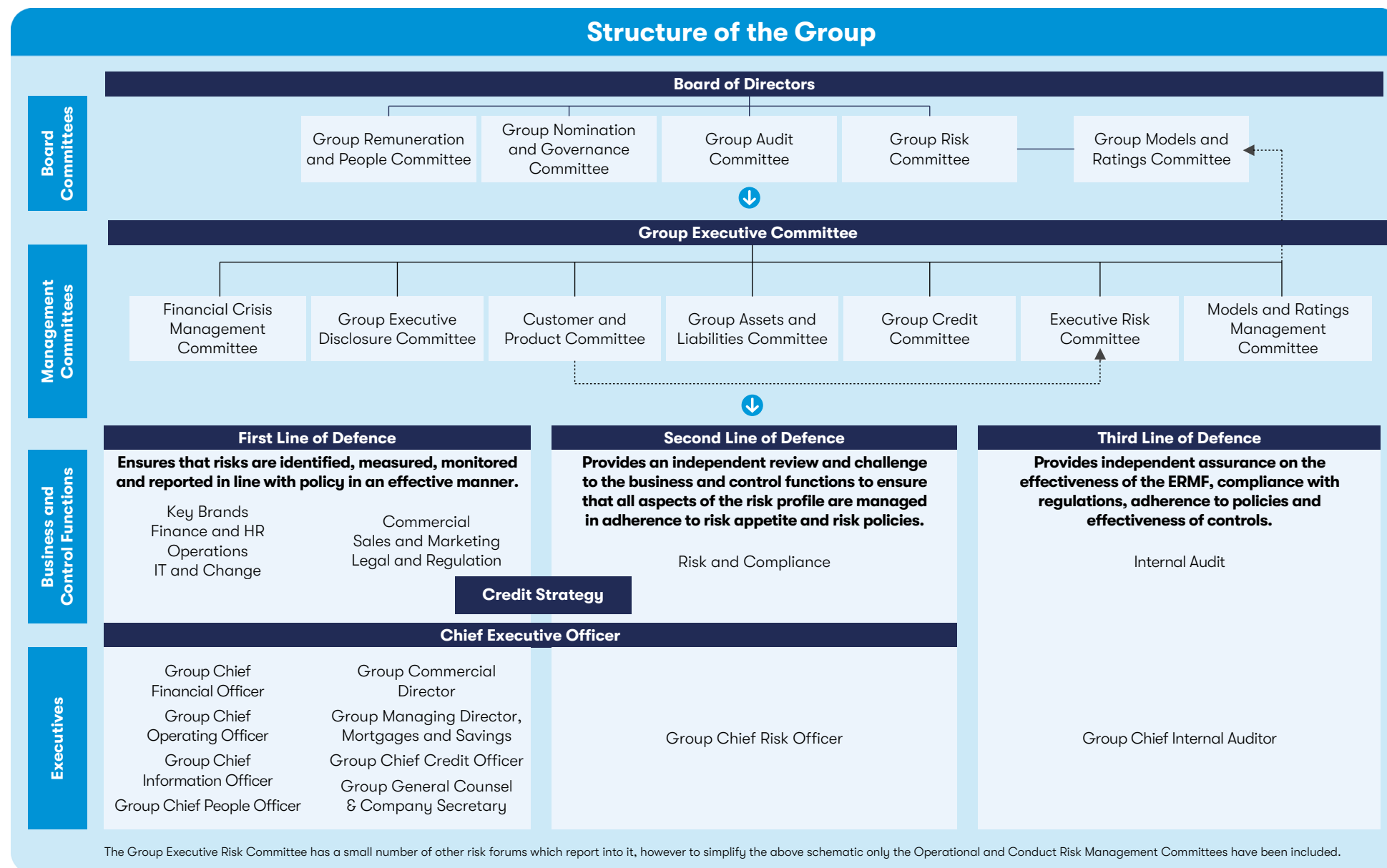
The risk appetite is calibrated to reflect the Group's strategic objectives and business operating plans, as well as external economic, business and regulatory constraints. In particular, the risk appetite is calibrated to ensure that the Group continues to deliver against its strategic objectives and operates with sufficient financial buffers, even when subjected to extreme but plausible stress scenarios. The objective of the Board's risk appetite is to ensure that the strategy and business operating model are sufficiently resilient.

The Group's risk appetite, specific to each of the recognised financial and non-financial principal risk types, is calibrated using statistical analysis and stress testing (where appropriate) to inform the process for setting management triggers and limits against key risk indicators. The calibration process is designed to ensure that timely and appropriate actions are taken to maintain the risk profile within approved thresholds. The Board and senior management actively monitor actual performance against approved management triggers and limits. Currently, there are two regulated banking entities within the Group. Risk appetite metrics and thresholds are set at both individual entity and Group levels where appropriate.

The Group's risk appetite is subject to a full refresh annually across all principal risk types, and an optional intra-year review where any metrics can be assessed and updated as appropriate. The intra-year review is typically reserved for responding to changes in regulation or the Group's strategy.



Risk review continued



Principal risks and uncertainties

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

The outcome of that assessment is summarised in the heat map below, with further details provided in each principal risk section.

- 1

Strategic and business risk
- 2

Reputational risk
- 3

Credit risk
- 4

Market risk
- 5

Liquidity and funding risk
- 6

Solvency risk
- 7

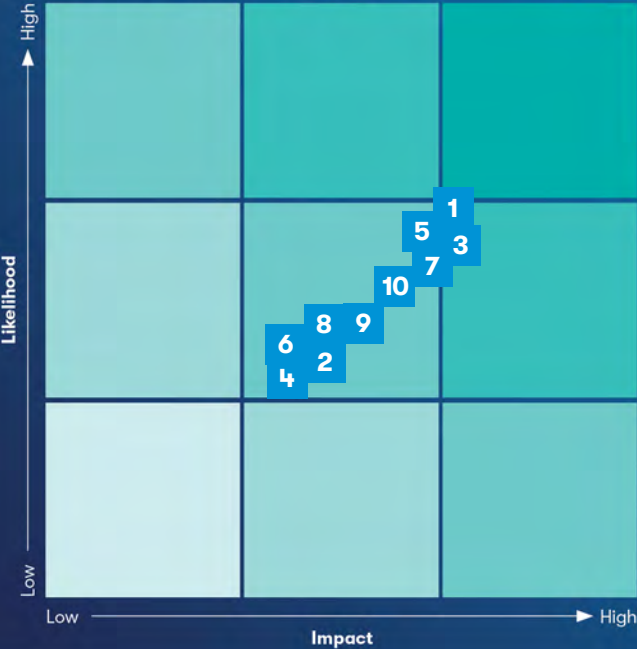
Operational risk
- 8

Conduct risk
- 9

Regulatory risk
- 10

Financial crime risk

Current assessment of principal risks



Key:

- ↑

Risk increased
- ↓

Risk decreased
- Risk broadly stable

1 Strategic and business risk

The risk to the Group’s earnings and profitability arising from its strategic decisions, change in business conditions, improper implementation of decisions or lack of responsiveness to industry and regulatory changes.

Risk appetite statement
The Group does not intend to undertake strategic actions which could put at risk the Group’s vision of being a leading specialist lender in its chosen markets, supported by a strong and dependable savings franchise.

The Group aims to also maintain a resilient and sustainable business operating model under normal and stressed market conditions. In particular, the business operating model should be able to sustain an extreme but plausible stress of a 1 in 20 severity without breaching its key business performance indicators.

1.1 Performance against targets

Performance against strategic and business targets does not meet stakeholder expectations. This has the potential to damage the Group’s franchise value and reputation.

Mitigation	Direction →
Regular monitoring by the Board and the Group Executive Committee of business and financial performance against the strategic agenda and risk appetite. The financial plan is subject to regular reforecasts and assessed in the context of its impact on existing risk appetite. The Balanced Business Scorecard is the primary mechanism to support how the Board assesses management performance against key targets. Use of stress testing to flex core business planning assumptions to assess potential performance under stressed operating conditions.	The ongoing geopolitical and macroeconomic uncertainty and its potential impact on net interest income, affordability levels, house prices and expected credit losses continued to impact and present risk to the Group’s performance in 2025 and will endure into 2026.

1.2 Economic environment

The economic environment in the UK is an important factor impacting the strategic and business risk profile. A macroeconomic downturn may impact the credit quality of the Group’s existing loan portfolios and may influence future business strategy as the Group’s new business proposition becomes less attractive due to lower returns.

Mitigation	Direction →
The Group’s business model as a secured lender helps limit potential credit risk losses and supports performance through the economic cycle. The Group continues to utilise and enhance its stress testing capabilities to assess and minimise potential areas of macroeconomic vulnerability.	Macroeconomic uncertainty will continue into 2026 posing an ongoing risk to the Group’s credit risk profile, including uncertainty around the path of interest rates, potential increased levels of unemployment and potential housing price pressures.

Principal risks and uncertainties continued

1.3 Competition risk

Competition in the lending and savings markets intensifies leading to increased pressure on business margins and volumes.

Mitigation	Direction 
The Group continues to review and develop its strategy, products and services that meet the requirements of the markets in which it operates. The Group has a diversified suite of products and capabilities to utilise, together with significant financial resources, to support a response to changes in competition. The technological advancements being achieved through digital transformation will serve to further strengthen the Group’s market competitiveness.	Continued intensity of competition within both the retail deposit and lending sectors. Margin pressures remain a notable headwind.

2 Reputational risk

The potential risk of the Group’s reputation being affected due to factors such as unethical practices, adverse regulatory actions, customer or broker dissatisfaction and complaints or negative/adverse publicity. Reputational risk can arise from a variety of sources and is a second-order risk – the crystallisation of any principal risk can lead to a reputational risk impact.

Risk appetite statement
The Group has a very low appetite for actively assuming reputational risk in the course of conducting its business activities and meeting the expectations of its key stakeholders. The Group is fully cognisant of the main drivers (trust, integrity, ethics, confidence and relationships) of reputational risk and it being a consequence of other risks materialising, some of which are outside of its immediate control. The Group strives to protect and enhance its reputation at all times through appropriate governance and proactive risk management.

Key:

-  Risk increased
-  Risk decreased
-  Risk broadly stable

2.1 Deterioration of reputation

Potential loss of trust and confidence that our stakeholders place in us as a responsible and fair provider of financial services.

Mitigation	Direction 
Culture and commitment to treating customers fairly and being open and transparent in communication with key stakeholders. Established processes in place to proactively identify and manage potential sources of reputational risk. Review of relevant Management Information including for example: investor confidence, credit rating agency outlook, regulatory engagement, customer complaint volumes, Net Promoter Scores, third party supplier practice, press and social media trends and performance against Environmental Social Governance (ESG) Group targets.	The Group’s stable performance against its financial targets throughout 2025 was well received by analysts and investors as reflected in the Group’s share price and credit rating agencies outlook. Some operational efficiency challenges were observed during ISA maturity season which temporarily impacted the risk profile. The Transformation Programme and the targeted customer offering and operational benefits are expected to further strengthen the Group’s reputation.

The Group has an embedded Reputational Risk Management Framework which is supported by the firm’s broader suite of frameworks, policies and procedures.

Principal risks and uncertainties continued

3 Credit risk

Potential for loss due to the failure of a counterparty to meet its contractual obligation to repay a debt in accordance with the agreed terms.

Risk appetite statement
The Group seeks to maintain a high-quality lending portfolio that generates adequate returns, during both benign and stressed operating environments.

3.1 Individual borrower risk

Borrowers may encounter idiosyncratic problems in repaying their loans, for example loss of a job or execution problems with a development project. While in most cases of default the Group's lending is secured, some borrowers may fail to maintain the value of the security which may result in a loss being incurred.

Mitigation	Direction
Across both OSB and CCFS, 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 CCFS, an automated scorecard approach is taken, whilst OSB utilises a bespoke manual underwriting approach, supplemented by bespoke application scorecards to inform the lending decision. Should there be problems with a loan, the Financial Support team works with customers who are unable to meet their loan service obligations to reach a satisfactory conclusion while adhering to the principle of delivering good customer outcomes. Our strategic focus on lending to professional landlords means that properties are likely to be well-managed, with income from a diversified portfolio mitigating the impact of rental voids or maintenance costs. Lending to owner-occupiers is subject to a detailed affordability assessment, including the borrower's ability to continue payments if interest rates increase. Lending on commercial property is based more on security and is scrutinised by the Group's independent Real Estate team as well as by external valuers. Development finance lending is extended only after a deep investigation of the borrower's track record and stress testing the economics of the specific project.	The drivers of borrower default risk continued to be seen in 2025 and may continue into 2026 with elevated levels of inflation and interest rates impacting customer affordability levels which in turn may result in a higher level of customers defaulting on their loan obligations. The Group continues to closely monitor arrears levels and implement targeted initiatives, including leveraging analytical capabilities, embedding targeted contact strategies and providing specialist support to customers to drive performance improvements.

Key:

- ⬆ Risk increased
- ⬇ Risk decreased
- ➡ Risk broadly stable

3.2 Macroeconomic downturn

A broad deterioration in the UK economy would adversely impact both the ability of borrowers to repay loans and the value of the Group's security. Credit losses would impact the Group's lending portfolios, as even if individual impacts were to be small, the aggregate impact on the Group could be significant.

Mitigation	Direction
The Group works within and monitors performance against portfolio limits on LTV, affordability, name, sector and geographic concentration that are approved by the Board. 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.	The economic outlook and the ongoing geopolitical risk continues to look uncertain. Inflation and interest rates have fallen, driving lower impairment levels, and increasing residential and commercial collateral values.

3.3 Wholesale credit risk

The Group has wholesale exposures both through call accounts used for transactional and liquidity purposes and through derivative exposures used for hedging.

Mitigation	Direction
The Group transacts only with high-quality wholesale counterparties. Derivative exposures include collateral agreements to mitigate credit exposures.	The Group's wholesale credit risk exposure remains limited to high-quality counterparties, overnight exposures to clearing banks and swap counterparties.

Principal risks and uncertainties continued

Key:

⬆ Risk increased

⬇ Risk decreased

➡ Risk broadly stable

4 Market risk

Potential loss due to changes in market prices or values.

Risk appetite statement
The Group actively manages market risk arising from structural interest rate and foreign exchange rate exposures. The Group does not take a significant interest rate position or a directional view on rates and limits its mismatched and basis risk exposures by dynamic hedging. The Board requirement is to maintain balance sheet and hedge positions sufficient to survive a range of severe but plausible stress scenarios for interest rate risk and basis risk. Historical data is used to calibrate the severity of the stress scenarios against the Group’s overall Risk Appetite.

4.1 Interest rate risk

The risk of loss from adverse movement in the overall level of interest rates. It arises from mismatches in the timing of repricing of assets and liabilities, both on and off-balance sheet. It includes the risks arising from imperfect hedging of exposures and the risk of customer behaviour driven by interest rates, e.g. early redemption.

Mitigation	Direction ➡
The Group’s Treasury function actively hedges to match the timing of cash flows from assets and liabilities.	Interest rate risk in 2025 was influenced by the downward interest rate environment, inverted yield curve and the potential for changing customer behaviour. The macroeconomic outlook remains uncertain. A continued area of focus relates to the risks arising from movements in interest rates.

4.2 Basis risk

The risk of loss from an adverse divergence in interest rates. It arises where assets and liabilities reprice from different variable rate indices. These indices may be market, administered, other discretionary variable rates, or that received on call accounts with other banks.

Mitigation	Direction ⬆
Basis risk is mitigated through management of balance sheet composition and as such the basis risk impacts of changes in funding strategy (such as intercompany lending and easy access volumes) are considered when the plans are agreed.	Basis risk exposure increased in 2025 as the Group’s easy access retail funding levels increased resulting in a mismatch to the base rate and Sterling Overnight Index Average (SONIA) linked assets due to lags in passing on rate reductions to savers.

5 Liquidity and funding risk

The risk that the Group, although solvent, does not have sufficient financial resources to enable it to meet its obligations as they fall due.

Risk appetite statement
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 monetisable 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.

5.1 Retail funding stress

As the Group is primarily funded by retail deposits, a retail run could put it in a position where it could not meet its financial obligations. Increased competition for retail savings driving up funding costs, adversely impacting retention levels and profitability.

Mitigation	Direction ⬆
The Group’s funding strategy is focused on a highly stable retail deposit franchise. The Group’s large number of depositors provides diversification, where a high proportion of balances are covered by the Financial Services Compensation Scheme (FSCS), largely mitigating the risk of a retail run. In addition, the Group performs in-depth liquidity stress testing and maintains a liquid asset portfolio sufficient to meet obligations under stress. The Group holds prudential liquidity buffers to manage funding requirements under normal and stressed conditions. The Group has diversified its retail channels by the use of deposit aggregators. The Group has pre-positioned mortgage collateral and securitised notes with the Bank of England, which allows it to consider alternative funding sources in addition to funding via retail savings deposits. The Group also has a mature Retail Mortgage-Backed Security (RMBS) programme.	The Group’s funding levels and mix remained strong throughout the year, however, competition in the retail deposit market remains high, resulting in an increase in the cost of future funding for the Group. Markets have also seen a trend in savings customers preferring easy access products over term products, due to the downward sloping yield curve, meaning headline rates for easy access are higher than term products. This results in a higher proportion of the book being withdrawable on demand. Liquidity buffers are held to account for this increased risk.

Principal risks and uncertainties continued

5.2 Wholesale funding stress

A market-wide stress could close securitisation markets or make issuance costs unattractive for the Group.

Mitigation	Direction 
The Group continuously monitors wholesale funding markets and is experienced in taking proactive management actions where required.	The Group continues to liaise with the Bank of England and external ratings agencies as required and maintained investment grade ratings during 2025. Demand for OSB issuances remains high, with trades issued in 2025 performing well in primary and secondary markets.
The Group completed a securitisation transaction in 2025 and has a range of wholesale funding options, including Bank of England facilities, for which collateral has been positioned.	

Key:

-  Risk increased
-  Risk decreased
-  Risk broadly stable

6 Solvency risk

The potential inability of the Group to ensure that it maintains sufficient capital levels for its business strategy and risk profile under both the base and stress case financial forecasts.

Risk appetite statement
The Group seeks to ensure that it retains a sufficient level and quality of capital to satisfy its minimum regulatory requirements to cover its prudential risks and support its growth objectives. The Group’s solvency risk appetite is constrained within the leverage ratio.

6.1 Deterioration of capital ratios

Key risks to solvency arise from balance sheet growth and unexpected losses which can result in the Group’s capital requirements increasing, capital resources being depleted, or changes in regulatory standards such that it no longer meets the capital requirements mandated by the PRA and Board risk appetite.

The regulatory capital regime is subject to change and could lead to changes in the level and quality of capital that the Group needs to hold to meet regulatory requirements.

Mitigation	Direction 
The Group operates from a strong capital position and has a consistent record of profitability.	Ongoing profitability means that the Group’s capital resources remain strong.
The Group actively monitors its capital requirements and resources against financial forecasts that account for the anticipated Basel 3.1 changes, and undertakes stress testing analysis to subject its solvency ratios to extreme but plausible scenarios.	
The Group holds prudent levels of capital buffers based on CRD IV requirements and expected balance sheet growth.	Risks remain around adverse credit profile performance resulting from higher inflation and higher interest rates.
The Group engages actively with regulators, industry bodies and advisers to keep abreast of potential changes and provides feedback through the consultation process.	

Principal risks and uncertainties continued

7 Operational risk

The risk of loss or a negative impact on the Group resulting from inadequate or failed internal processes, people or systems, or from external events.

Risk appetite statement
The Group has a limited appetite for operational risks that could threaten its ability to deliver critical services or result in a significantly negative impact on financial performance, or outcomes for customers, employees or other key stakeholders.

The Group acknowledges that operational risk is inherent in its business activities and in the pursuit of strategic objectives. However, the Group aims to maintain a resilient and well-controlled operating environment that supports safe, sound, and fair outcomes for customers, while minimising avoidable losses and preserving regulatory and reputational integrity.

Operational risks must be managed so that residual risk exposure remains acceptable*. Where an operational risk may pose a residual risk of Medium-High or High to the business, an adequate plan(s) or approved risk acceptance must be in place.

*Residual risk exposure is assessed as medium or low.

Direction

The operational risks faced by the Group are proportionate to the Group’s size, nature, scope and the complexity of its products and services. The Group’s operational risk profile has remained stable over 2025 with continual enhancement and maturity of the management of operational risk. The level of operational risk may increase due to the volume of key deliverables related to the Group’s Transformation Programme that could result in operational challenges over the next 12-months.

Key:

- Risk increased
- Risk decreased
- Risk broadly stable

7.1 Information security (including cyber risk)

The risks resulting from a failure to protect the Group’s systems and the data within them. This includes both internal and external threats.

Risk appetite statement
The Group views its data and IT architecture as an integral asset and enabler to achieving its purpose, vision and strategic objectives. The Group is fully aware of the dependencies between the security of its data and IT platforms and its core values. The Group is fully committed to protecting its core data and IT assets and ensuring that our customer and employee personal data is managed with appropriate security, as well as providing safe and secure platforms for the delivery of the Group’s products and services. To that end, the Group will ensure that all cyber security risks are subject to continuous monitoring and comprehensive and robust controls. Given the evolving nature of cyber security threats, the Group accepts that there may be periods where its controls need to be strengthened further to reflect the changing nature of the cyber threats. However, the gap between threats and controls will be minimised through appropriate prioritisation and investment.

Mitigation

The Group operates with a suite of preventative and detective controls to ensure services between the business and its customers operate securely with potential threats identified and mitigated as part of its IT risk and control assessment. This is underpinned by established frameworks, policies and tested procedures intended to ensure the effective response to a security breach.

The Group’s IT and cyber risk management improvement activities continue, with the aim of enhancing protection against security threats. A series of tools has been deployed to identify and prevent network and system intrusions, supported by dedicated IT security expertise.

Direction

Cyber security threats continue to evolve, and the Group is continuously strengthening its resilience through ongoing enhancements to security controls and defences. Regular testing and assurance activities are supporting continuous improvement by identifying opportunities to further reinforce our technology environment.

Management has implemented targeted evolution of key control areas, and progress within our technology Transformation Programme to further strengthen the overall security position.

Principal risks and uncertainties continued

7.2 Data quality

The risk of inaccurate and/or incomplete data (including data processed by vendors) for management information to support business decisions and/or meet the Group’s requirements, customer requirements or regulatory requirements.

Risk appetite statement
The Group views its data as a critical corporate asset and seeks to ensure that appropriate systems and controls are established to ensure that data risk is minimised to a level which does not result in the Group’s wider risk appetite objectives being placed at unacceptable level of threat.

Where the Group becomes aware that its data-based systems and controls are misaligned to the underlying data risk threat, commensurate remedial actions should be implemented and the unmitigated risk subject to formal notification and acceptance.

Mitigation	Direction
The Group operates within a suite of preventative and detective controls to ensure data is accurate, protected and readily available with potential threats identified and mitigated as part of its data risk and control assessment. This is underpinned by established frameworks, policies and procedures along with dedicated resources to ensure the quality of data is maintained at an appropriate standard.	The Group continued to strengthen its governance and policy frameworks during 2025, with further progress planned in 2026. Key priorities include enhancing the enterprise-wide data quality framework and streamlining the approach in line with technology platform changes associated with the Transformation Programme.

Key:

- ⬆ Risk increased
- ⬇ Risk decreased
- ➡ Risk broadly stable

7.3 Change management

The risk of ineffective design, execution or delivery of change or transformation initiatives (including programmes and projects) and not realising intended benefits and outcomes.

Risk appetite statement
The Group will ensure that strategic and portfolio change delivery is subject to the appropriate level of governance and oversight to enable effective delivery against the identified objectives and benefits as per plan and budget. The Group acknowledges that its wider risk profile may be impacted during certain phases of the strategic programmes such as transition from programme to business as usual (BAU); however any impact will be minimised through the implementation of robust and appropriate systems and controls throughout and following the conclusion of the programme.

Mitigation	Direction
The Group recognises that implementing change introduces risk; and governance is in place to ensure each stage of change management has an appropriate level of oversight. Established frameworks, policies and procedures are designed to manage change effectively and reduce the likelihood of disruption.	The Group continued to deliver an ambitious change agenda in 2025 largely focused on the Transformation Programme, which is designed to meet the future needs of customers, brokers and wider stakeholders while delivering operational efficiencies. The Group remains in a transition period, balancing delivery of the change roadmap while maintaining stability across legacy systems. Specialist risk expertise is effectively utilised to manage and monitor the change environment.

Principal risks and uncertainties continued

7.4 Business resilience (IT failure, Third Party, Operational Continuity)

The risk of disruption to the Group's ability to operate through and/or recover from disruptive/impactful continuity events (e.g., IT systems failure).

Risk appetite statement
The Group views IT as a critical enabler to achieving its purpose, vision and strategic objectives. The Group is fully committed to ensuring the adequacy, performance and resilience of the IT services and related assets that enable the delivery of the Group's core products, important business services and critical internal functions. To that end, the Group will ensure that all technology risks are appropriately managed and maintained at acceptable levels as articulated within the supporting sub-level statements.

Mitigation	Direction
The Group continues to maintain existing IT infrastructure, to ensure it remains fit for purpose and supports the Group's ongoing operating effectiveness. Investment continues to be made to improve core infrastructure, and simplify where possible, and has improved the management of technical change to strengthen resilience. The Group has identified its prioritised business services and the infrastructure that is required to support them. Tests are performed regularly in line with established frameworks, policies and procedures to validate the Group's ability to recover from an incident.	Whilst progress continues to be made with strengthening and maturing the approach to business resilience, the risk remains as the Group continues to make progress across its Transformation Programme.
The Group has established multiple sites to ensure that, in the event of an operational incident, services can be maintained.	
As the Group migrates more business to cloud-based services and increases reliance on third parties, inherent internal and external third party risks have increased. The Group continues to mature its vendor and third party risk management and associated frameworks, policies and procedures.	

Key:

⬆ Risk increased ⬇ Risk decreased ➡ Risk broadly stable

8 Conduct risk

The risk that the Group's culture, organisation, behaviours and actions result in poor outcomes and detriment for customers and/or damage to consumer trust and integrity of the markets in which it operates.

Risk appetite statement
The Group has minimal appetite to behave in a way which may result in poor customer outcomes and/or cause disruptions in the market segments in which it operates.

The Group aims to operate its businesses with a culture and behaviours that promote good outcomes for customers with its actions aiming to avoid causing detriment or harm to its customers. The Group will treat its customers with respect, fairness and transparency.

The Group will proactively look to identify where its products and services, throughout the whole product and customer lifecycle, could lead to poor outcomes or harm to its customers and will take appropriate action to mitigate and remedy, where required. Where customer harm occurs, the Group will ensure effective solutions are implemented to address the root cause and a good outcome is achieved.

8.1 Conduct risk

The risk that the Group fails to meet its expectations with respect to conduct risk.

Mitigation	Direction
The Group's culture is clearly defined and monitored through its Purpose, Vision and Values-driven behaviours.	The level of conduct risk that the Group is exposed to remains consistent and continues to be impacted by a number of external economic factors, such as continued cost-of-living pressures, as well as the Group's changing customer facing technology platforms as it continues efforts with the Transformation Programme.
The Group has an embedded Conduct Risk Management Framework which defines roles and responsibilities for conduct risk management, oversight and governance. The Framework principles directly link to the delivery of good customer outcomes and Consumer Duty expectations.	During 2025, the Group continued to enhance its approach to monitoring conduct risk across its operations whilst implementing enhancements to customer journeys and enabling improved customer self-serve and engagement with us.
Policies across the Group further embed expectations which ensure the Group behaves in a way which encourages customer-centricity and promotes good customer outcomes, including those focused on supporting customers in vulnerable circumstances and those experiencing financial difficulty.	The Group has continued to review and evolve its approach to supporting customers, particularly those that are vulnerable and experiencing financial difficulty, to ensure they continue to receive the level of tailored support needed to deliver good customer outcomes.
The Group does not tolerate any systematic failure to deliver good customer outcomes. On an isolated basis, incidents can result in customer harm due to human and/or operational failures. Where such incidents occur, they are thoroughly investigated, and the appropriate remedial actions are taken to address any customer harm and prevent recurrence.	

Principal risks and uncertainties continued

9 Regulatory risk

The risk of regulatory sanctions, material financial loss, or loss to reputation the Group may suffer, as a result of its failure to comply with regulations, rules, codes of conduct or guidance applicable to its operations, that are subject to authorisation and its regulatory permissions.

Risk appetite statement

The Group views ongoing conformance with regulatory rules and standards across all the jurisdictions in which it operates as a critical facet of its risk culture. The Group has minimal appetite to assume regulatory risk, which could result in poor customer outcomes, customer detriment, regulatory sanctions, financial loss or damage to its reputation. The Group will proactively monitor for, and will not tolerate any systemic failure to comply with, applicable laws, regulations or codes of conduct relevant to its business.

The Group acknowledges that regulatory rules and standards are subject to interpretation and subsequent translation into internal policies and procedures. The Group interprets requirements to ensure adherence with the intended purpose and spirit of the regulation whilst being cognisant of commercial considerations and good customer outcomes. To minimise regulatory risk, the Group proactively engages with its regulators in a transparent manner, participates in industry forums and seeks external advice to validate its interpretations where appropriate.

The Group is committed to maintaining high levels of regulatory compliance across all aspects of its business. The Group maintains robust risk management systems and controls to enable adherence to, and monitoring of, conformance to regulatory requirements and industry standards. The Group will respond in an appropriate manner to any changes in the regulatory environment.

The Group is committed to embedding a robust compliance culture throughout the organisation with all employees having the responsibility of understanding and upholding regulatory obligations.

Key:

⬆ Risk increased

⬇ Risk decreased

➡ Risk broadly stable

9.1 Prudential regulatory changes

The Group continues to see a high volume of key compliance regulatory changes that impact its business activities. These include increasing Basel 3.1 capital requirements and increased Resolvability Assessment Framework best practice.

Mitigation	Direction ➡
The Group has an effective horizon scanning process to identify regulatory change.	The Group continued to have a high level of interaction with the Bank of England and Prudential Regulation Authority and continues to identify and respond effectively to all regulatory changes and engagements.
All significant regulatory initiatives are managed by structured programmes overseen by the Project Management team and sponsored at Executive level.	
The Group has proactively sought external expert opinions to support interpretation of the requirements and validation of its response, where required.	

9.2 Conduct regulatory changes

The current regulatory change agenda is focused on supporting growth and helping customers navigate their financial circumstances. Amendments to regulatory requirements are expected to evolve in response to the political, economic and technological environment.

Mitigation	Direction ➡
The Group has a clearly defined horizon scanning process to detect new regulatory developments and track implementation to meet evolving expectations, including those that are conduct related.	The Group will continue to manage the volume of regulatory change, ensure continued compliance with Consumer Duty and support customers during our internal Transformation Programme as customer journeys become more digital.
The Group continuously improves its approach to monitoring customer outcomes by combining insights, data and customer feedback to enable the delivery of products and services that meet and exceed customer's needs.	

Principal risks and uncertainties continued

10 Financial crime risk

The risk of financial or reputational loss resulting from inadequate systems and controls to mitigate the risks from financial crime.

Risk appetite statement
To minimise financial crime risk, the Group will design and maintain robust systems and controls to identify, assess, manage and report any activity (internal or external in nature) which exposes the Group to financial crime risk in the form of money laundering, human trafficking, terrorist financing, sanctions breaches, bribery, corruption, proliferation financing and fraud. The Group recognises the need to continuously review its systems and controls to ensure that they are aligned to the nature and scale of financial crime risk it is exposed to on a current and forward-looking basis.

10.1 Financial crime risk

The risk of financial or reputational loss resulting from a failure to implement systems and controls to manage the risk from money laundering, terrorist financing, sanctions, bribery, corruption, proliferation financing and cyber crime.

Mitigation	Direction 
The Group operates in a low-risk environment providing relatively simple products to UK domiciled customers serviced through UK registered bank accounts. The Group has an established screening programme that is deployed at the point of origination and on a regular basis throughout the customer lifecycle. Where applicable, enhanced due diligence is applied to ensure that any increase in risk is appropriately managed and any activity remains within risk appetite. The Group has a horizon scanning programme that identifies changes to money laundering regulations and any other financial crime-related legislation to ensure that we comply with all regulatory obligations. The Group screens its customers on a regular basis against sanctions listings acting swiftly to react to any updates released in relation to the financial sanctions regime. Given the Group's customer target market, it has negligible exposure to any of the affected jurisdictions and no exposure to any specific individual or entity contained within revised sanctions listings.	The external financial crime environment remains dynamic. The Group has established a mature and comprehensive control framework, supported by a dedicated Financial Crime function, and continues to strengthen these arrangements in response to emerging risks.

Key:

-  Risk increased
-  Risk decreased
-  Risk broadly stable

10.2 Fraud risk

The risk of financial loss resulting from fraudulent action by a person either internal or external.

Mitigation	Direction 
The Group continues to invest in a range of systems and controls that are deployed across its product range to detect and prevent exposure to fraud throughout the customer lifecycle. At the point of origination, all new applications are subject to a range of controls to identify and mitigate the risk of fraud. Customer behavioural and transactional activity is closely monitored to identify potential suspicious behaviours or trends that may be indicative of fraud. All controls are supported by documented fraud-related policies and procedures that are managed by experienced employees in a dedicated Financial Crime function. The Group has robust procedures in place to support the detection and prevention of internal fraud deploying duty segregation and approval processes where appropriate. The Group continually monitors its detection capability with periodic reviews of the rules and parameters within its systems and control framework to ensure that these remain fit for purpose and aligned to mitigate any emerging risks.	The Group continues to observe a low level of actual fraud losses, but remains cognisant of the heightened external fraud environment in which it operates and, in particular, the rise in the number of customers falling victim to elaborate and sophisticated scams. Whilst the Group's product functionality restricts the level of direct exposure to these types of events, the Group continues to look at options where it can educate and support its customers and help prevent them from becoming victims of the growing threat.

Principal risks and uncertainties continued

Emerging risks

The Group proactively identifies emerging risks which may have an impact on its ongoing strategy and operations through approaches such as horizon scanning and environment monitoring (regulatory and non-regulatory), stress testing and analytics, risk assessments, regulatory engagement and industry collaboration. The Group considers its top emerging risks to be:

Political and macroeconomic uncertainty

Description	Mitigation
The Group's lending activity is predominantly focused in the UK (with a legacy book of mortgages in the Channel Islands) and, as such, will be impacted by any risks emerging from changes in the UK's macroeconomic environment which itself is influenced by increasingly volatile geopolitical tensions and uncertainty. High inflation and changing interest rates pose risks to the Group's loan portfolio performance.	The Group has mature and robust monitoring processes and through various stress testing activities (i.e. ad hoc, risk appetite and ICAAP) understands how the Group performs over a variety of macroeconomic stress scenarios and has developed a suite of early warning indicators, which are closely monitored to identify changes in the economic environment. The Board and management review detailed portfolio reports to identify any changes in the Group's risk profile.

Artificial Intelligence

Description	Mitigation
Artificial Intelligence (AI), including generative AI remains an emerging risk given how rapidly it is advancing and is being utilised more widely across the financial services industry. The Group remains in the early stages of its journey in adopting the use of AI across the organisation. The Group will continue to embrace this new technology, but in a controlled manner applying robust risk management arrangements to ensure risks continue to be identified, monitored and mitigated. Potential future risks including (i) external threats including cyber criminals use of AI technology, market competition dynamics changing based on the varying levels of success firms have in leveraging this technology to drive enhancements in business performance. Potential use of AI by external fraudsters (ii) internal risks relating to uncontrolled or inappropriate use of AI capabilities across the Group. The Bank of England (BoE) also stresses the importance of robust data and model risk management as banks adopt more predictive technologies.	The Group has established a responsible AI policy and continues to mature and refine its AI Governance framework, which control the use, deployment and oversight of AI technology across the Group. Internal subject matter experts are in place and the Group will liaise with external third-party advisers as required. Close monitoring of developments in AI technology is undertaken by the Group's IT function, where a suite of planned initiatives is underway to enable the Group to benefit from the use of AI technology, whilst mitigating any future risks which may occur.

Climate change

Description	Mitigation
Regulatory expectations and industry best practices continue to evolve and further work is required to enhance the Group's approach to managing climate risk. Key climate change risks include: - Physical risks which relate to specific weather events, such as storms and flooding, or to longer-term shifts in the climate, such as rising sea levels. These risks could include adverse movements in the value of certain properties. - Transitional risks may arise from the adjustment towards a low-carbon economy, such as tightening energy efficiency standards for domestic and commercial buildings. These risks could include a potential adverse movement in the value of properties requiring substantial updates to meet future energy performance requirements.	The Group's Climate Risk Management Framework provides guidance and necessary guardrails for the continuing embedment and advancement of the Group's climate risk management capabilities. Scenario stress testing and outputs form part of the Internal Capital Adequacy Assessment Process (ICAAP) and risk appetite limit setting. Physical Risk is assessed on a decade-by-decade prediction, from current year to 2100, on the likelihood of flood, subsidence and coastal erosion. The current Energy Performance Certificate (EPC) of each property is considered to allow for an assessment of transitional risk due to policy change. The Group complies with the UK Companies Act 2006 disclosing the Group's approach in managing climate-related financial risks and follows best practices from recommendations set out by Task Force on Climate-related Financial Disclosures (TCFD). The full report can be found on page 95.

Regulatory change

Description	Mitigation
The Group remains subject to high levels of regulatory oversight and an extensive and broad-ranging regulatory change agenda, including meeting the requirements of Basel 3.1 regulation. The Group is therefore required to respond to prudential and conduct-related regulatory changes, fulfilling information requests and taking part in thematic reviews, as required.	The Group has established horizon scanning capabilities, coupled with dedicated prudential and conduct regulatory experts in place to ensure the Group manages future regulatory changes effectively. The Group also has strong relationships with regulatory bodies and, through membership of UK Finance, inputs into upcoming regulatory consultations.

Risk profile performance review

Credit risk

Bank of England base rates reduced during 2025 as inflation eased and economic conditions stabilised. Unemployment rose modestly compared with 2024 but remained low by historical standards. Falling inflation in 2025 supported a recovery in real household incomes following the prolonged cost-of-living pressures experienced in 2024. Lower interest rates and improving affordability provided some support to the mortgage and property markets.

The Group's prudent risk appetite and disciplined approach to credit risk management supported stable credit profile performance during the year.

The Group's focus on returns and pricing discipline delivered originations of £4.7bn in 2025, an increase of 19% compared with £4.0bn in the prior year. In line with the Group's diversification strategy, originations were particularly strong in the higher-yielding sub-segments of commercial, bridging, asset finance and residential development.

The Group actively manages three key credit risk pillars including i) the customer's propensity to repay, (ii) the customer or tenant's ability to maintain payments and (iii) the underlying collateral or security provided to support lending and its ability to absorb adverse movements in values, providing loss protection should a repayment default event occur.

The credit score profile of new lending remained broadly stable throughout the year but improved compared to 2024 reflecting the focus on ensuring that onboarded customers had strong ability and propensity to make payments in the future.

Buy-to-Let interest coverage ratios for new lending improved compared to 2024 and remained strong at 200% for OSB and 160% for CCFS (2024: 186% and 160%, respectively), demonstrating a healthy surplus in rental income versus the required monthly repayment amount.

Strong origination and customer retention resulted in 3.2% growth in the net loan book to £25.9bn (31 December 2024: £25.1bn).

Credit scoring metrics for existing loan balances remained robust. Modest increases in future probability of default and affordability scores observed as more customers migrated into arrears and customers' credit profiles continued to be impacted by the increased costs of living and borrowing.

The Group remained a fully secured lender with prudent lending policies and criteria coupled with property value appreciation in 2025. Weighted average book LTV increased to 67% for OSB (2024: 64%) and was unchanged for CCFS at 64%. The weighted average book LTV for the Group remained prudent at 66% (2024: 64%).

Arrears as at 31 December 2025 were unchanged from the prior year at 1.7%. Loan affordability challenges when borrowers refinance onto higher prevailing interest rates remained the main driver of arrears in the year.

The OSB entity includes a number of closed acquired residential mortgage portfolios, which have a higher risk profile versus organically originated lending. These portfolios were a material contributor to the segment level arrears. As at 31 December 2025, the acquired portfolios equated to 1.4% of the OSB entity level net loans and advances to customers, whilst contributing 10.9% of total arrears. The arrears ratio of the acquired segment reduced to 13.6% as at 31 December 2025 versus 19.5% in the prior year.

Segment level arrears ratios

		31 December 2025	31 December 2024
Group	Sub segment		
OSB	Total	1.8%	1.8%
	Organic	1.6%	1.5%
	Acquired	13.6%	19.5%
CCFS	Total (Post securitisation)	1.5%	1.5%
	Total (Pre-securitisation)	n/a	1.3%

In line with modelled expectations, the Group observed a stabilisation of arrears trends. A suite of initiatives is progressing to drive further improvements to arrears trends in the near term, with oversight being provided by the Board.

The timelines for repossession and selling properties continued to be impacted by ongoing delays in the court hearing process.

The Group actively monitors performance against a set of internal risk appetite and early warning indicators together with wider benchmarked external data provided by third parties, including UK Finance. During 2025 the Group's arrears performance operated inside of forecasted estimates, and prudent IFRS 9 provision coverage levels continued to be held to cover for forecasted future losses.

During 2025, the Group reported a significant decline in the volume of forbearance measures requested by customers facing financial difficulties. A total of 2,519 forbearance requests were approved during the year, marking a reduction from 3,013 requests in the previous year. As of 31 December 2025, the outstanding balance of forbearance measures granted amounted to £264.9m, representing a reduction from £348.2m as of 31 December 2024.

The most common solutions provided were interest rate reduction, switch to interest only and payment deferral. The largest provision of forbearance was to residential first charge mortgage holders.

Expected credit losses (ECL)

Balance sheet expected credit losses decreased to £123.6m as at 31 December 2025 from £126.9m in the prior year. The impairment charge of £13.0m represented a loan loss ratio of 5bps (2024: £11.7m credit, (4)bps favourable loan loss ratio, respectively).

Key drivers of the impairment charge were:

- Macroeconomic scenarios and valuation methodology – the Group continued to receive regular macroeconomic scenario updates from its advisers, which were reviewed and discussed by management and the Board, along with the probability weightings applied to each scenario.

The macroeconomic scenarios utilised within the IFRS 9 provisioning process as at 31 December 2025 forecast a downgrade within its Gross Domestic Product outlook as the United Kingdom economy slowed, driven in part by geopolitical uncertainty and global trade pressures. The revised macroeconomic scenarios are more conservative on unemployment rates whilst house price performance is marginally favourable, however, the growth remains subdued.

The probability weighting assigned to each scenario remained unchanged from 31 December 2024. However, the Group adopted a more severe downside scenario to ensure provisions remain prudent and adequately capture potential tail risks under stressed, yet plausible, economic conditions.

Risk profile performance review continued

The Group regularly updates the collateral values of properties which act as security against the loans extended to customers. In 2025, the Group observed an improvement in property values that outperformed forecast expectations.

The aggregated impact of updated forward-looking macroeconomic scenarios, coupled with observed movements in collateral values accounted for a £2.4m impairment release in the year.

- b) Model enhancements and post model adjustments (PMAs) – calibrations to the IFRS 9 models to ensure forecasted estimates continued to align to recently observed performance, which include refreshed PMAs to account for risks not fully captured within the framework, resulted in an impairment release of £13.3m.

Observed improvement in arrears from the 30 June 2025 reported position and a reduced risk at the point of reversion, is reflected in revised borrowed default expectations, which largely contributed to the modelled provision release.

The risk arising from observed elongated sale times within the possession process, and the risk associated with the heightened cost of borrowing as interest rates have remained elevated, transitioned into the model framework and was removed as a PMA.

The Group continued to recognise the less material physical risks relating to climate change and cladding. With the addition of two new PMAs for the risk to the time to sale as a result of the Renters Rights Bill, and the risk associated with potential losses within Development Finance under a severe economic downturn.

- c) Arrears flow – The Group's arrears remain stable from the 31 December 2024 reported position, with the increase in impairments of £11.8m broadly aligned with the previous reported period (31 December 2024: £10.8m). Whilst the expectations of future default risk have decreased.

- d) Stage migration – An impairment release of £6.2m related to changes in the credit profile of borrowers as they transitioned through modelled IFRS 9 impairment stages with higher observed closures as losses crystallised through the write-off process.

- e) New lending – The Group's Stage 1 impairment balance increased by £3.9m as a result of new lending in the period.

- f) Individually assessed provisions and other – The Group's specialist Real Estate Management and Financial Support teams maintained watch lists of loans where objective evidence of impairment existed over a given exposure. For these specific loans, a detailed assessment of the collateral and circumstances of the arrears was completed and, where required, an individual impairment provision was raised based on this updated information.

The Group raised a number of additional individual provisions against a small number of counterparties which resulted in an impairment charge of £2.9m.

In addition to the above, the income statement included a charge of £16.3m related to write offs and other adjustments.

	Gross carrying amount £m	Expected credit losses £m	Coverage ratio %
As at 31 December 2025			
Stage 1	21,149.6	18.3	0.09%
Stage 2	3,821.3	28.3	0.74%
Stage 3 and purchased or originated credit-impaired (POCI)	1,061.7	77.0	7.25%
Total	26,032.6	123.6	0.47%

	Gross carrying amount £m	Expected credit losses £m	Coverage ratio %
As at 31 December 2024			
Stage 1	19,877.1	13.7	0.07%
Stage 2	4,352.9	39.3	0.90%
Stage 3 and POCI	1,010.3	73.9	7.31%
Total	25,240.3	126.9	0.50%

Risk profile performance review continued

Macroeconomic scenarios

The measurement of ECL under the IFRS 9 approach is complex and requires a high level of judgement. The approach includes the estimation of probability of default (PD), loss-given default (LGD) and likely exposure at default (EAD). An assessment of the maximum contractual period over which the Group is exposed to the credit risk of the asset is also undertaken.

IFRS 9 requires firms to calculate ECL provisions simulating the effect of a range of possible economic outcomes, calculated on a probability-weighted basis. This requires firms to formulate forward-looking macroeconomic forecasts and incorporate them into their ECL calculations.

i. How macroeconomic variables and scenarios are selected

As part of the IFRS 9 modelling process, the relationship between macroeconomic drivers and arrears, default rates and collateral values is established. The Group adopted an approach that utilises four macroeconomic scenarios. These scenarios are provided by an industry-leading economics advisory firm, that advises management and the Board.

A base case forecast is provided, together with a plausible upside scenario. Two downside scenarios are also provided (downside and a severe downside).

ii. How macroeconomic scenarios are utilised within ECL calculations

Probability of default estimates are either scaled up or down based on the macroeconomic scenarios utilised.

Loss given default estimates are principally impacted by property price forecasts, which inform the loss estimates should an account be possessed and sold.

Exposure at default estimates are not impacted by the macroeconomic scenarios utilised.

Each of the above components are then directly utilised within the ECL calculation process.

iii. Macroeconomic scenario governance

The Group has a robust governance process to oversee macroeconomic scenarios and probability weightings used within ECL calculations.

On a periodic basis, the Group's Finance function and economic adviser provide the Group Risk and Audit Committees with an overview of recent economic performance, together with updated base, upside and two downside scenarios. The Finance function conducts a review of the scenarios comparing them to other economic forecasts, which results in a proposed course of action which, once approved, is implemented.

Forecast macroeconomic variables over a five-year period

Scenario	Weighting	(% Economic measure	Year end	Year end	Year end	Year end	Year end
			2025	2026	2027	2028	2029
Base case	40	GDP	1.4	1.0	1.4	1.5	1.5
		Unemployment	5.1	5.0	4.7	4.4	4.3
		House price growth	2.2	2.3	3.4	4.8	5.4
		CPI	3.2	2.5	2.5	2.1	2.2
		Bank Base Rate	3.8	3.5	3.5	3.5	3.5
Upside	30	GDP	1.4	3.4	2.8	2.2	1.7
		Unemployment	5.1	4.3	3.7	3.6	3.6
		House price growth	2.2	4.5	5.9	7.6	6.0
		CPI	3.2	3.7	3.1	2.5	2.2
		Bank Base Rate	3.8	4.8	4.4	3.7	3.5
Downside	20	GDP	1.4	(2.7)	0.1	1.0	1.4
		Unemployment	5.1	6.7	6.9	6.9	6.6
		House price growth	2.2	(6.3)	(1.7)	0.3	5.7
		CPI	3.2	0.9	1.5	1.9	1.9
		Bank Base Rate	3.8	2.4	1.8	1.8	1.8
Severe downside	10	GDP	1.4	(6.9)	(1.8)	0.2	1.1
		Unemployment	5.1	8.0	8.5	7.9	7.6
		House price growth	2.2	(14.5)	(8.3)	(7.9)	6.9
		CPI	3.2	(0.8)	0.4	1.6	1.8
		Bank Base Rate	3.8	1.0	0.5	0.5	0.5

Note: GDP, CPI, and HPI are all measured on an annual change basis. Bank Base Rate and Unemployment metrics are end-of-year forecasted positions.

Risk profile performance review continued

iv. Changes made during 2025

Throughout 2025, the scenario suite was monitored and updated as UK political and geopolitical developments occurred.

The Group's Risk and Audit Committees focused on assessing whether specific risks had been captured within externally provided forward-looking forecasts. Of particular focus were the risks relating to the cost of borrowing, unemployment, inflation, interest rates, and changes in house prices. The Group undertook detailed analysis to assess whether specific sub-cohort risks were adequately accounted for by the Group's IFRS 9 models, which identified a small number of areas requiring PMAs to be made. During the year the cost of borrowing PMA and the time to sale PMA transitioned into the models. New PMAs were added to account for the extended time to sale resulting from the Renter's Rights Bill, and including the risk associated with losses within Development Finance under a severe economic downturn.

Furthermore, models were calibrated to the latest observed credit performance whilst ensuring unemployment rates were adequately accounted for.

The Board reflected on the ongoing appropriateness of probabilities attached to the suite of IFRS 9 scenarios as the macroeconomic outlook evolved throughout the year. Although the scenarios remain symmetrical, with upside and downside outcomes carrying equal weightings, the Group adopted a more severe downside scenario to ensure provisions remain prudent and adequately capture potential tail risks under stressed but plausible economic conditions.

Forbearance

Where a borrower experiences financial difficulty which impacts their ability to service their financial commitments under the loan agreement, forbearance may be used to achieve an outcome that is mutually beneficial for both the borrower and the Group.

Borrowers who are experiencing financial difficulties, either pre-arrears or in arrears, enter a consultative process to ascertain the underlying reasons and to establish the best course of action to enable the borrower to develop credible repayment plans to see them through the period of financial stress.

The specific tools available to assist customers vary by product and the customers' circumstances. The various options considered for customers are as follows:

- temporary switch to interest only: a temporary account change to assist customers through periods of financial difficulty where the contractual monthly payment is reduced to the amount of interest owed in the month for the duration of the account change. Any arrears existing at the commencement of the arrangement are retained;
- interest rate reduction: the Group may, in certain circumstances, where the borrower meets the required eligibility criteria, transfer the mortgage to a lower contractual rate. Where this is a formal contractual change, the borrower will be requested to obtain independent financial advice as part of the process;
- loan-term extension: a permanent account change for customers in financial distress where the overall term of the mortgage is extended, resulting in a lower contractual monthly payment;
- payment holiday: a temporary account change to assist customers through periods of financial difficulty where capital and interest accruals during the payment holiday period are repaid from the end of the payment holiday over the remaining term. Any arrears existing at the commencement of the arrangement are retained;
- voluntary-assisted sale: a period of time is given to allow borrowers to sell the property and arrears accrue based on the contractual monthly payment;
- reduced monthly payments: a temporary arrangement for customers in financial distress. For example, a short-term arrangement to pay less than the contractual monthly payment. Arrears continue to accrue based on the contractual monthly payment;
- capitalisation of interest: arrears are added to the loan balance and are repaid over the remaining term of the facility or at maturity for interest only products. A new payment is calculated, which will be higher than the previous payment;

- full or partial debt forgiveness: where appropriate, the Group will consider writing off part of the debt. This may occur where the borrower has an agreed sale and there is a shortfall in the amount required to redeem the Group's charge, in which case repayment of the shortfall may be agreed over a period of time, subject to an affordability assessment; or where possession has been taken by the Group, and on the subsequent sale there has been a shortfall loss;
- arrangement to pay: where an arrangement is made with the borrower to repay an amount above the contractual monthly payment, which will repay arrears over a period of time;
- promise to pay: where an arrangement is made with the borrower to defer payment or pay a lump sum at a later date; and
- bridging loans which are more than 30 days past their maturity date: Repayment is rescheduled to receive a balloon or bullet payment at the end of the term extension, where the institution can duly demonstrate future cash-flow availability.

The Group aims to proactively identify and manage forborne accounts, utilising external credit reference bureau information to analyse probability of default and customer indebtedness trends over time, feeding pre-arrears watchlist reports. Watchlist cases are in turn carefully monitored and managed as appropriate.

Risk profile performance review continued

Fair value of collateral methodology

The Group ensures that security valuations are reviewed on an ongoing basis for accuracy and appropriateness. Commercial properties are subject to quarterly indexing using Commercial Real Estate data. Residential properties are indexed at least quarterly, using House Price Index data.

Solvency risk

The Group maintains an appropriate level and quality of capital to support its prudential requirements with sufficient contingency to withstand a severe but plausible stress scenario. The solvency risk appetite is based on a stacking approach, whereby the various capital requirements (Pillar 1, Pillar 2A, CRD IV buffers, Board and management buffers) are incrementally aggregated as a percentage of risk-weighted assets.

The Bank of England has notified the Group that its preferred resolution strategy for the Group has been updated from a Bail-In firm to Transfer firm effective from 1 January 2026. The Group's MREL requirement is now equal to its minimum capital requirements, defined as the sum of Pillar 1 and Pillar 2A capital requirements, as set by the PRA.

Solvency risk is a function of balance sheet growth, profitability, access to capital markets and regulatory changes. The Group actively monitors all key drivers of solvency risk and takes prompt action to maintain its solvency ratios at acceptable levels.

The Board and management also assess solvency when reviewing the Group's business plans and inorganic growth opportunities. The Group's CET1 and total capital ratios reduced as forecasted to 15.8% and 19.1%, respectively as at 31 December 2025 (31 December 2024: 16.3% and 19.7%, respectively) remaining significantly above risk appetite. The Group's leverage ratio was 7.4% as at 31 December 2025 (31 December 2024: 7.7%).

Liquidity and funding risk

The Group has a prudent approach to liquidity management through maintaining sufficient liquidity resources to cover cash flow imbalances and fluctuations in funding, under both normal and stressed conditions, arising from market-wide and bank-specific events. DoLSub permission was granted in July 2025 enabling the Group to manage the OSB and CCFS banks as one combined entity. The DoLSub liquidity risk appetites have been calibrated to ensure that both Banks always operate above the minimum prudential requirements with sufficient contingency for unexpected stresses, whilst actively minimising the risk of holding excessive liquidity, which would adversely impact the financial efficiency of the business model.

The Group continues to attract new retail savers and has high retention levels with existing customers. In addition, the Group is able to access a wide range of wholesale funding options, including securitisation issuances and the use of retained notes from both Banks as collateral for Bank of England facilities, and repurchase agreements with third parties.

In 2025, the Group maintained its liquidity and funding profile within the confines of its risk appetites as set out in the Group's ILAAP.

Retail funding rates decreased throughout the year due to reductions in the Bank of England base rate, however savings rates have not fully decreased in line with base rate, putting pressure on cost of funds. Rates on the variable books have been actively managed to ensure a stable deposit base at an attractive cost of funds.

Swap rate decreases in 2025 also led to the Group repaying a large proportion of the variation margin collateral on the Group's interest rate swaps received during rate increases in 2023. The Group managed internal buffers to ensure that sufficient funds were held at the BoE to meet any swap margin calls as rates reduced.

The Group and DoLSub risk appetites are based on internal stress tests that cover a range of scenarios and time periods and therefore are a more severe measure of resilience to a liquidity event than the standalone liquidity coverage ratio (LCR). As at 31 December 2025, the DoLSub had a liquidity coverage ratio of 197%, and the Group LCR was 203% (2024: 217%), all significantly above regulatory requirements.

Market risk

The Group is exposed to adverse movements in interest rates, foreign exchange rates and counterparty exposures. The Group accepts interest rate risk and basis risk as a consequence of structural mismatches between fixed rate mortgage lending, sight and fixed-term savings and the maintenance of a portfolio of high-quality liquid assets. Interest rate exposure is mitigated on a continuous basis via asset and liability management, the Group's structural hedge and the use of financial derivatives, within limits set by the Group Asset Liability Committee (ALCO) and approved by the Board. The Group's balance sheet is predominantly UK Sterling denominated. The Group has some minor foreign exchange risk from funding its OSBI subsidiary. This is minimised by pre-funding a number of months in advance and regularly monitoring GBP/INR rates. Wholesale counterparty risk is measured on a daily basis and constrained by counterparty risk limits. Economic Value measures of duration risk and the earnings measures of both duration risk and basis risk remained well within risk appetite in 2025.

Operational risk

The operational risk management framework describes how the Group should manage the diversity and scale of operational risks it faces, enabling the Group to understand its exposures and make informed management decisions as a result. It has been designed to provide a robust approach to the identification, measurement and mitigation of operational risks. The Group's operational processes, systems and controls are designed to minimise disruption to customers, damage to the Group's reputation and any detrimental impact on financial performance. Where risks continue to exist, there are established processes to provide the appropriate levels of governance and oversight, together with an alignment to the level of risk appetite stated by the Board.

Risk profile performance review continued

A strong culture of transparency and escalation has been cultivated throughout the Group, providing a risk management model across the three lines of defence that has clear responsibilities, is well embedded and consistently applied. In addition, a community of Risk Champions exists representing each business area, together with dedicated first line risk and control teams in key areas of the business. Both the dedicated first line risk and control teams and the Risk Champions follow the operational risk identification and assessment processes that are established across the Group for a consistent approach.

The current operational risk profile is diverse in nature with the operating environment constantly evolving through transformation activities and the changing external landscape. The main drivers of operational risk are:

- complexity, pace and volume of change, particularly within the strategic Transformation Programme;
- IT and operational resilience and the continued increase in the sophistication of technology and cyber crime threats;
- progression in data strategies;
- regulatory environment and the volume of changes impacting the industry; and
- increase in reliance on a variety of third party suppliers.

Despite these ongoing challenges, the Group continues to maintain a robust control environment with a stable operational risk position in comparison to levels in the previous year.

The Group continues to make progress on the strategic Transformation Programme, which will benefit operational risk management in the longer term. However, it

is recognised that significant change can heighten operational strains in the short to medium term although any potential issues will be carefully managed through robust governance and oversight.

Regulatory and compliance risk

The Group is committed to the highest standards of regulatory compliance and aims to minimise breaches, financial costs and reputational damage associated with non-compliance.

The Group has an established Compliance function which actively identifies, assesses and monitors adherence with current regulation and the impact of emerging regulation.

In order to minimise regulatory risk, the Group maintains a proactive relationship with key regulators and engages with industry bodies such as UK Finance and seeks external expert advice. The Group continues to strengthen its relationship with regulators as observed in 2025 through improved supervisory engagement outcomes. The Group also assesses the impact of forthcoming regulation on itself and the markets in which it operates and undertakes robust assurance assessments from within the Risk and Compliance functions.

Conduct risk

The Group considers its culture and behaviour in ensuring delivery of good outcomes for customers and in maintaining the integrity of the market sub-segments in which it operates. This is a fundamental part of its strategy and a key driver to sustainable profitability and growth. The Group does not tolerate any systemic failure to deliver good customer outcomes.

The Group has mechanisms across the three lines of defence that ensure good customer outcomes are achieved but also where there are foreseeable or crystallised risks to

outcomes, that these are identified. On an isolated basis, incidents can result in customer harm due to human or operational failures. Where such incidents occur, they are thoroughly investigated, and the appropriate remedial actions are taken to address any customer harm and to prevent recurrence.

The continuous development and enhancement of customer outcomes monitoring has demonstrated steady performance against conduct risk measures.

The Group considers effective conduct risk management to be a product of the positive behaviour of all employees, influenced by a customer-centric culture throughout the organisation and therefore continues to promote a strong sense of awareness and accountability.

Financial crime risk

The Group provides relatively simple products to UK-domiciled customers serviced through UK-registered bank accounts. The Group has an established screening programme that is deployed at the point of origination and on a regular basis throughout the customer lifecycle. The Group continues to invest in a range of systems and controls that are deployed across its product range in order to detect and prevent the exposure to fraud and financial crime through the customer lifecycle. All new-to-business applications are subject to a range of controls to identify and mitigate financial crime. Customer activity is monitored in order to detect suspicious activity or behaviour that may be indicative of fraud or other financial crime-related risks. The Group's core markets remained stable during 2025, with all activity operating within risk appetite. Systems and controls functioned as intended, and no material financial crime incidents were identified or reported.

Strategic and business risk

The Board has clearly articulated the Group's strategic vision and business objectives supported by performance targets and made good progress against these objectives in 2025. The Group does not intend to undertake any medium- to long-term strategic actions, which would put the Group's strategic or financial objectives at risk.

To continue to deliver against its strategic objectives and business plan, the Group adopts a sustainable business model based on a focused approach to core niche market sub-segments where its experience and capabilities give it a clear competitive advantage.

The Group remains focused on delivering against its core strategic and financial objectives, against a highly competitive and uncertain backdrop.

Reputational risk

Reputational risk can arise from a variety of sources and is a second-order risk. The crystallisation of another principal risk can lead to a reputational risk impact. The Group monitors reputational risk through a variety of channels. The 2025 risk profile improved compared to 2024 as reflected in performance against risk appetite; owing to investors confidence in the Group's financial performance as reflected in the share price, as well as analysts and credit rating agency reviews. Improved supervisory engagement outcomes and customer performance measures also contributed.

Viability statement

This statement is made to comply with Provision 31 of the 2024 UK Corporate Governance Code which requires the Board to assess the viability of the Group over a stated time horizon.

The Group's long-term direction is informed by business and strategic plans which are set on an annual basis and are reviewed and refreshed quarterly. The operating and financial plans consider, among other matters, the Board's risk appetite, the macroeconomic outlook, market opportunity, the competitive landscape, and sensitivity of the financial plans to volumes, margin pressures and any changes in capital requirements.

In making the assessment, the Board has considered all principal and emerging risks, including climate risk where the risk is likely to emerge outside of the viability assessment horizon. The impacts of climate risk have been assessed as part of the Internal Capital Adequacy Assessment Process (ICAAP), which concluded that at present the associated financial risks are not material for the Group.

The Group prepares financial forecasts over a five-year time horizon, with external performance guidance typically being provided over a one- to two-year period, as forecast uncertainty increases in the outer years of the financial plan. Key events which will impact the Group's financial position such as the introduction of Basel 3.1 and the impact of the peak stress point of macroeconomic forecasts all fall within a three-year time horizon. Post consideration

of these factors, the Board considers a viability assessment horizon of three years to remain appropriate.

The Banks within the Group are authorised by the PRA and regulated by the Financial Conduct Authority and the PRA. The Group has a robust set of policies, procedures and systems to undertake a comprehensive assessment of all the principal risks and uncertainties to which it is exposed, on a current and forward-looking basis.

The Group identifies, assesses, manages and monitors its risk profile based on the disciplines outlined within the Group Enterprise Risk Management Framework, in particular through leveraging its risk appetite framework (as described in the Risk review). Potential changes in the aggregated risk profile are assessed across the business-planning horizon by subjecting the operating and financial plans to severe but plausible macroeconomic and idiosyncratic stress scenarios.

The viability of the Group is assessed at both the Group and the underlying regulated Bank levels, through leveraging the risk management frameworks and stress testing capabilities of both regulated banks.

Stress testing is an integral risk management discipline, used to assess the financial and operational resilience of the Group. The Group has developed bespoke stress testing capabilities to assess the impact of extreme but plausible scenarios in the context of its principal risks impacting the primary strategic, financial and regulatory objectives. Stress test scenarios are identified in the context of the Group's operating model, identified risks, and the business and economic outlook. The Group actively engages external experts to inform the process by which it develops business and economic stress scenarios.

A broad range of stress scenarios are analysed considering the potential impacts to changes in House Price Index, unemployment, inflation and interest rates over a range of severities. Stresses are applied to lending volumes, capital requirements, liquidity and funding mix, interest margins and credit and operational losses. Stress testing also supports key regulatory submissions such as the ICAAP, ILAAP and the Group Recovery and Restructuring Plan. ICAAP stress testing assesses capital resources and requirements over a five-year period.

The Group has identified a broad suite of credible management actions, which can be implemented to manage and mitigate the impact of stress scenarios. These management actions are assessed under a range of scenarios varying in severity and duration. Management actions are evaluated based on speed of implementation, second order consequences and dependency on market conditions and counterparties. Management actions are used to inform capital, liquidity and recovery planning under stress conditions.

In addition, the Group identifies a range of catastrophic scenarios, which could result in the failure of its current business model. Business model failure scenarios (Reverse Stress Tests or RSTs) are primarily used to inform the Board of the outer limits of the Group's risk profile. RSTs play an important role in helping the Board and Executives to assess the available recovery options to revive a failing business model.

The Group has established a comprehensive operational resilience framework to actively assess the vulnerabilities and recoverability of its critical services. The Group also conducts regular business continuity and disaster recovery exercises.

The ongoing monitoring of all principal risks and uncertainties that could impact the operating and financial plan, together with the use of stress testing to ensure that the Group could survive a severe but plausible stress, enables the Board to assess the viability of the business model over a three-year period.

The Group has strong capital and funding profiles with a view to maintaining continued financial resilience. However, the Group remains fully cognisant of the uncertain macroeconomic environment and ensures that stress testing activities consider a range of potential scenarios.

Viability statement continued

The Board has also considered the potential implications of the current macroeconomic uncertainty in its assessment of the financial and operational viability of the Group and has a reasonable belief that the Group retains adequate levels of financial resources (capital and liquidity) and operational contingency.

In line with prior years, in the viability assessment process the Board considered the latest macroeconomic forward-looking scenarios utilised for business planning and the Group's IFRS 9 calculations which consider macroeconomic risks such as rising levels of unemployment, inflation, interest rate movements and changes in house prices. Utilising analysis that identifies scenarios which would result in the Group becoming unviable, the Board considered the plausibility of these scenarios materialising. Forecasts and capital stress tests considered the impact of Basel 3.1 implementation.

The potential impact of the macroeconomic environment on the Group's operations is subject to continuous monitoring through the Group's management committees, capital and liquidity, operational resilience and business continuity planning working groups, with appropriate escalation to the Board and supervisory authorities.

The Group's current financial forecasts, risk profile characteristics and stress test analysis support the Directors' assessment that they have a reasonable expectation that the Group will be able to operate effectively and meet its liabilities as they fall due over the viability time horizon.

Sustainability report

Doing the right thing for our customers, colleagues, communities and the planet.

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Just Transition

We are committed to environmental stewardship, supporting the transition to a low-carbon economy, and achieving Net Zero across our value chain by 2050¹.

- 71 Transition plan, targets and performance
- 77 Environmental Management
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- 79 Greenhouse gas (GHG) emissions table



People

We are committed to having a positive human and social impact on the lives of the customers, colleagues and communities we work with.

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Stewardship

We are committed to operating responsibly, ethically and transparently, delivering sustainable value to all our stakeholders.

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- 93 Ethical policies and practices



For further information see supporting ESG disclosures on our website.

- Climate Transition Plan 2024
- Financed emissions – intermediate target – Basis of Preparation
- Scope 1, 2 and 3 Basis of Reporting
- Modern Slavery Act Statement
- Gender Pay Gap Report
- Community Impact Report

1. Ambition includes Scope 1 and 2 emissions, relevant Scope 3 categories including category 15 – investments.

Sustainability report continued

Introduction

We are committed to helping our customers, colleagues and communities to prosper as we advance our sustainability agenda – reducing our environmental footprint, strengthening our social impact and driving long-term value creation.

In a year defined by strategic focus and progress on transforming for our customers and intermediary partners, and becoming a skills-based organisation, with investment in each of our colleagues, we embraced sustainability and the future fitness of our organisation. Not as an ancillary agenda but as a strategic focus. As a specialist lending and retail savings bank, we recognise that our long-term resilience and relevance depend on our capacity to integrate environmental, social and governance (ESG) considerations into our business model.

In 2025, the Group progressed on three strategic ESG pillars: Just Transition, People and Stewardship – each underpinned by commitments and aligned with the UN Sustainable Development Goals. We hold ourselves accountable for our operational footprint and reducing the broader impact of our lending activities, including the decarbonisation of the UK housing stock we finance.

Our ambition is two-fold. First, to reduce direct emissions across Scope 1 and 2 by 2030 and to addressing Scope 3 financed emissions, recognising the nature of climate-risk and transition-risk exposure in a lending business. Second, to embed social value:

ensuring our colleagues are empowered and invested in, our customers treated fairly and with integrity, and that our communities benefit from our activities.

In the following pages we present our progress and the areas where further acceleration is required. We continue to refine our materiality assessments to prioritise the matters that really matter – aligning with our Purpose: to help our customers, colleagues and communities prosper. At the same time, we maintain a close eye on emerging risks: whether they be rising energy costs, shifting regulatory landscapes, or evolving consumer expectations around responsible finance.

Looking ahead, we commit to delivering sustainable outcomes by continuing to support our customers, by equipping our colleagues with the skills for tomorrow, and by reinforcing governance frameworks that ensures accountability across the organisation. This journey is not linear, and we cannot succeed in isolation – partnership, industry collaboration and government policy-alignment remain central.

1. Defined as Scope 1 and Scope 2 emissions calculated using Market-based methodology.

Just Transition

 **45.5%**
EPC rating of C or better
2024: **42.8%**

 **57%**
reduction in direct emissions (Scope 1 and 2)
2024: **41%** reduction

 **98%**
of electricity from renewable sources (UK)
2024: **100%**

People

 **61%**
of UK colleagues engaged in community activities
2024: **60%**

 **over £376k**
total benefit to charities and community organisations
2024: **over £394k**

 **9th**
consecutive year OSB India confirmed as a Great Place to Work

Stewardship

 **36%**
of women in senior management
2024: **36%**

 **44th**
of top 100 large companies in Best Companies Survey
2024: **45th**

 **7,385**
volunteering hours undertaken
2024: **7,038**

Greenhouse gas emissions

 **39.78**
Scope 1
2024: **101.83 tCO₂e**

 **4.49**
Scope 2 (market-based)
2024: **zero tCO₂e**

 **283,021**
Scope 3 Financed emissions
2024: **294,137 tCO₂e**

Sustainability report continued

ESG Strategic Pillars

Our ESG Commitments guide our approach to sustainable business and delivering value for our stakeholders.

The topics that matter most are embodied in our strategic pillars and commitments. We continue to use the United Nations Sustainable Development Goals (SDGs) as an important reference point for our activities and impact¹.

Our ESG Strategic Pillars...

Just Transition

Our ambition: A fair and equitable transition to a low-carbon economy

People

Our ambition: Delivering on the needs of people now and into the future

Stewardship

Our ambition: Acting responsibly to deliver sustainable value

...are influenced by the United Nations Sustainable Development Goals...



...and supported by our Strategic Commitments

Customers

We place existing and future customers' needs at the centre of what we do. We work hard to ensure that our decisions and products support the prosperity of all customers including those who are or may be vulnerable. We provide thought leadership, education, awareness and products and services that respond to customers needs, including their transition to a low-carbon economy.

Colleagues

We continuously evolve our culture to ensure colleagues remain engaged, equipped and empowered to deliver our Purpose and Vision. Our learning and skills culture attracts, retains, and develops the best talent by investing in every colleague's skills and capability, enabling all to develop and maximise their ambition and potential. In doing so, we embrace the opportunity of a diverse and inclusive community of colleagues.

Communities

We will support our local communities and drive positive social and economic change through strategic collaboration programmes, partnerships and volunteering initiatives. To further this goal, we will create products and propositions within our lending and savings activities to benefit our customers and the wider community.

Net Zero

We will align our ambitions and climate transition plan to those of the Paris Accord on climate change with the ambition of achieving carbon Net Zero across our operational emissions by 2030 and our financed emissions by 2050.

Supply chain

We will work with partners who share our commitment to increasingly sustainable and responsible business practices, encouraging and supporting them where needed.

¹ The Sustainable Development Goals (SDGs) are a set of 17 non-legally binding global goals established by the UN for countries and governments. Mapping was based on UN Global Compact – Blueprint for Business Leadership on the SDGs. References included are indicative only and OSB Group make no representation, warranty or assurance of any kind, express or implied, or takes no responsibility or liability as to whether the areas of focus further the objective or achieves the purpose of the SDGs.

Sustainability report continued
Strategic Pillar – Just Transition

Climate Transition Plan

The Group published its inaugural Climate Transition Plan (the ‘Plan’) in 2024 and in 2025 set about its implementation against a challenging external backdrop of continued uncertainty on government policy and support for housing decarbonisation and increased criticism and scepticism of Net Zero initiatives.

In October 2025 the United Nations Finance Initiative – Net Zero Banking Alliance, of which OSB Group had been a member since 2023, ceased its operations as a member-led initiative, following the exit of number of large financial institutions. We remain committed to embedding climate change considerations and management across our business, to ensure we remain resilient to the impacts and mitigate, where possible, our impact, through direct action and support for our customers.

During the year we recalculated our 2022 financed emissions¹ baseline due to data quality improvements since it was set. The result of this is that we are restating performance against the revised baseline for the years 2023 and 2024. Details can be found on page 75.

Our Climate Transition Plan prioritises areas where we believe over time, and with the right support, tangible value can be delivered to stakeholders. The five pillars of action outlined in the Plan (see across) represent a responsible and proportionate strategy, focusing on supporting customers and real economy decarbonisation, footprint reduction and climate risk management. Our strategy recognises the scale and complexity of the challenge, and our dependence on external stakeholders such as customers, technology and government.

We previously reported our intention to release an updated version of the Plan in 2027. Following government and regulator consultations in 2025 and the release of the International Financial Reporting Standards Foundation transition plans guidance, we will review the timeline in early 2026 to ensure our disclosures continue to reflect best practice and remain relevant and useful to report users.

Since the Plan’s launch, we have made progress in advancing a number of the priority actions (see page 74) that contribute towards our emissions reduction targets for direct operations (see page 76) and financed emissions (see page 75). We continue to monitor progress through our Climate Transition Dashboard which includes a range of metrics and performance against our key targets. Performance against our emissions reduction targets and against risk appetite are reported regularly through governance committees, for more information see page 92.

Our objectives

We have an ambition to reduce the carbon intensity of our mortgage lending by 25% by 2030 from a 2022 baseline

We plan to achieve Net Zero emissions in Scope 1 and Scope 2 by 2030²

We plan to reduce our financed emissions to Net Zero by 2050

Our pillars for action

Thought leadership, education and awareness
Through research we provide thought leadership, aiming to start a conversation towards creating a fair sector for all, offering education and raising awareness of the issues faced in creating a sustainable sector.

Connecting our customers
Seeking ways to connect customers to the information and services they want and need, creating a positive environment for change.

Transition-friendly products and services
Our approach to transition products and services places priority on delivering on our customers’ needs, aligned to increasing energy efficiency and reducing emissions from UK housing.

Greening our offices and branches
We accept responsibility for ensuring our buildings deliver on our Net Zero ambition and recognise that we can achieve this earlier than the emissions we finance.

Continuing to embed climate thinking
Further embedding climate thinking into our management processes, ensuring we have expertise where it is needed to manage risk and deliver on opportunities.

1. Financed emissions are the greenhouse gas (GHG) emissions that the Group is indirectly responsible for through the money it lends,
2. Scope 2 calculated using Market-based methodology.

Sustainability report continued

Strategic Pillar – Just Transition continued

Climate Risks and opportunities

The Group's lending is to individuals and small and medium enterprises in the UK, where the specific climate risks and opportunities are assessed. The Group provides lending in the UK primarily against residential and commercial properties, with low exposure to non-property collateral backed funding lines or asset finance lending which is typically secured against hard assets, and therefore does not have significant credit exposure to carbon-related assets. The Group's operational sites in both the UK and India (OSBI) are exposed to physical and transition risk. Currently, the Group does not deem it necessary to describe risks and opportunities by geography.

The Group's assessment of climate risks and opportunities aligns with the wider ESG materiality processes, with a focus on the Group's business model, its value chain and existing risk practices. Both quantitative (where data is available) and qualitative assessments are performed to determine the degree of impact on the Group's business strategy and financial planning. Identified risks and opportunities, and their relationship to principal risks types, are outlined in the below table (including risks that may arise from opportunities as part of the Transition Plan). For a high-level view of the Group's principal risks, and their relationship to climate-related financial risks, please see page 100.

We continue to progress the management of risks and developing areas of opportunity with respect to products and services, supply/value chain mitigation activities and operations. The Group's current strategy and simple business model mean that risks and opportunities relating to investment in research and development, acquisitions and access to capital are deemed non-material and therefore were not areas of focus¹.

The Group's financial planning process considers the Group's Internal Capital Adequacy Assessment Process (ICAAP) which includes the climate sensitivity assessment factored over a short-term time horizon. The ICAAP (including Estimated Credit Loss calculations) utilises the Bank of England's Climate Biennial Exploratory Scenario (CBES) as a basis for stress testing. The Group's ESG strategy and climate targets are driven by the UK Climate Change Committee (CCC)'s Balanced Net Zero Pathway (BNZP).

Time periods considered for the identification and assessment of risks and opportunities are defined as short term 0-five years, medium term five-ten years and long term greater than ten years. The short-term time horizon aligns to the Group's planning and ICAAP stress testing assessment periods. The long-term time horizon has been utilised within scenario analysis to assess climate risks which may occur over a longer timeframe. The medium-term horizon therefore relates to risks and opportunities which are inside our long-term assessment horizon, but sit outside of our short-term assessment period.

Metrics and targets related to the ICAAP and the Group's Climate Risk Appetite all consider historic periods and trend analysis for comparison.

Climate Related Risks

Topic	Related Principal Risk (if applicable)	Time Horizon	Financial Impact*	Metric(s)	Target(s)
Managing climate-related financial risks related to: Changes in precipitation pattern and extreme variability in weather patterns, rising mean temperatures and rising sea levels that will impact the Group's primary lending (Physical Risk) ²	Credit Risk	Long-term	Low ³	page 98	N/A ⁴
Managing climate-related financial risks related to: Policy and legal mandates that will impact the Group's existing lending, products and services (Transition Risk)	Credit Risk	Short-term	Low ³	page 99	page 75
Increased concern or negative feedback from the Group's stakeholders based on direct emissions and supply chain emissions as well as failure to meet the Group's emissions reduction targets (Transition Risk)	Reputational Risk	Long-term	N/A ⁴	page 75	N/A ⁴
The Group's operations in the UK and OSBI impacted by an increased number or severity of extreme weather events leading to increased operational cost of recovery (Physical Risk)	Operational Risk	Long-term	N/A ⁴	N/A ⁴	N/A ⁴

1. Notwithstanding the importance of risks and opportunity categories outlined within TCFD Implementation Guidance (Table A1.1 and Table 1.2), not all categories are relevant to OSBG's business model and therefore our approach is to provide information on those determined relevant to the Group. We acknowledge that the above topics overlap with TCFD recommendations, such as: Policy and Legal; Reputation; Resource Efficiency; Energy Source and Products and Services.

2. For details of post model adjustment (PMA) relating to climate change on the Group's financial statements, please see page 198.

3. High – The risk carries a significant financial risk to the Group. Low – The risk has little to no financial risk to the Group and can be addressed incrementally through existing financial processes (e.g. ICAAP process).

4. No financial risk associated/No metrics or targets for related topic.

* Financial impact presented is associated with the Group's financial Principle Risk Types outlined in page 100 and does not represent an independent assessment of each topic.

Sustainability report continued

Strategic Pillar – Just Transition continued

Climate Related Opportunities

Topic	Related Principal Risk (if applicable)	Time Horizon	Financial Impact*	Metric(s)	Target(s)	2025 Impact
Direct operations						
Removal of gas boilers from our offices and buildings	Operational Risk	Short-term	Low ⁴	page 79	page 75	18 tCO ₂ e ¹
Rationalisation of corporate real estate				page 79	page 75	110 tCO ₂ e ¹
Replacement of fluorinated gases with lower Global Warming Potential (GWP) alternatives				page 79	page 75	N/A
Continue to purchase electricity from renewable sources				page 79	page 75	259.5 tCO ₂ e ²
Increased energy efficiency through colleague engagement and property management				page 79	N/A ³	42,729kWh ⁴
Transition-friendly products and services						
Existing products – providing products and services that contribute greater energy efficiency and/or decarbonisation	Compliance Risk	Short-term	Low ⁵	page 74	N/A ³	page 74
New product development – providing products and services that contribute to greater energy efficiency and/or decarbonisation	Compliance Risk	Short-term		N/A ³		
Connecting our customers						
Providing accurate, reliable and actionable information to support retrofit decision making and action	Operational Risk	Short-term	Low ⁵			
Improving data access and quality to support the product strategy and customer journey	Operational Risk	Short-term			page 74	
Connecting customers to the retrofit supply chain	Operational Risk	Short-term				
Thought leadership, education and awareness						
Landlord Leaders Community – focused on creating a fairer and more sustainable Private Rented Sector	Reputational Risk	Short-term	Low ⁵			
Thought leadership – commissioned research to inform the work of the Landlord Leaders Community	Reputational Risk	Short-term			page 74	

1. Calculated using total emissions from 2024 and subtracting any emissions from 2025 to calculate the potential emission saving impact.

2. Calculated using total Scope 2 Purchased Electricity Location-based methodology emissions for 2025 minus the amount of emissions from non-renewable sources.

3. No targets were set for 2025.

4. Reduction calculations based on the Group's Energy Savings Opportunity Scheme Action Plan submission to the Environment Agency.

5. High – The action carries a significant cost or financial benefit to the Group. Low – The action delivers little to no cost reduction or revenue benefit and can be addressed incrementally through existing financial processes such as budget setting.

Sustainability report continued

Strategic Pillar – Just Transition continued

Progress towards our Pillars of Action and climate-related opportunities.

Thought leadership, education and awareness

In 2023, we launched the Landlord Leaders Community - a membership network uniting individuals and organisations committed to creating a fairer and more sustainable Private Rental Sector (PRS). This initiative serves as a platform for collaboration, enabling stakeholders to share insights, exchange ideas and drive positive change. The community continued to grow in 2025 reaching 53 members. In August the website saw 1,000 users access its content for the first time.

Each year, the Community captures fresh insights through its Landlord Leaders questionnaire. In 2025, 800 UK landlords were surveyed. The survey explores the challenges landlords face and the importance of relationships within the PRS value chain. Questions about the potential changes to the Minimum Energy Efficiency Standards (MEES) for the PRS were included. These insights shape the priorities for future content, ensuring the Community continues to deliver value.

In response, the Group and community members shared education articles and useful practical guides on topics such as: the cost of increasing your Energy Performance Certificate rating to C; Change to EPCs: what landlords need to know now and Everything you thought you knew about Energy Performance Certificates for commercial buildings... but did not!

The findings of this year's survey showed that landlords are investing in their portfolios ahead of EPC regulation (70% had done so), but that only 28% are doing so through new borrowing. This aligns with our strategy to support customers in other ways beyond access to additional finance.

Through this initiative, OSB Group reaffirms its commitment to supporting a sustainable PRS, contributing to a resilient and inclusive housing market for all. Our teams continue to participate in Broker events, contributing expertise to discussions at the front of brokers' minds.

The Group actively participates in UK Finance working groups including its Sustainability Committee, where MEES, EPC reform and Transition Planning were key topics in 2025.

Connecting our customers

In 2025, the Group funded a customer Energy Performance Certificate (EPC) pilot programme working with a third-party property data specialist. Several Buy-to-Let customers had the opportunity to find out more about the energy efficiency of their properties through assessments. We were seeking to understand what data and insight landlords found most useful, beyond what is available within the existing standard EPC, given its limitations, and where, as a specialist lender we can support and add value.

Using a third party tool, we analysed 10,000 Buy-to-Let properties, synthesising property-specific energy-efficiency data sets and optimised action plans, showing cost-effective routes to achieving an EPC rating of C. We offered participating landlords access to the reports and insights specific to their portfolios. Larger landlords fed back that they were aware of pending regulations and had plans in place to manage their portfolios. We are working with medium and smaller landlords to determine the use cases for the data and insight we have made available to them.

Providing customers with transition-friendly products

We continued to offer products to support energy efficiency in property refurbishments for our Buy-to-Let customers under the Precise brand, however, uptake remains limited with just 32 applications in 2025. Through our InterBay brand, we offer a commercial product with reduced rates for properties with an EPC rating of C or higher, with completions totalling £287.2m in the year.

Within the Group's transformation programme, lending platforms have been designed to allow greater flexibility in energy-efficiency specific products.

We recognise the importance of providing customers with supportive financing options for energy-efficiency and retrofit works in order to deliver progress towards our 2030 interim target. We expect that as landlords respond to increased requirements under the Minimum Energy Efficiency Standards, there will be increased interest in funding for retrofit works.

Greening our offices and branches

We continued to make strides towards reducing our direct operational emissions. A further gas boiler replacement at one of our main offices with a new heat pump reduced emissions by an expected 25.6 tCO₂e versus 2024. At the end of 2025 only one of our offices (within the Group's operational control) uses natural gas; the remainder and KRBS branches are now heated and powered by 100% renewable electricity.

The Group continues to prioritise the purchase of renewable electricity from Renewable Energy Guarantees of Origin (REGO)-backed tariffs, ensuring minimal Market-based emissions are reported under Scope 2 – Purchased Electricity. We are also pleased that we have reduced the total amount of electricity we are using despite

moving to electric sources of heating (see page 80). This demonstrates improved efficiency and conscientious resource use managed by our Property Services team and supported by colleague behaviours.

Continue to embed climate thinking

Our management of Climate Risk continues to evolve through alignment between our climate strategy and governmental and regulatory commitments. The Group prioritises current and upcoming government and regulatory policies (e.g. Minimum Energy Efficiency Regulations for Private Rented Sectors) to fulfil a high degree of climate risk management preparedness and consequently educating customers on policies that may impact them.

Climate Risk integration across all viable Principal Risk types remains a focus and in 2025 the Climate Risk Appetite evolved to ensure alignment with our Net Zero trajectory and upcoming compliance with regulatory policies. Internally, the Group strengthened the learning and development on Climate Risk and developed mandatory e-learning training to be distributed to related business areas. The purpose of this is to ensure the three lines of defence have increased knowledge on climate risk identification, assessment and monitoring.

For further details relating to the Group's enhancements on risk management processes and complying with regulatory commitments (i.e. Prudential Regulation Authority), please see Task Force on Climate-related Financial Disclosures (TCFD) page 95. The Climate Transition Working Group met three times in 2025, overseeing progress and planning. A Climate Transition Dashboard was also developed to track progress against our targets, key performance indicators and priority actions.

Sustainability report continued

Strategic Pillar – Just Transition continued

Emissions reduction targets

Our 2030 interim emissions reduction targets were set in 2023 in compliance with our commitment to the Net Zero Banking Alliance (NZBA) and its target setting guidance.

Despite the disbanding of the NZBA as a membership organisation, we intend to continue to use its target setting guidance as a measure of robustness and credibility in emissions target setting. We continue to consider the SBTi Financial Institution Net Zero Standard as an alternative target setting methodology.

Approximately 91% (2024: 96%) of our total emissions come from financed emissions, arising from our lending activities. Reducing these emissions is important but challenging, and therefore, a key focus of our climate strategy.

While our direct emissions are smaller, they remain critical to achieving our ambitious 2030 net zero target for Scope 1 and Scope 2 emissions.

Our targets

Financed emissions – Reduce the emissions intensity (kgCO₂e/m²) of our mortgage lending by 25% by 2030 from a 2022 baseline.

Direct operations – Reduce Scope 1 and Scope 2¹ emissions to net zero by 2030 from a 2022 baseline.

Renewable electricity – Source 100% of electricity from renewable sources where OSB Group have operational control.

For further information on our targets, see [Financed Emissions Intermediate Targets – Basis of Preparation](#).

Both emissions reduction targets use 2022 as a baseline from which reduction trajectories were calculated and progress is reported. Progress against the baseline and, in subsequent years since, is reported to demonstrate transparency and performance over time.

Reducing the emissions from our mortgage lending – financed emissions

In 2025 we reviewed the ongoing suitability of the financed emissions target. We looked at the scenario that underpins the target, the methodology, and the data used to calculate the baseline and report performance. The review has resulted in the Group restating baseline financed emissions for 2022 which are 301,331.30 tCO₂e. The previous baseline contained erroneous data taken from the EPC public register that overstated property level emissions. This was identified and corrected for 2023's reporting onwards. By restating the baseline we provide a more accurate representation of emissions and progress.

97% of the Group's 2025 lending was secured against residential, Buy-to-Let, semi-commercial and commercial properties (2024: 97%). Our financed emissions (see page 80) are calculated using the Partnership for Carbon Accounting Financials (PCAF) methodology, and we track progress through emissions intensity per square metre (kgCO₂e/m²).

In 2025, we saw a 6% reduction in financed emissions (tCO₂e) and a 1.50% increase in emissions intensity (kgCO₂e/m²) compared to the restated 2022 baseline, (2024:-0.45%). The increase in emissions intensity is a result of the sale of the second charge mortgage book during the year that had a favourable emissions intensity.

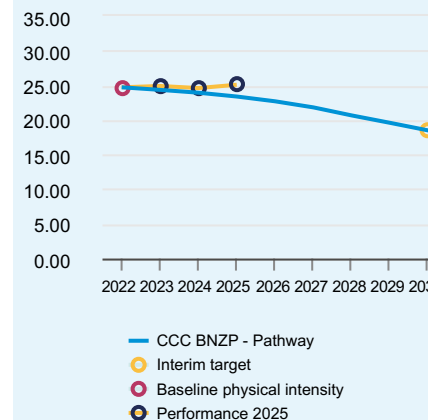
Estimates of financed emissions continue to rely on external data sources, primarily Energy Performance Certificates (EPCs), which assess and estimate the emissions of properties. In 2025, 85% of properties (2024: 83%) were matched to a valid EPC, while 15% (2024: 16%) were either modelled or estimated using postcode or national averages. The remaining properties, representing 1%, were assigned a D rating.

The Group are reliant on a number of external dependencies for progress, including energy grid decarbonisation, pace of retrofitting, heat pump roll out, government policy, education and cost. More information can be found in the [Climate Transition Plan](#).

During 2025, the Government consulted on increases to the Minimum Energy Efficiency Standards required for Privately Rented Homes. Setting the intention that by 2030 all properties will need a minimum EPC rating of C to be legally let, this supports the decarbonisation of the Group's lending, but increases cost pressure on landlords. We expect to see increased progress towards our financed emissions target when landlords begin the process of upgrading their properties in response. In 2025 96.2% of properties had a potential EPC of C or better.

There are inherent limitations in using EPCs for calculating financed emissions. These include delays in updating external data sources, age of certificates, which may be up to ten years old, and that the majority of EPCs do not prioritise carbon-neutral technologies over fossil fuel-based alternatives. The updated Standard Assessment Procedure used to calculate EPCs addresses a number of these issues, but it will take time for new EPCs to reflect this in our financed emissions reporting.

Mortgages – financed emissions Physical intensity (kgCO₂e/m²)



Financed emissions intensity

1.50% vs 2022

2025: 25.08 kgCO₂e/m²
2024: 24.60 kgCO₂e/m²
2022: 24.71 kgCO₂e/m² (Baseline)

PCAF data quality score

3.15

2024: 3.15

Scale is 1–5 with 1 being the highest quality

1. Scope 2 emissions are calculated using Market-based methodology.

Sustainability report continued
Strategic Pillar – Just Transition continued

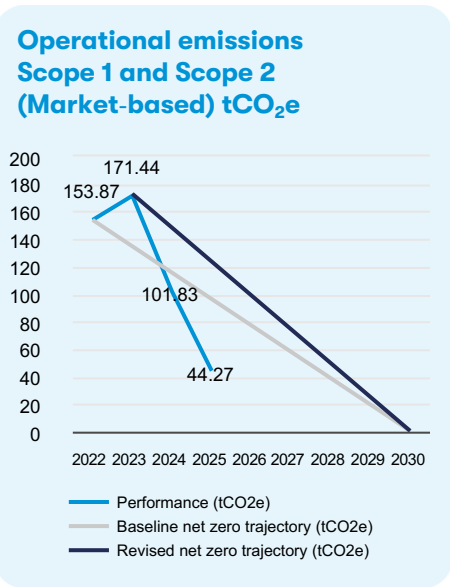
Greening our offices and branches – direct operational emissions

We continue to take strides in reducing our Scope 1 and 2 emissions. Operational emissions in 2025 have reduced by 57% compared to 2024 and reduced 71% from our 2022 baseline.

Actions taken in 2025 include the installation of a new air source heat pump at one of our Chatham offices, as well as the disposal of three offices no longer in use as a result of consolidation programmes. This means all but one of our offices and branches are heated and powered by electric heating solutions.

Our operational emissions are significantly smaller than other parts of our total inventory, but as we have control over them, we will continue to seek reductions in this area.

In 2025, we strived to improve efficiency across our UK portfolio resulting in a reduction of energy consumption of 28% (purchased electricity and natural gas) compared to 2024. These reductions were realised through activities such as reducing the boiler flow temperature at one of our office buildings. Additionally, the Group has worked to rationalise our UK property portfolio, reducing energy usage to minimal before disposing of one office building and ending the lease agreement of another two office buildings early.



Engagement

The Group continued to collaborate with organisations and initiatives to advance our climate goals, enhance knowledge and benefit from shared insights. We contributed to activities through UK Finance such as government consultations and via our membership of the Sustainability Committee.

Organisations we belong to and associations that support our climate work include:

- UN Environment Finance Initiative – Net Zero Banking Alliance (Participant)
- Science-Based Targets Initiative (Committed)
- United Nations Global Compact (Signatory)
- UK Finance Sustainability Committee (Participant)

Raising awareness and developing climate competence among our colleagues is a vital part of embedding climate thinking throughout the business. In 2025, this was supported by our Environmental Employee Engagement Networks in the UK and India continuing to drive engagement through articles, events and knowledge sharing and volunteering.

The Group’s new learning platform Cornerstone offers colleagues on demand access to a rich menu of awareness raising and capacity building learning on the environment and climate change. Our bespoke climate change training module is also available on the platform. The mandatory learning pathway for new colleagues includes a module on the environment and what colleagues can do.



Sustainability report continued

Strategic Pillar – Just Transition continued

Environmental and energy management

The Group’s established and comprehensive environmental policies enable our continued compliance with the relevant environmental obligations and the mitigation of negative impacts on the environment. Our Environmental Management System (EMS), is ISO 14001:2015 certified and covers 100% of our occupied UK corporate real estate, including the KRBS branch network.

Following the submission of the Group’s first Energy Action Plan as part of the Energy Saving Opportunity Scheme’s (ESOS) legislation, the Group has completed 80% of actions. These measures have the potential to save an estimated 42,729kWh.

Transitioning to Net Zero emissions will not result in consistent year-on-year reductions. Some actions require time before their full benefits are realised. For example, in February 2025, we completed the replacement of one of the last of our natural gas-fuelled boilers with a significantly more efficient air source heat pump. The energy savings from this initiative can be seen throughout 2025 and will continue into 2026, The expected annual saving is approximately 140,193 kWh.

Electricity and gas

In 2025, the Group reduced its natural gas consumption by 277,638kWh (20%) compared to 2024. This reduction is due to the following actions:

- Full year of energy savings have been realised from actions taken in 2024.
- Air source heat pump replaced a natural gas powered boiler at one of our offices.
- Closure of three office buildings and one KRBS branch which moved location.

We maintain our commitment to purchasing 100% renewable electricity. In 2025 Scope 2 emissions using the Market-based methodology increased slightly to 4.49tCO₂e. Emissions from purchased electricity reported using the Location-based methodology were 263.98 tCO₂e (2024: 386.91 tCO₂e).

We will continue to seek greater energy efficiency through enhanced energy management and by replacing outdated equipment with more energy-efficient alternatives. Future energy savings are expected to be smaller incremental gains.

Both absolute and intensity metrics (tCO₂e per m², per FTE and per £ million turnover) are used to track and report progress against our 2030 targets providing insight into how efficient the Group’s emissions footprint is relative to revenue, number of colleagues and the footprint of properties financed. (see page 80).

Water

Water is used responsibly with 4,731m³ used in 2025 (2024: 7,051m³). This has reduced due to fewer properties within our operational portfolio. Water use is for hygiene and drinking purposes only. All water used is potable.

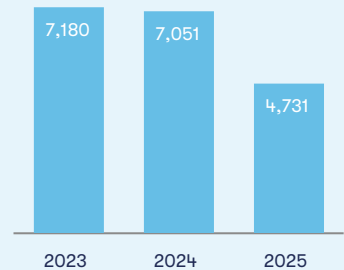
Waste

In the UK, the Group manages waste contracts at certain locations, ensuring that waste is diverted from landfill in accordance with the waste hierarchy and legislation. Non-recyclable materials are sent to an energy-from-waste facility.

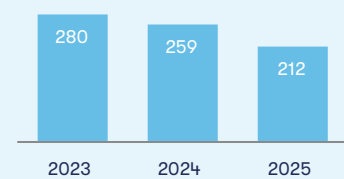
The UK’s Simple Recycling legislation was introduced in 2025. To ensure compliance, the Group installed new recycling and food waste stations across our offices and branch locations. An education programme was launched to guide colleagues through these changes. In 2025, we generated 212 tonnes of total waste (2024: 259 tonnes).

Our operational processes do not generate hazardous waste or pollutants beyond those typically found in an office environment. All hazardous waste, such as batteries and electrical equipment, is stored and disposed of in accordance with UK regulations.

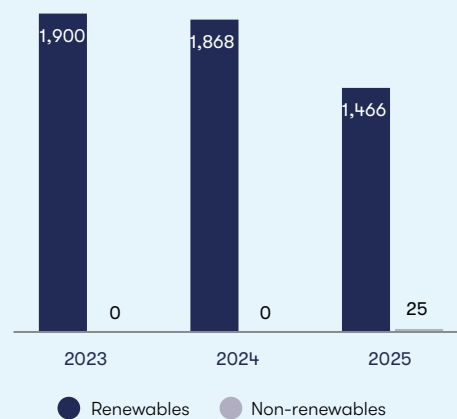
Water (m³)



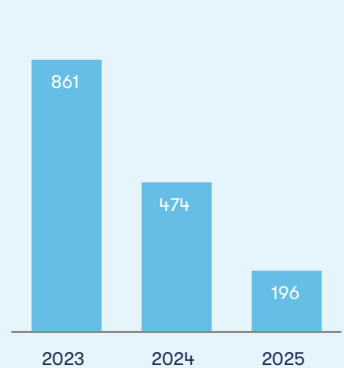
Waste (tonnes)



Electricity (MWh)



Gas (MWh)



Consumption data is based on estimates taken from invoices

Sustainability report continued

Strategic Pillar – Just Transition continued

Carbon mitigation

To offset emissions directly associated with our business operations in 2025, the Group purchased and retired 3,700 tonnes of carbon credits. These credits were selected based on the principles outlined in our offsetting strategy, which adopts a structured, proportionate, and adaptable approach to carbon offsetting, following the Oxford Principles for Net Zero-Aligned Carbon Offsetting. All offsetting projects are verified and certified under reputable standards such as the Gold Standard or Verified Carbon Standard. The projects supported are a combination of avoidance, reduction and removal efforts. The use of carbon credits does not contribute towards the Group's emissions reduction targets.

Nature

This year, the Group has undertaken work to assess our dependencies on nature and our potential exposure to nature-related impacts. We conducted an initial assessment using the Taskforce on Nature-Related Financial Disclosures (TNFD)'s Leap approach to develop our understanding of nature-related risks across our operations and value chain.

We used the ENCORE tool to map material impacts and dependencies of our direct operations and downstream value chain. This has helped to identify nature-related indicators (such as water supply, soil stability, ecosystem condition and pollution) and how they could impact our risk exposure. We assessed these indicators over direct operations as well as our wider value chain.

We recognise that the Group has only started on the journey to understanding our nature-related risks, and acknowledge further work is needed both internally as well as across the wider industry in understanding nature-related loss within financial services.

Greenhouse gas emissions

The Group follows the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard for all greenhouse gas (GHG) accounting across Scopes 1, 2 and 3. By obtaining a comprehensive view of our GHG emission inventory we can have greater control over emissions.

We have reported on all emissions sources in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 – also known as Streamlined Energy and Carbon Reporting. As part of these regulations, we provide annual reports on greenhouse gas emissions from Scope 1 and 2, covering electricity, gas and transport. All emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e).

The Group's 2025 Greenhouse Gas emissions basis for reporting are publicly available on our corporate website: <https://www.osb.co.uk/sustainability>

Additional Scope 3 emissions

Given the complexity of Scope 3 emissions (categories 1-14) we are working with external consultants to improve our calculation methodologies.

We have introduced a new supply chain assessment software, Hellios, to gain deeper insights into our supply chain. The software provides insights into a number of our suppliers' Environmental and Sustainability positioning through the use of detailed questionnaires. Topics of the questionnaire include environmental policy, climate reporting and carbon reduction plans. This is consistent with our ongoing commitment to improving the transparency of our supply chain and in supporting our partners on their climate journey.

We initially prioritised the top four tiers of vendors for assessment via Hellios. We have completed questionnaires for 52% of 2024 vendor spend. 96% of completed questionnaires were rated Green aligning to expectations.

This year, the Group changed the third party engaged to calculate Scope 3 category 1 and 2 emissions. The new process continues to use the Group's spend-based data, as an input to a custom built tool for calculating GHG emissions. The tool uses emissions factors from reputable public sources, primarily the Department for Environment, Food & Rural Affairs (DEFRA)/BEIS. As a result of changing emission factors, categories 1 and 2 emissions have increased by 137% compared to last year. This is due to the difference in methodology used. The change in third-party consultant was to improve the depth of our understanding of supplier spend and the associated emissions data. This will better position us to identify opportunities and begin working toward emissions reductions in the future.

Deloitte LLP provided independent limited assurance over the following metrics and ESG information for the year ending 31 December 2025 ¹:

Greenhouse gas (GHG) emissions

- Total direct (Scope 1) emissions – tCO₂e
- Total indirect (Scope 2) emissions – market-based – tCO₂e
- Total indirect (Scope 2) emissions – location-based – tCO₂e

GHG intensity

- Scope 1 and 2 metric tonnes of CO₂e per full-time employee (FTE)
- Scope 1 and 2 metric tonnes of CO₂e per £m turnover

TCFD

- The description of activities undertaken to meet the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Deloitte's assurance statement can be found on page 258.

Interface-NRM (an ISO 14064-1 accredited verification and certification body) verified to a limited level of assurance:

Greenhouse gas (GHG) emissions

- Scope 3 Categories 1, 2, 3, 5, 6, 7, 8 and 15

In accordance with ISO 14064-1:2018 requirements. The third party verification was conducted in compliance with ISO 14064-3:2019 standard.

1. Under the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) and the International Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE 3410).

Sustainability report continued

Greenhouse gas (GHG) emissions

Direct and indirect GHG emissions (Scopes 1, 2 and 3)	Further description	Specific fuels where applicable	2023	2024	2025
Amounts in metric tonnes CO ₂ equivalent Scope 1					
Stationary combustion	Combustion of fuel on-site	On-site: natural gas, diesel for generators	157.10	86.86	35.90
Fugitive emissions	Fugitive emissions	Leaks and other irregular releases of gases or vapours from a pressurised containment: air-conditioning units	14.34	14.97	3.88
Total Scope 1 direct emissions			171.44	101.83	◆ 39.78
Scope 2					
Purchased electricity					
Total Scope 2 location-based		Electricity – location-based	396.95	386.91	◆ 263.98
Total Scope 2 market-based		Electricity – market-based	1.39	–	◆ 4.49
Total Scope 1 and 2 direct emissions	Combustion of fuel on-site, fugitive emissions, electricity –Market-based		172.83	101.83	44.27
Scope 3					
Purchased goods and services	Products and services purchased			8,582.04	17,952.86
Capital goods	Fixed assets, plant, property and equipment			2,651.86	8,722.95
Business travel	Unknown vehicle fuel, rail, bus, taxi, hotel stays	Unknown vehicle fuel	256.67	466.43	222.25
Employee commuting	Rail, bus, taxi, hotel stays, home working	Unknown vehicle fuel	2,021.06	2,139.71	974.97
Fuel and energy-related activities (not included in Scope 1 or 2)	Well-to-tank (WTT) emissions for fuel use, upstream emissions for non-renewable electricity generation, transmission and distribution losses in the electricity network		155.95	141.69	107.93
Water	Water use		1.27	1.08	0.91
Waste	Waste from operations		5.95	1.67	1.00
Leased assets	Combustion of fuel on-site, fugitive emissions, electricity – Market-based		55.95	50.38	51.04
Total indirect Scope 3 emissions (Category 1, 2, 3, 5, 6, 7 and 8)		Unknown vehicle fuel, water, waste, home working, energy-related activities	2,496.85	14,034.86	28,033.91
Total operational emissions (Location-based)			2,841.12	14,552.80	28,117.96

Sustainability report continued

Greenhouse gas (GHG) emissions continued

Direct and indirect GHG emissions (Scopes 1, 2 and 3)	Further description	Specific fuels where applicable	2023	2024	2025
Total operational emissions (market-based)					
Total indirect Scope 3 – financed emissions (Category 15)	Category 15 Investments (financed emissions). Calculated by multiplying an attribution factor (outstanding amount of loan divided by the property value at origination) by the emissions associated with the property taken from EPC.	Gas and electricity for heating, hot water and lighting only	314,413.00	294,137.00	283,021.00
Total GHG emissions (Location-based)	All measured emissions for the year		317,479.24	308,659.80	311,358.67

GHG intensity

GHG intensity ratio	Description	Specific fuels where applicable			
Full Time Equivalent (FTE) employees (UK)	Full-time equivalent (FTE) is a unit of measurement equal to one full-time employee		1,427	1,530	1,431
Annual turnover	£million		658.00	667.00	668.0
Scope 1 and Scope 2 Location-based	Metric tonnes of CO ₂ equivalent per full time equivalent		0.40	0.32	◆ 0.21
Scope 1 and Scope 2 Location-based	Metric tonnes of CO ₂ equivalent per £million total income		0.86	0.73	◆ 0.45
Scope 3 financed emissions – physical emissions intensity	Kgs of CO ₂ equivalent per square metre*		24.9	24.6	25.1

Energy consumption

Energy usage kWh					
Electricity			1,916,950.94	1,868,449.85	1,491,494.90
Gas			860,512.00	473,877.66	196,239.63
Total kWh	Electricity; natural gas		2,777,462.94	2,342,327.51	1,687,734.53

N/M = not measured

1. 2024 was the first year of reporting Scope 3 category 1 and 2 emissions.

* Financed emissions physical intensity ratio is calculated by multiplying the total estimated attributable financed emissions in tCO₂e for 2024 (283,021.00) by 1,000 to give kgCO₂e (283,021,000 kgCO₂e). This is divided by the total floor area in m² of the properties taken from the Energy Performance Certificate (11,282,975.4m²). Estimated absolute financed emissions were 430,274.4 tCO₂e for 2024. Financed emissions estimates are for the mortgage portfolio as the largest asset class. It does not cover non-modelled book or securitised loans.

Sustainability report continued

Strategic Pillar – People

Customers

**We place existing and future customers needs at the centre of what we do.
We work hard to ensure that we support the prosperity of all customers.**

Placing the customer at the heart of our business.

We work hard so that all of our customers feel supported and want to remain our customers. To support this we have a dedicated Customer and Consumer Duty Team whose purpose it is to help us understand our customers' changing needs.

This team plays a pivotal role in refining our Customer Strategy and ensuring that every interaction with our customers is thoughtfully designed and continuously improved.

Through their work, we:

- listen actively to feedback, and make sure that we take action to improve their experience of banking with us;
- communicate clearly and effectively, so our customers always understand what we offer and how we support them;
- map customer journeys, to identify opportunities for improvement and consistently deliver better experiences: and
- design inclusive products that are easy to use, especially for customers with vulnerabilities, ensuring no-one is left behind. See case study on page 83

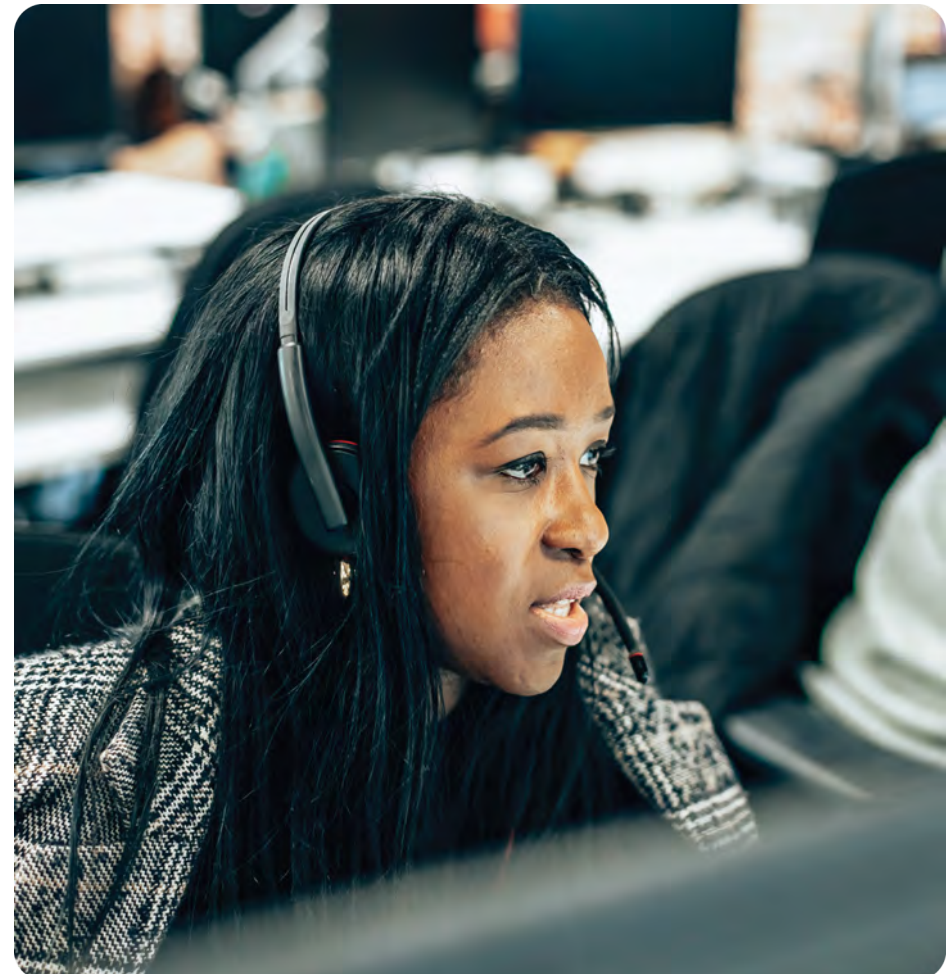
To us this is about building trust, deepening relationships and making it easier for our intermediary partners and customers to thrive.

To achieve our vision we offer a comprehensive range of competitive propositions, strive for exceptional customer service, and provide the necessary support to customers who may face financial difficulties. Through our specialist brands we focus on continuous investment in customer-focused solutions that deliver the outcomes that are good for our customers and we are positioned to meet the unique needs of our borrowers and savers.

Working with intermediaries, we help bridge the gap in housing demand across the UK, providing funding for first-time homebuyers, affordable housing developments, Buy-to-Let investments and commercial properties.

Through our inclusive lending products, and expertise as specialists, we are able to help customers who may not be able to access high street lenders. Their circumstances may include:

- customers that have more complex income structures from being self-employed;
- customers that have an adverse credit history that may have been caused by past financial difficulties or defaults; and
- first-time buyers are helped with higher loan to value products and participation in government support schemes.



Sustainability report continued

Strategic Pillar – People continued

Customers continued

Knowing our customers' needs

Our colleagues actively participated in both physical and virtual events with brokers throughout 2025. The understanding we gain from these interactions allows us to continuously refine our customer propositions, with our efforts recognised in our broker Net Promoter Score (NPS) of +55 for OSB and +59 for CCFS (2024: OSB +57 and CCFS +52). Our dedicated Client Management Team provides customers with specialised services. In recognition of our commitment to service excellence, the Group won, among many other industry awards, the Mortgage Strategy Award for Best Specialist Lender, Best Buy-to-Let Lender and Best Short Term Lender.

To deepen our understanding of our customers and the factors that shape their needs, we have undertaken extensive research to provide rich insights into their experiences, expectations and challenges. This work brings together quantitative analysis, qualitative feedback, and behavioural insights, enabling us to build a more complete picture of the customers we serve. By investing in this level of understanding, we are better positioned to design products, services and support models that meet real needs and deliver more meaningful outcomes for customers.

Supporting vulnerable customers

We are committed to supporting customers that are in vulnerable circumstances by providing additional support for them. We have highly trained Financial Support Teams, who provide tailored assistance to those facing financial difficulties. As a Mortgage Charter signatory we ensure the right support is available for customers who are up-to-date with payments but concerned about their financial situation. In 2025, we enhanced our initiatives, focusing on developing a proactive, personalised

approach, simplifying the customer experience, and signposting to trusted charitable partners for additional support.

We recognise that vulnerable customer disclosure rates remain low, particularly among our mortgage customers, who engage with us through brokers. As part of the development of our new lending platform, we have collaborated closely with our broker community and our in-house vulnerable customer specialists to redesign the disclosure journey. This work has focused on making conversations about vulnerability feel more intuitive, natural, and seamlessly embedded within the customer experience. By creating an environment where customers feel better supported to share their circumstances, we can ensure we identify needs earlier and ultimately provide a more tailored and responsible service.

Transforming our customer experience

The Group is on a transformation journey to significantly improve and simplify our systems to support a consolidated business that contributes greater efficiency and enables growth.

In Lending, the goal is to transform the lending experience for brokers, borrowers and colleagues, underpinned by a new flexible platform fit for the future that was launched in November. Automation has reduced the time from application to offer for brokers and customers to as little as two hours.

In Savings, new journeys deliver a step-change in both the customer and colleague experience, while driving efficiency and speed to market. The new savings platform enables a fully digital customer onboarding and real-time payments for instant deposits and withdrawals. It delivers an enhanced

experience for our savers and self-service options to access and manage accounts anytime, anywhere.

We continue to support customers through their channel of choice including through online and telephone services.

We have specifically reviewed the journeys that matter most to our customers, including the critical experience of reaching the end of a fixed-rate period for both mortgage and savings products. By mapping these journeys end-to-end, we identified opportunities to make the process clearer, more timely, and easier to navigate. As part of this work, we also reviewed and rigorously tested the communications customers receive at key points to ensure they are as clear, accessible and supportive as possible. These improvements are designed to help customers make more informed decisions with confidence and achieve better outcomes.

For our savers in our Kent Reliance brand, we are also able to serve them through the six branches located throughout Kent.

Our savings products maintained strong retention rates, with 89% of customers with maturing fixed rate bonds and ISAs at Kent Reliance and 85% at Charter Savings Bank choosing to re-deposit with the same brand (2024: 90% and 85% respectively).

The following policies are in place to ensure we treat customers fairly and support good customer outcomes.



Sustainability report continued

Strategic Pillar – People continued

Customers continued

The Group Arrears Management and Forbearance policy emphasises equitable treatment of customers experiencing financial challenges, actively engaging individuals exhibiting indicators of possible distress. Arrears rates are monitored on a monthly basis by the Group Credit Committee, ensuring senior management is informed. Tailored assistance is provided to customers dealing with financial pressure.

The Group Complaint Handling policy is designed to meet regulatory standards while prioritising a customer-focused approach. Thorough and unbiased investigations of complaints are conducted and facilitated by trained colleagues. Processes are accessible to all customers, including those in vulnerable situations. Management information is provided to Committees and the Board, aiding informed decision-making.

The Group Lending policy defines responsible lending guidelines consistent with our credit risk appetite and established criteria. Assurance processes serve as a secondary line of defence, providing independent oversight across first line assurance. Control measures, such as system parameters and underwriting procedures are in place. Our approach to affordability considers recent fluctuations in the cost of borrowing, thereby ensuring a current evaluation of a customer's creditworthiness.

The Group Customer Vulnerability policy establishes standards and the methodology for recognising and assisting vulnerable customers, ensuring equitable outcomes across the Group. The Vulnerable Customer Working Group conducts regular evaluations to provide a comprehensive assessment of the state of Vulnerable Customer service across the organisation. Our strategy aims to support colleagues to recognise challenges and obstacles faced by these customers, while providing appropriate tailored support and effective solutions.

How we supported a vulnerable customer when they needed us.

A residential mortgage customer experienced a significant change in circumstances following a series of life events in which they faced a change in employment status, a bereavement of a close family member and also domestic, economic and financial abuse.

The customer also had a diagnosis of Attention Deficit Hyper-activity Disorder, had difficulty with concentration and poor attention to detail.

The customer reached out to our Financial Support Team prior to going into arrears, realising that they were facing financial difficulty. Our Team of specialist colleagues made the necessary referrals to Stepchange (a debt advice charity) so that the customer was able to access hardship funds to assist with their food and energy costs. The customer was also able to access state support for mortgage interest payments.

Our team arranged a Payment Holiday and put in place an adaptation to our standard communications so we now text before calling them so that they are aware of the call. We adapted our email communication to allow the customer extra time to respond to requests. This customer was able to deal with one agent in our specialist team who helped guide the customer through this most difficult time over several calls that included the completion of a detailed income and expenditure statement to assess affordability.

The customer has been able to secure new employment and is keeping up the payment arrangements that we put in place. The customer is very appreciative of our specialist team's support which allowed them to keep their home.



Sustainability report continued

Strategic Pillar – People continued

Colleagues

The skills, expertise and commitment of our colleagues have always been fundamental to the achievement of the Group's strategic goals.

In 2025, we continued to invest in learning and skills, development and engagement to ensure that the Group provides a compelling and attractive employee proposition both for our existing colleagues and for candidates considering joining the Group.

Retention and progression

We have a genuine desire to retain, support and develop our colleagues.

During 2025, 125 UK colleagues were promoted to a more senior grade along with 261 colleagues within OSB India.

We actively promote internal and career development opportunities for existing colleagues. In 2025, 33% of UK vacancies and 7% OSB India vacancies were filled by way of internal appointments.

At 9.4%, the 2025 UK regretted attrition rate was higher than the 2024 rate of 7.0% reflecting external trends. The OSB India regretted attrition rate was lower than 2024 at 10.2% (2024:12%).

UK non-regretted attrition reduced significantly to 7.2% from 12% in 2024. OSB India non-regretted attrition reduced from 16% reported in 2024 to 15.3%.

Recruitment

Our Talent Acquisition teams provide bespoke support in attracting high quality, diverse candidates for vacant positions and, through robust and inclusive interview and selection processes, assist in making strong recruitment decisions.

During 2025, our teams filled 630 vacancies, resulting in the Group welcoming 173 new colleagues in the UK and 353 in India.

There were 2,489¹ Group colleagues at the end of 2025 (2024: 2,498).

Remuneration and benefits

We believe in rewarding our colleagues fairly and transparently, enabling them to share in the success of the business.

Details of the Group's remuneration policies can be found in the Remuneration Report on pages 141 to 168.

As an accredited Living Wage employer, we ensured that all UK employees and regularly contracted third-party staff earned more than the published Real Living Wage rates and we continued to encourage our colleagues to hold shares in the Group, through our Sharesave Scheme, which is offered annually to all UK colleagues. 344 colleagues joined the sharesave scheme in 2025 with a total of over 746 colleagues participating in the current year and previous years' schemes.

Engagement and culture

Our 2025 Best Companies survey was undertaken in January, immediately after the 2024 Group-wide redundancy programme. Despite this, we retained an overall '2 star' rating, with Best Companies defining this as an outstanding level of employee engagement. Colleagues within OSB India participated in a separate survey, run by the Great Place to Work Institute and following which OSB India were officially certified as a 'Great Place to Work' for the ninth consecutive year. We continued to see strong feedback through Glassdoor, with the UK score at the end of 2025 sitting at 3.7 (2024: 4.1) and the OSB India score slightly higher at 4.1 (2024: 4.2). These scores relate to reviews submitted by current and former colleagues, reflecting the positive culture that exists throughout our teams.

The Group's Workforce Advisory Forum (OurVoice) continued to meet regularly in 2025, including colleague representatives from all geographical locations, including OSB India. The aim of the forum is to further enhance the level of engagement that the Group Executive Committee and the Board have with the wider workforce. To achieve this, in addition to colleague representatives, the forum is attended by rotating Non-Executive Directors and Group Executive Committee members to ensure that they can hear directly from the colleagues and share feedback on important matters.

Sally Jones-Evans (Non-Executive Director) is the appointed Board People Champion to represent colleague perspectives at Board level.

Best Companies Employee Engagement Score

2 star

2024: 2 star

Employee promotions across UK and India

386

1. Total number of employees under contract on 31/12/2025

Sustainability report continued

Strategic Pillar – People continued

Colleagues continued

Recognition and awards

We're keen to encourage colleagues to achieve their career aspirations, whether that's growing in role, internal moves or gaining fresh insights and perspectives in other industries.

Some of our colleagues stay with us for the long-term, demonstrating our commitment to a culture of engagement and continuous growth and development.

In 2025, the Group recognised the significant tenure of around 110 UK colleagues who reached a five, ten, fifteen or twenty year milestone of employment through our Long Service Award programme. In OSB India, over 190 (18%) colleagues have five or more years' service.

Our Galaxy Award Scheme recognises and rewards excellent behaviours linked directly to each of our Values, with individual winners and runners-up for each category. In 2025 over 274 nominations were submitted by colleagues.

Learning and Skills

Transforming how we learn and grow in our careers is a critical part of our People Strategy.

In 2025, learning continued to play a pivotal role in supporting our transformation strategy – equipping colleagues with the skills, mindset and confidence to deliver for customers in a fast-evolving financial landscape. Progress was made in the way we deliver, manage and promote learning across the organisation. Initiatives delivered in 2025 include:

- Improved mandatory learning relevance through enhanced content and targeting. Mandatory learning focuses on key topics such as colleague conduct (including diversity, equity and inclusion, the environment, energy use and climate

change), consumer duty and customer vulnerability, cyber security and data privacy, financial crime including anti-corruption and fraud, whistleblowing, risk and compliance, modern slavery, health and safety and anti-money laundering.

- Introduced learning to support a new approach to goal setting, performance and reward, with 1,495 colleagues taking part ensuring colleagues understand new outcome-led expectations.
- Launched a new Learning Management System, with Cornerstone providing enhanced content and more intuitive experience for colleagues.
- Delivered a summer campaign on critical skills, aligning learning with business priorities and future capability needs with a 27% uplift to over 657 colleagues engaged in agile, data or tech journeys.
- Introduced new Future Fit leadership learning framework with 498 leaders taking part in the launch. We are investing significantly in coaching skills as a key capability for transformation.
- Senior Executives participated in Agile Value Stream model learning ahead of a six month 'Leading with AI' and Insight programme for our SLT in partnership with Cambridge Spark and Cambridge Judge Business School.
- Expanded our learning content portfolio with new partnerships, increasing access to high-quality learning across technical, leadership, and behavioural areas – enabling all colleagues to explore learning that is more relevant to their roles and aspirations.

- Continued our partnership with WDI Consulting to deliver the Group's Women in Leadership initiative, supporting female managers and senior leaders with their individual progression pathways. In addition, 35 female future leaders continued a Women in Leadership Apprenticeship Scheme, launched in partnership with Raise the Bar.

As a committed member of the Financial Services Skills Commission (FSSC), we're focusing on how we understand, develop and mobilise skills so that we gain a clear, dynamic view of the capabilities we have today and the capabilities we will need tomorrow. This aligns precisely with the FSSC maturity model, which identifies skills visibility, proficiency and portability as critical enablers of sustainable workforce transformation.

From a colleague perspective, this gives clarity, confidence and mobility. Colleagues understand what 'good' looks like, can see how their skills transfer across roles and functions, and are better equipped to navigate non-linear careers. This supports attraction, retention and engagement in a highly competitive skills market.

From an organisational perspective, being skills-led enables more informed strategic decisions like workforce planning, targeted investment in critical and future skills, faster redeployment and reduced dependency on external hiring, and stronger resilience to regulatory and market change.

This is a progressive maturity journey where we are establishing strong foundations with our job family architecture going live at the start of 2026, making skills visible and usable for colleagues, and embedding skills into learning, career pathways and decision-making over time.

The early outcomes of our investment in future-fit learning and skills in 2025 include:

- Engagement with learning has grown steadily for the Group throughout the year, with strong uptake of new leadership, performance and critical skills programmes – recording over 93,700 hours (13,386 days). 48,026 hours were delivered in the UK and 45,692 hours in India.
- Feedback from Learning at Work Week highlighted greater confidence in navigating new systems and increased awareness of learning opportunities.

In 2026, we will continue to build on these foundations by rolling out dedicated weekly slots of 'time to learn' to all colleagues, embedding learning analytics, expanding our Future Skills offering through Job Families with Communities of Practice to foster a culture of learning, and integrating learning more deeply into the colleague experience and career paths – ensuring that development remains at the heart of how we grow and deliver value.

Sustainability report continued
Strategic Pillar – People continued

Colleagues continued

Diversity, equity and inclusion

We recognise the benefits that diversity brings to the business, and we actively promote and encourage a culture and environment that values and celebrates our differences.

In 2025, we continued our journey to become a truly diverse and inclusive organisation that is committed to providing equal opportunities through the recruitment, training and development for all colleagues.

For Board and Executive gender and ethnicity disclosures see table across.

Gender

Our published 2025 Gender Pay Gap Report is available on the Group’s website (www.osb.co.uk) and shows that OSB Group’s mean gender pay gap as at the snapshot date of 5 April 2025 was 34.0% (2024: 35.5%). Whilst it is pleasing to see continued progress, we are committed to reducing these gaps further. The gaps relate to the fact that we have more men than women in senior roles and more female colleagues undertaking clerical roles.

We recognise the need to improve our gender balance and have remained focused on our published commitment as a signatory of HM Treasury’s Women in Finance Charter (WIFC) for 40% of senior management positions within the UK undertaken by female colleagues by the end of 2026. As detailed within our 2025 WIFC Submission, the majority of senior vacancies that emerged in 2025 related to specialist technical positions sitting within our IT and Transformation functions. Candidate pools for these were predominantly male, presenting a challenge in identifying a significant volume of female candidates. Around a third of senior roles closed in 2025 were filled by female external candidates, resulting in an end of 2025 position of 35.7%, slightly below the 36.1% reported at the end of 2024.

Ethnicity

The Group applied a continued focus in the year to enhancing ethnicity diversity, particularly in respect of the senior management population. The proportion of senior managers identifying as non-white increased to 16.8% at the end of the year (2024: 15%). In line with the Parker Review applicable to all FTSE 350 companies, we remained focused on increasing ethnic diversity amongst the Executive Committee and those one level beneath who report into Executive Committee members. Our target is to achieve 14% by the end of 2027 from a 2024 position of 11%. Our 2025 figure of 15.4% demonstrates the progress that has been made.

Gender split ¹	Female (#)	(Female %)	Male (#)	Male (%)
Number of Directors of subsidiaries	0	–%	17	100%
Number of senior managers (not Directors) ²	93	37%	158	63%
All other colleagues	1,111	50%	1,110	50%
Regional split				
UK				
New joiners – UK	72	42%	101	58%
OSB India				
New joiners – India	140	40%	213	60%

Ethnicity split	Non-white (#)	Non-white (%)	White (#)	White (%)
Board	1	11%	8	89%
Executive Committee and direct reports	8	16%	42	84%

1. Includes all UK and OSB India colleagues. Senior managers are colleagues within the Grade A to E population.
2. The gender and ethnicity data is based on colleagues under contract at 31 December 2025.

Sustainability report continued

Strategic Pillar – People continued

Colleagues continued

DE&I Initiatives

DE&I initiatives increased across the Group, including employee communication and events enhancing awareness and celebrating our differences. These were often aligned with the dates of national events such as Pride, Black History Month, National Inclusion Week and International Women's Day, with related activities being coordinated by the internal 'Our Diversity Network' made up of passionate volunteers.

Over 1400 colleagues (61.5%) participated in our annual Group-wide internal Inclusivity Survey. Whilst our UK survey score reduced by around 1% compared to 2024, the OSB India scores increased by around 4% with the results providing insight as to where additional focus can be applied to further enhance inclusivity throughout the Group.

Diversity Data

We continue to focus on capturing diversity data from our UK and OSB India colleagues. At the end of 2025 colleagues had submitted almost 68% of requested data spanning 14 separate categories with OSB India colleagues having submitted around 73% of requested data.

Board Diversity

The Group achieved all required targets in respect of Board diversity¹ (see page 86) for further details).

OSB India

OSB India, which is a wholly owned subsidiary of the Group, is based in Bangalore and Hyderabad, and at the end of 2025 had 1,031 (2024:949) employees. OSB India supports the Group across various functions including Support Services, Operations, IT, E-Labs and Finance.

In compliance with the Modern Slavery Act, OSB India does not support excessive overtime and all colleagues in India are encouraged to work in accordance with local legislation. Employees are based in our modern Bangalore and Hyderabad offices and are provided with a range of benefits which include 22 days of annual leave, 12 days' sick leave and cafeteria services.

Key People Policies

The Group has a sexual harassment policy to support a secure and respectful working environment. The policy applies to all employees and contracted staff in the UK connected to the Group. Additionally, it complements the OSB India Prevention of Sexual Harassment policy, which addresses obligations in India. The policy articulates a clear definition of sexual harassment, describes the reporting mechanisms, and specifies the potential disciplinary actions for any violations.

The Group is committed to fostering equal employment opportunities and creating a supportive and inclusive workplace, irrespective of gender identity. In alignment with the Gender Recognition Act 2004 and the Equality Act 2010, the Group has implemented a policy focused on trans inclusion and gender identity, which safeguards the rights and dignity of transgender and non-binary individuals. The policy is relevant to all employees and contracted staff and outlines the procedures for reporting incidents and shares the possible disciplinary measures that may be imposed for any infractions.

Our Health and Safety policy outlines our approach to identifying and meeting legal obligations, identifying and managing risks and creating a safe environment for colleagues, customers and other stakeholders. The Group retains access to competent advisors.

The health and safety management system ensures risks are assessed across the Group on an annual basis and processes are in place to monitor compliance with internal policies, procedures and controls. Training is provided to colleagues who perform in the roles of fire marshals, first-aiders and mental health first-aiders.

Training is provided for all colleagues. We routinely evaluate our controls to verify their effectiveness. An accountable Executive is responsible for the Health and Safety policy, which undergoes an annual review prior to Operational Risk Management Committee approval. Management information is provided to Committees and the Board.

In 2025, there were zero lost-time incidents (2024: 1) The total injury rate was 4.77 (2024: 8.54).

1. For the CEO and the CFO, gender and ethnicity data is collated within the Group's HR System, in a manner consistent with all UK employees. Both Board members who confirmed their ethnically diverse status have self-reported this to the Group HR Director within responses required by the Parker Review (FTSE 350 Ethnic Diversity Submission for 2025).

Sustainability report – Our culture



We will achieve our goals by working Stronger together, Taking ownership, Aiming high and Respecting others...

Together we prosper

At OSB Group we are working hard to create a positive, collaborative and supportive environment.

Our Purpose

To help our customers, colleagues and communities prosper.

By that we mean more than just helping them to be more financially well off. We want them to flourish, thrive and succeed in their personal and professional goals.

Our Vision

To be recognised as the UK's number one choice of specialist bank, through our commitment to exceptional service, strong relationships and competitive propositions.

By working Stronger together, Taking ownership, Aiming high and Respecting others, we will more powerfully achieve our own goals, as well as those of our stakeholders.

But we are not just focused on lending and savings (though that is what we do and what we are great at); we are a business that cares about leaving things better than we found them. We are passionate about Stewardship, which encourages us to give back to our communities, supporting those who are vulnerable or less fortunate, embracing diversity and finding new ways to protect our environment.

It does not matter where we are working from: a branch, on the road, in the office or from home. It does not even matter that we are not all in the same country. We are clear about what we want to achieve, we know how we want to achieve it and we are absolutely determined to build upon the foundations we have created so our customers, shareholders, communities and colleagues can prosper.

Our Values

Our Values are the principles that support our Purpose.

Stronger together

We collaborate to create a culture in which we all share goals and values. We aim to build trust, respect and openness across the Group.

Take ownership

We take ownership of what needs to be done as well as our personal and professional development, helping to achieve the collective goals of the business.

Aim high

We set the bar high for ourselves and our customers. They are the ones who know when we are going above and beyond and remember the promises we keep.

Respect others

We treat others fairly and communicate in a way that respects an inclusive and diverse culture, listening to all voices and ensuring opinions are offered and heard.

Stewardship

We act with conscience and take social, environmental and ethical factors into consideration when making decisions.



Sustainability report continued

Strategic Pillar – People continued

Communities

At our core, we believe that everyone deserves the chance to thrive, regardless of their circumstances.

We believe that as a business, we have a clear duty to help build a fairer society by sharing our skills and resources.

Our team's passion for making a difference has been truly inspiring. Throughout 2025, they actively supported numerous community organisations, creating a lasting positive impact and helping to build stronger, more equitable communities wherever they live and work.

We've supported our local and national communities in a variety of ways: through our colleagues' volunteering efforts, by raising funds for charity, and by providing small grants to causes our colleagues care deeply about.

Depaul UK benefitted by:

£34,126

Demelza benefitted by:

£68,701

Total benefit to all charities/
organisations:

over £376k

2024: over £394k

Our approach to social impact is straightforward: we make informed decisions that improve the lives of our customers, our people, and the communities we serve. By building strong partnerships, we're able to combine financial support, business expertise, and our collective voice to create meaningful change.

Our purpose to help our customers, colleagues, and communities prosper is the driving force behind our commitment to wellbeing, the environment, education and the arts. This commitment is built on our core belief in connection and collaboration, which improves the lives of those who use our products, work with us, and support our vision of becoming the UK's leading specialist bank.

Making an impact

Our goal is to do more than just improve financial wellbeing; we want to empower people to flourish and achieve their full potential. We recognise that contributing to our communities isn't a secondary concern; it's a fundamental part of our business.

To achieve this, we focus on both people and the planet. By understanding the unique needs of different communities, we work closely with local and national charities and organisations. This allows us to allocate our resources effectively, extending our reach and ensuring our partnerships are mutually beneficial and truly make a difference.



Summiting Snowdon: a Commitment to Stewardship

In a powerful demonstration of our core Stewardship Value, 21 colleagues from our Wolverhampton offices stepped outside their comfort zone to support and uplift the communities we serve. Their challenge, a guided hike up Snowdon (Yr Wyddfa), Wales' most iconic peak, not only pushed them physically but created a lasting impact for a vital community partner.

In September, the team took on the demanding climb, supported by expert mountain leaders from our partner, Pen Y Bryn Outdoor Learning. The route covered over eight miles, taking approximately seven hours to complete. Despite the rigour of the ascent, morale was high, with a few brave colleagues even taking a quick, refreshing, and undoubtedly chilly dip in a lake on the descent.

With the Group providing a full match on all donations, we successfully raised an outstanding £2,120.

These funds are now actively supporting Pen Y Bryn's community-focused programmes, which provide

crucial access to the physical and mental health benefits of time spent in nature.

The fundraising will support key initiatives, including the Mum's Gone Climbing project. This initiative offers weekly climbing sessions, fostering a culture of inclusion and diversity by providing mothers of all experience levels with a couple of hours each week to meet others, discuss topics like motherhood and mental wellbeing and climb together. Furthermore, the funds will enable the expansion of the Women's Adventure Club and support a new programme of winter activities with Cyfle, which assists care leavers under 25.

“Guided up Snowdon, we had smiles, great chats and kind weather. Fantastic memories were made networking with our colleagues whilst aiding those less fortunate to enjoy similar activities.”

Richard Wilson,
Group Chief Credit Officer

Sustainability report continued

Strategic Pillar – People continued

Communities continued

We continuously measure and learn from the outcomes of our work, ensuring our actions have a lasting, positive effect. By pooling our collective strengths across the Group, we can achieve our shared goals more effectively.

Total volunteer hours:

7,385

5% increase on 2024

Donation to good causes:

£84,194

30% increase on 2024

Colleague fundraising & matching:

£124,593

Overall community contribution

In 2025, through a combination of our Good Causes Fund, fundraising and match-funding, and donations in kind (such as office equipment), we were able to support a wide range of charities and community organisations with a combined total of over £376k (2024: over £394k).

Our community partners

Working with our charity and community partners is central to our social impact strategy. By collaborating with these vital organisations, we can address local needs far beyond our usual business activities.

Depaul UK: We support Depaul UK's essential work with young people who are experiencing, or are at risk of, homelessness. Our help goes beyond financial aid; we also share our skills, offering coaching for Board members, energy efficiency advice, and HR support to help young people find employment and a home of their own.

Demelza Children's Hospice: We have proudly partnered with Demelza since 2017 to offer the Demelza Children's Savings Account. This initiative helps young people develop valuable financial habits by encouraging them to save, even small amounts. We also match a portion of the total annual average balances in these accounts to support the hospice's critical services for children and their families. This is in addition to the valuable volunteering and fundraising we provide.

Sponsorship and support

Our partnerships provide charities and organisations with more than just financial donations; we also share our skills and expertise. We encourage our partners to support one another, helping them to increase their reach and the impact of their message. We do this by working together and amplifying our collective efforts through our separate channels.

Donations in kind

We provide financial support, business skills, training and a volunteering programme. Whenever possible, we also donate office equipment that is no longer needed to local organisations that can put it to good use.

Volunteering

We're committed to being better neighbours. We believe we can achieve this not just by donating money, but also by donating our time, skills and expertise. To show this commitment, all our UK colleague are entitled to 14 hours of paid volunteering time each year and are actively encouraged to use their full allocation to give something back to our communities.

Community organisations supported:

140

Good Causes Fund

Our Good Causes Fund provides financial support for projects and causes that are important to our colleagues. All UK colleagues can apply on behalf of a registered charity, school, club, community group, animal sanctuary or voluntary organisation.

Grants of up to £500 are available to help local charities and organisations make a real difference.

Community organisations supported:

169

Match-funding

Every year, our people take part in a variety of fundraising events to raise money for organisations that help the sick and disadvantaged. We strongly encourage individuals and teams to find fun and inclusive ways to raise money. We know that every penny makes a difference, which is why we are proud to offer match-funding for all our UK colleagues.

Community organisations supported:

60

Sustainability report continued

Strategic Pillar – Stewardship

ESG Governance

At OSB Group, we embrace our role as responsible stewards, underlining our commitment to conducting operations ethically, transparently and sustainably, while delivering lasting value to our stakeholders.

ESG Management

The Board-approved Environmental, social, governance (ESG) Strategy, annual materiality assessment and ESG Operating Framework are the key tools deployed by the Group for identifying, measuring, managing and reporting ESG risks while enabling the identification and pursuit of opportunities where the Group can create positive impact for our stakeholders.

We continue to evolve our understanding of the impacts ESG-related topics have on the Group and the impact our business has on society and the environment. In 2025, we considered financial materiality and impact materiality within our assessment of risk and opportunity, the outputs of which are shared annually with the Board and Executive Committee for consideration in strategic planning¹. The current ESG Strategy described in this report remains relevant and reflective of those topics important to the Group's ongoing success and the needs and expectations of our stakeholders.

Our ESG Operating Framework works along the three lines of defence model. First-line reporting, risk management and coordination of strategic opportunities is executed by business functions, supported by the Employee Engagement Networks (EENs) and the Climate Transition Working Group (that meets periodically). Governance and oversight is provided by the ESG Forum (that meets monthly, chaired by the Group Head of Sustainability and reports to the Group Executive Risk Committee for risk matters and Group Executive Committee for strategic matters. In late 2025, the Group's Climate Risk Management Framework was updated requiring climate-related management information to be presented to the Group Executive Risk Committee going forward. The Group's Internal Audit function continues to strengthen the Group's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based and objective assurance. For further information (see page 136).

The diagram on the following page shows the governance mechanisms that are in place to manage and oversee ESG matters across the Group, how often these committees and forums meet and the matters considered.

Kal Atwal (Non-Executive Director) maintains responsibility for championing ESG matters on behalf of the Board, with Sally Jones-Evans (Non-Executive Director) designated as People Champion representing the views of colleagues within Board discussion and decision making.

All Committee and Board papers continue to include a mandatory consideration of impact on our ESG strategic commitments (including climate), allowing Directors to consider risks and opportunities within decision making. Climate change and ESG matters are considerations within the Group's strategy for which the Board assumes responsibility. Additional papers of specific ESG matters are submitted to the Group Executive Committee or Group Executive Risk Committee, where approvals or escalations are required.

In addition to its direct oversight, the Board delegates responsibility for the Group's climate-related risk appetite, risk monitoring, provisioning and capital and liquidity management to the ESG Forum, Group Executive Risk Committee and Group Risk Committee. The climate risk principles are detailed in the Group's Climate Risk Management Framework and outlines the setting of climate risk appetite limits as a key tool to ensure that the risk profile continues to be managed to an acceptable level. The inclusion of climate risk assessment is part of the annual Internal Capital Adequacy Assessment Process (ICAAP) and ensures the Group continues to hold sufficient capital to address climate specific risks. Risk monitoring (including topics related to risk appetite) and management information are presented to the ESG Forum on a quarterly basis. The Group Risk Committee is the Board committee that oversees and provides advice to the Board on climate risk appetite setting, exposures and metrics on a quarterly basis including any related risk escalations such as regulatory compliance (for further details on risk management, (see TCFD page 101).

1. The 2025 materiality assessment will be presented to the Executive Committee and Board in 2026 due to the more extensive process conducted.

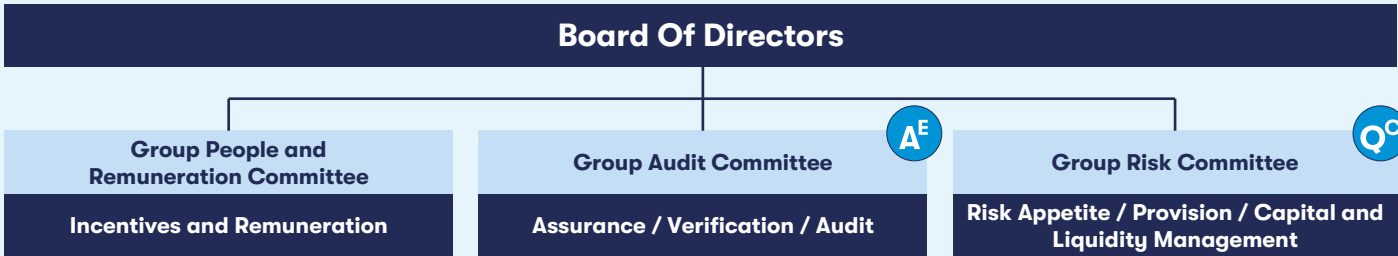
Sustainability report continued
Strategic Pillar – Stewardship continued

ESG Governance

continued
To ensure accountability and monitor progress, the Group links ESG performance to executive and senior management compensation through the Performance Share Plan, for further details see page 155. Progress against targets linked to remuneration is reported to the ESG Forum, Group Executive Committee and the Board on a monthly basis.

In 2025, the Group continued its commitment to sustainable business, making its second submission as a signatory of United Nations Global Compact. We continue to embed the ten principles of the UN Global Compact within our business operations through the ESG Operating Framework’s principles and commitments.

To promote and encourage a culture of sustainability, the Group’s Employee Engagement Networks (EENs) promote awareness, encourage participation, and foster collaboration on sustainability initiatives across the organisation. Our Diversity, Our Planet, and Our Community networks are colleague-led and work in areas of interest or concern for members. OurVoice is the Group’s colleague consultation forum and is there to support meaningful, regular dialogue between colleagues, senior leaders and the Board. In 2025 the EENs were given additional time to dedicate to these activities, recognising the importance of colleague-led sustainability.



	Annually	Monthly	Quarterly	Periodically
ESG-related Topics	A^E	M^E	Q^E	P^E
Climate-related Topics	A^C	M^C	Q^C	P^C

Sustainability report continued

Strategic Pillar – Stewardship continued

Ethical practices

Our approach to stewardship and responsible business practices is described below.

Working with our suppliers

Modern Slavery Statement and Vendor Code of Ethics

The Group published a new statement reiterating our endorsement of the UN Declaration of Human Rights and support for the UN Guiding Principles of Business and Human Rights. The Group adheres to the International Labour Organisation Fundamental Conventions and does not tolerate child labour or forced labour. The Group also respects freedom of association and the rights of colleagues to be represented by trade unions or works councils.

The UK Vendor Code of Conduct and Ethics (VCCE) is provided at the initiation of any new partnership and is reviewed annually. OSB India maintains a Vendor Code of Conduct that is subject to external verification by qualified legal professionals in India. The VCCE sets out our requirements and expectations of suppliers including compliance with all anti-slavery and human trafficking laws, statutes and regulations. Expectations include proportionate management of climate and environmental risk.

To mitigate the most significant risks of modern slavery within our supply chain, Indian operations, and employment practices, our Vendor Management team conducts evaluations of essential controls. Breach reporting protocols are in place and there were no reportable incidents in 2025.

In 2025, the Group invested in a third party risk management tool called Heliios to support supply chain due diligence. Heliios provides an ESG score based on supplier responses to an extensive questionnaire, the results of which will be analysed by an ESG specialist. In the future, findings will support relationship owners to manage their ongoing supplier engagement and the development of supply chain programmes. Heliios includes questions across ESG topics including modern slavery risk identification and management. Survey responses have been used to inform management of modern slavery risk and management processes within the supply chain. At the end of 2025, 52% of supplier spend (2024) was covered by the questionnaire.

Group Vendor Management and Outsourcing policy

The policy establishes the requirements for effectively managing and overseeing third party relationships and complying with regulatory standards. The policy establishes a framework for the identification and onboarding of new third party providers and the oversight and performance monitoring during the life of a contract.

The policy continues to emphasise ESG matters, and consideration of such matters through the key lifecycle stages including ESG questions within selection criteria during onboarding due diligence, a confirmed commitment to OSB Vendor Code of Conduct and Ethics (or equivalent), in defining contract requirements and during periodic reviews.

We monitor third party compliance with our standards to meet our obligations to stakeholders.

Operating responsibly

Group Whistleblowing policy

The policy aims to promote a workplace where all colleagues and concerned individuals feel empowered to report any serious misconduct promptly. Whistleblowing cases are treated with fairness and consistency, with a focus on protecting the whistleblower's identity.

The Group treats any concern raised under the Policy seriously and does not tolerate any victimisation or detrimental treatment of whistleblowers and takes disciplinary action against any colleague who victimises another colleague because they have made a Reportable Concern.

The policy covers all Group colleagues, former colleagues, Non-Executive Directors, temporary workers, work placements, secondees, volunteers, agency workers, contractors, agents, appointed representatives and suppliers working for the Group.

The Group Audit Committee has, as a standing agenda item, Whistleblowing Reports, where updates are noted and an Annual Whistleblowing Report is delivered to the Board. A Non-Executive Director has been appointed as the whistleblowing champion.

Conflicts of Interest policy

The policy is focused on identifying and managing conflicts, and commits to preventing them whenever possible. It is incorporated into the mandatory financial crime training for all colleagues and into the Vendor Management and Outsourcing policy, ensuring an integrated approach. The Group Compliance function supervises the conflicts of interest register, which is evaluated quarterly by the Group Conduct Risk Management Committee and annually by the Group Nomination and Governance Committee for Executives and Directors.

Group Data Retention policy

The policy and underlying procedures set out measures to protect the personal data of our customers, colleagues and third parties and ensure adherence to the UK General Data Protection Regulation (GDPR) and the Data Protection Act 2018. We view effective privacy practices as vital to our corporate governance and accountability framework. The Group Data Protection Officer provides reports to both the Group Executive Committee and the Board.

Cyber security

The Group's cyber resilience programme is founded on recognised frameworks for cyber risk and controls, including those from the National Institute of Standards and Technology, the Microsoft Cloud Security benchmark, and the Centre for Internet Security. Oversight is provided across the conventional three lines of defence, with reporting structures established for governance committees and the Group Board. The framework not only facilitates effective reporting but also continuous improvement to our cyber security posture and in addressing potential vulnerabilities. The cyber programme aims to deliver robust counter-measures, effective monitoring, and a responsive approach to incidents in the face of both existing and evolving threats.

The Group conducts regular security testing and engages independent reviews from specialised CBEST-accredited third parties to evaluate the effectiveness of its operational and technical capabilities in cyber resilience, which are necessary for regulated financial services organisations.

Sustainability report continued

Strategic Pillar – Stewardship continued

Ethical practices continued

Group Financial Crime policy

The policies concerning Sanctions, Anti-Money Laundering, Anti-Bribery and Fraud have been integrated into a unified Group Financial Crime policy through ongoing improvement initiatives. The policy is a vital component of our Group Financial Crime Risk Management Framework and is reviewed and approved annually by the Group Audit Committee.

The Group's approach to financial crime is to ensure compliance with legal standards and the implementation of effective systems and controls to reduce the risk of the Group and its products being used for the furtherance of financial crime; the approach promotes a zero-tolerance policy towards financial crime, while also recognising the inherent risks associated with business activities. The Group's strategy on Anti-Money Laundering and Counter Terrorist Financing articulates the roles and responsibilities of key responsibility holders and all colleagues. It establishes a strict zero-tolerance stance towards any violations of Anti-Money Laundering or Counter Terrorist Financing laws. The Anti-Bribery and Corruption stance reflects our commitment to conducting business ethically and with honesty, and a zero-tolerance policy. This policy applies to colleagues, contractors, and third party service providers to uphold ethical practices in accordance with local laws in all jurisdictions where we operate.

All colleagues participate in mandatory Financial Crime awareness training on an annual basis to foster a culture of vigilance and responsibility. A specialised Group Financial Crime Team investigates any suspected financial crime-related incidents and initiates recovery actions when necessary. Multiple committees are engaged in monitoring and evaluation to ensure effective oversight and response. Senior management conducts regular reviews of key risk and performance indicators. This process generates management information that enhances visibility into our exposure to financial crime, to enable informed decision-making and effective risk management strategies.

Tax

OSB Group recognises that its tax contributions make an important social and economic impact, benefitting the communities we operate in by delivering valuable public services and building infrastructure that allows communities to thrive. The Group is proud to make a significant UK tax contribution each year. During the 2025 period our contribution was £142.9m (2024: £188.9m). The Group believes it is important to pay the right amount of tax, in the right place, at the right time. All of the Group's subsidiaries (including those incorporated in Guernsey and Jersey) are tax resident in the UK, with the exception of OSB India Private Limited which is tax resident in India and pays all appropriate taxes in India. We do not use tax havens for tax avoidance purposes.

The Group is open and honest in all dealings with tax authorities in both the UK and India. In the UK we have signed up to the Banking Code of Conduct and always follow the spirit and the letter of tax law. Our strategy can be found at <https://www.osb.co.uk/sustainability>.

Taxes paid	2025		2024	
	£m	£m	£m	£m
Corporation tax	67.4		109.6	
Bank surcharge	4.5		8.9	
Irrecoverable VAT	23.6		23.3	
Employer's NIC	12.9		11.8	
Other	2.1		1.8	
Total taxes paid		110.5		155.4

Taxes collected	2025		2024	
	£m	£m	£m	£m
Income tax	25.0		25.6	
Employee's NIC	4.0		4.3	
VAT	3.4		3.6	
Total taxes paid		32.4		33.5
Total tax contributions		142.9		188.9

Task Force on Climate-related Financial Disclosures

Listing Rule UKLR 16.3.23 requires that the Group provides climate-related financial disclosures consistent with the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD).

The Board confirms that it has disclosed sufficient information to comply with TCFD and Companies Act 2006 requirements as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. The Group will continue to enhance these disclosures over time in line with regulatory expectations and emerging best practice.

The Board is conscious that regulatory expectations and industry best practices continue to evolve and further work is required to enhance our climate risk operating model.

The disclosures below were drafted to be consistent with TCFD recommendations aligned to the UK legislation on The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 – and provide transparent reporting to assist our stakeholders in understanding the impact of climate change on the Group. The current assessment indicates a low climate risk impact to the business, however we remain cognisant that climate risks may evolve over time.

In the table overleaf, we make reference to the progress made against each of the TCFD pillars, cross referencing the Sustainability Report, during 2025 and where relevant ongoing considerations for 2026 and beyond.

The following pages in the TCFD report cover the Group's Risk Management approach to climate risk and provides quantitative analysis (e.g. geographical and asset quality related to EPC) on the Group's lending portfolio and scenario analysis outcome.



Task Force on Climate-related Financial Disclosures continued

TCFD Ref	TCFD Recommendation	Disclosure Location	Looking Ahead
GOVERNANCE			
1a	Describe the Board's oversight of climate-related risks and opportunities.	Sustainability Report: ESG Governance page 91	- Ongoing enhancement to ensure effective oversight of climate-related risks and opportunities - Ongoing monitoring and assessment of performance targets aligned to the Group's Climate Risk Strategy - Ongoing review of the Group's climate risk appetite in accordance with the Group's Risk Appetite framework - Educate and create awareness via workshops, internal training and external gatherings to support the Group's Climate Transition Plan and to improve internal expertise
1b	Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability Report: ESG Governance pages 91 - 92	- Consider further embedding of climate-related risks within the Group's other sub-risk management frameworks, where required - Continue to monitor and manage performance against emissions reduction targets for financed (mortgages) and direct emissions
STRATEGY			
2a	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	TCFD Report: Strategy 2a page 98 Sustainability Report: Strategic Pillar – Just Transition pages 72 - 73	- Continue to seek opportunities relating to climate-friendly products, whilst being cognisant of any governmental changes and any conduct risks - Consider climate financial risks within the Group's planning processes subject to governmental and regulatory changes (e.g. MEES – Minimum Energy Efficiency Standard) - Enhance analytical approaches to assess climate change in conjunction with the Group's Principal Risk types
2b	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Sustainability Report: Strategic Pillar – Just Transition pages 72 - 73 TCFD Report: Embedding scenario analysis page 98	- Increase awareness via internal and external market research to ensure impacts are appropriately assessed in line with the Group's business, strategy and financial planning - Monitor and manage Scope 3 financed emissions against agreed targets - Ensure the Group's climate risk underwriting criteria complies with evolving governmental and regulatory standards - Ensure impacts related to changes in governmental and regulatory standards are considered as part of the Group's business, strategy and financial planning - The Group remains optimistic in identifying new product opportunities resulting from the impacts delivered by the transformation programme

Task Force on Climate-related Financial Disclosures continued

TCFD Ref	TCFD Recommendation	Disclosure Location	Looking Ahead
STRATEGY (continued)			
2c	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD Report: Portfolio profiling and scenario analysis insights page 98 - 100	Continue to monitor standards relating to climate scenarios ensuring scenario selection is fit for purpose
RISK MANAGEMENT			
3a	Describe the organisation's processes for identifying and assessing climate-related risks.	TCFD Report: Climate-related Risk Management page 100 - 101	- Support brokers/borrowers in educating and provide awareness of energy efficiency and their carbon footprint - Continue to produce climate risk management information with trend analysis and alignment to the Group's scenario analysis selection - Consider enhancements to the ESG Materiality assessment
3b	Describe the organisation's processes for managing climate-related risks.	TCFD Report: Processes for managing climate-related risks page 101	- Monitor the EPC profile and related risk indicators that will support the Group in managing its climate-related risks - Identify enhancements to internal training that would support the Group in managing climate-related risks
3c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	TCFD Report: Processes for identifying and assessing climate-related risks page 101	Continue to enhance the overall risk management to ensure climate-related risks are integrated into the Group's Principal Risks
METRICS & TARGETS			
4a	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability Report: Strategic Pillar – Just Transition page 72 - 73 TCFD Report: Metrics and Targets page 102	- Continue to utilise metrics and targets to support thought leadership and internal discussions via committees and working groups - Review the metrics and targets of physical and transitional risk to support and manage the Group's climate risk profile and risk appetite thresholds - Consider carbon pricing to support the implementation of the Transition Plan
4b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Sustainability Report: Greenhouse gas emissions page 79 - 80	- Assess the risks and opportunities associated with Scope 1, 2 and 3 emissions and manage accordingly - Track performance against the agreed Climate Transition Plan, taking management actions if required - Seek enhancements on metrics and targets as risk management and transition planning matures
4c	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Sustainability Report: ESG Governance page 91 - 92	Continue to utilise quantitative indicators based on the Group's risks and opportunities to assess performance against targets

Task Force on Climate-related Financial Disclosures continued

Portfolio profiling and scenario analysis insights (TCFD recommendations: Strategy 2a, 2c and Metrics and targets 4a)

OSB Group plc is a leading mortgage lender predominantly in the professional Buy-to-Let and specialist Residential market sub-segments secured against residential property. The Group also provides loans to limited companies and individuals secured against commercial and semi-commercial properties, residential development financing, funding lines to non-bank finance companies and asset finance lending.

At present the Group has identified the physical risks as a result of extreme weather conditions which could reduce the value of properties as well as the ability of borrowers to afford or refinance their mortgages, as the most material physical climate risks to be assessed and managed. The Group has also identified the transitional risks relating to changes in regulatory policy resulting in material levels of investment being required to ensure minimum EPC requirements are met. This spend, for example, may be required to ensure Buy-to-Let properties are eligible to let, loan to value levels are not adversely impacted, void periods and defaults do not materialise which would result in loan losses and higher capital requirements. As such, the Group considers the above risks as the most material and therefore focuses on their assessment, monitoring and management.

The climate risks relating to the Group's operational premises are considered less material than the physical and transitional risks to the properties which underpin the Group's loan portfolios.

Overview

The Group profiles the mortgage portfolio through both Physical and Transitional Risk measures, completing a full comparative analysis on an annual basis.

Physical risks

Exposure to flood, subsidence and coastal erosion are considered in the physical risk profiling.

Properties are geolocated within a one-metre accuracy for the purpose of physical peril impact considerations. This resolution is essential because flood and subsidence risk factors can vary considerably between neighbouring properties.

The Group's physical risk profile remained broadly stable during 2025, when compared to 2024.

Sensitivity analysis completed using Representative Concentration Pathway¹ (RCP) scenarios on increases in global temperatures by 2100 shown in the above table. Utilising the RCP scenarios ensures the Group's approach aligns with domestic requirements such as UK-related climate stress test models (CBES) and also physical models such as the UKCP18. In summary, the RCP is widely used globally and using these scenarios provides a common language within the financial market.

The sensitivity analysis compares the least severe scenario (RCP 2.6) to the most severe (RCP 8.5).

Scenario	Change in temperature (°C) by 2100
RCP 2.6	1.6 (0.9–2.3)
RCP 4.5	2.4 (1.7–3.2)
RCP 6.0	2.8 (2.0–3.7)
RCP 8.5	4.3 (3.2–5.4)

Note: figures within the brackets above detail the range in temperatures. Single figures outside the brackets indicate the averages.

Flood risk

At a Group level, our flood analysis shows that the exposure to the probability of flood over the next decade increases by 0.04% (2024: 0.04%) from the best-case scenario to the worst-case scenario, only 0.48% (2024: 0.44%) of the Group's portfolio is in an area with a flood risk currently greater than 20%.

Regional mapping analysis (see diagram to the right) shows the proportion of the Group's mortgage portfolio by property that is exposed to a flood probability greater than 20% within each UK region. The highest regional concentration is to the South East, representing 20.4% of properties in the region.

Only 0.9% of properties (218 properties) in this region are exposed to a flood risk currently greater than 20%. Northern Ireland has the highest proportion of properties with a flood probability of greater than 20%, however this amounts to only one property in the Group's portfolio.

Subsidence

Sensitivity analysis for subsidence indicates the increase from best-case to worst-case increase is 0.05% (2024: 0.05%), with the portfolio risk of subsidence being less than 0.5% (2024: less than 0.5%).

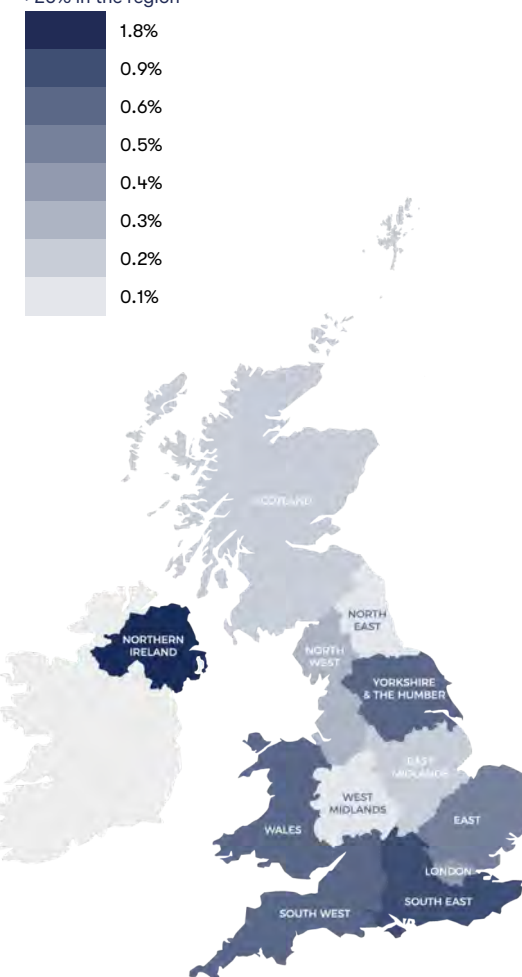
Coastal erosion

For coastal erosion, across the Group 92.4% (2024: 92.6%) of the portfolio is more than 1,000 metres from the coastline. Of the properties within 1,000 metres, only 0.08% of properties on the portfolio (100 properties) are in areas likely to experience coastal erosion (2024: 0.09%, 110 properties).

Analysis outcome

The physical impact of climate change on our real estate portfolio across the UK is expected to be limited.

% of properties with a flood probability >20% in the region



1. Based on the Intergovernmental Panel for Climate Change (IPCC) fifth assessment report (AR5) in 2014.

Task Force on Climate-related Financial Disclosures continued

Transitional risks

Exposure by Energy Performance Certificate (EPC) rating is considered in the Transition Risk profiling.

For transitional risk, EPC ratings are based on a Standard Assessment Procedure calculation which uses a government methodology to determine the energy performance of properties by considering factors such as construction materials, heating systems, insulation and air leakage.

The Group observed marginal improvements in EPC ratings for existing stock assessed in both 2025 and 2024. In addition, enhancements in the climate data processes improved insight into the transitional risk profile.

At a Group level, c.45.5% of properties (2024: 42.8%) have an EPC rating of C or better, c.43.2% (2024: 44.7%) have an EPC rating of D, c.10.0% (2024: 11.1%) an EPC rating of E and c.1.2% (2024: 1.3%) have an EPC rating of F or G. Of the properties with an EPC rating of D or worse, c.93.0% (2024: 92.7%) have the potential to reach at least an EPC rating of C as shown in the following page.

Adverse movements in the EPC rating distribution of the Group's loan portfolios and any potential change in government policy have the potential to result in larger future financial impact for the Group. The Group actively monitors and assesses the possible financial risks associated with the EPC rating distribution of the Group's loan portfolios and horizon scans for any changes in regulatory or governmental policy.

Embedding scenario analysis

The Group's ICAAP approach includes the financial impact of climate-related risks on flood, subsidence, coastal erosion and minimum EPC ratings. As part of the stress testing, the Group's ICAAP considers a range of scenarios aligned to the Prudential Regulation Authority's (PRA's) Climate Biennial Exploratory Scenario (CBES) (where the 2050 global temperature range is from 1.8°C to a 3.3°C) within the five-year financial planning and the 2025 outputs indicated that the Group has a low risk to climate change, and its strategy and business model performs resiliently across a number of climate scenarios.

97% of the Group's total lending is related to carbon-related assets (i.e. mortgages) excluding Development Finance, Funding Lines and Asset Finance portfolios and contributes to the Group's total emissions (indirect emissions, Scope 3 Category 15 – Financed Emissions). Details of the Group's strategic approach in transitioning into a low-carbon economy consistent with a 2°C or lower climate scenario is outlined in the Group's Climate Transition Plan and refer to the Sustainability Report – Just Transition page 71.

Governmental policies are key drivers impacting the Group's risk strategy and risk decisions to address climate-related risks and opportunities. The current UK governmental outlook remains uncertain for the mortgage market and how the changes will impact the Minimum Energy Efficiency Standard (MEES) Regulations which the Group's current lending policies comply with. Therefore, risk monitoring and analysis are established to monitor the EPC distribution of our lending portfolio aligned to the Group's Financed Emissions reduction targets (aligned to a 2°C or lower climate scenario).

The Group's climate risk management covers a wide range of risk analysis including; climate risk appetite monitoring, conducting scenarios and assumptions for the Group's ICAAP assessment and other ad hoc data analysis in order to support the Group in assessing climate-related financial impacts. The Group's current risk appetite, IFRS 9 and ICAAP outputs on climate risk assessments have all indicated that the Group is currently exposed to a low climate-related financial risk, using the materiality assessment scale which supports other financial disclosures within the Group's Annual Report and Accounts.

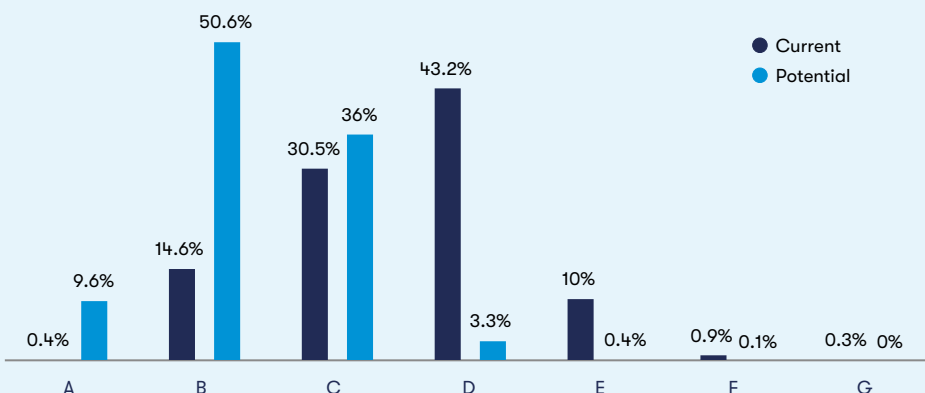
Looking ahead

The Group will continue to ensure climate risk assessments (e.g. ICAAP output or risk-related analysis) support the Group's management of the climate risk profile.



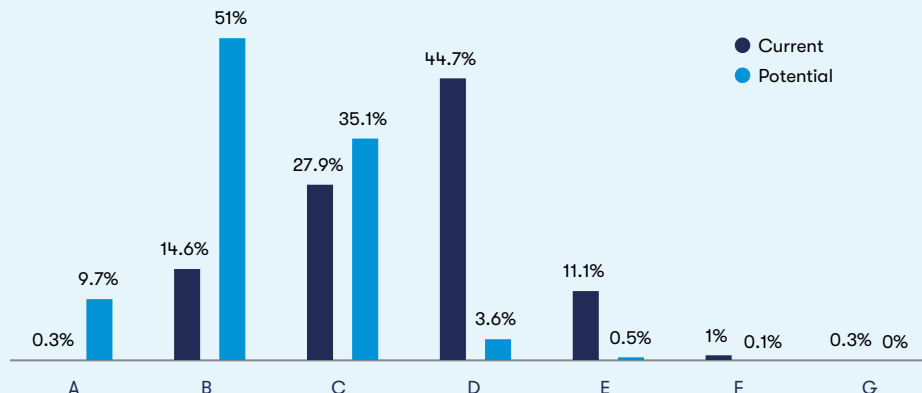
Task Force on Climate-related Financial Disclosures continued

2025 Group EPC Distribution – Current vs Potential



2025 current proportion of EPC D to G which have a EPC Potential of C or above; D: 95.6%, E: 85.1%, F: 65.4%, G: 55.2%

2024 Group EPC Distribution – Current vs Potential



2024 current proportion of EPC D to G which have a EPC Potential of C or above; D: 95.6%, E: 84.8%, F: 63.3%, G: 55.9%

Potential climate-related impacts on Group's principal risks (financial risks):

Following from the Strategy section of the Group's TCFD(2a), the below outlines the time horizon and potential risk associated with each principal risk type.

Principal risk type	Climate risk type	Description	Time Horizon	Potential Risk
Credit risk	Physical	Extreme weather events (such as heatwaves, floods, wildfires and storms) that can lead to physical damage to the value of assets or collateral held	Long-term	Low
	Transition	Arise from the process of adjustment towards a low-carbon-economy which could impact the value of the assets and lead to stranded assets	Short-term	Low
Market risk	Transition	Adverse movements impacted by climate change impacting customer behaviour	Short-term	Low
Liquidity and funding	Physical	Adverse movements impacted by climate change impacting foreign exchange volatility. Transition risk currently sits outside of the planning horizon	Short-term	Low
Solvency	Physical and transition	Climate-related risks which would require the Group to hold additional capital	Short-term	Low

Task Force on Climate-related Financial Disclosures continued

Climate-related Risk Management Processes for identifying and assessing climate-related risks

The Group prioritises risk identification and assessment of climate change based on legislative requirements, such as the Strategic Report (UK Companies Act) and also PRA's Supervisory Statement 3/19. In addition, the Group have in place horizon scanning to monitor emerging regulatory or legislative changes that can impact the Group.

In 2025, to prepare for upcoming legislations, Climate Risk is identified in the Group's Enterprise Risk Register under the Business and Strategy principal risk type. However, the Group's risk function is responsible in assessing climate risks against all principal risks such as traditional banking risk types including credit, market and operational risk (as shown in previous page) where applicable, and adopts the three lines of defence model to provide clear allocation of responsibilities.

Climate risk is a key consideration in the Group's wider assessment of ESG risks and opportunities which uses the outputs of scenario analysis to support the materiality of ESG risks and opportunities, which further informs the ESG strategy. Within the Group's ESG materiality assessment, climate-related topics are identified and the degree of importance to stakeholder groups are assessed. Collectively, the Group considers a wide range of global issues, industry, and sector-specific considerations (i.e. regulatory and disclosure requirements) to ensure consistency on the Group's values and risk culture (e.g. risk classifications) are reflected in the ESG Operating Framework and Climate Risk Management Framework.

The Climate Risk Management Framework articulates how the Group identifies, assesses, monitors and manages climate risks to which it is exposed and is reviewed on an annual basis, approved directly by the Chief Risk Officer (CRO).

In 2025, the Group included climate change as part of a reverse stress testing process to support the assessment of risks and impacts across all Principal Risks.

Credit Risk is the largest risk which the Group would be adversely impacted by future climate change and the Group utilises scenario analysis to inform the potential impact, size and scope on the Group's loan portfolios (covering physical and transition risk).

The Group's Market and Liquidity risk assessment considers climate-related risks for both IRRBB (Interest Rate Risk in the Banking Book), and ILAAP (Internal Liquidity Adequacy Assessment Process) processes, where the physical risk to the funding of its OSB India subsidiary is considered through factoring the monsoon season in India into the UK Sterling and Indian Rupee FX rates.

For non-financial principal risk types, the Group has implemented an ESG indicator within the Group's Operational Risk Management System as an added feature for the Group's Risk and Control Self-Assessments (RCSA) and to support internal controls framework.

The Group's climate-related risk appetite is aligned to the Group's ESG targets and therefore monitors reputational risk and compliance risk (non-financial).

Processes for managing climate-related risks

The Group's lending policies (for current regulations) and climate risk appetite statements/limits are in place as a control to monitor and manage transitional climate-related risks. Flood, subsidence, and coastal erosion risks (physical) are in part mitigated by independent property valuation, which forms part of the underwriting process.

The climate risk appetite statements and limits remain in place helping to inform the Group's ESG strategy and facilitate monitoring of the Group's climate risk profile in respect to reputational risk and compliance risk. This is monitored on a quarterly basis and reviewed on an annual basis via governance channels (including a Non-Executive Director's workshop to keep the Board informed and aware of the Group's approach to climate risk management). Monitoring and reporting of relevant climate risk appetite and climate risk profiles (such as EPC profile and new originations/existing lending stock) are presented to related committees on a quarterly basis (e.g. ESG Committee).

Since 2024, individual climate-related risk trainings were conducted to relevant business areas to educate colleagues on areas where climate change would impact their day-to-day activities. In 2025, the Group designed mandatory e-learning for specific key business areas to ensure collective training is rolled out to comply with current/upcoming regulatory requirements (e.g. SS3/19 and SS5/25). The e-learning is due to launch in January 2026.

Processes for prioritising climate-related risks are based on legislative and regulatory requirements (materiality and determination) which builds from the foundation of our credit risk processes relating to climate change.

Credit risk processes are well established for climate risk due to the nature of physical and transition risk impacting the Group's lending book. Following the outputs for the ICAAP, the impact of physical risks to the Group is considered low. Therefore, transition risk becomes the Group's key material focus as a result of emerging policy changes that may occur in the future.

The Group has a number of methodologies and arrangements in place to support the materiality of climate-related risks:

ESG Materiality Assessment – Provides an assessment and a range of topics (supported by international/regulatory standards) where prioritisation may take place for risks relating to environmental matters.

The Group's Operational Resilience arrangements – Risk assessed by estimating the likelihood and impact on Important Business Services, locations and/or business-specific threats, this includes events caused by extreme weather.

Climate data drivers – Utilising quarterly monitoring of climate-related risks on the Group's loan book to identify areas of vulnerability that may be impacted by future policy or regulation changes.

UKCP18 – Providing locations of assets impacted by adverse weather conditions that could physically damage or devalue the Group's assets

Task Force on Climate-related Financial Disclosures continued

Metric and targets

4a) Metrics used to assess climate-related risks and opportunities:

In 2025, the Group evolved in creating a Transition dashboard which included a suite of metrics and targets to support discussions and assess the current progression relating to the Group's emission targets. Metrics and targets include: historical trend analysis relating to emission targets, climate risk appetite, climate risk profiling based on current/historic loan portfolio and metrics related to transitional finance.

The Group continues to track its performance/progress through discussions via channels such as the Climate Transition Working Group, ESG Forum and Energy Management meeting. Disclosures of progression related to emissions reduction targets will continue to be outlined within the Group's Climate Transition Plan. For further details, please refer to the Climate Transition Plan and updates under the Sustainability Report – Just Transition section page 71.

The metrics related to physical and transition risks previously mentioned are considered as part of the Group's risks and opportunities (please refer to the Sustainability report – Just Transition page 72 – 73). A description of metrics used are outlined in the below table where quantitative metrics are applicable:

Climate Related Risks	
Topic	Metric Description
Managing climate-related financial risks related to: Changes in precipitation pattern and extreme variability in weather patterns, rising mean temperatures and rising sea levels that will impact the Group's primary lending (Physical risk)	The Group considers risk exposures based on climate risk perils which includes flood, subsidence and coastal erosion. The risk exposures are modelled which will include data considerations such as: winter precipitation, shrink / swell clay risk, summer precipitation, erosion sensitivity and height above sea level.
Managing climate-related financial risks related to: Policy and legal mandates that will impact the Group's existing products and services (Transition Risk)	The transitional risk metrics are based on the loan portfolio's EPC distribution and GHG emissions calculated using the GHG Protocol Corporate Standard.
Increased concern or negative feedback from the Group's stakeholders based on direct emissions and supply chain emissions as well as failure to meet the Group's emissions reduction targets (Transition Risk)	The metrics are based on the Group's Climate Risk Appetite which monitors the Buy-To-Let and Semi-/Commercial properties with an EPC of D-G.
Direct Operations	
Removal of gas from our office buildings and branches	Our target is to reduce Scope 1 and 2 (Market-Based) emissions to Net Zero by 2030. We monitor electricity and natural gas use (kWh) and F-gas releases as the sources of those emissions.
Rationalisation of corporate real estate	
Replacement of fluorinated gases with lower Global Warming Potential (GWP) alternatives	Scope 1 – Emissions resulting from F-gas releases.
Continue to purchase electricity from renewable sources	Our target is to purchase 100% of electricity from renewable sources, supported by REGO certificates.
Increase energy efficiency through colleague engagement and property management	We monitor total energy use (kWh) and report an intensity metric of per full-time equivalent employee to assess efficiency.
Transition-Friendly Products and Services	
Existing products – providing products and services that contribute to greater energy efficiency and or decarbonisation	We monitor the total value of completed originations for the Group's Refurb-Buy-to-Let product.

Non-financial and sustainability information statement

The requirements of sections 414CA and 414CB of the Companies Act 2006 relating to non-financial reporting are referenced in the table below and cross referenced to relevant sections within the Annual Report to better understand the impact and stakeholder outcomes across a range of policies and guidance.

Reporting requirement	Policies, guidance and standards	Further information to understand impact and outcomes	Reporting requirement	Further information to understand impact and outcomes
Environmental	Environmental policy	See page 77	Description of the business model and strategy	See pages 16 - 23
	TCFD – Climate-related disclosures	See pages 95 - 102	Policy embedding, due diligence and outcomes	See pages 68 - 102
	Energy policy	See page 77	Description of the principal risks and impact of business activity	See pages 49 - 59
	ESG Operating Framework	See page 91	Description of the non-financial key performance indicators	See page 3
Employees	Group D,E & I policy	See page 87	Climate-related financial disclosures	
	Trans Inclusion and Gender Identity policy	See page 87	Governance arrangements in relation to assessing and managing climate-related risks and opportunities	See pages 91 - 92
	Sexual Harassment policy	See page 87	Risk management processes for identifying, assessing and managing climate-related risks	See pages 101 - 102
	Group Health and Safety policy	See page 87	Climate-related risks and opportunities	See pages 72 - 73 and 98
Social Matters	Group Data Retention policy	See page 93	Potential impacts on the business model and strategy	See pages 90 and 100
	Tax	See page 94	Targets used to manage climate-related risks and opportunities and performance against those targets	See pages 75 and 91 - 92
	Lending policy	See page 83	Key performance indicators used to assess progress against targets	See pages 72 - 73 and 102
	Group Complaint Handling policy	See page 83		
	Group Customer Vulnerability policy	See page 83		
	Group Arrears Management and Forbearance policy	See page 83		
	Consumer Duty	See page 81		
Human Rights	Modern Slavery Statement and Vendor Code of Ethics	See page 93		
	Group Vendor Management and Outsourcing policy	See page 93		
Anti-Bribery and Corruption	Group Whistleblowing policy	See page 93		
	Group Financial Crime policy	See page 94		
	Conflicts of Interest policy	See page 93		
	Group Operational Resilience policy	See page 173		
	Artificial Intelligence Responsible Use policy	See page 59		
	Cyber Security	See page 93		

Corporate Governance Report

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Our Board of Directors



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David Weymouth
Chair of the Board

Appointed¹
28 February 2020

Skills, experience and qualifications
David has over 40 years’ experience across many sectors in financial services including serving as Global Chief Information Officer for Barclays Bank plc, Chief Operations Officer and Chief Risk Officer for RSA Insurance Group PLC. David has served as a Non-Executive Director on a number of Boards in the UK and US, including Chair of Fidelity Investments, Chair of Mizuho International PLC and Senior Independent Director and Chair of Risk Committee at Royal London Mutual Insurance Society. David has a wealth of experience in operations, technology, risk management and Board level leadership.

Current external appointments
David is Chair of Pension Insurance Corporation PLC and Pension Insurance Corporate Group Limited, and Chair of the Board Risk Committee at Marsh Limited.



Andy Golding
Chief Executive Officer

Appointed²
2 May 2019

Skills, experience and qualifications
Prior to his appointment as Chief Executive Officer of the Group, Andy was Chief Executive of Saffron Building Society for five years, and held senior positions at National Westminster Bank plc, John Charcol Limited and Bradford & Bingley plc. Andy served as a Non-Executive Director for the Building Societies Trust Limited, Kreditech Holding SSL GmbH and Northamptonshire Healthcare NHS Foundation Trust. He served as a member of the Building Societies Association’s Council and the Financial Conduct Authority’s Smaller Business Practitioner Panel. Andy is a highly regarded leader with a deep understanding of banking and over 30 years’ experience in financial services.

Current external appointments
Andy is a Non-Executive Director of Pepper Advantage Limited and Mudeford Ferry Limited.



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Victoria Hyde
Chief Financial Officer

Appointed
22 July 2024

Skills, experience and qualifications
Prior to joining OSB Group in September 2022, Victoria worked at Barclays for 21 years, most recently as Finance Director of the Consumer, Cards and Payments segment. Victoria is a qualified Chartered Management Accountant and has over 25 years’ experience in finance. She has supported retail, corporate and investment banking business lines across a range of finance roles including product control, treasury finance, costs and business planning and analysis.

Current external appointments
None held.



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Gareth Hoskin
Senior Independent Director

Appointed
1 April 2025

Skills, experience and qualifications
Gareth has considerable financial services experience gained during his extensive executive career at Legal & General plc, as a Director and Chief Executive of the international division. Prior to this, Gareth was a chartered accountant at PricewaterhouseCoopers LLP. Gareth was previously Chair of Acromas Insurance Company Limited and Vice Chair and Senior Independent Director of Leeds Building Society. Gareth was appointed to the position of Senior Independent Director on 1 October 2025.

Current external appointments
Gareth is Senior Independent Director and Chair of the Audit Committee of Saga plc.

1. David Weymouth was appointed to the Board of OneSavings Bank plc on 1 September 2017 and this date is used to calculate his tenure.

2. Andy Golding was appointed to the Board of OneSavings Bank plc on 30 December 2011 and this date is used to calculate his tenure.

Committee membership:

Committee
Chair

N Group Nomination and
Governance Committee

Re Group Remuneration
and People Committee

Ri Group Risk
Committee

M Group Models and
Ratings Committee

A Group Audit
Committee

Our Board of Directors continued



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Kal Atwal
Independent Non-Executive
Director and ESG Champion

Appointed
7 February 2023

Skills, experience and qualifications

Kal has significant experience as a Non-Executive Director across FTSE 100, FTSE 250 and mutual businesses and was previously a Non-Executive Director of Admiral Financial Services Limited and WH Smith PLC, where she was also Chair of the ESG Committee. She was Managing Director of BGL Group and Founding Managing Director of comparethemarket.com, a division of BGL. As Group Director of BGL Limited, Kal was responsible for brand-led businesses, group strategy and corporate communications. Kal is an experienced strategy leader with international experience in start-up, scale-up, fintech and digital businesses.

Current external appointments

Kal is a Non-Executive Director of Royal London Mutual Insurance Society Limited, Whitbread Plc and Chair of FunkyPigeon.com Limited, a subsidiary of Card Factory plc.



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Henry Daubeney
Independent Non-Executive Director
and Whistleblowing Champion

Appointed
1 July 2024

Skills, experience and qualifications

Henry brings over 38 years' of experience in the financial services sector, having spent his career with PricewaterhouseCoopers LLP as a senior audit bank partner and Global Head of Corporate Reporting Services – IFRS and Sustainability Reporting. He has served on the IFRS Advisory Council and Corporate Reporting Group of the Global Public Policy Committee (GPPC), where he was also Co-Chair of the GPPC Bank Working Group. Henry has extensive expertise in financial and regulatory reporting in the UK and US with a strong background in internal controls, governance and compliance. He is a Fellow of the Institute of Chartered Accountants.

Current external appointments

Henry is a Non-Executive Director of ClearToken CCP Limited, ClearToken Depository Limited, ClearToken Holdings Limited, and ClearToken UK Holdings Limited.



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Noël Harwerth
Independent Non-Executive
Director

Appointed¹
28 February 2020

Skills, experience and qualifications

Noël has served as a Non-Executive Director for leading organisations including Sirius Minerals plc, Standard Life Aberdeen plc, RSA Insurance Group plc, GE Capital Bank Limited, Sumitomo Mitsui Banking Corporation Europe Limited, The London Metal Exchange, Standard Life Assurance Limited and Scotiabank Europe Limited. Noël spent 15 years with Citicorp, latterly serving as the Chief Operating Officer of Citibank International plc. Noël offers extensive expertise in global banking and regulatory environments, combined with experience in the public sector (government bodies), providing valuable perspective to the Board.

Current external appointments

Noël is a Non-Executive Director of CAB Payment Holdings plc and Crown Agents Bank Limited.

1. Noël Harwerth was appointed to the Board of Charter Court Financial Services Limited on 27 June 2017 and this date is used to calculate her tenure.



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Sally Jones-Evans
Independent Non-Executive
Director and People Champion

Appointed
1 April 2025

Skills, experience and qualifications

Sally has significant financial experience gained through her extensive executive career at Lloyds Banking Group where she held a wide range of roles leading customer-facing parts of the business. She also has a proven track record as an experienced Board and Committee Chair. Previously, Sally was Chair of the Principality Building Society and was also formerly a Non-Executive Director at Delio Wealth Limited. Sally is a Fellow of the Chartered Institute of Bankers.

Current external appointments

Sally is a Non-Executive Director and Chair of the Audit and Risk Committees of Hafren Dyfrdwy Ltd (part of Severn Trent Group Plc), Chair of the Trustee Board of Oasis Cardiff and Trustee of the charity, Care for the Family.



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Simon Walker
Independent Non-Executive
Director

Appointed
4 January 2022

Skills, experience and qualifications

Simon has considerable experience in financial services and mortgages, SME lending, risk management and regulation within the banking sector. Simon joined KPMG in 1980 and was made a partner of the firm in 1992, going on to lead the firm's National Building Societies and Mortgage Practice and subsequently became banking partner in Financial Risk Management. Simon graduated in Law from University College London and is a qualified chartered accountant. Simon was previously a Non-Executive Director of H & T Group plc, IWP (Holdings) Limited and Leeds Theatre Trust Limited.

Current external appointments

Simon is a Non-Executive Director of the Bank of London Group Limited and The Bureau of Investigative Journalism.

Our Group Executive Committee

Meet our strong leadership responsible for delivering the Group's strategy



Debra Bailey
Group Chief
Information Officer

Experience and qualifications

Debra joined the Group in January 2025 and was appointed as Group Chief Information Officer in April 2025. She brings a breadth of experience in strategic, technology, transformational, operational and change roles in sizeable, regulated organisations across financial services, telecommunications, logistics and the public sector. The majority of her career has been in financial services, at Woolwich, Barclays and Nationwide Building Society where she held senior management responsibilities. In her last role she was Chief Information Officer and a member of the Executive Committee at Royal Mail responsible for IT strategy, operations and change, architecture and security.



Matthew Baillie
Group Chief
Operating Officer

Experience and qualifications

Matthew joined the Group in late 2022 as Group Chief Transformation Officer, leading the Group's strategic change agenda. In September 2025, he was appointed Group Chief Operating Officer and became a member of the Executive Committee. He has over 15 years of financial services experience, specialising in strategy, transformation and performance improvement at scale. Prior to joining the Group, Matthew spent his career at Lloyds Banking Group where he held senior leadership positions across product, digital, strategy and change. His final role there was Chief of Staff to the Group Chief Executive Officer, where he supported enterprise-wide strategic delivery.



Jens Bech
Group Commercial Director

Experience and qualifications

Jens joined the Group in March 2012 and has held two executive roles during a period of significant growth and transformation for the Group, initially as Chief Risk Officer and, more recently, as Group Commercial Director. In his current role, he oversees Heritable Development Finance, InterBay Asset Finance and the Group's capital markets and wholesale funding activities; he is an executive director of several subsidiary boards and a regular attendee at Board meetings. He has played a key role in several strategic transactions, including the combination with Charter Court Financial Services in 2019. Prior to OSB Group, Jens was Chief Risk Officer at the Asset Protection Agency, an arm's-length body of HM Treasury. Earlier, he spent nearly a decade at Oliver Wyman advising financial institutions and regulators globally, including leading the firm's support to Iceland during the financial crisis. After more than 14 years with the Group, Jens will step down from his executive role on 31 March 2026, having agreed this with the Board, and will remain with the Group for a period to support an orderly transition.



Jason Elphick
Group General Counsel
and Company Secretary

Experience and qualifications

Jason joined the Group in June 2016. He has over 30 years of legal private practice and in-house financial services experience. Jason's private practice experience was primarily in Australia with King & Wood Mallesons and in New York with Sidley Austin LLP. He has been admitted to practice in Australia, New York, England and Wales. Jason's previous in-house financial services experience includes serving as Director and Head of Bank Legal at Santander UK Group. He also held various roles at National Australia Bank Limited, including General Counsel Capital and Funding, Head of Governance, Company Secretary and General Counsel Product, Regulation and Resolution.



Jon Hall
Group Managing Director,
Mortgages and Savings

Experience and qualifications

Jon joined the Group in November 2021. Jon has significant experience within the financial services sector and joined the Group from Aspinall Financial Services, a pre-authorisation bank start-up, having previously led Masthaven Bank from 2016 to early 2021 as their Chief Commercial Officer and Deputy Chief Executive. Jon started his career with PricewaterhouseCoopers LLP, before joining Aviva plc and subsequently became Chief Executive of Saffron Building Society. Jon is a Fellow of the Institute of Chartered Accountants in England and Wales.

Our Group Executive Committee continued



Orlagh Hunt
Chief People Officer

Experience and qualifications
Orlagh joined OSB Group in September 2024. Orlagh has over 25 years’ executive experience spanning retail, FMCG and financial services. She has a breadth of experience in driving change, colleague engagement and capability building. She is a Member of the Chartered Institute of Personnel and Development. Prior to joining the Group, Orlagh was the Chief People Officer at Yorkshire Building Society and brings a wealth of experience having previously worked as Head of HR for AXA Sunlife and as Group HR Director for both Royal & Sun Alliance and Allied Irish Bank.



Hasan Kazmi
Group Chief Risk Officer

Experience and qualifications
Hasan joined the Group in September 2015 as Chief Risk Officer. He became Group Chief Risk Officer in 2021. Hasan has 30 years of risk and regulatory experience having worked at several financial institutions, including Barclays Capital, Royal Bank of Canada and Standard Chartered Bank. He was a Senior Director at Deloitte LLP within the risk and regulatory practice with responsibility for leading the firm’s enterprise risk, capital, liquidity, recovery and resolution practice. Hasan graduated from the London School of Economics with a MSc in Systems Design and Analysis and a BSc in Management.



Lisa Odendaal
Group Chief Internal Auditor

Experience and qualifications
Lisa joined the Group in April 2016 from Grant Thornton, where she led outsourced internal audit functions for a variety of financial institutions, including investment banks, retail banks, and asset managers. Her career spans audit and operational roles at PricewaterhouseCoopers LLP, Morgan Stanley, HSBC, and Man Group plc, with experience gained in the UK, UAE and Switzerland. A Chartered Internal Auditor, Lisa has worked on risk management, regulatory compliance, and governance frameworks across multiple jurisdictions, supporting businesses in adapting to evolving regulatory and market demands.



Richard Wilson
Group Chief Credit Officer

Experience and qualifications
Richard joined the Group in 2013. Prior to joining the Group, Richard was responsible for credit and collections strategy for Morgan Stanley’s origination businesses in the UK, Russia and Italy. Between 1988 and 2006, Richard held various roles at the Yorkshire Building Society.

Corporate Governance Report

Dear Shareholder, Welcome to our 2025 Corporate Governance Report for the year ended 31 December 2025.



We remain committed to upholding the highest standards of governance. We have applied and complied with the principles and provisions of the Financial Reporting Council's 2024 UK Corporate Governance Code (the 'Code'). The Board has complied with the requirements of the Code, its legal and regulatory obligations, and has successfully discharged its responsibilities to ensure the good governance of the Group. A statement disclosing compliance with the Code can be found on page 110, and disclosures on how the Company engages with its stakeholders, can be found on pages 120-123. The Corporate Governance Report, as set out on pages 104-174 of this Annual Report, forms part of the Directors' Report and should be read as if fully incorporated herein.

Engagement with stakeholders

Throughout 2025, the Board remained firmly committed to enhancing shareholder value by delivering strong, sustainable results aligned with those presented at the Group's Investor Day. Board oversight continues to play a critical role in aligning the interests of shareholders and other stakeholders, supporting our ambition to become the number one specialist bank in the UK.

This report outlines how the Board and its Committees operate to ensure disciplined risk management while delivering long-term value. We have overseen significant progress in our transformation journey, aimed at building the bank of the future, optimising operations for a digital-first environment and embedding a customer-centric approach across the business.

I have personally enjoyed meeting many shareholders during the year. These meetings provide valuable insights into investor priorities and areas of focus, and I encourage all shareholders to take advantage of future opportunities for dialogue. Our Board Champions played an important role in strengthening the Board's connection with key stakeholder groups. Through focused

engagement and regular reporting back to the Board, they provided valuable insight into stakeholder priorities and emerging issues.

The Chair of the Remuneration and People Committee engaged directly with shareholders throughout the year to discuss the proposed new remuneration policy, ensuring their feedback and expectations were fully considered in its development.

Group Chief Executive Officer

On 20 February 2026, I was delighted to be able to announce the appointment of Enrique Alvarez Labiano. Enrique will, subject to regulatory approval, join as Chief Executive Officer of the Group later in the year from Santander UK and brings with him a strong track record in retail and business banking, together with excellent leadership experience. I am personally very excited about Enrique's vision for the Group and, together with the Board, look forward to working with him to ensure the next stage of development of the Group.

Other Board changes and composition

Creating long-term shareholder value requires a future-fit workforce, supported by a strong remuneration philosophy. The Group Remuneration and People Committee continues to ensure alignment between individual contribution, strategic objectives, and stakeholder outcomes.

During the year, we leveraged the diverse skills, experience, and strengths of our Board members to implement several committee changes designed to enhance governance and oversight. We were pleased to welcome Gareth Hoskin and Sally Jones-Evans to the Board, further strengthening our breadth of expertise. Following a thorough appointment process, we look forward to welcoming Robin Bulloch as an Independent Non-Executive Director with effect from 1 April 2026.

Corporate Governance Report continued

I will reach the end of my nine-year tenure as Chair of the Board this summer. In light of the CEO transition during the year, the Board invited me to serve for an additional year to ensure stability and continuity of leadership. I am pleased to support the organisation through this period, and I intend to step down from the Board by September 2027.

Looking ahead

Our focus remains on increasing shareholder value by building on the strengths that have delivered success to date. We will continue to transform the way we operate, drive growth and diversification, and advance our ambition to become the UK's leading specialist bank. I am delighted to invite all shareholders to further engage with us at our AGM on 7 May 2026.

David Weymouth

Chair of the Board
4 March 2026

UK Corporate Governance Code – statement of compliance

Our Corporate Governance Report reflects the requirements of the 2024 Financial Reporting Council's (FRC) UK Corporate Governance Code (the 'Code'). Throughout 2025, the Board confirms that the Group has complied with the provisions and applied the principles of the Code in force as at 31 December 2025. To view how we comply with the Code, please see below:

Section	Code principles	How we complied with the Code (page)
Board leadership and Company purpose	A) An effective and entrepreneurial balanced Board with a role to promote the long-term sustainable success of the Group and generate value for shareholders and contributing to wider society	111–123
	B) Purpose, values, and strategy aligned to culture	113
	C) Board decision outcomes in the context of the Company's strategy and objectives	114–115
	D) Stakeholder engagement	119–123
	E) Workforce policies and practices	93–94
Division of responsibilities	F) Leadership of Board and Board operations	113
	G) Board composition, Board roles, division of responsibilities and independence	111–112, 117
	H) Directors' responsibilities and time commitment	116
	I) Board support, information and advice	116
Composition, succession and evaluation	J) Board appointments and succession plans for Board and senior management and diversity	124–128
	K) Board skills, experience, knowledge and tenure	105–106, 112
	L) Annual Board performance review	118
Audit, risk and internal control	M) Effectiveness and independence of external auditor and internal audit	135–137
	N) Fair, balanced and understandable assessment of the Group's position and prospects	135
	O) Effectiveness of Risk Management and Internal Control Framework	134
Remuneration	P) Remuneration policy and alignment to Group's purpose, strategy, values and promote long-term sustainable success	141–168
	Q) Procedure for developing policy on Executive and senior management remuneration	146–168
	R) Authorisation of 2025 remuneration performance outcomes	144

A copy of the Code can be found on the FRC's website.

Corporate Governance Report continued

Our governance fosters accountability and responsibility

The Group’s governance arrangements facilitate clear information flows and independent insights from INEDs. Governance oversight occurs at Board and Board Committee meetings, strategy days and one-to-one meetings with senior management including the CEO and CFO.

The Board is supported in its work by its Committees, all of which play an essential role in overseeing certain business on the Board’s behalf, allowing the Board to focus on the strategic priorities and business performance.

Board Membership, Composition and Diversity

As at 31 December 2025, the Board comprised the Chair of the Board (independent on appointment), six INEDs and two Executive Directors. All of the INEDs, including the Chair of the Board, are independent in character and judgement, and free from relationships or circumstances which may affect, or could appear to affect, the relevant individual’s judgement. The independence of the INEDs is continuously monitored by the Board, including a formal annual review.

The Board is diversely constituted with a broad range of skills and experience that promote constructive debate and informed decision-making. The Board meets the FCA’s diversity requirements and further numerical data can be found on page 128.

OSB GROUP PLC Board

Chair of the Board



David Weymouth
Chair of the Board

Executive Directors



Andy Golding
Chief Executive Officer (CEO)



Victoria Hyde
Chief Financial Officer (CFO)

Independent Non-Executive Directors (INED)



Gareth Hoskin
Senior Independent Director (SID)



Kal Atwal



Henry Daubeney



Noël Harwerth



Sally Jones-Evans



Simon Walker

Board Committees

Group Nomination and Governance Committee

Read more on page 124

9

Directors

Group Audit Committee

Read more on page 131

66.7%

Independent (excluding Chair of the Board)

Group Risk Committee

Read more on page 138

44%

Female Directors

Group Remuneration and People Committee

Read more on page 141

1

Director from ethnically diverse backgrounds

Board changes in 2025

1 April 2025

Sally Jones-Evans and Gareth Hoskin appointed as INEDs.

8 May 2025

Rajan Kapoor and Sarah Hedger step down as INED.

9 May 2025

Sally Jones-Evans appointed Chair of Remuneration and People Committee. Henry Daubeney appointed Chair of Audit Committee.

1 October 2025

Gareth Hoskin appointed as SID.

Corporate Governance Report continued

Board and Committee meeting composition and attendance¹

The table below shows each Director's Board and Committee meeting attendance during the year, in accordance to their membership. Directors who are unable to attend meetings receive the papers in advance and are given an opportunity to provide any comments to the relevant Committee Chair in advance. The key Board focus areas and outcomes can be found on pages 114 - 115.

In addition to formal meetings, the Board held two strategy days, several ad hoc meetings, workshops and training sessions. Directors also contributed to discussions outside of the meeting calendar.

During 2025, the Board and Group Executive Committee conducted the majority of their meetings across Kent and London sites.

Gareth Hoskin and Sally Jones-Evans joined the Board on 1 April 2025, and the subsequent changes to Committee membership (following the departures of Sarah Hedger and Rajan Kapoor in May 2025) are reflected in the attendance table below.

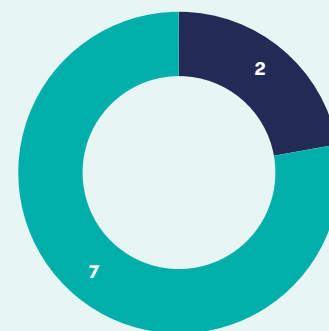
From 1 October 2025, Gareth Hoskin became SID, succeeding Noël Harwerth as she nears the end of her nine-year tenure.

Board Tenure

All Directors stand for annual re-election in line with Provision 18 of the UK Corporate Governance Code 2024 and the Company's Articles of Association (the 'Articles'). Re-appointment is recommended only where the Director remains effective, committed and independent, following a formal evaluation. The length of service for each Board member, in years, as at 31 December 2025, is set out in the tenure chart on this page. At the end of 2025, the average term of Directors was 4.68 years.

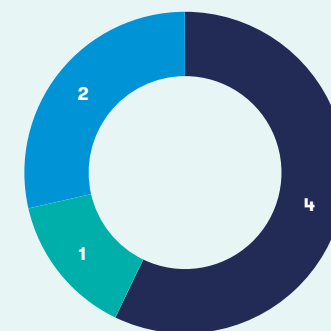
As at 31 December 2025	Board	Group Audit Committee	Group Remuneration and People Committee	Group Nomination and Governance Committee	Group Risk Committee
Current Directors					
David Weymouth (Chair of the Board)	10/10	n/a	6/6	8/8	n/a
Kal Atwal ³	10/10	n/a	6/6	n/a	1/2
Henry Daubeney	10/10	7/7	n/a	n/a	9/9
Andy Golding	10/10	n/a	n/a	n/a	n/a
Noël Harwerth ³	9/10	6/7	6/6	8/8	9/9
Victoria Hyde ³	9/10	n/a	n/a	n/a	n/a
Gareth Hoskin ^{2,3}	8/8	4/4	4/4	6/6	5/7
Sally Jones-Evans ²	8/8	n/a	4/4	6/6	3/3
Simon Walker	10/10	7/7	n/a	n/a	9/9
Former Directors					
Rajan Kapoor ²	4/4	3/3	2/2	n/a	3/3
Sarah Hedger ²	4/4	3/3	2/2	2/2	n/a

Executive and Independent Non-Executive Directors as at 31 December 2025



● Executive Directors
● Independent Non-Executive Directors

Independent Non-Executive Director tenure as at 31 December 2025



● 0-3 Years
● 4-6 Years
● 7-9 Years

1. The Group Chief Risk Officer and other Group Executives are invited to attend as appropriate.

2. Gareth Hoskin and Sally Jones-Evans were appointed on 1 April 2025. Rajan Kapoor and Sarah Hedger resigned as Directors of the Group on 8 May 2025.

3. Due to prior commitments, Kal Atwal was unable to attend one Group Remuneration and People Committee meeting and one Group Risk Committee meeting; Noël Harwerth was unable to attend one Board meeting and one Group Audit Committee meeting; Victoria Hyde was unable to attend one Board meeting due to a scheduling conflict with a US Roadshow; and Gareth Hoskin missed two Group Risk Committee meetings during the year. Comments/questions were provided by all Directors in advance to the Chair of the Board or Committee Chair.

Corporate Governance Report continued

The Role of the Board

The Board is responsible for promoting the long-term sustainable success of the Group as a whole, generating value for shareholders and contributing to wider society. It sets the Group strategy, including raising and allocation of capital.

Fundamental to the Board's role is maintaining high standards of corporate governance, in particular those set out in the Code as well as other guidance provided by the Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) and other industry regulators.

Matters reserved for the sole decision-making power of the Board are set out in the Board schedule of matters reserved. Those matters include material decisions relating to:

- Strategic plan, management and culture
- Structure, capital and liquidity and special situations
- Risk appetite and oversight of risk management and internal controls
- Financial reporting and controls
- Remuneration and performance management programmes
- Board member appointments
- Material contracts and agreements
- Stakeholder outcomes and engagement
- ESG Strategy and Operating Framework

Responsibility for the day-to-day running of the Group has been delegated to the CEO supported by the Group Executive Committee to make operational decisions and execute the Board's agreed strategy. The Articles permit the Board to delegate its authority to any Director or Committee as required.

The Board determines the business strategy and associated risk appetite performance which is monitored against set criteria and reported to shareholders, as appropriate. The Board maintains a robust system of internal systems and controls, which provide assurance of effective and efficient operations, internal financial controls and compliance with all applicable laws and regulations. It ensures senior management maintains effective risk control and oversight of processes across the Group to enable the delivery of strategy and business performance within the approved risk appetite and risk control framework. Fundamentally, the Board is the primary decision-making body for the Company and therefore addresses all matters of significance in relation to strategic, risk, financial, key person, regulatory or reputational, implications.

Monitoring and embedding culture

As well as driving business strategy, the Board has primary responsibility for establishing the Company's purpose and values, ensuring alignment with the Company's culture. Every Board member is expected to act with integrity, lead by example and promote the Company's desired culture.

Details of the outcomes relating to our Colleagues can be found in the Sustainability Report on pages 84-87.

Data relating to the Board and Executive Management diversity and inclusion outcomes are included in the tables within the Group Nomination and Governance Committee Report on page 128.

How the Board monitors culture

The Board actively monitors the Company's culture through formal and informal mechanisms including:

- regular reports and presentations from the Chief People Officer on cultural indicators and colleague experience;
- engagement surveys providing insight into colleague sentiment and cultural alignment;
- OurVoice Forum where colleagues express their views and feedback directly to executive management, members of the Board and the People Champion;
- Ask Andy platform enabling direct engagement and visibility of colleague concerns and behaviours;
- monitoring progress against the 'Fit for the Future' colleague development priority through assessing the skills and capabilities framework, appropriate training initiatives and alignment of individual performance objectives with strategic priorities and values; and
- assessing cultural reinforcement through performance management and reward mechanisms.

How the Board ensures the desired culture is embedded

The Board oversees the embedding of culture throughout the Group by:

- setting clear expectations around conduct and seeking assurance that these are consistently applied;
- overseeing workforce policies and practices to ensure they reinforce and support the desired culture;
- reflecting the Group's purpose and values in strategy development and decision making;
- challenging management to demonstrate how the Group's values are embedded through leadership development, training, recognition and performance management processes; and
- reviewing succession planning, talent pipelines and capability development so that emerging leaders reflect the values and behaviours expected across the Group.

Promoting a diverse and inclusive culture

The Board promotes a culture of diversity and inclusion across the Group through:

- recruitment and succession planning processes which are aligned with the Group's diversity objectives;
- reviewing insights from diversity training and awareness initiatives delivered to colleagues and leaders; and
- monitoring workforce data and engagement survey results to identify opportunities for further enhancement.

Corporate Governance Report continued

Key Board focus areas and outcomes during 2025

The Board provides clear strategic leadership, ensuring that culture, risk appetite and long-term objectives are fully aligned. Through its robust corporate governance, the Board sets the Group's strategy for maintaining a sustainable and profitable business, underpinned by a robust risk management framework. The Board regularly receives and reviews reports on matters such as strategy, market competition and performance across each business area. The Board also receives updates on investor relations, legal, governance and regulatory matters, together with updates on the work of its Committees. A non-exhaustive list of other significant matters overseen by the Board during the year is set out below.

Key area of focus	Board role (approval/consideration)	Outcomes
Strategy	- Approved the 2025 Strategic and Financial Plan and four priorities being Return on Equity, Transformation, Data and People. - As part of the Board strategy days, considered reports on the external competitor environment, M&A activity, market trends, customer and Transformation strategy, Savings and Lending strategies, the evolution of the data strategy and use of it. - Agreed the governance principles for the Transformation programme, receiving regular updates on progress against key milestones (i.e. progress on the Savings platform introduced last year), resources, costs and mitigation of potential risks.	Clear strategic priorities established for 2025, aligning financial and operational objectives. Strengthened oversight of Transformation initiatives, ensuring delivery of platform enhancements and risk controls. Improved governance and resource planning to support sustainable growth and operational resilience.
Financial	- Approved the share repurchase programme of 14 March 2025 of £100m. - Approved payment of interim dividends and recommended a final dividend to shareholders. - Approved an Offering Memorandum in respect of £150m of Additional Tier One (AT1) securities with an annual coupon rate of 7.750%. - Reviewed the updated retention assumptions, revised CCFS Conditional Prepayment Rate (CPR) curves, the impact of Minimum Requirement for Own Funds and Eligible Liabilities (MREL) issuance, as well as the deferred implementation date of Basel 3.1. - Received regular updates from the CFO, including key financial highlights. - Approved the Annual Report and Accounts and Interim Results.	Delivered value for shareholders through £100m share buyback and dividend distributions, improving returns and confidence. Strengthened capital base through AT1 issuance, enabling continued investment in products and services. Ensured compliance and robust capital planning through reviews of MREL, Basel 3.1, and liquidity/capital adequacy processes. Maintained transparency and trust through regular financial performance reporting.
Risk management and control and regulatory matters	- Approved Group risk appetite statements and framework. - Regular updates on progress toward compliance with Provision 29 of the UK Corporate Governance Code 2024, including internal control effectiveness, milestone achievements, action plans and enhancements to risk identification and monitoring. - Reviewed, challenged and approved the Internal Liquidity Adequacy Assessment Process (ILAAP), Internal Capital Adequacy Assessment Process (ICAAP) and AT1 payments. - Completed a reverse stress testing exercise. - Received regular updates on recovery and resolution. - Oversaw the Group's principal risks and related controls including Credit Risk, Cyber Risk and Transformation Risk ensuring they remained within risk appetite.	Clear risk parameters aligned with strategy and regulatory standards. Regular updates on Provision 29 resulted in strengthened internal controls, improved risk management and a clear roadmap for compliance. Robust liquidity and capital adequacy confirmed through ILAAP and ICAAP. Strengthened preparedness via reverse stress testing and recovery planning, protecting stakeholders in severe stress scenarios.
Customers	Approved the Consumer Duty and Attestation Report.	The Board's oversight of Consumer Duty implementation ensured the Group maintained good outcomes for customers.

Corporate Governance Report continued

Key area of focus	Board role (approval/consideration)	Outcomes
People and Culture	- Considered Board and Executive succession planning. - Considered and approved the Remuneration Philosophy and Policy, being presented for shareholder approval. - Discussed and received several updates on culture. - Approved the Technology Target Operating Model. - Board members attended OurVoice meetings. Further details can be found in the Sustainability Report on page 84.	The Board ensured leadership continuity through a clear succession pipeline, approved a remuneration framework that ties pay to defined performance and risk measures, advanced cultural initiatives to foster a high-performance environment and strengthen managerial capability, and endorsed a technology roadmap that achieved cloud migration, automated key processes and reduced processing times, enhancing resilience and operational efficiency. The Board's participation at OurVoice meetings provided first-hand insight into Colleagues' views, concerns and priorities, supporting more informed Board discussions and enhancing the Board's understanding of colleague expectations.
Governance	- Approved the appointments of Gareth Hoskin and Sally Jones-Evans as INEDs. - Approved the Group's Corporate Governance Framework. - Reviewed Persons Discharging Managerial Responsibilities (PDMR) designation under UK Market Abuse Regime (MAR) and approved a change to the classification of PDMRs within the Group. - Received regular updates of Board Committee activity from respective Committee Chairs. - Approved the Group Disclosure and Inside Information Policy and Securities Dealing Procedure.	Strengthened independence and expertise through new INED appointments. The refreshed Corporate Governance Framework supports accountability and decision-making for the Group and its subsidiaries and enhances Board assurance. Maintained UK MAR compliance through updated PDMR classifications and approved disclosure and dealing policies.

In considering the above the Board aims to consider the views of all impacted stakeholders whilst acting in the best interests of the Company and members as a whole, as set out in the section 172 statement.

Corporate Governance Report continued

Stakeholder engagement

The Board prioritises regular, open dialogue with stakeholders. During the year the Board members attended two OurVoice sessions with colleagues, focusing on transformation, change, reward, learning and development. The Board and its Committees received updates on ESG and sustainability and maintained transparent engagement with the regulators, especially the FCA and PRA. The Group Nomination and Governance Committee also oversaw diversity, equity and inclusion (DE&I) in succession planning and talent development at all levels. Further details are included in the Sustainability Report on page 84.

Director Time Commitments and External Appointments

In line with the Code, the Board ensures that all Directors have sufficient time to discharge their responsibilities effectively and that external appointments do not compromise their ability to serve the Company. The Group Nomination and Governance Committee reviews Directors' time commitments and external roles annually and whenever changes occur. As part of this review, the Committee considers:

- the number of directorships held by each Director within the Capital Requirements Directive (CRD) IV limits, which restrict Directors to one executive directorship with two non-executive directorships, or four non-executive directorships; and
- the contractual time commitment required for each external appointment.

The Committee also assesses compliance with relevant investor guidelines on overboarding and regulatory expectations. Following its review, the Committee confirmed that all Directors' external commitments, included within their biographies on pages 105-106, were appropriate, within CRD IV limits, and did not impair their ability to serve the Company effectively. The Board is satisfied that all Directors devote adequate time to the Company's business and that their external appointments remain consistent with regulatory requirements and governance best practice.

Board resources

Induction, training and development

Overall responsibility for ensuring all Directors receive suitable training so they can effectively discharge their duties sits with the Chair of the Board, who is supported by the Company Secretary. On joining the Board all new Directors receive a tailored induction programme which aims to provide them with the relevant information required to allow them to actively contribute to the successful running of the Group.

As senior managers, by virtue of the Senior Managers Certification Regime, all Directors are required to maintain skills, knowledge and a certain level of expertise to meet the demands of their positions of 'significant influence' within the Group.

Directors are required to complete a self-certification that they have undertaken sufficient training during the year to maintain their skills, knowledge and expertise and to make a declaration as to their fitness and propriety as part of the annual assessment process. The Company Secretary supports the Directors in identifying relevant internal and external courses to ensure all Directors are up to date with key regulatory changes, their responsibilities as senior managers and other matters impacting the business.

Throughout the year, the Chair of the Board holds regular conversations with each INED to gain an understanding of their perspective on the business and to review their individual performance and development needs. The SID is responsible for the evaluation of the performance and development needs of the Chair of the Board.

Further details are available in the Group Nomination and Governance Committee Chair's Report.

Conflicts of Interest

The Company's Articles set out the policy for dealing with Directors' conflicts of interest and these are in line with the Companies Act. The Articles permit the Board to authorise conflicts and potential conflicts, as long as the potentially conflicted Director is not counted in the quorum and does not vote on the resolution to authorise the conflict. These are recorded in the Register of Directors' Interests by the Company Secretary which is approved on an annual basis by the Board. All Directors are required to notify the Board of any changes to their interests throughout the year.

Directors complete an annual confirmation as part of the fitness and propriety assessment, in which they are requested to declare any external interests and potential conflicts. They are also required to declare their interests in the business to be discussed at each Board and Board Committee meeting. The interests of new Directors are considered during the recruitment process and authorised, if appropriate, by the Board at the time of their appointment. The Group Nomination and Governance Committee reviews conflicts of interest relating to Directors at least annually; periodic reviews are also undertaken as required. The Group operates a Conflicts of Interest Policy, which includes a procedure for identifying potential conflicts of interest within the Group.

Executive Directors are not normally expected to hold significant external directorships. During the year, Andy Golding was appointed to the board of Pepper Advantage Limited and Mudeford Ferry Limited. These appointments were reviewed and approved by the Chair of the Board, with consideration given to potential conflicts of interest and time commitments.

Any future proposals for Executive Directors to hold external directorships will be subject to prior discussion with the Chair of the Board and disclosed to the Company Secretary for governance review.

No Director had a material interest in any contract of significance in relation to the Group's business at any time during the year or at the date of this report.

Corporate Governance Report continued

Division of responsibilities

There is a clear division of responsibilities, which has been agreed by the Board and set out in writing, between the leadership of the Board, the executive responsible being the CEO, and the oversight role of the INEDs. These responsibilities, together with those of the SID, the Company Secretary and the Board Champions are set out in the table below. The Board considers that the division of responsibilities is clear and effective, ensuring strong checks and balances and compliance with section 2 of the Code.

Chair of the Board (David Weymouth)

- Leads the Board and ensures its effectiveness;
- promotes a culture of openness and debate;
- ensures the Board receive accurate, timely and clear information;
- ensures appropriate balance of skills, experience and development;
- creates conditions for overall Board and individual Director effectiveness, inside and outside the boardroom; and
- oversees composition, succession planning and performance evaluation.

Chief Executive Officer (Andy Golding)

- Responsible for the day-to-day management of the Group;
- implementing strategy as agreed with the Board;
- leads the Group Executive Committee;
- accountable for operational and financial performance;
- channels expertise, energy and enthusiasm;
- builds individual capabilities within the team;
- develops and encourages talent within the business;
- identifies commercial and business opportunities for the Group, building strengths in key areas; and
- liaises with regulatory authorities where appropriate.

An experienced Group Executive Committee, comprising specialists in finance, banking, risk, operations, internal audit, legal and IT matters, support Andy in carrying out his executive responsibilities. The biographies for the Group Executive Committee are set out on pages 107 - 108.

Chief Financial Officer (Victoria Hyde)

- Leads the Group's financial strategy, capital planning and financial performance management;
- provides strategic financial insight to the Board and Executive Committee;
- leads the Finance function; and
- oversees the management of the Group's financial operations.

Senior Independent Director (SID) (Gareth Hoskin)

- Provides support to the Chair of the Board as a sounding board;
- acts as an intermediary for other Directors and shareholders if needed; and
- leads the annual appraisal on the performance of the Chair of the Board.

Independent Non-Executive Directors (INEDs)

- Provide independent challenge and strategic guidance;
- scrutinise management performance and hold them to account if necessary;
- contribute to governance, risk oversight and succession planning; and
- devote sufficient time to their roles (c.30-35 days; SID 36 days; Chair of the Board 60 days).

The Board recognises all the NEDs as Independent and in accordance with Provision 10 of the UK Code, there are no circumstances in which their independence is impaired.

The Chair of the Board has confirmed with each INED that they have sufficient time to devote to their duties.

General Counsel and Company Secretary (Jason Elphick)

- Acts as principal governance advisor to the Board;
- ensures the Board has the policies, processes, information, time and resources it needs in order to function effectively and efficiently;
- ensures compliance with statutory and regulatory requirements;
- supports indication and development of Directors;
- ensures all Directors have access to the advice of the Company Secretary; and
- develops an annual Board Engagement Programme to facilitate regular touch points between the Board and the wider business.

ESG Champion (Kal Atwal)

- Ensures stakeholder voices are heard in decision-making; and
- promotes focus on long-term sustainability and risk.

People Champion (Sally Evans-Jones)

- Appointed to the role from 9 May 2025;
- provides a designated NED route for workforce engagement alongside OurVoice advisory panel (the Board's chosen approach to comply with Provision 5 of the UK Code on workforce engagement); and
- represents colleague perspectives at Board level.

Whistleblowing Champion (Henry Daubeney)

- Appointed to the role from 9 May 2025; and
- oversees the integrity, independence and effectiveness of the Group's whistleblowing procedures and arrangements.

Corporate Governance Report continued

Board and Committee Performance Review

To ensure that the Board and its Committees remain effective, an annual performance review is undertaken, which includes an assessment of the performance of individual Directors. In accordance with the UK Corporate Governance Code, this review is externally facilitated at least once every three years, providing an independent assessment of the Board's effectiveness.

The Chair of the Board leads the Board in considering and responding to the outcomes of the annual performance review, with the support of the Group Nomination and Governance Committee. Following which, the Board approves an action plan to address any areas identified for improvement, and the Group Nomination and Governance Committee oversees progress against those actions. An update on the findings from the 2024 performance review is set out below.

Progress against the 2024 effectiveness review findings

The Board and its Committees reviewed the progress made, and further actions required, against the areas of improvement identified in the 2024 Board evaluation. Progress against these actions is summarised below:

- The Board continued to strengthen its strategic focus, with agendas now shaped through regular Chair/CEO/Company Secretary planning sessions, and strategy days structured to support forward-looking discussion and long-term planning.
- Updates on external environment are now a standing feature of Board agendas, supported by external presenters such as economists, brokers and analysts, helping ensure the Board maintains strong situational awareness during a period of ongoing market change.

- The Group Nomination and Governance Committee received enhanced updates on executive succession planning, and the Board's skills mix has been further strengthened through the appointment of two new INEDs, ensuring continued alignment with the Group's long-term strategy.
- To improve the quality of Board debate, agenda design and papers have been refined, including the introduction of the Forward Look Plan into all Board packs. Work is also underway to explore the use of AI to streamline and improve the clarity of Board materials.
- Additional professional time outside formal meetings has been embedded into the annual calendar, including Board and ExCo lunches, Board dinners, and NED-only sessions, with a broader programme planned for 2026.
- Site visits have been expanded, including an INED visit to the Wolverhampton office and selected Board meetings held at locations outside London, helping strengthen the Board's understanding of operational activity across the Group.

The scope of the 2025 Board evaluation was determined by the Committee following its review of the 2024 findings. The 2025 performance review provided the Board with the opportunity to assess the effectiveness of the Board as a whole, as well as the performance of each of its Committees. The review comprised of questionnaires issued to all Board members, the Company Secretary, and other relevant senior stakeholders associated with each of the Board's principal Committees. The questionnaires covered general areas of effectiveness, including the Board's decision-making process and oversight of stakeholders.

The results of the 2025 performance review will be presented to the Board for discussion at its meeting in April 2026 and will inform the action plan to be implemented during 2026. Further detail on the process, outcomes and actions identified will be included in the Annual Report and Accounts 2026.

In addition, the Chair of the Board conducted individual Director assessments, during which each Director was invited to reflect on their performance, relationships with fellow Board members, and any areas for development. These reflections were discussed privately, and as Chair of the Board, The Chair of the Board was satisfied with the performance of all Directors. Gareth Hoskin, as SID, also led an assessment of the performance of the Chair of the Board, seeking feedback from each Director, which was subsequently discussed at a meeting held without the Chair of the Board present.

Stakeholder Engagement

In accordance with the Companies Act 2006 (the Act), this statement sets out how the Directors have had regard to the matters set out in section 172(1) of the Act when performing their duty to promote the success of the Company for the benefit of its shareholders as a whole and to have regard to:

- a) the likely consequences of any decision in the long-term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

The Board is committed to maintaining effective engagement and active dialogue with its stakeholders. In this section, we summarise how we have engaged with our key stakeholders during the year and how the Directors have had regard to the matters set out above.

Full details can be found on pages 119 – 123.

We leverage the work of our Board Champions to ensure that employees, customers and ESG are prioritised as part of boardroom debate. We continue to focus on transparency with our regulators in relation to our strategy and risk management. The Board continues to maintain an open and transparent dialogue with stakeholders. With the support of the Investor Relations team, Group Executives and certain Board members undertake roadshows for investors and analysts, so they have a clear understanding of our business proposition and prospects.

Corporate Governance Report continued

Which stakeholders were considered?

The Board has identified the below as our key stakeholders, essential for ensuring the continued success of the Group.

Colleagues

Our success is driven by the talented individuals we employ

Customers

We are committed to delivering the best service to customers, delivering good customer outcomes and building strong and long-term relationships

Intermediaries

We use brokers' insights to better serve our customers, engage with investors and rating agencies

Investors and rating agencies

We engage in straightforward and open dialogue

Regulators and policy-makers

We continue to foster open and transparent dialogue with regulators and participate in driving policy change

Suppliers

Support us in providing high standards of service to our customers

Communities and Society

The needs of communities and society are incorporated into strategic considerations

How the Board Champions engaged with Stakeholders during the year

To amplify stakeholder voices the Board has appointed three Board Champions, as listed below. These Champions embed stakeholder perspectives into decision-making, reinforcing the Board's commitment to sustainable success.

ESG Board Champion – Kal Atwal

- met quarterly with the Group Head of Sustainability to discuss progress against ESG priorities, ongoing challenges and emerging risks;
- reviewed the ESG Operating Framework to ensure continued effectiveness and alignment with regulatory and stakeholder expectations;
- attended an ESG Forum meeting to contribute to discussions on material ESG matters and support Board oversight; and
- reviewed ESG-related meeting materials and disclosures.

Whistleblowing Champion – Henry Daubeney

- reviewed whistleblowing activity, themes and outcomes;
- oversaw the annual review of the Group's Whistleblowing Policy and associated procedures;
- monitored whistleblowing trends and volumes for assurance over the effectiveness of the Group's speak-up culture; and
- oversight of whistleblowing complaints when raised and throughout ongoing investigations.

People Champion – Sally Jones-Evans

- met with the Chief People Officer and HR leadership team to discuss culture, colleague engagement and sentiment; and
- attended all OurVoice meetings where colleagues discussed amongst other topics: Transformation, morale, reward, performance and training.

Corporate Governance Report continued

Section 172 statement:

Helping our stakeholders prosper: considering our stakeholders in key business decisions is fundamental to our ability to deliver the Group’s strategy in line with our long-term values and operating the business in a sustainable way. Balancing the needs and expectations of our key stakeholders is essential to achieving our purpose of helping our customers, colleagues and communities prosper.

Stakeholder	Board engagement and outcomes	section 172(1) Companies Act
Customers	Board engagement: - Maintained oversight of customer outcomes primarily through structured management information, customer insight and independent assurance, enabling Directors to understand customer experience across the lifecycle. This included regular reporting on customer satisfaction, complaints trends, retention rates and service performance. - Participated in targeted deep dives and workshops focused on customer profiles, service standards and the Group’s approach to supporting vulnerable customers. These sessions enabled the Board to assess whether the Group continued to deliver good customer outcomes, customer risks were being appropriately identified and mitigated and whether customer considerations were fully embedded within strategic decision-making. - Approved the decision-making framework for the launch of the new Buy-To-Let (BTL) lending platform. Directors attended dedicated Transformation workshops and tested the enhanced borrower journey. This direct exposure enabled the Board to challenge management on design choices, operational readiness and the anticipated impact on intermediaries and customers. - Undertook the annual review and approval of the Consumer Duty Attestation and considered whether the Group continued to deliver good customer outcomes consistent with regulatory expectations and strategy. This assessment was informed by case studies evidencing good customer outcomes, updates from the Customer and Product Committee, customer dashboards and scrutiny of pricing mechanisms from the customers’ perspective. Outcomes following the Board’s engagement with Customers: - The new BTL lending platform enables more consistent, data-driven decision making, supporting improved risk management and more efficient service delivery for borrowers and brokers. Board oversight of the platform’s design and implementation helped ensure that customer needs were integral to the solution. - Governance arrangements for identifying, escalating and addressing potential customer harm were further strengthened, reflecting Board challenge and oversight. - The quality, relevance and consistency of customer metrics presented to the Board and its Committees have been enhanced. This has provided deeper, more actionable insight into customer experience and satisfaction, enabling more informed challenge, earlier identification of emerging risks and better alignment between strategy and customer outcomes. - The Board continued to monitor customer related data migrations and the broader programme to mature the Group’s IT and data estate. This oversight supported progress towards more reliable data, reduced operational risk and improved customer service continuity. - Continued to simplify the scope of the Group’s brands, ensuring the underlying brands have distinct propositions tailored to customer needs reducing complexity and improving understanding.	section 172(1)c See also: - Chair of the Board’s statement - CEO’s statement - Segments review - Sustainability Report

Corporate Governance Report continued

Stakeholder	Board engagement and outcomes	section 172(1) Companies Act
Environment and sustainability	Board engagement: - The Board approved the ESG Strategy and Operating Framework, establishing clear governance for monitoring material ESG matters aligned with the Group's Purpose, Vision, Values and stakeholder expectations. - The Board has embedded an environmentally responsible culture and ensured the business is prepared to manage climate-related risks and opportunities, supporting long-term resilience and sustainable value creation. - Kal Atwal, our ESG Champion, facilitates deeper Board engagement on environment and sustainability by bringing emerging sustainability matters and stakeholder expectations to the Board's attention. Outcomes following the Board's engagement on the environment and sustainability: - During the year, the Board oversaw delivery of key ESG actions, including: progress toward the Group's net-zero target, achieving a 57% reduction in operational emissions through energy efficiency measures and green procurement, integration of climate-related risk assessments into ICAAP and ILAAP processes, aligned with Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and publication of ESG metrics and climate risk reporting in line with evolving regulatory requirements and stakeholder expectations.	section 172(1)d See also: - Chair of the Board's statement - Sustainability Report - Social matters - TCFD matters - Chair of the Board's Report on Corporate Governance
Colleagues	Board engagement: - The views of colleagues are considered as part of strategic decisions. Board members continue to attend the Workforce Advisory Forum (OurVoice), which is one of the methods used to engage with the employees. Sally Jones-Evans, our People Champion, is responsible for representing the workforce at Board and Committee level, and as a member of OurVoice, she engages directly with colleague representatives to gain insights into culture, concerns and initiatives. - Members of the Board attended OurVoice sessions covering topics such as colleague morale, Transformation and upskilling. Employees are also able to engage directly with the CEO through the 'Ask Andy' online portal. - The Group Nomination and Governance Committee oversees the Group's talent management initiatives and senior management succession planning. - The Board and Group Audit Committee receive anonymised data on concerns raised through the Group's whistleblowing processes. Henry Daubeney, our Whistleblowing Champion, provides the Board with independent assurance over the whistleblowing processes. Outcomes following the Board's engagement with People and Culture: - Insights from OurVoice and Ask Andy provided the Board with additional points of reflection when determining metrics around strategic performance and Executive Director remuneration, culture and governance. - During 2025, the Board and its Committees received regular updates on matters impacting employees from senior management and the Group's HR function that help to determine overall remuneration policy, terms and conditions. - The Board also approved the Group DE&I Policy, with a continued focus on improving diversity and inclusion in financial services. - Recognising the importance of the employee voice in shaping a positive and inclusive workplace, the 2025 Employee Engagement Plan was launched to strengthen two-way communication, support wellbeing and to ensure colleagues are informed and involved in shaping the future of the business.	section 172(1)b See also: - Chair of the Board's statement - Our culture - ESG overview - Chair of the Board's Report on Corporate Governance

Corporate Governance Report continued

Stakeholder	Board engagement and outcomes	section 172(1) Companies Act
Investors and Rating agencies	Board engagement: - The Board ensures that all shareholders have equal access to information through regulatory announcements, general meetings and publications on our website. - The Board receives regular updates from the Investor Relations function, which includes investor feedback, analysts' recommendations and market views. The Board also receives investor feedback from the Group's brokers and financial advisers. - Engaged with shareholders in relation to the Remuneration Policy to be approved by shareholders at the 2026 AGM. - The Board had due regard for shareholders and customers, when considering the £1.25bn deconsolidated securitisation transaction. Outcomes following the Board's engagement with shareholders: - Approved a £100m share repurchase programme supporting sustainable value creation for shareholders. - Recommended the payment of a final dividend to shareholders and approved an interim dividend.	section 172(1)a, f See also: - Chair of the Board's statement - Relationship with stakeholders - CEO's statement - Risk review - Financial review - Chair of the Board's Report on Corporate Governance
Suppliers	Board engagement: - The Board does not interact directly with the Group's suppliers; however, during the year the Board maintained oversight of key supplier relationships, including engagement between the Group Audit Committee and the external auditor. The Board also considered the risks associated with suppliers and the framework for assurance and oversight of key supplier relationships and customer impacts. Board outcomes following engagement with suppliers: - Continued engagement with suppliers to understand their aspirations and approach towards ESG and to ensure they are aligned with the Group's ESG strategy. - Engagement with key suppliers as part of the Group's Recovery Plan.	section 172(1)c See also: - Chair of the Board's statement - ESG overview - Risk review - Chair of the Board's Report on Corporate Governance
Intermediaries	Board engagement: - Although the Board's engagement with intermediaries is indirect, Directors receive updates on intermediary-related matters at Board meetings. Broker and borrower satisfaction scores are monitored, along with service level performance and complaints. - The Board received broker feedback at two strategy days held during the year. - The Board considered how new product launches affected intermediaries and was kept informed of proposals and actions designed to improve broker experience and strengthen engagement with the Group and its customers. Board outcomes following engagement with Intermediaries: - Broker engagement extended beyond our propositions and enabled us to continuously enhance the service we provide. Our business development managers work closely with intermediaries to discuss cases and help to obtain swift and reliable decisions.	section 172(1)c See also: - Chair of the Board's statement - CEO's statement - Segment review - Chair of the Board's Report on Corporate Governance

Corporate Governance Report continued

Stakeholder	Board engagement and outcomes	section 172(1) Companies Act
Regulators and Policy makers	Board engagement: • The Board and Executives maintain an open and transparent dialogue with the PRA and FCA. Engagement typically takes the form of regular and ad hoc meetings attended by both members of the Board and executive management, as well as subject matter experts. • Board members and executive management work with the PRA and FCA to agree the regulatory agenda and the PRA are invited to present their periodic summary on an annual basis. • In line with our regular obligations and commitment to maintaining a resilient business model, the Board undertook regular stress testing exercises during the year. • Board members and executive management actively engaged with regulators throughout the year on the implementation of the Domestic Liquidity Sub-Group (DoLSub) framework, resulting in regulatory approval for the Group’s DoLSub structure and enhanced governance and liquidity management arrangements. • The Board and its Committees receive regular updates on broader regulatory developments and compliance considerations. Board outcomes following engagement with regulators: • The Board received updates on macroeconomic, legal and regulatory developments and their impact on the Group’s capital and liquidity position. • Stress testing provided valuable insights into the capital and liquidity adequacy and helped inform strategic decisions, risk appetite and forward planning.	section 172(1)e See also: • Chair of the Board’s statement • CEO’s statement • Governance matters • Chair of the Board’s Report on Corporate Governance

Group Nomination and Governance Committee Report

Dear Shareholder,

On behalf of the Committee, I am pleased to present the Group Nomination and Governance Committee Report for the year to 31 December 2025.



Members of the Committee (as at 31 December 2025¹)

- David Weymouth (Committee Chair)
- Noël Harwerth
- Gareth Hoskin
- Sally Jones-Evans

In addition to the members of the Committee, the CEO has a standing invitation to all Committee meetings, along with the General Counsel and Company Secretary and the Chief People Officer, unless the Committee Chair informs any of them that they should not attend a particular meeting or discussion.

Committee responsibilities

Under its Terms of Reference, the Committee is responsible for leading the process of appointing new Board members. It also provides oversight and guidance to the Board on all Corporate Governance matters relating to the Company and its subsidiaries, except those handled by other Board Committees. The full Terms of Reference can be found on the Group's website at www.osb.co.uk.

Effectiveness of the Committee

The Committee's performance was assessed as part of the annual review of Board Effectiveness. As noted in the Board and Committee effectiveness section of the Chair's report on Corporate Governance, the Committee was rated well and it was concluded that it continued to perform effectively.

As part of its commitment to keep its effectiveness under review, in April 2025 the Committee considered and revised its Terms of Reference which were subsequently approved by the Board.

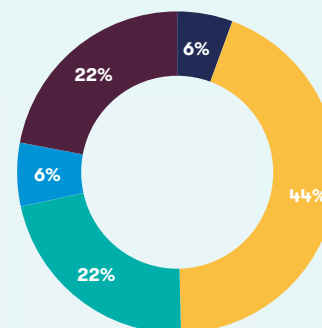
Time allocation

In 2025, the Committee held eight scheduled meetings. For further details of attendance during the year, see the Board and Committee meeting attendance table on page 112 of the Chair's report on Corporate Governance.

In addition, the Committee held one ad-hoc meeting which focused on succession planning related to the CEO.

Throughout the year, the Committee ensured that sufficient meeting time was given to enable consistent review and monitoring of all topics.

Approximate allocation of Committee time in 2025



- Skills and Diversity
- Board composition and succession planning
- Senior Management and Succession Planning
- Board Effectiveness
- Corporate Governance (incl. conflicts of interest)

1. Sarah Hedger retired from the Board and Committee on 8 May 2025 and Gareth Hoskin and Sally Jones-Evans joined the Committee on 1 April 2025.

Group Nomination and Governance Committee Report continued

Key activities in the year

In 2025, the Committee focused on the following areas:

Board composition and succession planning

The Committee is responsible for ensuring that succession planning for Board members and senior executives is sufficiently robust and diverse to support the Group's strategic objectives and serve the best interests of stakeholders.

Supported by the Chief People Officer (CPO), the Committee has maintained a strong focus on succession planning for senior leadership roles. This includes the review of emergency succession plans for Executive Committee members, underpinned by tailored development programmes for high-performing individuals. Promoting diversity in its broadest sense across senior roles remains a key priority.

As part of this process, succession plans are maintained for the Board, CEO, CFO, and other senior management positions. These plans consider both internal and external candidates and are informed by a comprehensive skills, experience and diversity matrix. This matrix maps each Director's attributes against those most relevant to the Board, taking into account the Group's strategic direction and target operating model. In addition to tracking the Board's collective strengths, the matrix is used to identify gaps in capability and inform future appointments.

While all appointments are made on merit and against objective criteria, the Committee is committed to promoting diversity to complement and strengthen the overall skills, knowledge, and experience of the Board and its Committees. All appointments are made in accordance with applicable legal and regulatory requirements.

In 2025, a significant proportion of the Committee's time was devoted to search and selection processes and the implementation of our succession plans due to:

- Sarah Hedger, Chair of the Group Remuneration and People Committee, retiring as noted in last year's Annual Report and Accounts, and her succession by Sally Jones-Evans;
- the forthcoming retirement of Noël Harwerth (SID), whose total tenure will have reached nine years later in 2026, inclusive of her appointment to CCFSL before it formed part of the Group. Noël was succeeded as SID by Gareth Hoskin; and
- the announcement of the intention of Andy Golding, CEO, to step down by no later than 31 December 2026.

Appointment process – Non-Executive Directors

Sapphire Partners and Per Ardua, external search consultants, with whom the Company and individual Directors have no other relationship, were engaged to assist with the search and selection process to identify two new INEDs with the relevant skills and experience who could serve as the Group Remuneration and People Committee Chair and SID.

For each appointment, the Committee agreed the personal attributes including cultural fit, and ability to lead and manage change which were desirable for the role, together with the skills and experience needed. A long list of potential candidates was created in line with our Group Diversity and Inclusion Policy and considered by the Committee as a whole before a shortlist was drawn up with candidates invited to interview with me and other Board members. During both processes, the Board was regularly informed of the progress. Following detailed feedback from these interviews, the Committees then selected which individuals should progress to interviews with other Board members.

Following this process, the Committee recommended the appointment of (i) Gareth Hoskin as an INED and SID to replace Noël Harwerth and (ii) Sally Jones-Evans as an INED, to succeed Sarah Hedger as the Group Remuneration and People Committee Chair. Gareth Hoskin and Sally Jones-Evans joined the Board on 1 April 2025.

Gareth Hoskin has extensive financial experience and Sally Jones-Evans has significant financial experience gained from her executive career, as well as a proven track record as an experienced Board and Committee Chair.

Executive Committee changes

In addition to Board level appointments, the Committee oversaw and approved changes to Executive Committee membership in 2025 including the appointment of Matthew Baillie as Group Chief Operating Officer, following the retirement of Clive Kornitzer. Matthew previously served as Group Chief Transformation Officer, and his promotion reflects the strength and effectiveness of the Group's succession planning processes, which are actively overseen by the Committee. The Committee views this internal appointment as a testament to the Group's commitment to developing leadership talent through robust succession planning and stretching personal development programmes, ensuring continuity and alignment with the Company's strategic priorities.

On behalf of the Board, I would like to extend a warm welcome to all those who joined us during the year. We are pleased to benefit from the fresh perspectives and expertise they bring. I would also like to thank those who have stepped down for their valuable contributions.

In 2026, the Committee will oversee the search for my successor. This process is being led by Gareth Hoskin as the SID.

Group Nomination and Governance Committee Report continued

Board skills matrix

To ensure an appropriate balance of skills is maintained, the knowledge and experience of Board members are regularly reviewed. A well-balanced Board is essential to fostering constructive and open debate in the Boardroom and supporting effective decision-making.

Throughout the year, the matrix has been a key tool in informing succession planning activity, helping to monitor the Board’s collective strengths and identify areas for enhancement.

In addition to tracking individual and collective capabilities, the matrix also supports the Committee’s focus on diversity and tenure — two areas of particular importance to the Board. This structured approach ensures that succession planning is aligned with the Group’s strategic direction and governance priorities.

Our current Board members each bring a broad range of individual skills, knowledge and experience. A summary of the skills of our Directors is shown below:

Skills	Depth of experience
Consumer and retail markets	Good
Corporate governance	Strong
Corporate transactions and projects	Good
Corporate sustainability and community engagement	Low
Digital, data and technology	Good
Financial acumen	Good
Leadership	Strong
Other financial services	Strong
People and culture	Low
Regulatory and public policy	Good
Retail and commercial banking	Strong
Risk management	Strong
Strategy	Strong

Individual Director biographies, including details of their skills and experience, are set out on pages 105 - 106.

The Committee remains mindful of governance requirements, including those relating to Board tenure, but recognises the need to occasionally balance these with the practical realities of leadership continuity. The Committee notes that I will reach nine years of service within the next 12 months and has initiated the process to identify a successor. This process is being led by Gareth Hoskin in his capacity as Senior Independent Director (SID), with oversight from the Committee. While succession planning is underway, and noting CEO transition will occur in 2026, the Board has asked that I remain in role as Chairman for up to one additional year to ensure orderly succession. This request was made with careful consideration of governance best practice and the long-term interests of the Company and its stakeholders.

Group Nomination and Governance Committee Report continued

Director induction, training and development

Following appointment to the Board, Gareth Hoskin and Sally Jones-Evans both received a tailored induction plan to ensure they would be able to effectively perform their roles on the Board and its Committees, whilst also obtaining a deeper understanding of the Group's business model and structure, risk profile and governance arrangements. The induction process at OSB Group is typically completed within six months of the new Director being appointed and is facilitated through a variety of means including document reviews, tailored meetings, site visits and training sessions with senior managers of the Group.

The induction typically comprises:

- Meetings with all Directors, the Group Executive Committee and other senior management across the organisation.
- Meetings with other key stakeholders including the external auditors, remuneration consultants and external advisors (as appropriate).
- Information on the corporate strategy, and financial position.
- Details of Board and Board Committee procedures and Directors' responsibilities.
- Details of the investor relations programme.
- An induction pack containing key corporate documents and information relating to the Group covering aspects such as the role of a Director, Terms of Reference for the Board Committees, recent papers and minutes, details of financial performance, risk management and internal controls, key policies and governance.
- Site visits.

The Committee also has responsibility for the Board's training and professional development needs. Directors receive training and presentations during the course of the year to keep their knowledge current and enhance their experience. In 2025, workshops were delivered on:

- Board workshops on business transformation (regular series throughout 2025)
- Credit Risk Appetite
- Reverse Stress Testing and PSM collection capabilities
- Consumer Duty
- ICAAP
- ILAAP

In addition, all Board members undertake their own training.

Diversity

Appointments to the Board and its Committees, as with other roles across the Group, are made on merit, based on the balance of skills and experience offered by prospective candidates. The Committee's priority is always to appoint the candidate with the most appropriate skills and experience for the role.

The Board has adopted a set of commitments, outlined in the Group's Diversity, Equity & Inclusion (DE&I) Policy (approved in February 2025 and available at www.osb.co.uk), aimed at addressing behavioural, gender and ethnic bias. These commitments ensure that appointments are made on merit and against objective criteria, while promoting diversity in gender, social and ethnic backgrounds, cognitive and personal strengths. The Board's compliance with the FCA Listing Rule requirements reflects its commitment to achieving a diverse and inclusive Board and workforce.

These commitments are monitored by the Committee in collaboration with the Group Remuneration and People Committee, that oversees diversity across the wider workforce. Both Committees continue to champion the ambition of ensuring that the Board and workforce reflect the communities in which the Group operates.

To support this, the Group invites colleagues to voluntarily complete a diversity questionnaire during onboarding, selecting gender and ethnicity classifications aligned with the Office for National Statistics. Data on senior management gender and ethnicity is sourced from this onboarding data, while Board-level data is collected through a voluntary year-end questionnaire. Further details on how the Company has met the FCA Listing Rule targets for Board diversity can be found on page 128.

As at 31 December 2025, we are pleased to report the following:

- 44% female representation on the Board (2024: 44%).
- One senior Board position is held by a female.
- One member of the Board is from an ethnically diverse background.
- 36.0% of the Executive Management was female (2024: 36%).
- 35.7% of our senior management across the Group were female (comprising of the Group Executive Committee and their direct reports) (2024: 36%).

The Group subscribes to the Women in Finance Charter and is focused on achieving the current target of 40% senior roles undertaken by females by the end of 2026. Our diversity metrics have met the Parker Review and FTSE Women Leaders Review with one Director from an ethnically diverse background and 44% female representation on the Board.

Since the year-end, we announced the appointment of Robin Bulloch who will be joining the Board as an INED with effect from 1 April 2026. Following this appointment we will continue to meet the Parker Review and FTSE Women Leaders Review guidelines with 40% female representation on the Board and one Director from an ethnically diverse background.

The tables on page 128 set out the required information as at 31 December 2025.

Group Nomination and Governance Committee Report continued

Diversity Initiatives in 2025

As the appointed DE&I Champion, Orlagh Hunt plays a key role in promoting initiatives that support the Group's inclusive culture. These include our commitment to supporting colleagues with disabilities, raising awareness of mental health in the workplace and delivering unconscious bias training. The Group's Employee Engagement Network, Our Diversity, is made up of volunteers from across the organisation who are passionate about progressing the DE&I agenda, aligned with our 'Respect Others' value. The DE&I calendar for 2025 enabled the network to host a wide range of activities aimed at raising awareness and providing resources to support meaningful conversations around gender, ethnicity, faith and religion, disability, sexual orientation, identity, socio-economic background and health and wellbeing. The Our Diversity network reports to the ESG Forum, which in turn provides regular updates to the Committee, the Group Remuneration and People Committee and the Board on all matters relating to DE&I. This structure ensures that DE&I remains a strategic priority and is embedded across all levels of the organisation.

Further details relating to DE&I are set out on page 86 - 87.

Table for reporting on gender representation

	Number of Board members		Percentage of the Board		Number of senior positions on the Board (CEO, CFO, SID and Chair of the Board)		Number in Executive Management		Percentage of Executive Management ¹	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Men	5	5	56%	56%	3	2	7	7	64%	64%
Women	4	4	44%	44%	1	2	4	4	36%	36%
Other	0	0	–%	–%	0	0	0	0	–%	–%
Not specified/ prefer not to say	0	0	–%	–%	0	0	0	0	–%	–%

1. In accordance with the requirements of the FCA Listing Rules and for the purposes of this table only 'Executive Management' comprises the Group Executive Committee, which includes the Company Secretary.

Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair of the Board)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	8	89%	4	10	91%
Mixed/Multiple Ethnic Groups	–	–%	–	–	–%
Asian/Asian British	1	12%	–	1	9%
Black/African/Caribbean/Black British	–	–%	–	–	–%
Other ethnic group, including Arab	–	–%	–	–	–%
Not specified/prefer not to say	–	–%	–	–	–%

1. In accordance with the requirements of the FCA Listing Rules and for the purposes of this table only 'Executive Management' comprises the Group Executive Committee, which includes the Company Secretary.

Performance against FCA diversity targets

Target	Outcome	Position (as at Wednesday 31 December 2025)
At least 40% of Board Directors are female	Exceeded	Four of nine Board members are female
At least one senior Board position is held by a female ¹	Met	The position of the CFO is held by a female
At least one Director is from a minority ethnic background	Met	One Board member is from a minority ethnic background

1. Senior positions are the Chair of the Board, SID, CEO and CFO.

Group Nomination and Governance Committee Report continued

Board performance review

In accordance with the UK Corporate Governance Code and the FRC Guidance on Board Effectiveness, the Committee Chair, supported by the Committee, leads an annual review of the performance of the Board, its Committees and individual Directors, with an externally facilitated review undertaken every three years. The 2025 review was conducted internally by the Company Secretary, supported by the Governance team, and reflected feedback and actions arising from the externally facilitated review undertaken in 2024. Details of the review are set out on page 118.

Independence and reappointment

The Committee conducts an annual review of the independence of each INED, taking into account their independence of character and judgement, as well as any relationships or circumstances that might affect their impartiality. Following this review, the Board is satisfied that all INEDs continue to be independent. In considering recommendations for reappointment, the Committee also assesses the time commitment required of each Director and whether their continued service is in the best interests of the Company. This includes a review of each Director's individual contribution to the Board and its Committees, alongside the overall balance of skills, experience, knowledge and diversity across the Board.

The Committee has reviewed the performance of each INED and concluded that all continue to demonstrate a strong commitment to their roles on the Board and its Committees. Each Director effectively discharges their responsibilities and provides valuable insight and leadership, contributing meaningfully to the Company's strategic direction and governance. Their ongoing engagement supports the long-term success of the Company and delivers value for all stakeholders.

Following its annual review, the Committee recommended to the Board that all serving Directors be proposed for election or re-election at the 2025 Annual General Meeting. This recommendation reflects the Committee's confidence in the Directors' continued effectiveness, commitment, and contribution to the Company's leadership and governance.

Annual review of Directors interests and conflicts of interest

The Committee is responsible for overseeing potential conflicts of interest and reviewing proposed external appointments of Directors, including their associated time commitments. During the year and up to the date of signing, no conflicts of interest were identified, and no external appointments were declined on the basis of a potential conflict or concerns regarding time commitment.

This oversight forms part of the Committee's broader responsibility to ensure that Directors are able to dedicate sufficient time to their roles and act in the best interests of the Company and its stakeholders.

Board Committee composition reviews and appointments

Following recent Board changes, the Committee reviewed the composition of each of the Board Committees, reflecting on the skills and experience of individual Board members, regulatory requirements and the need to ensure a spread of workload across the Board. Following this, it was proposed that the Group Risk Committee membership be expanded to include Sally Jones-Evans (with effect from 1 September 2025) and Kal Atwal (with effect from 1 October 2025).

Governance Simplification

In November 2024, the Board approved proposals to align governance arrangements across the Board and Senior Management Functions of the Company, OneSavings Bank plc (OSB), and Charter Court Financial Services Limited (CCFSL), subject to regulatory review. These proposals were further considered by the Committee in January 2025 and subsequently approved by the Board. The changes included:

- common Board composition and Chair across the Company, OSB and CCFSL;
- common compositions and Chairs of the Audit and Risk Committees for each entity;
- harmonised Senior Management Function (SMF) responsibilities across the Company, OSB and CCFSL; and
- fully concurrent board meetings of the Company, OSB and CCFSL, replacing the previously separate scheduled board meetings of CCFSL annually.

These changes reflect a strategic focus, led by the General Counsel and Company Secretary to simplify and streamline governance across the Group, enhancing efficiency and consistency in oversight and decision-making.

Key areas of focus for the coming year

A key area of focus for the Committee in the coming year will be the ongoing search process for my successor, led by the SID. This process is being conducted with careful consideration of the Board's current and future needs.

The Committee will also continue to monitor the skills, experience and diversity of Board members to ensure the Board remains well-positioned to support the Company's strategic objectives and drive sustainable performance.

Additional information

The Committee has unrestricted access to Executive Management and external advisors to help discharge its duties. It is satisfied that in 2025 it received sufficient, reliable and timely information to perform its responsibilities effectively.

The Committee Chair reports on matters dealt with at each Committee meeting to the subsequent Board meeting.

The Board reviewed and approved this report on 4 March 2026.

David Weymouth

Chair of the Group Nomination and Governance Committee
4 March 2026

Group Nomination and Governance Committee Report continued

Case Study: Appointment of a Group Chief Executive Officer

Following the announcement of Andy Golding's intention to step down as Group Chief Executive Officer during 2026, the Committee, supported by the Chief People Officer, oversaw a comprehensive and rigorous search process to identify and recommend his successor. The search process was structured, transparent and aligned to the Group's long-term strategy.

Defining the role requirements

The Committee began by reviewing the CEO role profile to reflect the changing external environment, evolving regulatory expectations, cultural leadership needs and the Group's strategic priorities for the next planning period. Consultation across the Board, key functional leads and external advisers ensured that the competencies and behaviours for the next CEO were clearly defined and forward looking.

Engagement of an Independent Search Firm

Having confirmed that there were no internal candidates with the breadth and depth of experience required for the role, the Committee initiated an external search. Following a competitive tender process, Marlin Hawke was appointed to conduct the search. They were instructed to develop a diverse and high-quality candidate list reflecting the experience, leadership capability and personal attributes required to lead the Group through its next phase of strategic transformation. Marlin Hawke is a signatory to the Voluntary Code of Conduct for Executive Search Firms and has no other connection with the Group or any individual Directors beyond the provision of executive search services.

Assessment and shortlisting

Marlin Hawke developed an extensive and diverse longlist of candidates, from which the Committee agreed an initial shortlist representing a broad mix of backgrounds, characteristics and professional experience. Reflecting the scale and complexity of the Group's ongoing transformation programme, particular emphasis was placed on candidates' strategic, operational and transformational leadership credentials. Candidates then undertook a structured multi-stage evaluation process, including comprehensive interviews with Committee and Board members supported by the Chief People Officer and Group General Counsel and Company Secretary, strategic scenario-based discussions, and culture and values assessments. This process enabled a holistic and merit-based assessment of each candidate's suitability and readiness.

Following several interview rounds, the process resulted in a final shortlist of candidates invited to meet the Board and present their strategic vision for the Group.

Final Evaluation and Recommendation

Throughout the search, the Committee applied merit based and objective assessment criteria, considering a broad range of factors including diversity across gender, socio economic and ethnic background, leadership style, cultural alignment, individual strengths and each candidate's ability to support the Group's long-term strategy.

In discussions with the Committee and the Board, all candidates spoke about their commitment to nurturing a purpose driven, people centred culture. They emphasised the importance of empowering colleagues, supporting diversity at all levels and maintaining a strong ethical framework as the Group continues its transformation.

They also reinforced their view that long-term success is achieved through engaged colleagues, trusted customer relationships and responsible decision-making.

Following the completion of the process described above, the Committee recommended the appointment of Enrique Alvarez Labiano as the next Group Chief Executive Officer to the Board (subject to regulatory approval). Enrique Alvarez Labiano will join the Group from Santander, where he held senior executive roles with responsibility across retail and commercial banking, digital transformation and strategic delivery within a highly regulated international environment. The Committee was particularly impressed by his strong track record of delivering sustainable growth, leading complex transformation programmes and building high-performing, customer-focused organisations.

Throughout the assessment process, Enrique Alvarez Labiano demonstrated a clear alignment with the Group's purpose and strategic ambitions. He articulated a compelling vision for the next phase of the Group's development, centred on disciplined execution, technological innovation, risk management excellence and the continued strengthening of the Group's culture and stakeholder relationships. The Board believes that his breadth of financial services experience, strategic clarity and values-driven leadership will position the Group well to deliver long-term value for shareholders, customers, colleagues and wider stakeholders. The Board endorsed the recommendation and the appointment was announced in accordance with disclosure requirements. At the time of writing, a start date has not yet been agreed.

To support a smooth transition, a detailed induction plan has been developed covering regulatory engagement, shareholder meetings, Group operations and business model, culture and people strategy and risk management framework. The Committee will monitor the transition once Enrique joins.

Group Audit Committee Report

Dear Shareholder,

On behalf of the Committee, I am pleased to present my first report as Chair of the Group Audit Committee Report for the year to 31 December 2025.



Members of the Committee (as at 31 December 2025)¹

- Henry Daubeney
(Committee Chair)
- Noël Harwerth
- Gareth Hoskin²
- Simon Walker

I would like to begin by thanking Rajan Kapoor for his leadership and stewardship of the Committee over recent years and for ensuring a smooth transition and also to extend the Committee's thanks to Sarah Hedger who retired as a Director and member of the Committee in May 2025. I welcome Gareth Hoskin who joined the Committee on 1 April 2025. I would like to thank my fellow Committee members for their diligence and constructive challenge throughout the year, and management for their continued openness and professionalism in supporting the Committee's work.

All members of the Committee are INEDs who have significant senior management and Board-level experience in the banking and financial services sectors. Henry Daubeney, Gareth Hoskin and Simon Walker are all chartered accountants. As such, the Committee has an appropriate balance of skills and competence relevant to the sector in which the Group operates.

Standing invitations to Committee meetings are extended to the Chair of the Board, Executive Directors, the Group Chief Risk Officer, the Group Chief Internal Auditor (GCIA) and the external audit partner, all of whom attend meetings as a matter of practice. Other non-members may be invited to attend all or part of any meeting, as and when appropriate.

Effectiveness of the Committee

As part of the internally facilitated Board effectiveness review carried out during the year, the Committee's performance was assessed, and it was concluded that the Committee continues to perform effectively.

As part of its commitment to keep its effectiveness under review, in April 2025 the Committee considered and revised its Terms of Reference and the revised terms were approved by the Board.

A review of the qualifications and experience of each member of the Committee is also undertaken on a periodic basis as part of the Board and Committee succession planning process. Details of the skills and experience of Committee members can be found in their biographies on pages 105 - 106.

Committee' responsibilities:

Under its Terms of Reference, the Committee is accountable for monitoring the effectiveness of the systems of internal control and external financial reporting processes across the Group. The full Terms of Reference can be found on the Group's website at: www.osb.co.uk

1. Rajan Kapoor and Sarah Hedger retired from the Board and the Committee on 8 May 2025.
2. Gareth Hoskin joined the Committee on 1 April 2025.

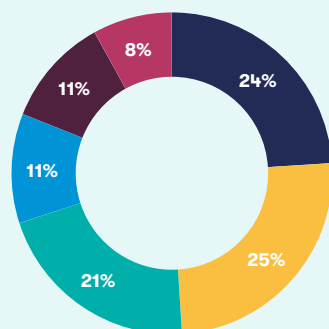
Group Audit Committee Report continued

Time allocation

In 2025, the Committee held seven scheduled meetings and two ad-hoc meetings. For further detail of attendance during the year, see the Board and Committee meeting attendance table on page 112 of the Corporate Governance Report.

Throughout the year, the Committee ensured that sufficient meeting time was given to enable consistent review and monitoring of all topics.

Approximate allocation of Committee time in 2025



- Financial and Non-Financial Reporting
- Significant Accounting Policies and Judgements
- Compliance and Governance
- External Audit
- Internal Audit, including Internal Controls and Risk Management
- Other

Activities in the year

In 2025, the Committee focused on the following areas:

Financial and non-financial reporting

The Committee reviewed, and recommended for Board approval, the Annual Report and Accounts, the interim results, quarterly trading updates and analysts' presentations. The Group's Pillar 3 regulatory disclosures, for publication on the Group's website, www.osb.co.uk, were also approved.

As part of its review, the Committee assessed management's application of principal accounting policies, significant accounting judgements and compliance with relevant disclosure requirements.

The Committee received an update from management on the Group's ongoing assessment of the impact of IFRS 18, which will be effective for accounting periods beginning on or after 1 January 2027. The Committee noted that, while significant progress has been made in mapping existing income statement and cash flow line items to the proposed IFRS 18 categories, certain areas remain under consideration pending further clarity from industry practice and sector-wide interpretations.

The Committee reviewed and challenged management's assumptions in relation to provisions and contingent liabilities, including updates on the Group's retrospective review of forbearance measures and associated outcomes for certain customer cohorts. The Committee also received an update on the potential impact of litigation involving financial firms which provide motor vehicle finance where the credit is brokered by an intermediary. It was agreed with management that, based on the information available, no provision or contingent liability was required in relation to motor finance commissions.

The Committee noted the sale of a small second charge mortgage portfolio and the issuance of the CMF 2025-1 securitisation and was satisfied that the accounting treatments and disclosures were appropriate.

Significant areas of judgement and estimates

In its assessment, the Committee received reports from management and provided challenge in relation to each area of significant judgement and management's recommended approach. Views were sought from the external auditor on the accounting treatment and judgements underpinning the financial statements.

The Committee evaluated management's significant accounting judgements and estimates. They ensured consistent application of accounting policies in relation to the interim and full-year results of the Group.

The Committee, in conjunction with the Group Risk Committee, challenged management on the calculation of expected credit losses (ECL) in accordance with IFRS 9. The Committee focused on model enhancements and analysis, with management judgements applied on historical data trends to factor in the impact of the macroeconomic outlook, including inflation and interest rate movements, House Price Index, unemployment rates, post-model adjustments, as well as longer-term climate factors.

In addition, the Committee challenged management on the key assumptions and estimates supporting effective interest rate (EIR) accounting and its assumptions on tangible assets, intangible assets and investment in subsidiaries.

The Committee held a deep-dive session on hedging and hedge accounting to enhance its understanding of the Group's approach to managing interest rate risk and the associated accounting treatments under IFRS 9. The session enabled the Committee to challenge and confirm that the Group's hedge accounting practices appropriately reflect its underlying risk management strategy and that related accounting disclosures in the financial statements are transparent and compliant with IFRS requirements.

Details of the significant areas of judgement and estimates can be found overleaf.

Group Audit Committee Report continued

Significant issues considered	How these were addressed by the Committee
Loan book expected credit losses (ECL)	The Committee, in conjunction with the Group Risk Committee, received reports from management and challenged the approach to provisioning for loan book ECLs. The Committee provided oversight of the IFRS 9 framework, including the Group’s enhancements to models and application of post model adjustments for the continued elevated levels of interest rate. The Committee challenged management’s updated Probability of Default (PD) assumptions in light of rising arrears and concluded they remain reasonable and supportable, with the resulting ECL appropriately reflecting current credit conditions. The Committee consulted the Group’s economic advisers who provided their view and insight into macroeconomic scenarios. The Committee focused on management’s proposals on the probabilities attached to the economic scenarios and approved the final weightings utilised within the Group’s impairment calculations. The Group continued to utilise four scenarios; an upside, base case and two downside scenarios. The Group undertakes regular industry benchmarking of the economic scenarios, weightings and the resulting overall coverage. These benchmarks, in addition to insight from the Group’s economic advisers, support management in the selection and weighting of economic scenarios. The Committee reviewed the key assumptions and judgements to ensure that these appropriately reflect the economic environment. The Group has ensured that the identification of Significant Increases in Credit Risk (SICR) remains robust, in addition to making post-model adjustments for model limitations.
Effective interest rate (EIR) accounting	The calculation of EIR for newly originated loans involves judgement, particularly in estimating customer prepayment behaviour, switching activity and expected early redemption charges, including for products with significant fee income. The Committee reviewed and challenged management’s assessment of recent prepayment patterns in both fixed and reversion periods and considered whether observed trends were temporary or more structural. The Committee noted differing behaviour between two-year and five-year fixed cohorts, particularly where future five-year reversions will occur in rate environments for which there is limited historical evidence. Sensitivities on expected asset lives and time spent on reversion rates were reviewed, with particular focus on portfolios most exposed to changes in these assumptions. Having considered the evidence and management’s proposed disclosures, the Committee was satisfied that the judgements applied were reasonable. Further details of the above significant areas of judgement and estimation can be found in note 2 to the financial statements.

Group Audit Committee Report continued

Compliance and governance

The Committee noted the updated Code and reporting requirements for 2025 and the Committee received updates from management on the proposed governance and approach to meet the new Provision 29 requirement in preparation for reporting in 2026 year-end and subsequent years.

The Committee received a briefing on the PRA's final Basel 3.1 rules, focusing on the expected impact on risk-weighted assets, capital ratios and Pillar 3 disclosures from 1 January 2027. The Committee reviewed management's readiness assessment and implementation roadmap, including planned model updates, data enhancements and the governance structure for regulatory capital reporting.

Updates were also received on management's enhancements to the Group's fraud risk framework and controls in response to the new failure to prevent fraud offence under the Economic Crime and Corporate Transparency Act 2023.

The Committee oversaw whistleblowing arrangements and reviewed reports on investigations, actions taken and resulting control improvements.

The Committee confirms that it has complied with the FRC's Audit Committees and the External Audit: Minimum Standard throughout the year, in line with the expectations of the UK Corporate Governance Code. The Committee's work described in this report demonstrates how those requirements have been met, including oversight of significant financial reporting matters and key judgements; the effectiveness, independence and quality of the external audit (including appointment and reappointment); internal controls and risk management; fraud and whistleblowing arrangements; and the management of non-audit services and auditor relationships. Through these activities, the Committee has maintained effective governance of the external audit and related assurance processes.

Viability and going concern

The current position of the Group, along with principal and emerging risks, was reviewed by the Committee. They also assessed the prospects of the Group before recommending the Group's long-term viability statement for approval by the Board. Upon review a recommendation was made to the Board, that the going concern basis should be adopted in preparing the annual and interim financial statements. Further details are set out on pages 66–67 and 172–173.

Systems of internal control and risk management

The Committee reviewed and approved the Compliance Assurance Plan and received regular reports from the Group's Compliance function.

Throughout the year, the Committee received results from assurance activity undertaken by Internal Audit and Compliance which helped inform the effectiveness of the Group's system of internal controls and risk management.

The Committee also received a report on the effectiveness of the Group's risk management and internal control systems which was based on a self-assessment process completed by senior managers and Executives and recommended by the CEO. Reporting on the effectiveness of the risk management and internal control systems will evolve in 2026 to meet the new requirements per Provision 29 of the Code.

The Committee received an update on the effectiveness of the Group's financial crime systems and controls and noted that no material weaknesses were identified during the period. An annual report was provided from the Money Laundering Reporting Officer for the two banks.

The Committee received regular updates from management on progress in remediating IT control deficiencies relating to legacy systems. Work continues in line with the agreed plan. The Committee is satisfied that any related risks were mitigated to a sufficient level. The Committee also reviewed the implications of these remediation activities for the external audit strategy, including management's and the auditor's expectation that successful completion of remediation will support a greater level of controls reliance for the 2026 audit.

An independent review noted that the Modernisation Assurance Framework had been implemented as designed and operated effectively and many good practices were observed. An annual report was provided from the Money Laundering Reporting Officer for the two banks.

Reports were received and reviewed from management on key controls over the accuracy and completeness of the financial statements, the status of the substantiation of balance sheet and profit and loss account, general ledger accounts at the reporting date and judgements made in the calculation of regulatory capital disclosures including the interpretation of regulatory requirements and the supporting external professional advice. In addition, the Committee requested and reviewed reports from management on the Group's Finance function which focused on enhancements to processes, systems and people capability. This enhancement programme aims to strengthen the control environment, improve the speed and quality of reporting and enhance analytical insight across the Group. The Committee noted the progress achieved during the year, including automation of key processes and improvements to reporting timeliness.

The Committee received an update on the Group's ongoing legal entity rationalisation programme, under which a further four entities have now been closed. The Committee noted that this simplification supports stronger financial control, improved governance and reduced administrative burden across the Group.

The systems of internal control and risk management have been in place throughout the year under review and up to the date of approval of the Annual Report and Accounts.

The Committee reviewed and approved a number of policies following their annual update, including data protection, Pillar III and loan impairment provisioning.

Taxation

The Committee received an update on the Group's tax position and discussed matters such as the relationship with HMRC and tax compliance status.

During the year, the Group underwent its first Business Risk Review (BRR) with His Majesty's Revenue & Customs (HMRC) under the updated BRR+ framework. The Committee received an update on the process and outcome of the review, noting HMRC's observations and recommendations. The review confirmed that the Group maintains a constructive and transparent relationship with HMRC, with an appropriate level of tax risk management and governance in place.

The Committee also reviewed and approved the formulation of a more granular and sophisticated approach to the Group's transfer pricing, strengthening assurance over the Bank's management of transfer pricing risks and compliance, and ensuring that intragroup arrangements remain aligned with the Group's operating model and current OECD and HMRC requirements.

Group Audit Committee Report continued

As part of this review, independent benchmarking analyses were conducted, which confirmed that the Group's pricing remains within an acceptable arm's-length range and complies with applicable regulatory and disclosure expectations.

The Committee approved the Group's UK tax strategy, which is available on our website, www.osb.co.uk.

Alternative performance measures

The Committee provided oversight and challenge in relation to the use of alternative performance measures (APMs) in the interim financial statements and Annual Report and Accounts to ensure that these were applied consistently and remained relevant.

As APMs are important measures of how the Group performed, the Committee asked the external auditor to provide assurance on their computation since it was considered that they could perform the work efficiently and economically. The Committee was satisfied that this assignment did not affect their independence as external auditor. The independent assurance statement can be found on pages 256-257.

Fair, balanced and understandable

The Committee considered, on behalf of the Board, whether the 2025 Annual Report and Accounts taken as a whole are fair, balanced and understandable.

Regulatory and governance reporting requirements were considered, as well as the going concern and longer-term viability statements and reports from management on significant accounting judgements and estimates.

Following its review, the Committee recommended to the Board and the Board confirmed that the 2025 Annual Report and Accounts taken as a whole are fair, balanced and understandable, and accurately reflect the information necessary for shareholders and stakeholders to assess the Group's position and performance, business model and strategy in line with section 172 requirements as outlined on pages 9 and 119-123. The Committee was also satisfied that the non-financial information within the Annual Report and Accounts is consistent with the financial statements and with the use of APMs and associated disclosures.

Whistleblowing

The Committee Chair has overall responsibility for whistleblowing arrangements with oversight from the Board and acts as the Group's Whistleblowing Champion.

The Committee is responsible for monitoring the Group's Whistleblowing Policy and arrangements. Where concerns have been raised, an investigation is undertaken and a report presented, setting out the actions taken, lessons learnt and changes made as a result.

Training and periodic updates are provided to all employees who are encouraged to use the multiple channels available to raise any concerns they may have. Training is also provided to ensure compliance with relevant regulations.

External auditor

The Committee oversees the Group's relationship with its external auditor, including assessing the auditor's independence, monitoring audit quality and performance, as well as recommending the auditor's appointment to the Board.

Assessment of the external auditor's effectiveness

The Committee assesses the effectiveness of the external audit function annually, informed by feedback gathered through anonymous questionnaires completed by Audit Committee members, the external auditor and key members of management who engage with the external audit team.

The assessment focused on the effectiveness of the lead partner and audit team, the audit approach, audit quality and execution, the role of management in the audit process, and the quality of communication, reporting and support to the Committee. It also considered the independence, professional scepticism and objectivity demonstrated by the external auditor.

As part of the assessment, the auditor was asked to outline the key risks to audit quality and how these were mitigated, as well as to report on any findings from internal and external inspections of their audit work.

Overall, the assessment concluded that the external audit process remained effective and objective, with some minor areas for improvement suggested. The results further confirmed that the external auditor had delivered the agreed audit plan and the management letter was based on a good understanding of the business.

Assessment of the external auditor's independence and objectivity

The Committee reviews the independence and objectivity of the external auditor each year, taking into account compliance with relevant ethical standards, conflicts of interest, tenure, the nature of any non-audit services provided and confirmations given by the external auditor as to its continued independence.

Following this review, the Committee is satisfied that the external auditor's independence, objectivity and effectiveness have been maintained.

The Committee also holds regular private sessions with the external auditor which facilitates open dialogue on sensitive audit matters without management present and supports greater independence, transparency and audit quality.

External auditor appointment and tenure

The Group's external audit contract was put out for tender for the 2019 financial year and the next external audit tender is expected to be in 2028 for the financial year 2029. Ben Jackson assumed the role of the statutory auditor in 2024 and attends all meetings of the Committee.

The Committee confirms that the Group has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which requires FTSE 350 companies to put their statutory audit services out to tender no less frequently than every ten years. There are no restrictive contractual provisions or third parties limiting the Company's choice of auditor and a resolution to re-appoint Deloitte as external auditor will be presented at the 2026 AGM.

Group Audit Committee Report continued

External audit plan and reports

Upon reviewing the plan for the 2025 audit, the Committee was satisfied that appropriate audit effort was being directed at all significant areas. The external auditor attended all meetings of the Committee and presented detailed reports on their half-year review and the year-end audit. This included their view on accounting judgements made by management, compliance with IFRS and observations on controls. The Committee also received helpful benchmark data from the external auditor during the year.

Non-audit services

The Committee reviewed and approved the policy governing the use of the external auditor for non-audit services, which is designed to ensure that any provision of non-audit services to the Group by the external auditor does not impact its independence and objectivity.

The Committee closely monitors and receives regular reports on non-audit services.

The Group maintains active relationships with several other large firms and any decision to appoint the external auditor for non-audit services is taken in the context of its understanding of the Group, which can place it in a better position than other firms to undertake the work, and includes an assessment of the cost-effectiveness and practicality of using an alternative firm.

The EU statutory audit market reform legislation adopted in the UK applies a cap on permissible non-audit services of 70% of the preceding three-year average of audit fees for UK incorporated Public Interest Entities (PIEs).

The Revised Ethical Standard 2024 issued by the FRC contains a list of permitted non-audit services, distinguishing between those which fall under the cap, including extended assurance work, and those not subject to the cap, being services required by a competent authority or regulator by law.

The Committee maintained a cap for non-audit services in 2025 of 50% of audit services. The Committee pre-approved a number of non-audit services including in respect of proposed AT1 and Senior Holdco debt issuances, compliance tools in India, interim profit verifications, the half-year review, assurance review of APMs in the Annual Report and Accounts, ESG assurance, and reporting on the Inline Extensible Business Reporting Language (iXBRL) tagging of financial statements. The Committee also agreed mandates for the CFO and Committee Chair to approve additional permitted engagements, subject to agreed thresholds.

The fees paid to the external auditor in respect of non-audit services during 2025 totalled £734k, representing 16% of the 2025 Group audit fee of £4,463k (2024: £794k, representing 19% of the 2024 Group audit fee of £4,121k). All non-audit services provided by the external auditor were assurance-related in nature and consistent with the role of the external auditor. No advisory or consulting services were provided.

Audit-related assurance services include the interim review and profit verifications for regulatory purposes. Other assurance services in 2025 include an assurance review of APMs, iXBRL and ESG disclosures and certain ESG metrics and external AT1 issuance (2024: APMs, iXBRL and ESG disclosures and certain ESG metrics). Other non-audit services primarily comprise work related to reporting accountant work (2024: reporting accountant work and the Euro Medium-Term Note comfort letter).

Internal Audit

Mandate and Independence

The Committee is responsible for approving the mandate of Group Internal Audit (GIA), the annual Internal Audit Plan and ensuring that the function has adequate resources and unrestricted access to information to perform its duties effectively and in accordance with the relevant professional standards.

In September 2025, the Committee approved the GIA Charter which formally establishes the function's mandate. The Charter defines GIA's purpose, authority and responsibilities and is available on our website at www.osb.co.uk.

As the third line of defence, GIA strengthens the Group's ability to create, protect and sustain value by providing the Board and management with independent, risk-based and objective assurance, advice, insight and foresight. The function supports the Group in achieving its objectives through a systematic and disciplined approach to evaluating and improving the effectiveness of governance, risk management and internal control processes.

The Committee holds private sessions with the Group Chief Internal Auditor (GCIA) and ensures that GIA has appropriate standing within the organisation and operates free from management influence or other restrictions that could impair its independence or objectivity.

Resourcing and Capability

GIA is resourced with an experienced in-house team representing diverse backgrounds, skills and experiences to ensure a breadth of perspective. The team is supported by co-sourced specialist firms that provide expert technical input on specific audits where additional expertise is required. Recruitment, learning and development activities are focused on maintaining and enhancing the capabilities required to support the Group effectively through its ongoing transformation and to respond to emerging risks and regulatory expectations.

Effectiveness and Quality Assurance

Each year, the Committee assesses the effectiveness of GIA. In 2025, this assessment was supported by an independent survey completed by Committee members, the Group Executive Committee and the external auditor. Respondents confirmed that GIA continues to operate with independence and objectivity, supported by a capable team with appropriate resources and expertise. The survey highlighted the strength of the function's leadership, its constructive engagement with management, the value of its transformation assurance, and its continued contribution to enhancing the Group's governance, risk management and control environment.

In accordance with the Chartered Institute of Internal Auditors' Code of Practice, the Committee annually considers the independence and objectivity of the GCIA, particularly as the tenure of the role has exceeded seven years.

Group Audit Committee Report continued

In February 2026, the Committee reviewed the GCIA's performance with reference to professional scepticism; ethical conduct; compliance with applicable regulations, and overall leadership effectiveness.

The Committee concluded that the GCIA remains independent and that the function's objectivity, quality, experience and expertise remain appropriate for the business. The GCIA's continued adherence to professional standards is evidenced through regular internal quality assurance reporting, and progress updates on the Continuous Improvement Plan, which incorporates GIA's strategic initiatives aligned to the Group's priorities.

However, after ten years in role, Lisa Odendaal, Group Chief Internal Auditor, will commence a planned transition during 2026, in line with good governance practice to preserve the independence of the Internal Audit Function. Lisa will continue to lead Internal Audit, including delivery of the 2026 audit plan, while a successor is appointed and an orderly handover is completed.

GIA's continued adherence to professional standards is evidenced through regular internal quality assurance reporting, and progress updates on the Continuous Improvement Plan, which incorporates GIA's strategic initiatives aligned to the Group's priorities.

Audit Plan and Reporting

The Committee oversaw the execution of the 2025 Audit Plan approved in November 2024 and received regular progress reports from the GCIA covering audit outcomes, key findings, emerging themes, and the status of management action plans. The Plan is dynamic and updated, subject to Committee approval, at least quarterly, to ensure assurance coverage remains focused on the Group's most significant risks.

All individual internal audit reports are shared with the Committee, the Group Executive Committee and the external auditor. Material management actions are tracked, validated upon completion and reported to the Committee.

The Committee approved the 2026 Audit Plan, which is underpinned by an assessment of the Group's key and emerging risks. Looking ahead, GIA will continue to evolve its use of data analytics, automation and continuous auditing techniques to enhance assurance coverage and provide timely insights into emerging risks across the Group.

Priorities for 2026

The priorities for the Committee for 2026 have been identified as being:

- To continue to challenge the accounting judgements and estimates, as presented by management, and engage with the external auditor on their opinion of the assumptions.
- Consider Provision 29 of the updated Code coming into effect on 1 January 2026, where applicable to the Group and relevant to the Committee's activities, including consideration of management's proposals for identifying material controls, ahead of implementation and reporting in subsequent years.
- Ensuring that the Group's financial reporting complies with all legislative requirements and accounting standards including review of draft IFRS 18 disclosures and comparatives.
- Monitor management's readiness for Basel 3.1 implementation and ensure robust governance around model changes and capital calculations.
- Oversight and review of the execution of the 2026 Internal Audit Plan.
- Ensure the effective transfer of Lisa Odendaal's responsibilities to her successor.

Additional information

The Committee has unrestricted access to Executive Management and external advisors to help discharge its duties. It is satisfied that in 2025 it received sufficient, reliable and timely information to perform its responsibilities effectively.

The Committee Chair reports on matters dealt with at each Committee meeting to the subsequent Board meeting.

The Board reviewed and approved this report on 4 March 2026.

Henry Daubeney

Chair of the Group Audit Committee
4 March 2026

Group Risk Committee Report

Dear Shareholder,

On behalf of the Committee, I am pleased to present the Group Risk Committee Report for the year to 31 December 2025.



Members of the Committee (as at 31 December 2025¹)

- Simon Walker (Committee Chair)
- Henry Daubeney
- Gareth Hoskin
- Noël Harwerth
- Kal Atwal
- Sally Jones-Evans

In addition to the members of the Committee, the Chair of the Board has a standing invitation to all Committee meetings, along with the CEO, CFO, Group CRO, Group Chief Credit Officer and Money Laundering Reporting Officer (MLRO).

Effectiveness of the Committee

As part of the internally facilitated Board evaluation carried out during the year, the Committee's performance was assessed and it was concluded that the Committee 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 on page 118.

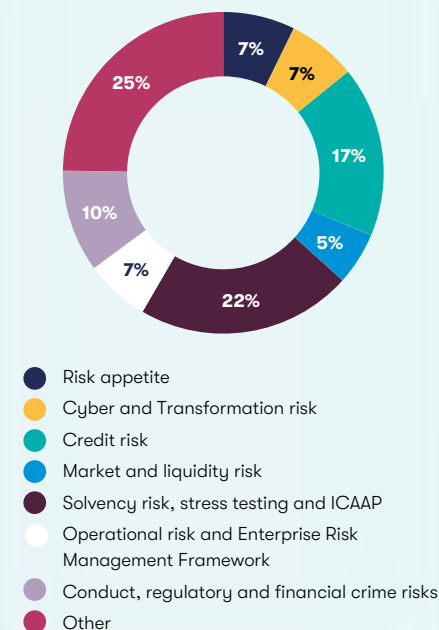
Enhancements have been made to the quality of management information presented to the Committee and to reduce overlapping information with other committees. This has allowed the Committee to focus on the key issues and benchmark the Group's performance with that of its peers.

Committee responsibilities

Under its Terms of Reference, the purpose of the Committee is to provide oversight, advice and recommendations to the Board on current risk exposures and future risk strategy and to assist the Board to promote a culture that emphasises and demonstrates the benefits of a risk-based approach to internal control and management of the Group. The full Terms of Reference can be found on the Group's web site at: www.osb.co.uk.

Throughout the year, the Committee ensured that sufficient meeting time was given to enable consistent review and monitoring of all material risks.

Approximate allocation of Committee time in 2025



1. Rajan Kapoor retired from the Board and Committee on 8 May 2025. Gareth Hoskin joined the Committee on 1 April 2025, Sally Jones-Evans joined the Committee on 1 September 2025 and Kal Atwal joined the Committee on 1 October 2025.

Group Risk Committee Report continued

Time allocation

In 2025, the Committee held nine scheduled meetings. For further detail of attendance during the year, see the Board and Committee meeting attendance table on page 112 of the Corporate Governance Report.

In addition, one ad-hoc meeting was held to consider the reverse stress testing of several potential scenarios, their potential impact and the mitigation in place. This is an invaluable exercise which challenges the Committee to carefully consider each scenario and test the controls that are in place to manage and mitigate potential future risks, and identify areas for improvement. It also enables the Committee to challenge management on any other related matter which could impact the Group.

Committee members also attended additional workshops during the year which focused on the Group's wider stress testing scenarios and approaches, risk appetite, ILAAP and ICAAP.

Key activities in the year

In 2025, the Committee focused on the following areas:

Credit Risk

The Committee recognises the elevated risk of customers defaulting on their loan obligations as a result of higher interest rates, cost-of-living pressures and a slowing housing market. The Committee monitored the performance of the Group's loan book on both aggregated and asset class sub-segment bases by reviewing the key indicators of credit quality, security coverage, affordability and borrower risk profiles. The Committee also assessed forward-looking credit risk indicators in the form of customer arrears, bureau data on customer credit scores, mover alerts and indebtedness, business and economic early warning indicators (EWIs) and climate change.

At the request of the Committee, additional metrics have been produced to control wider credit-related risks and EWIs have been developed for higher-risk cohorts. The Committee undertook its annual review of the lending policy applying across most of the Group (excluding InterBay and Heritable) and recommended changes to reflect its recommendations in respect of the Group Risk Appetite.

Risk appetite

The Committee reviewed and recalibrated the Group's risk appetite to reflect the economic outlook, regulatory developments and strategic priorities, ensuring risk appetite remained aligned to the Group's Business Plan and identifying where adjustments may be required. Committee members attended two deep dive workshops covering financial and non-financial risks which enabled more targeted challenge and oversight. The Committee recommended risk appetite amendments across principal and emerging risks including solvency, credit, liquidity and funding, market, operational, transformation, conduct, climate and reputational risks.

The Committee monitored performance against appetite at both Group and solo-bank levels. Adjustments to the Domestic Liquidity Sub-group (DoLSub) risk appetite limit were approved to ensure continued resilience in liquidity risk management.

Internal Ratings-Based (IRB) Programme

The Committee oversees the performance and regulatory compliance of the Group's IRB rating systems through regular updates from management and the Group Models and Ratings sub-committee.

Market risk and liquidity risk

The Committee reviewed the Assets and Liabilities Committee (ALCO) regular assessments of the UK macroeconomic environment and potential impacts on the

Group's asset and liquidity profiles.

The Committee received updates throughout the year on liquidity metrics, stress test outcomes, and funding strategy, ensuring that any emerging risks or structural funding issues are identified and addressed promptly. The Committee reviewed the updates to market and liquidity risks in the ILAAP as well as updates relating to the Resolvability Assessment Framework and the Group's response to the volatile macroeconomic environment.

The Committee also reviewed and recommended the market and liquidity risk appetite to the Board for approval and monitored to see that liquidity risk remained within the Board-approved risk appetite limits. The Committee oversaw the Group's liquidity management plans during the year in order to ensure that liquidity positions remained appropriate against the uncertain economic backdrop coupled with elevated levels of inflation and interest rates in the UK.

Solvency risk, stress testing and ICAAP

The Committee reviewed the ICAAP, assessing how the Group would maintain adequate capital under plausible but severe stress and challenging management on the appropriateness of the Pillar 2B stress scenarios. Committee members also attended separate workshops on stress testing and the ICAAP, providing further opportunity to scrutinise and challenge management's approach. Throughout the year, the Committee reviewed and challenged the Group Capital Plan and monitored total capital and CET1 forecasts to ensure capital risks were well understood and managed within appetite. The Committee recommended the solvency risk appetite to the Board and approved the Group Recovery and Restructuring Plan, confirming that the Group's recovery options remained credible and capable of supporting financial resilience in stressed conditions.

Operational risk

Oversight of the Group's operational risk profile is a standing agenda item with regular reports (on at least a quarterly basis) being provided by senior management. The Committee reviewed risk incident reports and assessed management's response and remedial action proposed. The reports also covered key risk indicators (KRIs), which can be quantitative or qualitative and provide insights regarding changes in the Group's operational risk profile. The Committee also reviewed and recommended the operational risk appetite to the Board for approval.

The Committee provided oversight and guidance in relation to the programme of activities focused on enhancing the Group's systems and procedures for the assessment of operational risks and controls as well as the management of operational risk events.

Conduct, regulatory and financial crime risks

The Committee received reports covering conduct, regulatory and financial crime KRIs on a quantitative and qualitative basis, which provided insight into changes in the Group's conduct, regulatory and financial crime risk profiles. The Committee also reviewed the conduct, regulatory and financial crime risk appetites before recommending them for approval by the Board.

The Committee is regularly updated on the topics discussed at Board and executive regulatory engagement meetings.

The Committee reviewed the 'Dear CEO' letter from the FCA which set out the FCA's engagement strategy for Retail Banks in 2025. The Committee identified the matters relevant to its overall remit particularly the support of vulnerable customers and operational resilience, financial crime and fraud.

Group Risk Committee Report continued

The Committee reviewed and challenged management on conduct and customer outcome metrics and their alignment with regulatory expectations and the Group's commitment to achieve good outcomes for customers.

The Committee also received updates on the potential impact of litigation involving financial firms which provide motor vehicle finance where the credit is brokered by an intermediary which was resolved through a Supreme Court judgment.

The Committee also assessed the potential impact of the Renters Rights Bill which will afford tenants in the private rental sector additional protections.

Cyber, Information Technology and Transformation Risk

The Committee continues to provide active oversight of the Group's cyber risk profile. During the period, the Committee considered an assessment of the Group's own countermeasures and preparedness in the light of updated guidance from the National Cyber Security Centre and noted where opportunities existed to revisit and revalidate existing capabilities.

The Committee received regular updates on cyber threats, vulnerability management, data quality and transformation risks.

The Committee maintained oversight of key transformation risks through regular reports from the Chief Information Officer and the Risk function. The Committee continued to oversee the risk management framework supporting major programme change initiatives.

Strategic projects

The Committee has also continued to progress its oversight responsibilities over some key strategic programmes of the Group including Transformation, IRB Project, Consumer Duty and UK General Data Protection Regulation.

Enterprise Risk Management Framework (ERMF)

The Committee 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 practice.

The Committee considered and recommended to the Board the top ten Enterprise risks to the business.

Priorities for 2026

The priorities for the Committee for 2026 have been identified as being:

- Credit risk
- Cyber risk
- Transformation risk
- Conduct, regulatory and financial crime risks
- Market risk and liquidity risk including the ILAAP
- Operational Risk
- Solvency Risk, the ICAAP and Recovery and Restructuring Plan
- Continued representation at Committee meetings from first line colleagues to articulate the risk impacts on business performance

Additional information

The Committee has unrestricted access to Executive Management and external advisors to help discharge its duties. It is satisfied that in 2025 it received sufficient, reliable and timely information to perform its responsibilities effectively.

The Committee Chair reports on matters dealt with at each Committee meeting to the subsequent Board meeting.

The Board reviewed and approved this report on 4 March 2026.

Simon Walker

Chair of the Group Risk Committee
4 March 2026

Other Committees

Group Models and Ratings Committee

The Group Models and Ratings Committee is a sub-committee of the Group Risk Committee and met six times during the year including one ad-hoc meeting.

The primary purpose of the Committee is to act as the Designated Committee for the purposes of material aspects of the rating and estimation processes (as articulated in Article 189 of the EU Capital Requirements Regulation) and provide assurance of the Company's models and rating systems and as such, the Committee has delegation from the Group Risk Committee to authorise implementation of and changes to material models. The Committee ensures effective governance of all IRB-related and other relevant models. The Committee is well positioned to provide oversight and approval of relevant supervisory submissions relating to the IRB approval process. It also monitors and oversees the Group's model risk profile in line with the Group's risk appetite thresholds and regulatory objectives.

The Committee is chaired by the Group Risk Committee Chair, Simon Walker and Henry Daubeney and Victoria Hyde are members of the Committee.

Group Remuneration and People Committee Report

Annual Statement by the Chair of the Group Remuneration and People Committee

Dear Shareholder,

On behalf of the Committee, I am pleased to present my first Group Remuneration and People Committee Report, (the 'Report') since being appointed as Committee Chair in 2025.



Members of the Committee (as at 31 December 2025¹)

- Sally Jones-Evans (Committee Chair)
- Kal Atwal
- Noël Harwerth
- Gareth Hoskin*
- David Weymouth

The report comprises three key parts:

- This introductory statement, which explains the key decisions made by the Committee during, and in respect of, 2025.
- The Directors' Remuneration Policy (the 'Policy'), which includes details of our proposed changes to the Policy this year which we are bringing forward to be presented to shareholders for approval at this year's AGM.
- The Annual Report on Remuneration for 2025. This details the relevant performance and remuneration outcomes for the year, with all of the relevant governance steps. This is subject to the usual advisory vote at the AGM.

As part of our succession planning for the CEO, along with changing market practice and revised regulatory requirements for remuneration in UK Banks, the Committee reviewed the Policy this year. We are proposing a new Policy to be presented to shareholders for approval at the 2026 AGM. We have undertaken meaningful consultation with key shareholders and proxy agencies and would like to thank them for their feedback, to date, on the new proposals. We are also delighted that we have been able to announce that we have found an excellent new CEO in Enrique Alvarez Labiano and we have set out how the new Policy will be implemented for 2026 accordingly.

Committee responsibilities

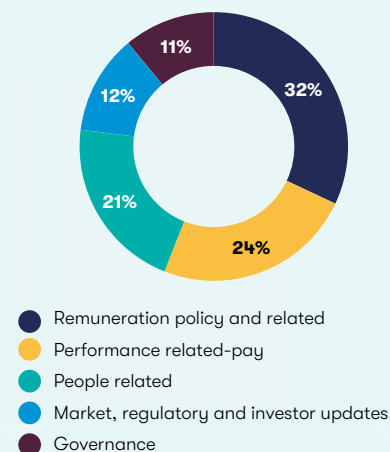
The principal purpose of the Committee, as approved by the Board, is to advise and make recommendations on the over-arching principles and parameters of remuneration and people-related policies across the Group. The Committee is required to ensure policies are aligned with the business strategy and objectives, risk appetite, values, culture (to deliver good customer outcomes) and long-term interests of the Company and its subsidiaries, recognising the interests of all

stakeholders and considering applicable laws, regulations and principles of good practice. The full Terms of Reference can be found on the Group's website at www.osb.co.uk.

Effectiveness of the Committee

As part of the internally facilitated Board evaluation carried out during the year, the Committee's performance was assessed and it was concluded that the Committee continues to perform effectively. The results of the evaluation 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.

Approximate allocation of Committee time in 2025



1. Sarah Hedger and Rajan Kapoor retired from the Board and Committee on 8 May 2025. Gareth Hoskin and Sally Jones-Evans joined the Committee as members on 1 April 2025. Sally Jones-Evans was appointed Committee Chair on 9 May 2025.

Group Remuneration and People Committee Report continued

Annual Statement by the Chair of the Group Remuneration and People Committee continued

Time allocation

The Committee met six times during 2025 as well as one ad-hoc meeting.

For further details of attendance during the year, see the Board and Committee meeting attendance table on page 112 of the Corporate Governance Report.

2026 Directors Remuneration Policy (the 'Policy') and shareholder consultation

Following the announced CEO succession and the regulatory and market changes to Executive Director Remuneration, we have reviewed our Policy a year earlier than our three-year review cycle.

Evolving market practices and regulatory changes

2025 has been a dynamic year in the evolution of UK remuneration policies both in the banking sector and wider market. Many other Banks sought shareholder approval for new policies at their 2025 AGMs, as did several Building Societies, with whom we compete for talent. As anticipated, many Banks 'rebalanced' their executive directors remuneration construct, often but not always, by the removal of role-based allowances, increases to salary and in all cases with significant increases to variable pay. The result was that their fixed pay potential decreased (in most cases) whilst total target and maximum remuneration potential increased significantly in all cases.

The much lower leverage in our incentive plans means that our total target and maximum position are now significantly below the broader FTSE 250, as well as specifically our banking peers, noting that we are now very much the biggest bank amongst the specialist lenders.

Importantly for OSB, following the announcement of the intended retirement of Andy Golding, our CEO, having a Policy which enables us to be able to recruit a successor has been at the forefront of our thinking.

The new policy has been designed to ensure that we could attract and retain the right successor and achieve appropriate market competitiveness for both of our Executive Director roles, as well as alignment against the broader FTSE 250, in particular our banking peers.

We also want to ensure that our incentive arrangements support the business strategy and continues to align interests with our shareholders. We believe that the combination of annual bonus and performance shares is still the right incentive mix, balancing annual strategic incentives and longer term growth.

In relation to the appointment of our new CEO, we undertook a robust and comprehensive search process, facilitated by a global executive search firm. This demonstrated to us that all credible candidates required an overall package as proposed (or higher) given their existing remuneration levels, which has clearly demonstrated to us the need to have this level of remuneration package for our CEO.

The regulations which apply to banking firms have recently been revised by the PRA and FCA, in order to foster the competitiveness of the UK banking industry. We welcome the changes and are making consequential amendments to the structure of our awards where required. However, we are conscious that in certain areas, the regulations now fall below UK best practice and so we are planning to go above the regulatory minimum requirements in a number of areas as outlined in our new Directors Remuneration Policy. This is specifically in relation to deferrals and vesting timelines as we believe that deferral continues to be an important aspect of the Executive Director package.

Consideration of shareholder views

As part of our review, we undertook a detailed and meaningful consultation with our key shareholders and proxy agencies ahead of the May 2026 AGM to obtain views regarding the revised Policy.

Shareholders were generally supportive of the proposed changes to the Policy. Feedback centred on increasing the minimum shareholding requirement for CEO and CFO, clarity of target setting, ensuring suitably stretching targets to reflect higher variable pay opportunities and ensuring clarity on how much annual bonus will be issued as shares. We also had some useful feedback regarding the mix of performance measures for our Performance Share Plan (PSP), with support to increase the weighting of Return of Tangible Equity (RoTE) and Total Shareholder Return (TSR), and the removal of Earnings Per Share (EPS). We have taken this into account when determining the operation of the Policy and its disclosure going forwards.

We thank shareholders and the proxy agencies for engaging with this process.

Summary of Policy Changes

Full details of the new Policy can be found on pages 146-152 but we have summarised the key changes and their application in 2026 as follows:

Fixed Remuneration

Salary – The current CEO and CFO will receive a salary increase of 3% in line with the wider workforce average. For the CFO, were it not for the increases to the variable pay opportunity, we would have been considering a significant increase to her salary to reflect her growth in skills/ experience and proven track record since becoming the CFO. The salary for the new CEO is £944,000 (which is set at materially the same level as the current CEO).

Pension / Benefits – These remain standard for Executive Directors.

Group Remuneration and People Committee Report continued

Annual Statement by the Chair of the Group Remuneration and People Committee continued

New Remuneration Policy and 2026 application

Executive Director Bonus Scheme (Annual Bonus)

The maximum opportunity under this annual bonus scheme is being increased to 200% of salary from 135%. This will reflect changing market practices, alignment to market and to allow the appointment of an appropriate CEO successor. To acknowledge the growth in role of our CFO, this will apply to both our CEO successor and CFO. This change will not be applied to the departing CEO, whose bonus opportunity will remain at 110% of salary (against the previous policy maximum of 135%).

Despite the regulatory minima being nil, bonus deferral continues to be an important aspect of the Policy, and therefore no less than 30% of any bonus earned will be deferred into shares and will be held for three years. This level of deferral will apply in 2026.

The 2026 Scorecard will be based on 60% on financial measures and 40% on non-financial measures. The non-financial element will include a 10% weighting for individual performance. We continue to ensure that the relevant performance targets are appropriately stretching, noting we have a strong track record of doing this. Further details on the measures for 2026 can be found on page 154.

Salary		
New CEO	944,000	
Current CEO	944,719	(+3%)
CFO	565,500	(+3%)
3% increase applied in line with average for UK workforce.		

Executive Director Bonus Scheme		
Max opportunity		2026 Award New CEO/CFO
200% of salary		200%
30% of any bonus earned will be deferred into shares and held for three years.		
Category	Measure	Weighting
Financial 60%	PBT	22.50%
	RoTE	22.50%
	Cost Delivery	12.00%
	Net Loan Book Growth	3.00%
Non-Financial 40%	Customer	5.00%
	Quality	5.00%
	Transformation	10.00%
	Data	5.00%
	People	5.00%
	Personal	10.00%
Full details are set out on page 154		

Performance Share Plan (Long Term Incentive Plan, 'LTIP')

The maximum opportunity under the PSP is being increased to 300% of salary from 135%. This change will not be applied to the departing CEO, whose grant level will remain at 110% (against the previous policy maximum of 135%).

75% of the award will vest after three years and 25% will vest in year four. This is more onerous than typical FTSE practice where 100% of LTIP awards normally vest after three years. We will also follow the expectations set out in the UK Corporate Governance Code such that both tranches will be held to year five from the date of award.

For 2026 awards, we will continue to ensure that 75% of the PSP is subject to financial performance conditions with 25% based on non-financial performance conditions. We will be simplifying our financial measures to remove the EPS performance measure, whilst increasing the relevant weightings of relative TSR and RoTE. We continue to ensure that the relevant performance targets are appropriately stretching, taking into account the business plan, external operating environment and market expectations. Full details on the 2026 measures can be found on pages 155-156.

Minimum shareholding requirement

The minimum shareholding requirement is being increased to 300% of salary (from 250% for the CEO and 200% for the CFO). This change will not apply to the departing CEO.

Performance Share Plan		
		2026 Award New CEO/CFO
Max opportunity		300%
75% will vest after three years and 25% will vest in year four.		
Category	Measure	Weighting
Financial 75%	Average RoTE	37.50%
	Relative TSR	37.50%
Non-Financial 25%	Risk	15.00%
	ESG	10.00%
Full details are set out on page 155-156		

Pension/benefits	
Pension:	Benefits:
8% of salary	Standard benefits provided to both Executive Directors

Shareholding requirement
Increasing to 300% of salary from 2026

Group Remuneration and People Committee Report continued

Annual Statement by the Chair of the Group Remuneration and People Committee continued

Overview of 2025 performance and incentive outcomes

Executive Directors Bonus Scheme (Annual Bonus)

The targets for the annual bonus scheme were set at the start of the year. In challenging market conditions, the Group delivered strong performance across the Balanced Business Scorecard (the ‘Scorecard’), with performance exceeding target for the Financial metrics and good progress made against our other key strategic objectives, which are reflected in our non-financial metrics.

The bonus payout under the Scorecard is 65.76%, for the CEO and CFO. The Scorecard represents 90% of the total bonus outcome and the remaining 10% is based on achieving stretching personal objectives. Performance against personal objectives was considered by the Board and Committee to be very strong this year. This resulted in a payout of 8% out of 10% for both the CEO and CFO.

As an underpin, the Committee also considered whether the Scorecard’s formulaic outcome reflected the Group’s risk appetite and profile and considered current and potential future risks.

Total payouts, combining the outcomes from the Scorecard and personal objectives, under the 2025 Executive Directors’ Bonus Scheme are therefore 67.18% of maximum opportunity for the CEO and CFO. The bonus is paid half in cash and half in shares, with the shares held for three years.

The targets were assessed by the Committee following the end of the financial year, liaising as necessary with the Group Audit Committee and Group Risk Committee Chairs. Full details of the performance conditions and bonus payments are provided on pages 159-160 of this report.

Executive Director Bonus Scheme

Max Opportunity	2025 Award – CEO/CFO	2025 Result
135% of salary	110%	67.18%
Deferral of 50% of value earned into shares for at least three years, aligning payout with shareholders’ interests over the longer term		
2025 Award – Scorecard (90% of total)	% weighting	Result
Financial	65%	39.25%
Non-Financial	35%	26.51%
Total	100%	65.76%
Individual:		
CEO	10%	8.00%
CFO	10%	8.00%

Performance assessment details are set out on pages 159-160

Salary

CEO	916,679	(+0%)
CFO	550,000	(+0%)

No increase to salary was applied to 2025 salary for CEO and CFO

Performance Share Plan (LTIP)

The 2023 Awards under the PSP were set by the Committee, based on performance over the three-year period which ended on 31 December 2025. Performance was based 35% on EPS growth; 35% on TSR versus companies in the FTSE 250 Index (excluding Investment Trusts); and 15% each on Return on Equity (RoE) and an assessment of the Group’s overall risk performance.

Performance against the EPS target range was below the threshold and therefore 0% of this element was earned. The Group’s TSR placed the Group above the upper quartile of the FTSE 250 peer group and therefore 100% of this element was earned. The average RoE over the performance period was at threshold resulting in 25% of this element being earned.

The Committee undertook a qualitative assessment of the Group’s risk performance over the period using an overall assessment prepared by the Group CRO and endorsed by the Chair of the Group Risk Committee. The Committee concluded that 80% of this element had been achieved.

As a result, 50.75% of the maximum PSP Awards have been earned. This is considerably higher than last year’s award, reflecting the progress we have made in a challenging market environment over the performance period, yet still delivering very positive returns for our shareholders, as evidenced by the share price.

The targets were assessed by the Committee following the end of the 2025 financial year, liaising as necessary with the Group Audit Committee and Group Risk Committee Chairs. Full details of the PSP assessment are included on page 161.

These PSP Awards will vest in line with the regulatory rules with a holding period in place post-vesting to ensure there is at least five years between the date of grant and release. Malus and clawback provisions apply.

The Committee is comfortable there has been an appropriate link between reward, performance and the broader stakeholder experience, including the experience of customers, over the three-year performance period and therefore discretion was not used to adjust the incentive outcome under either plan. In line with the Code, the Remuneration Policy operated as intended during the year under review.

Performance Share Plan

Max Opportunity	2023-2025 Award – CEO / CFO	2025 Result
135% of Salary	110%	50.75%
Payable in shares, three-year performance period, with vesting 75% in March 2026 and 25% in March 2027		
2023 - 2025 Award – Measures	% weighting	Result
Relative TSR	35%	35.00%
EPS	35%	–%
RoE	15%	3.75%
Non-financial – Risk	15%	12.00%
Total	100%	50.75%

Performance assessment details are set out on page 161

Pension/benefits

Pension:	Benefits:
8% of salary	Standard benefits provided to both Executive Directors

Shareholding requirement

Executive Directors are required to build up and maintain a shareholding worth at least 250% of salary for the CEO and 200% of salary for the CFO.

CEO meets the shareholding requirement, CFO is newly appointed and her shareholding is increasing over time. See page 167 for details on CEO and CFO shareholdings

Group Remuneration and People Committee Report continued

Annual Statement by the Chair of the Group Remuneration and People Committee continued

Additional remuneration for New CEO

In order to secure Enrique Alvarez Labiano, we will be introducing a time bound ‘expatriate allowance’. Enrique had a similar arrangement at his previous employer which was used to fund housing and schooling in the UK.

The proposal presents a very significant reduction to the value of the equivalent allowance at his former employer and was previously not time bound. We have agreed that this allowance here will terminate five years after appointment and therefore will provide an even bigger reduction in fixed pay in due course, compared to his previous role.

We will also be required to buyout forfeited deferred awards from his former employer, where we will be looking to mirror the previous structure. Details of this will be disclosed in due course.

Other key activities in 2025

Chair of the Board and INED fees

The fees for the Chair of the Board and INEDs were reviewed by the Committee for the Chair of the Board and by the Board (minus the INEDs) for the INEDs, and in line with Executive Directors no increases were applied to INED fees in 2025.

Pay and Performance arrangements across the Group

In 2025, we also reviewed our approach to wider workforce pay and performance arrangements across the Group, in particular on how to better promote a performance-based culture aligned to the success of the Group through greater discretion and differentiation. Our revised approach, aligned to best market practice, was launched in late 2025 for implementation for 2026 pay review and bonus outturns.

Consideration of employee policies and views

As the People Champion, I am the INED responsible for representing the workforce on the Board, I regularly meet with employees, individually and through forums such as OurVoice, to understand their views, including those on remuneration, and report these views to the Board. During 2025 views the revised approach to workforce pay and performance arrangements were based on colleague, line manager and leadership feedback. Further details on the activities of OurVoice can be found on pages 84 and 171.

Concluding remarks

Our proposed new Policy provides a clear and performance-driven approach to remuneration, which supports our intent to align strongly with investor interests in shareholder performance and the long term strategic health of our organisation, whilst sustaining the achievement of our corporate strategy. All whilst managing risk appropriately. We believe that the new proposal recognises shareholder feedback, whilst supporting our ambition on CEO succession.

I hope that you will provide support for the proposed Policy, and for the Annual Report on Remuneration, at our AGM and we continue to thank shareholders for your ongoing and continued support.

I would like to formally record my thanks to my fellow Committee members, members of senior management and our advisers, Korn Ferry, for their support during 2025.

The Board reviewed and approved this report on 4 March 2026.

Sally Jones-Evans
Chair of the Group Remuneration and People Committee
4 March 2026

1. Key performance indicators (see pages 25-27).

The link between pay and the Group’s performance, strategy, culture and ESG commitments

Financial	Quality	Strategy and Culture	Purpose	ESG
Sustainable financial growth through attractive margins and exceptional returns.	Strong governance and quality of the business underpins our operations	Tailored individual objectives in line with our strategic priorities and values	Helping our customers prosper in line with our Purpose	To support our Purpose to help our customers, colleagues and communities prosper

Executive Director Bonus Scheme FY26 ¹ 200% of salary opportunity	
Financial (60%)	Non Financial (40%)
• PBT (22.5%) • RoTE (22.5%) • Cost Delivery (12.0%) • Net loan book growth (3%)	• Satisfaction (5%) • Risk, Quality & Control (5%) • Transformation (10%) • Data (5%) • People (5%) • Personal (10%)

The Scorecard is marked out of 100%. Total bonus is calculated by calculating Scorecard performance based on the relevant percentage each represents of their total bonus opportunity.

Performance Share Plan FY26 300% of salary opportunity		
Financial (75%)	Risk (Non-financial) (15%)	ESG (10%)
• ROTE (37.5%) • TRS (37.5%)	• Non-financial/Risk (15%)	• ESG (10%)

Directors' Remuneration Report

The Remuneration Policy for Executive Directors

Following the recent announcement of our CEO succession, the regulatory and market changes to Executive Director Remuneration as well as our own growth and future ambition, we have reviewed our Policy a year earlier than our three-year review cycle.

This section describes the Remuneration Policy (the Policy) for Executive Directors. The current Remuneration policy was approved at the AGM on 9 May 2024 and formally came into effect from that date. It was intended that this Policy would last for three years, however as detailed in the Chair's statement on pages 141-143, we have reviewed our Executive Director Remuneration policy and have brought this forward a year. This is following the announced CEO succession and the regulatory and market changes to Executive Director Remuneration.

It is intended that this new Policy will apply for three years from the date of approval. The Committee will consider annually how the Policy is operated to ensure it remains aligned with business strategy and regulatory requirements.

In determining the new Policy, the Committee has taken consideration of OSB's strategic priorities, FTSE market practices, the new regulatory guidance in relation to remuneration that came into effect from October 2025 and our requirement to attract and retain talent to deliver our strategic objectives. The views of our shareholders on matters of remuneration are important to us and we have taken into account feedback in determining our proposals, through meaningful consultation with key shareholders and proxy agencies.

The Committee is satisfied that any conflicts of interests have been mitigated in the preparation of this policy.

Summary of Key Policy Changes

This table below sets out a summary of the key changes for the new 2026 Remuneration Policy, from that which was approved and set out in the 2024 Annual Report and Accounts.

Element	Summary of changes
Executive Director Bonus Scheme (Annual Bonus)	We are increasing the maximum bonus opportunity from 135% to 200% of salary. Despite the new regulatory minima being nil, we believe that deferral continues to be an important part of our annual bonus awards. The policy therefore requires that a minimum of 30% of any bonus earned will be deferred into shares which will be released over three years. This replaced the current approach of 50% deferral held of three years.
Performance Share Plan (LTIP)	We are increasing the maximum PSP award opportunity from 135% to 300% of salary. 75% of the award will vest after three years from the anniversary of the date of award and 25% will vest after year four. We note that this is more onerous than typical FTSE practice where 100% of LTIP awards normally vest after three years. We will also follow the expectations set out in the UK Corporate Governance Code such that both tranches will be held to year five from the date of award.
Minimum Shareholding requirement	This is increasing to 300% of salary for the CEO and CFO, from the existing requirements of 250% of salary for the CEO and 200% of salary for the CFO. The new policy will apply to new hires and the existing CFO. This change will not apply to our current CEO, Andy Golding. We will continue to apply a two year post-termination requirement in line with the current policy.

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Element	Purpose and link to strategy	Operation and performance conditions	Maximum
Salary	To reward Executive Directors for their role and duties required. Recognises an individual's experience, responsibility and performance. Alignment with workforce policies Executive Directors salary increases are normally in line with or lower than the average of the workforce.	Paid monthly Base salaries are usually reviewed annually, with any changes usually effective from 1 April. Typically, no performance conditions apply to the payment of salary. However, when setting salaries, account is taken of an individual's specific role, duties, experience and contribution to the Company. As part of the salary review process, the Committee takes account of individual and corporate performance, increases provided to the wider workforce and the external market for UK listed companies both in the financial services sector and across all sectors.	Increases will generally be broadly in line with or below the average of the UK workforce (as a percentage of salary). Higher increases may be awarded in exceptional circumstances such as, but not limited to, a material increase in the scope of the role, following the appointment of a new Executive Director (which could also include internal promotions), to bring a below-market package in line with the market over time or in response to market factors, or higher than typical individual performance.
Benefits	To provide market competitive benefits to ensure the wellbeing of employees. Alignment with workforce policies Benefits are structured generally in line with the wider workforce and are market competitive.	The Company currently provides: • car allowance • life assurance • income protection • private medical insurance • expatriate allowance • other benefits as appropriate for the role	There is no maximum cap on benefits, as the cost of benefits may vary according to the external market
Pension	To provide a contribution to retirement planning Alignment with workforce policies Pension contribution rates for Executive Directors are the same as for most of the workforce.	Executive Directors may participate in a defined contribution plan or, if they are in excess of the HMRC annual or lifetime allowances for contributions, may elect to receive cash in lieu of all or some of such benefit	In line with the rate received by the majority of the workforce, which is currently 8% of salary

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Element	Purpose and link to strategy	Operation and performance conditions	Maximum
Executive Director Bonus Scheme (Annual Bonus)	To incentivise and reward individuals for the achievement of pre-defined, Committee-approved, annual financial, operational and individual objectives which are closely linked to the corporate strategy	Performance measures will be set based on a Scorecard that is a combination of Financial and Non-Financial measures. At least 50% of the bonus will be based on financial performance with the remainder based on non-financial measures which will typically include personal and strategic performance targets relevant to the performance period.	The maximum bonus opportunity in any financial year will increase to 200% of salary.
	Alignment with workforce policies The majority of our workforce participate in an annual bonus plan, with performance metrics aligned to business performance and individual KPIs	The objectives in the Scorecard, and the weightings on each element, will be set annually and may be flexed according to individual roles and priorities. Each element will be assessed independently, but with Committee discretion to vary the payout (including to zero) to ensure there is a strong link between payout and performance.	The departing CEO will remain on 110% of salary (against the previous policy maximum of 135% of salary)
	Senior employees are required to defer a portion of their bonus into shares	The Bonus outcome also has a risk underpin if the Committee believes an adjustment of the outcome is appropriate. There is also a general discretion to adjust the outcome to reflect other exceptional factors at the discretion of the Committee.	The threshold level for payment is 25% of maximum for any quantitative measure
		Normally, at least 30% of any bonus earned will be delivered in shares, which are required to be held for up to three years.	
		Awards will be structured in order to meet regulatory requirements, which in some circumstances may require a higher proportion of bonus to be paid in shares, deferral over a longer period, or the use of additional holding periods.	
		Malus and clawback provisions apply, as described in note 1 on page 150.	

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Element	Purpose and link to strategy	Operation and performance conditions	Maximum
Performance Share Plan	To incentivise and recognise execution of the business strategy over the longer-term Rewards strong financial, share, risk and ESG performance over a sustained period Alignment with workforce policies Only the most senior individuals participate in the PSP promoting longer-term performance and aligning them to shareholders' interests	PSP awards will typically be made annually at the discretion of the Committee, usually following the announcement of full-year results. Usually, awards will be based on a mixture of internal financial performance targets, risk-based measures, ESG measures and relative TSR. At least 50% of the total PSP award will ordinarily be based on financial and relative TSR metrics. The performance targets will usually be measured over three years Any vesting will be subject to an underpin, whereby the Committee must be satisfied that: (i) the vesting reflects the underlying performance of the Company; (ii) the business has operated within the Board's risk appetite framework; and (iii) individual conduct has been satisfactory. There is also a general discretion to adjust the outcome to reflect other exceptional factors at the discretion of the Committee. Updated regulations have allowed the Committee to align the delivery of awards more closely to typical pay structures for Executive Directors of other UK listed companies. Awards will vest in line with regulatory requirements, which require 75% of the award granted to vest after three years and the remaining 25% to vest in year four. Both tranches of awards will be subject to a holding period bringing the total time from grant to release to five years. These changes will apply to both historic and future awards. The PSP awards will accrue dividend equivalents over the vesting period and these will be paid as soon as practicable after the relevant date of vesting. Malus and clawback provisions apply as described in note 1 on page 150.	The maximum PSP opportunity will, in any year, be 300% of salary The departing CEO will remain on 110% of salary (against the previous policy maximum of 135% of salary) The threshold level for payment is 25% of maximum for any quantitative measure

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Element	Purpose and link to strategy	Operation and performance conditions	Maximum
All-employee share plan (e.g. Sharesave Plan)	All employees, including Executive Directors, are encouraged to become shareholders through an all-employee share plan	A tax-favoured plan under which regular monthly savings may be made over a three-year period. These savings can then be used to fund the exercise of an option at the end of the three-year period, where the exercise price is discounted by up to 20%. Executive Directors may also participate in other all-employee HMRC-approved share plans should they be introduced by OSB Group in the future.	Maximum permitted savings based on HMRC limits
Share ownership guidelines	To increase alignment between Executive Directors and shareholders Alignment with workforce policies Shareholding requirements are only in place for the most senior employees to strengthen the alignment of their interests with those of our shareholders	Executive Directors are expected to build and maintain a minimum holding of OSB Group shares. Executive Directors must retain at least 50% of the shares acquired on vesting of any share awards (net of tax) until the required holding is attained. On cessation of employment, Executive Directors must retain the lower of the in-service shareholding requirement, or the Executive Directors' actual shareholding, for two years.	At least 300% of salary for new Executive Directors/the current CFO or such higher level as the Committee may determine from time to time. For the departing CEO, the current policy maximum of 250% of salary will remain The net of tax value of any unvested deferred awards (which are not subject to any future performance condition) may count towards the definition of a shareholding for this purpose

1. Malus and clawback provisions apply to both the annual bonus, including amounts deferred into shares, and PSP awards. These provide for the recovery of incentive payments within seven years from grant in the event of: (i) a material misstatement of results; (ii) an error; (iii) a significant failure of risk management; (iv) regulatory censure; (v) in instances of individual gross misconduct; (vi) corporate failure; (vii) reputational damage; or (viii) any other exceptional circumstance as determined by the Board. A further three years may be applied following such a discovery in order to allow for the investigation of any such event. In order to affect any such clawback, the Committee may use a variety of methods: withhold deferred bonus shares, future PSP awards or cash bonuses, or seek to recoup cash or shares already paid.

Choice of performance measures for Executive Directors' awards to deliver our Strategy

The Group uses a Scorecard to support its annual bonus which incorporates both financial and non-financial business drivers across the Group. The combination of performance measures ties the Bonus outcome to the balanced delivery of corporate targets, risk measures and personal/strategic objectives.

The Committee sets the threshold, target and stretch limits and reviews the measures used in the Scorecard annually, to ensure they continue to be relevant and remain anchored to the corporate plan and strategic objectives.

The PSP incorporates measures of shareholder, financial and non-financial performance, in line with our key objectives of sustained growth in earnings leading to the creation of shareholder value over the long-term with appropriate consideration of risk and ESG performance.

Relative TSR provides close alignment between the relative returns experienced by our shareholders and the rewards to Executive Directors.

There is an underpin for the PSP to ensure payouts are aligned with underlying performance, financial and non-financial risk and individual conduct.

Bonus and PSP targets are set taking into account the business plan, shareholders' expectations, the external market and regulatory requirements.

In line with HMRC regulations for such schemes, the Sharesave Plan does not operate performance conditions.

Remuneration Policy for other employees

The Committee has regard to pay structures across the Group when setting the Policy for Executive Directors and ensures that policies at and below the Executive Director 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 UK workforce, with the expectation that increases for Executive Directors will, other than in exceptional circumstances, be at or below the increase for the UK workforce (as a percentage of salary).

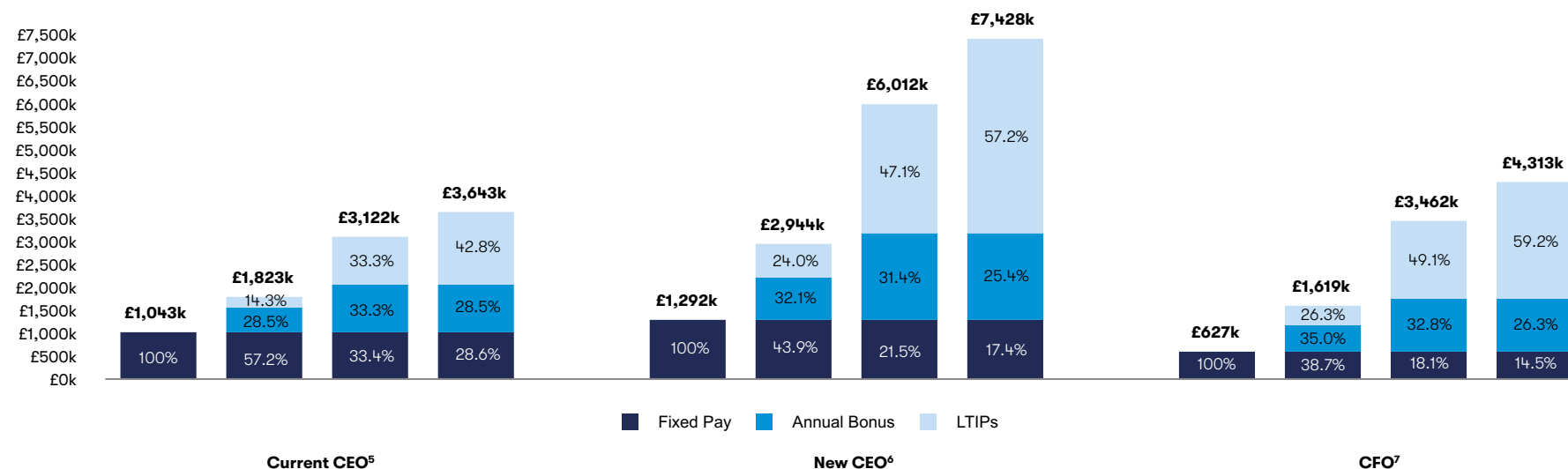
Overall, the Policy for the Executive Directors is more heavily weighted towards performance-related pay than for other employees. In particular, performance-related long-term incentives are not provided outside the most senior management population as they are reserved for those considered to have the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

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Illustration of application of Remuneration Policy

The chart below illustrates how the composition of the Executive Directors' remuneration packages would vary under various performance scenarios, based on the intended implementation in 2026.



1. Minimum performance assumes no award is earned under the bonus and no vesting is achieved under the PSP – only fixed pay (salary, benefits and pension are payable and expatriate allowance for new CEO).
2. At on-target, half of the bonus is earned and 25% of maximum is achieved under the PSP.
3. At maximum, full vesting is achieved under both the bonus and PSP (i.e. 200% of salary under the bonus and 300% PSP for current Executive Directors).
4. At maximum, but illustrating the effect of a 50% increase in the share price on PSP awards.
5. Current CEO illustration are based on current CEO salary of £944,719 and additional fixed remuneration of 8% (of salary) pension, plus car allowance of £20,000 and £2,000 medical benefits totalling £1,042,297 and existing annual bonus and LTIP maximums of 110% of salary.
6. New CEO illustration based on new CEO salary of £944,000 and additional fixed remuneration of a fixed time bound expatriate allowance of £250,000 per annum, 8% (of salary) pension, £20,000 car allowance and £2,000 medical benefits totalling £1,291,520, annual bonus maximum of 200% of salary and LTIP maximum of 300% of salary.
7. CFO illustration based on CFO salary of £566,500, and additional fixed remuneration of 8% (of salary) pension, plus car allowance of £15,000 and £2,000 medical benefits totalling £627,000, annual bonus maximum of 200% of salary and LTIP maximum of 300% of salary.

Other than as noted in the chart above, share price growth and all-employee share plan participation are not considered in these scenarios.

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

The terms and provisions that relate to remuneration in the Executive Directors' service agreements are set out below. Service contracts are available for inspection at the Company's registered office.

Provision	Policy
Notice period	12 months on either side
Termination payments	A payment in lieu of notice may be made on termination to the value of the Executive Director's basic salary at the time of termination. Such payments may be made in instalments and in such circumstances can be reduced to the extent that the Executive Director mitigates their loss. Rights to Deferred Share Bonus Plan and PSP awards on termination are shown below. The employment of each Executive Director is terminable with immediate effect without notice in certain circumstances, including gross misconduct, fraud or financial dishonesty, bankruptcy or material breach of obligations under their service agreements
Remuneration	Salary, pension and core benefits are specified in the agreements. There is no contractual right to participate in the bonus or to receive long-term incentive awards
Post-termination	These include six months' post-termination restrictive covenants against competing with the Group; nine months' restrictive covenants against dealing with clients or suppliers of the Group; and nine months' restrictive covenants against soliciting clients, suppliers and key employees
Contract date	Andy Golding: 12 February 2020, Victoria Hyde: 22 July 2024

Approach to Recruitment and Promotions for Executive Directors

The remuneration package for a new Executive Director would be set in accordance with the terms of the Group approved Policy.

On recruitment, the salary may (but need not necessarily) be set lower than the relevant current Executive Director, with phased increases (which may be above the average increase for the wider employee population) as the new Executive Director gains experience. The salary would in all cases be set to reflect the individual's experience and skills and the scope of the role. Bonus and PSP awards will be in line with the approved Policy.

The Committee will, in agreeing any package consider the incoming Executive Director's skills and experience, the departing Executive Director's remuneration package, the remuneration package at their former employer and relevant market practice for similar roles. The Group may take into account and compensate for remuneration foregone upon leaving a previous employer using cash awards, the Group's share plans, or awards under Listing Rule 9.3.2(2). This would include taking into account: the quantum foregone; the extent to which performance conditions apply; the form of award; and the time left to vesting. These would be structured in line with any regulatory requirements (such as the PRA Rulebook).

For all appointments, the Committee may agree that the Group will meet certain appropriate relocation costs.

For an internal appointment, including the situation where an Executive Director is appointed following corporate activity, any variable pay earned whilst in their prior role would pay out according to its terms.

Should an individual be appointed to a role (Executive or Non-Executive) on an interim basis, the Company may provide additional remuneration, in line with the Policy, for the specific role for the duration the individual holds the interim role.

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

The Remuneration Policy for Chair of the Board and Independent Non-Executive Directors

Element	Purpose and link to strategy	Operation and performance conditions	Maximum
Fees	To attract and retain a high-calibre Chair of the Board and INEDs by offering a market competitive fee	The Chair of the Board and INEDs are entitled to an annual fee, with supplementary fees payable for additional responsibilities including being the Chair or member of the Group Audit, Group Nomination and Governance, Group Remuneration and People, and Group Risk Committees and for acting as the SID. Fees are reviewed periodically and there are no performance conditions. The Chair of the Board and INEDs are entitled to reimbursement of travel and other reasonable expenses incurred in the performance of their duties.	There is no prescribed maximum annual increase. The Committee is guided by the general increase in the non-executive market but on occasion may need to recognise, for example, change in responsibility and/or time commitments

Letters of appointment

Letters of appointment set out the duties and responsibilities of INEDs. The key terms are:

Provision	Policy
Period of appointment	Initial three-year term, subject to annual re-election by shareholders. On expiry of the initial term and subject to the needs of the Board, INEDs may be invited to serve a further three years. Beyond nine years, INEDs will be appointed at the discretion of the Group Nomination and Governance Committee
Notice periods	Three months on either side. Terminable with immediate effect and without compensation or payment in lieu of notice if the Chair of Boards or INEDs are not elected or re-elected to their position as a Director of the Company by shareholders
Payment in lieu of notice	The Company is entitled to make a payment in lieu of notice on termination

Letters of appointment are available for inspection at the Company's registered office. The effective dates of the current INEDs' appointments are shown on pages 105-106.

Approach to Recruitment of a new Chair of the Board or INED

For the appointment of a new Chair or NED, the fee arrangement would be in accordance with the approved Policy in force at that time.

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

How we will implement the Remuneration Policy for Directors in 2026

The proposed operation is summarised below.

Fixed Pay

The current CEO and CFO will receive a salary increase of 3% from 1 April 2026 in line with an average increase being applied to the wider workforce, bringing their salaries to £944,719 and £566,500. The salary for the new CEO has been set in line with the current CEO at £944,000. In addition as noted earlier in the report, the new CEO will also receive an expatriate allowance of £250,000 per annum for 2026.

Annual Bonus

The 2026 annual bonus will be subject to a maximum limit of 200% of salary. This will apply to the new CEO and the CFO. For the new CEO this will be pro-rated based on the proportion of the period worked.

The leaving date and terms of the current CEO are still being confirmed, however any annual bonus in respect of 2026 will This change will not be applied to the departing CEO, whose bonus opportunity will remain at 110% of salary (against the actual existing Policy maximum of 135% of salary), pro-rated based on the proportion of the period worked.

30% of the 2026 annual bonus will be deferred, with shares required to be held for up to three years.

The 2026 Scorecard, as set out in the table below will be based 60% on financial measures and 40% on non-financial measures, with a measure on individual objectives now included within the Scorecard.

The non-financial element will remain based on a range of KPIs and include an individual element.

The individual assessment previously sat outside the non-financial scorecard. The Committee will assess the non-financial measures with a qualitative assessment at the year end based on measurable progress made against these priorities, as well as a range of key KPIs.

The Scorecard is marked out of 100%. Total bonus is calculated by combining the resulting performance of each individual measure, based on the relevant percentage each represents of the total bonus opportunity.

For FY26, the CEO and CFO will each have 10% of their maximum bonus allocated to individual objectives.

Objectives have been set based on a set of robust strategic and individual priorities for the Executive Directors. Both the CEO and CFO will be measured on (i) developing and nurturing the Group's reputation with key external stakeholders; and (ii) supporting a seamless transition from the existing CEO to the new CEO.

For the CEO, he will also be measured on (i) leading a high-performing leadership team with credible succession in place; and (ii) ensuring that the Board and all colleagues are clear and confident on the continued delivery of strategic priorities.

For the CFO, she will also be measured on (i) leading a Finance function that drives the business and supports a relentless focus on the Financial plan; (ii) leading to ensure the regulatory and control agenda is delivered to a high quality; and (iii) leading successful Treasury and Investor Relations functions.

2026 Balanced Business Scorecard

	Performance Area	Primary Stakeholders	KPI/Measure	Weighting
Financial	Profitability	Shareholders	RoTE	22.5%
	Profitability	Shareholders	Profit Before Tax	22.5%
	Cost Management	Shareholders	Cost Delivery	12.0%
	Growth	Shareholders	Net Loan Book Growth	3.0%
Total Financial				60.0%
Satisfaction	Customer & Broker Satisfaction	Customers, Brokers & Regulators	Qualitative Assessment against progress & key KPIs	5.0%
Risk, Quality & Control	Risk, Quality, Control & Audit outcomes	Regulators & Shareholders	Qualitative Assessment against progress & key KPIs	5.0%
Transformation	Transformation Outcomes	Shareholder, Customers & Brokers	Qualitative Assessment against progress & key KPIs	10.0%
Data	Data Outcomes	Customer & Regulators	Qualitative Assessment against progress & key KPIs	5.0%
People	People Outcomes	Employees	Qualitative Assessment against progress & key KPIs	5.0%
Personal	Individual Outcomes	All	Qualitative Assessment against progress & key KPIs	10.0%
Total Non-Financial				40.0%

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Performance Share Plan

A PSP award of 300% of salary will be made for the current CFO shortly after the 2026 AGM.

The leaving date and terms of the current CEO are still being confirmed, however any PSP award in 2026 will be in line with the existing Policy limit at 110% of salary (against the actual existing Policy maximum of 135% of salary), pro-rated based on the proportion of the period worked.

For the new CEO, a PSP award of 300% of salary will be made shortly after his relevant start date.

The number of shares will be determined based on the average closing price over the three dealing days prior to the date of grant.

Performance will be measured over the three-year period to 31 December 2028. Awards will vest in line with regulatory requirements, which require 75% to vest after three years, and the remaining 25% to vest in year four. Both tranches of awards will be subject to a holding period bringing the total time from grant to release to five years.

The PSP award will attract dividend equivalents which will accrue over the vesting period.

For the 2026 grant, the performance metrics and weightings are detailed in the table below. The metrics and weightings provide a balanced assessment of corporate performance over the three-year period taking into account financial, share price and non-financial metrics.

A discretionary assessment at the time of vesting ensures that awards are granted in line with underlying performance, risk appetite and individual conduct over the period.

The target ranges for RoTE and Relative TSR have been carefully set by the Committee taking into account a number of factors, including those set out below, which will influence the outlook for our business performance over the three years to 31 December 2028.

In particular, the Committee has noted the significant factors impacting the approach to target-setting this year:

- Business plan for the next three years
- Investor expectations
- Employee motivation

The Committee is cognisant of the need for targets to be appropriately stretching, particularly given the increased weighting being placed on variable pay in the proposed Policy and we are comfortable that these targets provide a strong link between reward and performance delivered and are at least as stretching as target ranges in prior years.

As evidenced by our incentive payment levels in recent years, which have been well below the maximum and below many of our competitors who have delivered a similar level of performance, we have a strong track record of setting stretching targets and this is the case again this year.

Metrics ¹	Weighting	Threshold (25% of maximum)	Stretch (100% of maximum)	Rationale
RoTE (3 year average)	37.5%	13.0%	15.0%	Measures the sustainable financial performance and financial efficiency of the business
Relative TSR versus FTSE 250	37.5%	Median	Upper quartile	Measures the success of the Company versus other listed companies
Risk (Non-Financial)	15.0%	Discretionary assessment	Discretionary assessment	Qualitative Assessment of risk management of our business (see below)
ESG	10.0%	Discretionary assessment	Discretionary assessment	Measures the progress against our ESG strategy (see below)
Total	100.0%			

1. Key performance indicators (see pages 25- 27). No vesting below threshold and pro-rata vesting between threshold and stretch.

Risk metric (Non-financial)

For the risk-based measure, the Committee will assess the risk management performance with regard to all relevant risks including, but not limited to an assessment of regulatory risk, operational (incl. people) risk, conduct risk, liquidity risk, funding risk, marketing risk and credit risk. There will be a full retrospective disclosure of the Committee's assessment. To support this assessment, the Group CRO will prepare an annual report for each year of the performance period, together with and a summary report after year three, with each report endorsed by the Chair of the Group Risk Committee.

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

ESG metric (Non-Financial)

The ESG performance will be determined based on the Committee's assessment of progress against the ESG strategy which will be informed by performance against key employees and environmental metrics. The metrics and the targets are summarised below.

ESG metric	2028 target
Scope 1 and 2 emissions	71.4% reduction from the Group's 2022 baseline, in line with our 2030 external emissions reduction target
Scope 3 emissions	16% reduction in Scope 3 Category 15 carbon intensity (tCO ₂ e/M ²) from the mortgage loan book versus the Group's 2022 baseline, in line with our 2030 external emissions reduction target
Gender diversity	40% of senior roles who identify as female
Ethnicity diversity	14% of senior roles who identify as being from an ethnically diverse background in line with Parker Review recommendations
Employee engagement score	696.5 score in our annual 'Best Companies Survey' for UK employees (equivalent to an 'Outstanding' rating) and a score of 83 in our annual 'Great Place to Work' Survey for employees of OSB India (or a similarly stretching score if an alternative method is used to assess employee engagement over the period)

Chair of the Board and Independent Non-Executive Director fees

The fees for the Chair of the Board and INEDs were reviewed by the Committee for the Board Chair and by the Board (minus the INEDs) for the INEDs. In line with the wider workforce average, an increase of 3% (rounded) will be applied across all fees with effect from 1 April 2026.

Base fees	£'000	
Chair of the Board ¹		367.6
Independent Non-Executive Director		89.1
Senior Independent Director		22.2
ESG Champion		8.3
Additional Board Committee fees	Chair £'000	Member £'000
Group Nomination and Governance Committee		5.6
Group Audit Committee	33.4	8.3
Group Remuneration and People Committee	33.4	8.3
Group Risk Committee	33.4	8.3
Group Models and Ratings Committee	11.1	5.6

1. The Chair of the Board's fee is inclusive of all duties; no additional Chair or Member fees are paid in relation to Board Committees.

Directors' Remuneration Report continued

[The Remuneration Policy for Executive Directors](#) continued

This section outlines details of the remuneration received by Executive Directors and INEDs in respect of the financial year ended 31 December 2025. This annual Directors' Remuneration Report (the 'Report') will, in conjunction with the Annual Statement of the Committee Chair on pages 141-145, be proposed for an advisory vote by shareholders at the forthcoming AGM to be held on 7 May 2026.

Where required, data provided has been audited by Deloitte, as indicated throughout the Report.

Key matters considered by the Committee in 2025

Key issues reviewed and discussed by the Committee during the year included:

- Review and approval of 2024 bonus awards
- Considering and recommending the Directors' Remuneration Report to the Board for approval
- Review and approval of 2025 salary increases
- Approval of the 2025 personal objectives for the CEO, CFO and Group Executive Committee
- Determining the 2025 grants under the PSP, in particular in light of the share price at the time of grant and whether to use a discounted share price at grant to reflect the lack of dividend accruing on the award
- Updates on the performance of the 2025 Bonus Scorecard and in-flight PSP awards
- Review of pay arrangements across the Group
- Remuneration arrangements for the new CIO and COO
- Review of the Directors' Remuneration Policy for presentation to shareholders at the 2026 AGM
- Annual review of the costs and performance of the Committee's independent remuneration adviser
- Considering and recommending the People and Culture Strategy and the DE&I Strategy
- Other business as usual matters for employees under the Committee's scope

Advisers to the Committee

Korn Ferry provided independent advice to the Committee during 2025, having been appointed following a competitive tender process in 2017. The total fees relating to work for the Committee paid to Korn Ferry in respect of Directors Remuneration for 2025 were £127,698 (plus VAT) and were charged on a time and materials basis.

Korn Ferry has no other connection with the Company or any individual Director. Korn Ferry is a member of the Remuneration Consultants' Group and abides by the voluntary code of conduct of that body, which is designed to ensure that objective and independent advice is given to remuneration committees. The Committee is satisfied that Korn Ferry provides objective and independent advice.

Other Committee input

The Committee consults with the CEO (as appropriate) and seeks input from the Chair of the Group Risk Committee to ensure that any remuneration or pay scheme reflects the Company's risk appetite and profile and considers current and potential future risks.

The Committee also receives input on senior management remuneration from the CEO, CFO, CPO and the Reward Director. The Company Secretary (or their nominee) acts as Secretary to the Committee and advises on regulatory and technical matters, ensuring that the Committee fulfils its duties under its terms of reference. No individual is present in discussions directly relating to their own pay.

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Directors' pay outcomes for 2025

Remuneration and fees payable for 2025 – (audited)

These tables below sets out the total remuneration received by each Executive Director and INED for the years ending 31 December 2025 and 31 December 2024.

Executive Directors	Year	Basic salary	Taxable benefits ²	Pension ³	Annual bonus paid ⁴	Amount bonus deferred ⁴	PSP ^{5,6}	Total fixed pay	Total variable pay	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Andy Golding	2025	917	22	73	339	339	566	1,012	1,244	2,256
	2024	910	22	73	270	270	257	1,005	797	1,802
Victoria Hyde ¹	2025	550	17	53	203	203	212	620	619	1,239
	2024	244	7	13	64	64	–	264	128	392

- Victoria Hyde was appointed on 22 July 2024. Remuneration shown is from date of appointment for services as a Director. The pension contribution paid was based on her previous salary before her appointment as a Director in 2024 for the entirety of 2024. An additional remedying pension payment to make her good for the underpayment since her appointment as a Director was made in March 2025 and is included in this year's Directors' Remuneration Report.
- Taxable benefits received include car allowance (CEO: £20,000; CFO: £15,000) and private medical cover.
- Executive Directors currently receive pension contributions (or cash in lieu thereof) of 8% of salary, which is in line with the majority of the workforce.
- 50% of the bonus is payable in cash and 50% in shares deferred for three years in line with current policy.
- The PSP figure for the year ended 31 December 2024 has been restated based on the share price on vesting of £4.49 for the 2022 PSP.
- The PSP figure for the year ended 31 December 2025 has been valued using the fourth quarter average share price of £5.67. The value will be restated in next year's report based on the actual share price on vesting for the 2023 PSP.
- Whilst there was no salary increase in 2025, the year on year variance relates to the timing of the April 2024 salary increase, which only applied to 9 months of the reported period and is shown in 2025 as a full year amount

Total fees £'000	2025	2024
Chair		
David Weymouth	356.9	356.9
Independent Non-Executive Directors		
Kal Atwal ¹	104.8	102.7
Henry Daubeney ²	125.7	55.9
Noël Harwerth ³	132.5	137.9
Sarah Hedger ⁴	47.2	132.5
Gareth Hoskin ⁵	92.6	–
Sally Jones-Evans ⁶	93.4	–
Rajan Kapoor ⁷	102.4	140.6
Simon Walker ⁸	137.9	137.9
Total	1,193.4	1,064.4

INEDs cannot participate in any of the Company's share schemes and are not eligible to join the Company pension scheme.

- Kal Atwal received £0 (2024: £0) for taxable travel expenses; total payments received £104,770 (2024: £102,742).
- Henry Daubeney received £0 (2024: £0) for taxable travel expenses; total payments received £125,738 (2024: £55,875).
- Noël Harwerth received £1,260 (2024: £1,839) for taxable travel expenses; total payments received £133,743 (2024: £139,730).
- Sarah Hedger received £0 (2024: £149.00) for taxable travel expenses; total payments received £47,219 (2024: £132,633).
- Gareth Hoskin was appointed on 1 April 2025. He received £941 taxable travel expenses; total payments received £93,224.
- Sally Jones-Evans was appointed on 1 April 2025. She received £3,279 taxable travel expenses; total payments received £96,679.
- Rajan Kapoor received £0 (2024: £632.15) for taxable travel expenses; total payments received £102,382 (2024: £141,277).
- Simon Walker received £0 (2024: £0) for taxable travel expenses; total payments received £137,891 (2024: £137,891).

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Executive Director bonus scheme 2025

The Group delivered a strong performance across the Balanced Business Scorecard (the 'Scorecard'), with performance exceeding target for the Financial and Non-Financial segments recognising our progress and achievements in these two areas. As an underpin, the Committee also considers whether the Scorecard's formulaic outcome reflects the Group's underlying performance, risk appetite and profile, and considers current and potential future risks. For 2025 we moved to a qualitative assessment for the non-financial metrics and ensured that we incorporated our key strategic priorities which allows both Management and the Committee to give a more well-rounded assessment on how the Group has performed. These were purposely set at a very stretching and ambitious level given the extent to which we wanted to progress some of our strategic objectives.

The bonus payout under the Scorecard is 65.76%. For the CEO and the CFO, this represents 90% of their total bonus outcome. The remaining 10% is based on the achievement of stretching personal objectives. Performance against personal objectives were considered by the Board and Committee to be very strong. This resulted in a payout of 8% out of 10% on this element for both the CEO and CFO.

Total payouts under the 2025 Executive Directors' Bonus Scheme are therefore 67.18% of maximum opportunity for the CEO and CFO. The Committee believes that these payouts are appropriate, reflecting the underlying performance of the Group. The Committee considered these outcomes and does not believe that discretion is required. The bonus is paid half in cash and half in shares, with the shares held for three years in line with current regulatory requirements.

Performance against the 2025 Scorecard is set out below:

Category	Key performance indicator	Weighting	Targets ¹			Actual FY25	Outcome for CEO /CFO
			Threshold (25%)	Budget (50%)	Stretch (100%)		
Financial (65%)	PBT (£m)	22.5%	£339m	£377m	£415m	£383m	12.88%
	All-in RoTE (%)	22.5%	12.1%	13.4%	14.7%	13.7%	13.85%
	Cost Delivery (£m)	12.5%	£280m	£270m	£260m	£270.1m	6.22%
	Net loan book growth (%)	7.5%	–%	1.5%	4.0%	3.2%	6.30%
Non-Financial (35%)	Customer and Broker Satisfaction Outcomes	7.5%	Satisfactory Progress	Met Expectations	Significantly Exceeded Expectations	75.0%	5.63%
	Risk, Quality, Control & Audit Outcomes	7.5%	Satisfactory Progress	Met Expectations	Significantly Exceeded Expectations	80.0%	6.00%
	Modernisation Outcomes	10.0%	Satisfactory Progress	Met Expectations	Significantly Exceeded Expectations	75.0%	7.50%
	Data Outcomes	5.0%	Satisfactory Progress	Met Expectations	Significantly Exceeded Expectations	67.5%	3.38%
	People Outcomes	5.0%	Satisfactory Progress	Met Expectations	Significantly Exceeded Expectations	80.0%	4.00%
Sub-total for Scorecard only		100.0%					65.76%
Scorecard contribution to bonus outcome		90% ²					59.18%
Personal contribution to bonus outcome		10% ²					8.00%
Total payout as a % of maximum opportunity							67.18%

1. Targets – based on a sliding scale between Threshold (25% of maximum) and Stretch (100% of maximum).

2. The personal objectives percentage is 10% for the CEO and CFO. The Scorecard percentage is 90% for the CEO and CFO.

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

2025 personal performance

The Executive Directors could earn up to a maximum of 10% of their bonus based on their performance against agreed personal objectives.

The objectives for 2025 were built around strategic priorities (as identified in our 2024 Annual Report) and cultural indicators. Performance against these objectives for the Executive Directors was considered to be very strong, with the delivery of key objectives in a challenging and uncertain year.

The objectives set at the start of the year and the Committee's assessment of performance against them are set out below:

	Objectives	Key achievements
CEO	Lead a high-performing ExCo leadership team with robust succession in place to ensure effective delivery against our strategic objectives	• Led a high-performing ExCo leadership team across 2025 • Successful onboarding of new CIO, succession of COO and Group Commercial Director • Other senior restructuring at the ExCo minus one level
	Ensure Board and all colleagues are clear and confident on the strategic priorities and longer-term strategy development	• Significantly improved communication and senior visibility across OSB and despite significant cost reduction/restructuring programmes broadly maintaining Engagement scores • Strategic priorities developed for 2025 and communicated widely and used to frame agenda and delivery and ensure stronger focus than in prior years
	Develop and nurture OSB's reputation with external stakeholders	• Regulators – relationships have been strengthened and improved with our supervising bodies • Shareholders – Initiatives to include Investor day established confidence with investors through delivery of guidance (and delivery against that guidance). Investor buy in to the medium and long-term transformation investment case, noting the significant increase in share price over the year
CFO	Develop and nurture OSB's reputation with external stakeholders	• Contributed significantly to developing and nurturing our reputation with external stakeholders – to include regulators and shareholders • Led our Investor day which has helped established confidence with investors through delivery of guidance (and delivery against that guidance)
	Transform Finance into a leading finance function and deliver excellence in BAU	• Transformation of Finance into a leading finance function has been a key part in ensuring that above target delivery against financial plan • Driven a number of cost-saving opportunities across the Group and driven forward the operating model transformation
	Support building the Group's single source of data and lead on building data-led insights	• Constructed the proposal around the central analytics team and co-ordinated much of the data section for Board strategy • Significant improvement on analytics across lending, saving and credit compared to previous with further evolution expected
	Support the Group's transformation agenda	• Held team to account to ensure we delivered to scope and cost, and supported and challenged throughout the year • Delivered on Finance requirements for transformation in support of the delivery play (e.g. lendings, savings etc.)
	Lead high-performing Treasury and Investor Relations functions	• Commencement of improving the profile and presence of Treasury across the organisation through visible leadership of funding and hedging optimisation and delivery • Supported capital markets strategies and successfully planning the succession activities to include appointment of a new Group Treasurer and Head of Capital Markets

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Long-term incentive plan (audited)

The 2023 Awards under the PSP were based on performance over the three-year period which ended on 31 December 2025. Performance was based 35% on EPS growth; 35% on TSR versus companies in the FTSE 250 Index (excluding Investment Trusts); and 15% each on RoE and an assessment of the Group's overall risk performance.

Performance against the EPS target range was below the threshold for payment, so there was a zero payout under this element. The Group's TSR over the performance period placed the Group in the upper quartile against the FTSE 250 peer group and therefore 100% of the TSR part of the Award was earned.

The average RoE over the performance period was at threshold resulting in 25% of the RoE part of the Award being earned.

In relation to the 15% Risk element, there was a robust process to support the Committee's assessment of this measure. Papers were prepared for each year of the performance period by the Group CRO, together with an overall assessment for the three-year performance period, with each endorsed by the Chair of the Group Risk Committee.

These papers allowed the Committee to assess the Group's risk performance under six categories: Culture, Credit, Solvency and Liquidity, Conduct and Compliance, Operational and Reputational risk.

The Committee concluded that a score of 13% was appropriate for 2025. Together with the scores of 12% and 11% given to the risk elements of the 2023 PSP in 2023 and 2024, this led to an overall rating of 12% (out of a maximum 15%) for the three years to 31 December 2025.

In total, 50.75% of the maximum PSP Awards have been earned. The Committee is comfortable there has been an appropriate link between reward, performance and the broader stakeholder experience over the three-year performance period (including the experience of customers) and discretion was not used to adjust the incentive outcome.

	Weighting	Threshold (25% vesting)	Stretch (100% vesting)	Actual	Vesting of portion
EPS	35%	92.0p	105.0p	74.0p	0% out of 35%
Relative TSR	35%	Median	Upper quartile	Upper Quartile	35% out of 35%
Average RoE ¹	15%	15%	21%	15%	3.75% out of 15%
Non-financial/Risk	15%	Assessed by the Committee	Assessed by the Committee	Assessed by the Committee	12% out of 15%

1. RoE targets were set in 2023 based on achieving an average RoE for the three years to 31 December 2025. The RoE portion is subject to an underpin requiring that the CET1 ratio is not below the Board-approved minimum requirement, which has been met.

The Committee is comfortable that the level of vesting is in line with underlying performance and reflects the impact of risk appetite, individual conduct and shareholder experience over the performance period. The award was originally structure in line with UK Banking regulations, vesting in five equal tranches between 2026 and 2030, subject to a further one year holding period. as explained earlier in the report, updated regulations have allowed the Committed align the delivery of this award more closely to typical pay structures for Executive Directors of other UK listed companies. As such, the 2023 Award will now vest 75% in 2026 and 25% in 2027, with a further holding period on both tranches to 2028, being five years from the original grant.

The 2023 PSP awards will therefore vest as follows:

Executive Directors	Number of shares granted	Number of shares due to vest	Number of shares lapsed	Value from share price increase/ decrease ¹	Total value vesting ²
Andy Golding	196,634	99,791	96,843	£69,124	£565,953
Victoria Hyde ³	73,815	37,461	36,354	£25,949	£212,456

1. Value of share price increase/(decrease) based on a £4.98 share price at the time of grant of the award compared to the three-month average share price of £5.67 to 31 December 2025.

2. Value of shares based on a three-month average share price of £5.67 to 31 December 2025.

3. Victoria's 2023 PSP shares were granted prior to her appointment as CFO.

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Executive pay outcomes in context

Percentage change in the remuneration of the Directors

The table below sets out the percentage change in base salary, value of taxable benefits and bonus for all the Directors compared with the average percentage change for employees. For these purposes, UK employees who have been employed for over a year (and therefore eligible for a salary increase) have been used as a comparator group as they are the analogous population (based on service and location). The percentage change for Executive Directors and INEDs is typically calculated based on the remuneration disclosed in the single figure tables on page 158, however for 2025 Executive Directors, the Chair of the Board and INEDs did not receive a salary or fee increase. The percentage is not included for Directors who joined the Board in the relevant year, as the disclosure would not be meaningful.

The increase in annual bonus between this year and the previous year reflects the improved outturn on business performance compared to the previous year. There have been no material changes to benefits over the period shown.

% Change	% change in salary/INED fees ¹					% change in taxable benefits ²					% change in annual bonus ³				
	2020/21	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	2023/24	2024/25
UK employees	5.1%	11.4%	9.0%	7%	5.0%	21.9%	0%	0%	0%	0%	34.0%	25%	(13.0%)	14.2%	18.0%
Andy Golding	10.9%	3.0%	5.0%	4%	0%	0.6%	0%	0%	0%	0%	366.1%	2%	(45.0%)	24.0%	25%
Victoria Hyde	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a	n/a	22%
April Talintyre ⁶	2%	4%	5%	1%	n/a	0%	0%	0%	(69%)	n/a	330%	1%	(48%)	(55%)	n/a
Kal Atwal	n/a	n/a	n/a	17%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Henry Daubeney	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Noël Harwerth	1%	16%	5%	3%	0%	285%	(168%)	277%	91%	(31%)⁴	n/a	n/a	n/a	n/a	n/a
Sarah Hedger	(1%)	23.5%	19.1%	9.0%	0%	n/a	198%	(24%)	(59%)	(100%)⁸	n/a	n/a	n/a	n/a	n/a
Gareth Hoskin ⁷	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sally Jones-Evans ⁷	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rajan Kapoor	(2%)	10.2%	4.8%	3.0%	0%	n/a	n/a	n/a	21%	(100%)⁵	n/a	n/a	n/a	n/a	n/a
Simon Walker	n/a	n/a	23.0%	7.0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
David Weymouth	3%	10%	5%	3.0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. Executive Directors, the Chair and NEDs did not receive an increase in 2025, employees received an average of 5% taking into account April 2025 annual pay review and any other off-cycle individual increases during the year.

2. Prior year expense variations for Directors benefits relate to fluctuations in yearly expense claims.

3. 2025 bonus payout for CEO and CFO bonus is 67.18% versus 2024 payouts of 53.60% for the CEO and 54.91% for the CFO.

4. This relates to taxable travel expenses of £1,260 (2024: £1,839).

5. This relates to taxable travel expenses of £0 (2024: £632).

6. April Talintyre retired on 9 May 2024 and ceased employment on 2 November 2024.

7. Gareth Hoskin and Sally Jones-Evans joined the Board in April 2025.

8. This relates to taxable travel expenses of £0 (2024: £149).

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Comparison of Company performance and CEO remuneration

The following table summarises the CEO single figure for total remuneration, annual bonus and LTIP payout as a percentage of maximum opportunity for the ten years to 31 December 2025.

	2016	2017	2018	2019	2020 ¹	2021	2022	2023	2024	2025
Annual bonus										
(% of maximum opportunity)	88.75%	85.00%	91.75%	75.89%	20.60%	86.83%	84.67%	44.33%	53.60%	67.18%
LTIP vesting										
(% of maximum opportunity)	–%	100.00%	50.00%	75.10%	62.74%	87.16%	92.56%	70.98%	34.27%	50.75%
CEO single figure of remuneration										
(£'000)	910	1,614	1,602	1,382	1,510	2,587	3,058	1,893	1,767	2,256

1. The cash portion of the 2020 bonus was waived by the Executive Directors before they became entitled to it. As such, only the share portion of the 2020 bonus was payable (i.e. half of the bonus of 41.2% of maximum).

Total shareholder return

This graph shows the value, at 31 December 2025, of £100 invested in OneSavings Bank plc on 1 January 2015, and following the insertion of a new holding company in November 2020, the shares of OSB GROUP PLC, compared with the value of £100 invested in the FTSE All Share Index on the same date. The other points plotted are the values at intervening financial year ends.

The FTSE All Share Index is considered to be the most appropriate index against which to measure performance as the Group has been a member of this index since Admission of OneSavings Bank plc to the London Stock Exchange.

Total shareholder return



Source: Datastream (LSEG)

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

CEO pay ratios

The ratio of the CEO's single figure of total pay to median UK employee pay is set out in the table below. The ratio has been calculated in accordance with methodology B as it is the same pay data for employees as is used for the gender pay gap analysis and is based on pay and benefits as at 5 April each year. Full-time equivalent pay for individuals that do not work full-time has been calculated by increasing their pay pro-rata to that of a full-time individual. No further estimates or adjustments have been made. The employees identified are considered to be representative of the quartile positions as their total pay is in line with expected positioning and the proportion of fixed pay to variable pay is also in line with other individuals at those levels.

Since 2018 our CEO pay ratio has changed due to a number of organisational and external events. For example OSB's Combination with CCFS in October 2019 and the impact of incentive payments due to COVID-19 in 2020.

The reduction to the ratios in 2024 and 2023 compared to previous years reflect a reduction to the level of CEO pay caused by relatively lower annual bonuses and lower value payouts of PSP awards in those years.

The change in ratio in 2025 has increased in the majority of quartiles due to our higher variable pay outturns for all colleagues, which is proportionally higher for the CEO.

There has been no change to the Group's employment models during this period and the median ratio is consistent with the pay, reward and progression policies within the Group. The Executive Directors pay is set by the Committee with reference to both the internal relativities across the Group and external market benchmarks. As such, the pay ratio is considered appropriate and is not considered excessive, particularly when compared to other listed financial services companies.

CEO pay ratio	2017	2018	2019	2020	2021	2022	2023	2024	2025
Method	B	B	B	B	B	B	B	B	B
CEO single figure	1,614	1,602	1,382	1,510	2,571	3,058	1,893	1,767	2,256
Upper quartile	24.8	22.3	22.5	28.1	35.9	45.1	26.4	20.4	25.2
Median	46.1	40.1	32.0	42.1	56.1	70.1	39.1	36.6	49.7
Lower quartile	62.1	59.5	54.6	51.6	82.2	86.3	57.9	56.5	58.8

2025	Basic salary (£'000)	Total pay (£'000)
CEO	916.7	2,256
Lower quartile – Employee A	33.1	38.4
Median – Employee B	38.7	45.4
Upper quartile – Employee C	76.4	89.4

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Relative importance of the spend on employee pay (audited)

The table below shows the Group's total employee remuneration (including the Directors) compared to distributions to shareholders and profit before tax for 2025 and 2024. In addition to the required disclosures showing total employee costs and distributions to shareholders, the table also shows PBT and headcount to provide a fuller picture.

	2025	2024
Total employee costs	£148.6m	£143.9m
Distributions to shareholders ¹	£125.5m	£126.4m
Profit before tax (PBT) ²	£382.5m	£418.1m
Total employee costs vs PBT	38.8%	34.4%
Average headcount	2,483	2,559
Average PBT per employee	£154,048	£163,384

- See note 13 to the financial statements. In addition to dividends, the Company repurchased a total of 18,070,090 (2024: 22,710,094) ordinary shares as part of its £100m (2024: £100m) share repurchase programmes 14 March 2025 (2024: 14 March and 6 September 2024).
- Profit before tax is presented on a statutory basis for 2025 and underlying basis for 2024. These are comparable as both exclude acquisition-related items, which were fully written off in 2024.

Other disclosures relating to 2025 Executive remuneration

Scheme interests awarded during the financial year (audited)

The table below shows the conditional share awards made to Executive Directors on 24 March 2025 under the 2025 PSP and the performance conditions attached to these awards. The Committee has discretion to adjust the vesting level to ensure that the reward level reflects underlying performance, risk and individual conduct. There will be full disclosure of the Committee's deliberations on these matters in the 2027 Directors' Remuneration Report. The Award was originally structured in line with UK banking regulations, vesting in five equal tranches between 2028 and 2032, subject to a further one year holding period on each tranche. As explained earlier in the report, updated regulations have allowed the Committee align the delivery of this award more closely to typical pay structures for executive directors of other UK listed companies. As such, the award will now vest 75% in 2028 and 25% in 2029, with a further holding period on both tranches to 2030, being five years from the grant.

Executive	Face value of award (percentage of salary)	Face value of award	Number of shares ¹	Percentage of awards released for achieving threshold targets	End of performance period
Andy Golding	110%	£1,008,346	281,913	25%	31 December 2027
Victoria Hyde	110%	£604,998	169,145	25%	31 December 2027

- The number of shares awarded was calculated using a share price of £3.5768 (the average closing price over the three Dealing Days prior to 24 March 2025, discounted to reflect the expected dividend yield between the award date and the vesting date of each tranche).
- Performance conditions are (i) EPS for FY2027 30% weighting (25% vesting at 85p per share increasing to 100% vesting at 100p per share), (ii) TSR versus FTSE excluding investment Trusts (25% vesting for median performance increasing to 100% vesting for upper quartile performance), (iii) RoTE 15% weighting (25% vesting at 13% increasing to 100% vesting at 14.45%), (iv) Risk 15% weighting (discretionary assessment) and (v) ESG 10% weighting (discretionary assessment).

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Payments to past Directors

Details were contained in last year's report relating to the remuneration arrangements for our former CFO, April Talintyre, in connection with her retirement on 9 May 2024. April Talintyre was determined to be a 'good leaver' for the purpose of the annual bonus and her PSP awards and has received the following remuneration in 2025, or will receive, the following remuneration in the future:

- Previous Deferred Bonus Plan Awards relating to the FY22 annual bonus vested in 2025 and FY23 annual bonuses will vest in 2026 in line with their original terms, after three years.
- The 2022 PSP award was pro rated for the proportion of the three-year performance period elapsed on 2 November 2024. The 2023 PSP award will be similarly pro rated and remains subject to regulatory vesting and holding periods.
- Outstanding and previously paid incentive awards remain subject to clawback and malus provisions.
- April is required to hold shares worth equivalent to 200% of her base salary for at least two years after ceasing employment.

Payments for loss of office

There were no payments for loss of office in the year under review.

Statement of Directors' shareholdings and share interests (audited)

Directors are eligible to participate in our All-employee share plan SAYE schemes. Participation for our Executive Directors are included in the below table:

All-employee share plans (audited)

Executive Directors	Date of grant	Exercise price	Market price 31 December 2025	Exercisable from	Exercisable to	Number of options granted	Number of options as at 31 December 2025
Andrew Golding	1 December 2020	£2.2901	£6.4250	1 December 2023	n/a	7,859	7,859
April Talintyre (former CFO)	29 September 2023	£2.7157	£6.4250	1 December 2026	1 June 2027	6,819	6,819
Victoria Hyde	29 September 2023	£2.7157	£6.4250	1 December 2026	1 June 2027	6,819	6,819

Directors' Remuneration Report continued

The Remuneration Policy for Executive Directors continued

Statement of Directors' shareholdings and share interests (audited)

Total shares owned by Directors and connected persons and share ownership guidelines

The CEO and the CFO are currently required to accumulate and maintain a holding of ordinary shares in the Company equivalent to no less than 250% and 200% of salary, respectively, increasing to 300% from 2026 as part of the new Policy. This is calculated using the value of beneficially owned shares plus the net of tax value of deferred bonus shares or any other unvested share awards which are not subject to performance conditions. Half of any vested share awards must be retained until the guideline is achieved. Based on the current share price, the CEO holds shares in excess of these levels. The CFO has not yet reached the required level of 200% of salary. Until such time as the required shareholding level is achieved, the CFO must retain at least 50% of share awards which have reached the end of the vesting or holding period.

	Interest in Shares ¹		Interest in Share Awards		Shareholding requirements	
	Beneficially owned at 1 January 2025	Beneficially owned at 31 December 2025	Without performance conditions at 31 December 2025 ²	Subject to performance conditions as at 31 December 2025	Shareholding requirement (percentage of basic salary)	Current shareholding (percentage of basic salary) ³
Executive Directors						
Andy Golding ⁴	831,168	658,458	548,319	543,055	250%	665%
Victoria Hyde	7,049	20,055	101,520	325,828	200%	90%
Non-Executive Directors						
Kal Atwal	–	–	–	–	–	–
Henry Daubeney	20,000	20,000	–	–	–	–
Noël Harwerth	–	–	–	–	–	–
Gareth Hoskin	–	–	–	–	–	–
Sally Jones-Evans	–	–	–	–	–	–
Simon Walker	25,000	25,000	–	–	–	–
David Weymouth	22,414	22,414	–	–	–	–

1. Vested shares are held in a corporate nominee account and are subject to the relevant retention periods. This account is also used to monitor current and post-employment shareholding guidelines.

2. Includes DSBP awards and PSP awards to the extent that performance targets have been met.

3. Shareholding based on the closing share price on 31 December 2025 of £6.425 and year-end salaries. Where relevant, awards calculated at net of tax value for the shareholding requirements calculation.

4. Includes 518,184 shares that are owned by spouse.

The Company operates an anti-hedging policy under which individuals are not permitted to use any personal hedging strategies in relation to shares subject to a vesting and/or retention period.

Directors' Remuneration Report continued

[The Remuneration Policy for Executive Directors](#) continued

Statement of voting at the Annual General Meeting

Shareholders were asked to approve the 2024 Annual Report on Remuneration and the Directors' Remuneration Policy at the 2025 AGM. The votes received are set out below:

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Total votes cast	Votes withheld
To approve the 2024 Remuneration Report (2025 AGM)	277,626,187	98.95	2,936,362	1.05	280,562,549	1,010,292
To approve the Remuneration Policy (2024 AGM)	301,192,571	98.01	6,100,599	1.99	307,293,170	11,148,042

Approval

This report was approved by the Board of Directors (on the recommendation of the Group Remuneration and People Committee) and signed on its behalf by:

Sally Jones-Evans
Chair of the Group Remuneration and People Committee
4 March 2026

Directors' Report: other information

In accordance with the Companies Act, the Directors present their report for the year ended 31 December 2025. Relevant information required to be included in the Directors' Report including disclosures required by the FCAs Disclosure and Transparency Rules and UK Listing Rule LR 6.1.1, are deemed to be incorporated by reference in this report and detailed in the table below. Certain matters required to be disclosed in the Directors' Report have been included in the Strategic Report.

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Share capital and rights attaching to shares

As at 31 December 2025, the Company's issued share capital comprised of:

Number of shares	% of total capital	Type of shares	Nominal value
355,974,125	100%	Ordinary	£0.01

Further details relating to share capital can be found in note 37.

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such rights (including preferred, deferred or other special rights) or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).

Directors’ Report: other information continued

Authorities to allot and pre-emption rights

On 8 May 2025, shareholders re-established the general authority for the Directors to allot up to £1,234,505.17 of the nominal value of ordinary shares of £0.01 each. In addition, shareholders gave authority for the Directors to grant rights to subscribe for, or to convert any security into, regulatory capital convertible instruments up to £740,702.69 of the nominal value of ordinary shares equivalent to approximately 20% of issued share capital.

Repurchase of shares

The Company has an unexpired authority to repurchase ordinary shares up to a maximum of 37,035,134 ordinary shares. During the year, the Company repurchased 18,070,090 ordinary shares (each with a nominal value of £0.01) as part of its £100m share repurchase programme announced to the market on 13 March 2025 (2024: £50m plus a further £50m).

Employee share schemes

The Group’s Sharesave ‘save as you earn’ Scheme is an all-employee share option scheme open to all UK-based employees. The Sharesave Scheme allows employees to purchase options by saving a fixed amount of between £10 and £500 per month over a period of three years, at the end of which, the options, subject to leaver provisions, are usually exercisable. The Sharesave Scheme has been in operation since June 2014 and options are granted annually, with the exercise price set at a 20% discount of the share price on the date of grant.

Further details of the Group’s employee Sharesave schemes are set out on page 150 in the Directors’ Remuneration Report.

Results, dividends and dividend waiver

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 186.

The Group has in place a dividend policy for the purpose of establishing a clear framework for the distribution of profits to assist with capital management, whilst also assessing and considering any associated risks and constraints. For 2025, the payout ratio remains as at least 25% of underlying profit after taxation attributable to ordinary shareholders.

During the year under review, the Company paid an interim dividend of 11.2 pence per share (2024: 10.7 pence). The Directors recommend payment of a final dividend of 24.1 pence per share (2024: 22.9 pence), subject to approval at the AGM on 7 May 2026, making a total ordinary dividend for 2025 of 35.3 pence per share (2024: 33.6 pence).

The OSB GROUP PLC Employee Benefit Trust, which holds 134,349 shares in the Company in connection with the operation of the Group’s share plans, has lodged standing instructions to waive dividends on shares held by it that have not been allocated to employees. The total amount of dividends waived during 2025 was £45,813.

	Interim Dividend	Final Dividend
Ordinary	11.2 pence per share	24.1 pence per share
Ex-dividend date	13 August 2026	02 April 2026
Record date	14 August 2026	07 April 2026
Payment date	18 September 2026	13 May 2026

Directors and Directors’ interests

The names of the Directors who served during the year and up to the date of signing can be found in the Board and Board Committee meeting attendance table on page 112.

Directors may be elected by ordinary resolution at a duly convened general meeting or appointed by the Board. In addition to any power to remove a Director from office conferred by the Companies Act 2006, the Company may also by special resolution remove a Director from office before the expiration of his or her period of office under the Articles.

In accordance with the Articles, at every AGM all the Directors at the date of the notice convening the AGM shall retire from office and may offer themselves for appointment or re-appointment by the members.

Directors’ interests in the shares of the Company are set out on page 167 in the Directors’ Remuneration Report. None of the Directors had interests in shares of the Company greater than 0.18% of the ordinary shares in issue. There have been no changes to Directors’ interests in shares since 31 December 2025.

Directors’ indemnities

The Company maintains Directors’ and Officers’ Liability Insurance which provides appropriate cover for legal action brought against its Directors and Officers. The Company has also granted indemnities to each of its Directors and Officers, and to Directors and Officers of its subsidiary companies, including Officers who are appointed by the FCA or PRA to carry out senior managerial functions or other similar functions, on terms consistent with the applicable statutory provisions.

Qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act) have therefore been in force during the financial year to 31 December 2025 and remain in force as at the date of this report in relation to certain losses and liabilities which those Directors and Officers may incur to third parties in the course of action as a director, officer or employee of the Company or of any associated companies.

Equal opportunities

The Group is committed to applying its DE&I Policy at all stages of recruitment and selection. Short-listing, interviewing and selection will always be conducted without regard to gender, gender reassignment, sexual orientation, marital or civil partnership status, colour, race, nationality, ethnicity or national origins, religion or belief, age, pregnancy or maternity leave or trade union membership. Any candidate with a disability will not be excluded unless it is clear that the candidate is unable to perform a duty that is intrinsic to the role, having considered reasonable adjustments. Reasonable adjustments to the recruitment process will be made to ensure that no applicant is disadvantaged because of disability. The recruitment interview process ensures line managers ask candidates questions that are not discriminatory or unnecessarily intrusive. This commitment also applies to existing employees, with the necessary adjustments and training made, where there is a change in circumstances.

Amendment of Articles

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of a special resolution of the Company’s shareholders at a general meeting.

Directors’ Report: other information continued

Employee engagement

Employees are kept informed of developments within the business and in respect of their employment through a variety of means, such as employee meetings, briefings and the intranet. Employee involvement is encouraged, and views and suggestions are taken into account when planning new products and projects.

Additionally, Board members are keen to engage with employees across all locations and find the experience of visiting our branches and offices within the UK and India valuable.

The Workforce Advisory Forum (OurVoice) is a forum established to enhance the level of engagement between the Board and Group Executive Committee and the wider workforce, with the objective of discussing matters which it is felt should be brought to the attention of the Board.

OurVoice consists of employee representatives from all core geographical locations including OSB India, as well as Sally Jones-Evans as the designated INED and representatives from the Group Executive Committee and HR Management. All Board members and members of the Group Executive Committee are invited to attend meetings throughout the year. See page 84 for further information.

Further information in relation to the Board’s engagement with the Group’s stakeholders including customers, intermediaries, shareholders, suppliers, regulators and communities, can be found on pages 120 - 123.

Diversity

The Board recognises the benefits that diversity brings to the business, and actively promotes and encourages a culture and environment that values and celebrates our differences. Throughout 2025, the Group has continued on its journey to become a diverse and inclusive organisation committed to providing equal opportunities through the recruitment, training and development of its employees. Further information on Board diversity, equity and inclusion can be found on pages 128 and for the Group on pages 86.

Greenhouse gas emissions

Information relating to greenhouse gas emissions, energy consumption and actions towards energy efficiency can be found within the Sustainability Report on page 78.

The Group’s 2025 greenhouse gas emissions basis for reporting is publicly available on the website at: www.osb.co.uk/sustainability/our-environment

Political donations

Shareholder authority to make aggregate political donations not exceeding £50,000 was obtained at the AGM on 8 May 2025. Neither the Company nor any of its subsidiaries made any political donations during the year and no positive expenditure was incurred by the Company.

Notifiable interests in share capital

As at 31 December 2025, the Company had received the following notifications of major holdings of voting rights pursuant to the requirements of Rule 5 of the Disclosure Guidance and Transparency Rules:

	No. of ordinary shares	% of issued share capital
JPMorgan Asset Management Holdings Inc. ¹	18,997,685	5.33
BlackRock, Inc.	20,850,903	5.11
Jupiter Fund Management PLC ²	21,407,948	4.98
Norges Bank	15,267,616	4.10
GLG Partners LP ³	21,159,035	5.65

1. Includes 0.23% of financial instruments.
2. Includes up to 0.03% of financial instruments.
3. Includes 0.5% of financial instruments.

Since 31 December 2025, the Company received the following notification:

- On 26 January 2026, Dimensional Fund Advisors LP notified that it had a shareholding of 5.00%;
- On 18 February 2026, JPMorgan Asset Management Holdings Inc notified that its holding had decreased to 5.27% and subsequently decreased further to 5.19% on the same day.

Research and development

Information relating to research and development of new products can be found within the Strategic Report on pages 16 - 21.

Supervision and regulation

The Company is authorised by the PRA, part of the Bank of England, and regulated by the FCA and PRA. Some of its subsidiaries are also authorised by the FCA and PRA.

Annual General Meeting

Accompanying this report is the Notice of the AGM which sets out the resolutions to be proposed to the meeting, together with an explanation of each. This year’s AGM will be held at our offices at 90 Whitfield Street, Fitzrovia, London W1T 4EZ on 7 May 2026 at 11.00 am.

The Annual Report and Accounts and Notice of the AGM will be sent to shareholders at least 20 working days prior to the date of the meeting. Shareholders are encouraged to participate in the AGM process and all resolutions will be proposed and voted on at the meeting by shareholders or their proxies. Voting results will be announced and made available on the Company’s website, www.osb.co.uk.

Shareholders may require the Directors to call a general meeting other than an AGM as provided by the Companies Act.

Requests to call a general meeting may be made by members representing at least 5% of the paid-up capital of the Company as carries the right of voting at general meetings of the Company (excluding any paid-up capital held as treasury shares). A request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. A request may be in hard copy form or in electronic form and must be authenticated by the person or persons making it. A request may be made in writing to the Company Secretary to the registered office or by sending an email to company.secretariat@osb.co.uk. At any general meeting convened on such request, no business shall be transacted, except that stated by the requisition or proposed by the Board.

Directors' Report: other information continued

Modern Slavery and Human Trafficking Statements

The Group's Modern Slavery and Human Trafficking Statements are reviewed and approved annually by the Board and are published on our website at www.osb.co.uk. Oversight of our approach sits with the Board and senior management, reflecting our commitment to compliance with the law and alignment towards best practice.

We expected all suppliers to uphold the principles of our Vendor Code of Conduct and Ethics, which prohibits forced or child labour, requires safe working conditions, and promotes respect for workforce rights and the environment. Where appropriate, our contractual terms include obligations relating to human rights and modern slavery.

All new and existing material suppliers undergo risk-based due diligence, and higher risk relationships are subject to additional checks. We request that suppliers complete an ESG assessment via our specialist partner Hellios, or a Group ESG questionnaire that encompasses modern slavery, diversity, equality and inclusion, climate change, and other sustainability topics. This process provides insight into supplier policies and practices, helps identify areas for focus, and supports continuous improvement.

We recognise that suppliers are at different stages of their ESG journey. The Group continues to encourage, engage and support suppliers in aligning their strategies with our own sustainability ambitions. Training on supplier oversight, modern slavery, and ESG is conducted with a competency evaluation mandated for all colleagues, with performance being monitored and reported to the Board.

Payment practice reporting

Our business is supported by many suppliers, allowing us to provide a high standard of service to our customers.

Supplier payment practice reports are published on a six-monthly basis and approved and signed by the CFO and Group Chief Operating Officer on behalf of the main operating entities. The Group enters into standard terms with suppliers, which include terms requiring payment within 30 days of the invoice date following receipt of a valid invoice. Over 98% of all invoices are paid within 30 days in line with the standard payment period for qualifying contracts. The time taken to pay invoices is 11 days. The maximum contractual payment period agreed varies between 30 to 45 days. There were no changes to the standard payment terms in the reporting period. Any complaints received in respect of invoice payments are considered as part of the dispute resolution process.

During the year, the Group did not deduct any sums from payments under qualifying contracts as a charge for remaining on a supplier list. The Group also engages with key suppliers as part of the Group's Recovery Plan which is reviewed by the Board.

Other information

Corporate sustainability

The Board has considered climate-related matters including the risks of climate change when preparing this Annual Report. 100% of the carbon dioxide equivalent emissions and energy consumption figures within this Annual Report relate to emissions in the UK and details can be found on pages 78.

Events after the reporting period

Details relating to post-balance sheet events are set out in note 50.

Financial Instruments

Information on financial instruments including financial risk management objectives and policies including the policy for hedging the exposure of the Group to price risk, credit risk, liquidity risk and cash flow risk can be found in the Risk review on page 44.

Section 172

Details on how the Company has complied with section 172 can be found throughout the Strategic and Directors' Reports and on pages 9 and 119 - 123.

Going concern statement

The Board undertakes regular rigorous assessments of whether the Group is a going concern in light of current and potential future economic conditions and all available information about future risks and uncertainties.

In assessing whether the going concern basis is appropriate, projections for the Group have been prepared, covering its future performance, capital and liquidity for a period extending to June 2027. These forecasts have been subject to sensitivity tests utilising a range of stress scenarios, which have been compared to the latest economic scenarios provided by the Group's external economic advisors, as well as reverse stress tests.

The assessments include the following:

- Financial and capital forecasts were prepared utilising the latest economic forecasts provided by the Group's external economic advisors. Reverse stress tests were run to identify combinations of adverse movements in house prices and unemployment levels which would result in the Group breaching its minimum regulatory capital requirements. The Directors assessed the likelihood of those reverse stress scenarios occurring within the next 12 months and concluded that the likelihood is remote.

Directors' Report: other information continued

- The latest liquidity and contingent liquidity positions and forecasts were assessed against internal combined stress scenarios with the Group maintaining sufficient liquidity throughout the going concern assessment period.
- The Group continues to assess and mature the resilience of its business operating model and supporting infrastructure in the context of the emerging economic, business and regulatory environment. The Group's Operational Resilience Self-Assessment Report for 2024/2025 was reviewed and endorsed by the Group Risk Committee and, approved by the Board in June 2025. The Group is in the process of updating this for 2026 and had identified no material changes to its conclusions. Key areas of focus include the provision of the Group's Important Business Services (IBS) to minimise the impact of any service disruptions on the firm's customers or the wider financial services industry, and validating the levels of resilience of the third parties that the Group depends upon for delivery of its IBS. There were no items identified that could threaten the Group's viability over the going concern assessment time horizon.

The Group's financial projections demonstrate that the Group has sufficient capital and liquidity to continue to meet its regulatory capital requirements as set out by the PRA.

The Board has therefore concluded that the Group has sufficient resources to continue in operational existence for a period in excess of 12 months from the date of approval of these Financial Statements and as a result, it is appropriate to prepare these consolidated Financial Statements on a going concern basis.

Key information in respect of the Group's ERMF and objectives and processes for mitigating risks, including liquidity risk, are set out in detail on pages 44–65.

Approved by the Board and signed on its behalf by:

Jason Elphick

Group General Counsel and Company
Secretary OSB GROUP PLC
Registered number: 11976839
4 March 2026

Statement of Directors' Responsibilities

in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with UK-adopted International Financial Reporting Standards (IFRS) and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for the year.

In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and parent Company's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and the Group, to ensure that the financial statements comply with the Companies Act. They are also responsible for establishing a suitable internal control framework to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking all reasonable steps to safeguard the Group's assets and prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for maintaining the integrity of the corporate and financial information included on the Company's website. UK legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

Each of the persons who is a Director at the date of approval of this report confirms, to the best of their knowledge, that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report/Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:

Jason Elphick

Group General Counsel
and Company Secretary
4 March 2026

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Independent Auditor’s Report

to the members of OSB Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of OSB Group PLC (the ‘Company’) and its subsidiaries (the ‘Group’) give a true and fair view of the state of the Group’s and of the Company’s affairs as at 31 December 2025 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the related notes to the consolidated financial statements 1 to 50;
- the Company statement of financial position;
- the Company statement of changes in equity;
- the Company statement of cash flows; and
- the related notes to the company financial statements 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Company for the year are disclosed in note 8 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC’s Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- expected credit losses; and
- effective interest rate income recognition.

Within this report, key audit matters are identified as follows:

- | | |
|---|---|
|  Newly identified |  Similar level of risk |
|  Increased level of risk |  Decreased level of risk |

Materiality

The materiality that we used for the Group financial statements was £19.1m, which was determined by reference to profit before tax.

Scoping

Our Group audit scoping accounted for 98.6% of the Group’s interest receivable and similar income, 94.8% of the Group’s profit before tax and 99.8% of the Group’s net assets. All audit work was performed by the Group engagement team.

Significant changes in our approach

There was no significant change in our approach in the current year.

Independent Auditor's Report continued to the members of OSB Group plc

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained and read management's going concern assessment, which included consideration of the Group's operational resilience, in order to understand and evaluate the key judgements made by management;
- We obtained an understanding of relevant controls around management's going concern assessment;
- We obtained management's income statement, balance sheet and capital and liquidity forecasts and assessed key assumptions for reasonableness and their projected impact on capital and liquidity ratios, particularly with respect to loan book growth and potential credit losses;
- Supported by our in-house prudential risk specialists, we read the most recent ICAAP and ILAAP submissions, assessed management's capital and liquidity projections, assessed the results of management's capital reverse stress testing, evaluated key assumptions and methods used in the capital reverse stress testing model and tested the mechanical accuracy of the capital reverse stress testing model;
- We read correspondence with regulators to understand the capital and liquidity requirements imposed by the Group's regulators, and evidence any changes to those requirements. This included specific consideration of the change in the Group's resolution strategy from Bail-in to Transfer and the resultant impact on the Minimum Requirement for Own Funds and Eligible Liabilities (MREL);
- We assessed the historical accuracy of forecasts prepared by management;
- We assessed the impact of the ongoing economic uncertainty, including how further rises in living and borrowing costs may impact potential credit losses; and
- We evaluated the Group's disclosures on going concern against the requirements of IFRS and in view of the latest FRC guidance.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor’s Report continued

to the members of OSB Group plc

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Expected Credit Losses

The Group has recognised £123.6m of expected credit losses (‘ECL’) as at 31 December 2025 (2024: £126.9m). This represented 0.47% (2024: 0.50%) of loans and advances to customers.

The estimation of ECL under IFRS 9 is inherently complex and requires significant judgement, particularly given the uncertain economic environment, which increases the complexity of forward-looking macroeconomic scenarios and the identification of customers with significant increases in credit risk.

We identified the following areas in relation to ECL that required significant judgement and estimation uncertainty:

- Macroeconomic scenarios
- Modelled ECL assessment
- Individually assessed ECL

Refer to the significant issues considered by the Group Audit Committee on page 133, risk profile performance overview on page 60, judgements in applying accounting policies and critical accounting estimates on page 198 and Note 20 on page 212.

Key audit matter description	Macroeconomic scenarios: As set out on page 62, the Group sources economic forecasts from a third-party economics expert and then applies judgement to determine which scenarios to select and the probability weightings to assign. The Group considered four probability weighted scenarios, including base, upside, downside, and severe downside scenarios. The key economic variables determined by management in within the macroeconomics model were house price index (HPI), unemployment rate and base rate. The estimation of these variables involves a high degree of subjectivity and estimation uncertainty.
How the scope of our audit responded to the key audit matter	We carried out the following audit procedures in response to the Group’s macroeconomic scenarios and the probability weightings applied: • Obtained an understanding of the relevant controls over macroeconomic scenarios, focusing on the determination of key assumptions in relation to scenarios and probability weightings; • Assessed the competence, capability and objectivity of the third-party economics expert; • Supported by our economic specialists, assessed and challenged the scenarios adopted and the probability weightings assigned to them considering the economic environment as at 31 December 2025 and industry data; • With the involvement of our economic specialists, we challenged the Group’s economic outlook, in particular the key economic variables (HPI, unemployment rate and base rate), by reference to other available economic outlook data; and • Supported by our credit risk specialists, assessed the performance of the macroeconomic model and whether the economic variables selected were appropriate through considering the modelled macroeconomic results relative to those observed in historical recessions.

Independent Auditor's Report continued to the members of OSB Group plc

5.1. Expected Credit Losses continued

Key audit matter description	Modelled ECL Assessment: The Group measures impairment primarily through the use of complex models. Key areas of judgement within these models include the assessment of whether there has been a significant increase in credit risk (SICR) between the date of initial recognition of the exposure and 31 December 2025, and the determination of loss given default (LGD) assumptions, specifically the propensity to go into possession following default (PPD) and forced sale discount (FSD). There is a risk that the Group's staging criteria does not accurately capture SICR, and that the PPD and FSD assumptions may not appropriately reflect expected losses.
How the scope of our audit responded to the key audit matter	We carried out the following audit procedures in response to the Group's modelled ECL assessments, with support from our credit risk specialists: • Obtained an understanding of the relevant controls over modelled ECL, focusing on model monitoring, model validation, and the determination and review of model judgements and assumptions in relation to key areas such as SICR and LGD; • Obtained an understanding of the loan book's staging mix and its movement during the year; • Assessed the Group's quantitative and qualitative staging criteria used in the SICR assessment by analysing loan transfers from Stage 1 to Stage 2, comparing them to the 30 days past due "backstop" and other qualitative factors; • Independently re-coded the Group's IFRS 9 model for SICR, obtained relevant input data, and reconciled the output to that noted by management; • Tested the completeness and accuracy of the data used in applying the quantitative and qualitative criteria for SICR; • Assessed the appropriateness of management's recalibration methodology for PPD and FSD assumptions; • Independently re-coded the Group's IFRS 9 models for PPD and FSD, obtained relevant input data, and reconciled outputs against management's models to validate effective implementation; and • Considered findings raised in the Group's model monitoring and validation reviews for SICR, PPD, and FSD and assessed their impact on year-end provisions.
Key audit matter description	Individually assessed ECL: For larger stage 3 exposures, individual provision assessments necessitate significant judgement and specialised knowledge in determining appropriate methodologies and inputs. This process is inherently subjective and uncertain, driven by the rapidly evolving economic landscape.
How the scope of our audit responded to the key audit matter	We carried out the following audit procedures in response to the Group's individually assessed provisions and underlying methodology: • On a sample basis, assessed the completeness of management's individual assessment watchlist and the accuracy of inputs used within; • With support from our real estate specialists, we independently assessed collateral valuations used within management's discounted cash flow analysis for a sample of watchlist facilities; • On a sample basis, we developed independent individually assessed provision estimates to evaluate management's computations and assumptions; and • Assessed the effective implementation of management's individual provisioning policy whereby a modelled assessment is applied to all loans, and under certain statuses the greater of the modelled and individually assessed provision is applied.
Key observations	We are satisfied with the reasonableness of the modelled ECL assessments, individually assessed provisions, and the macroeconomic scenarios used in determining the ECL provision. Overall, we determined that the expected credit losses were appropriately stated as at 31 December 2025.

Independent Auditor’s Report continued
to the members of OSB Group plc

5.2. Effective interest rate income recognition

The Group’s net interest income for the year ended 31 December 2025 was £679.4m (2024: £666.4m), this represents income recognised under the effective interest rate (‘EIR’) method.

In accordance with the requirements of IFRS 9, interest income, directly attributable fees, discounts, incentives and commissions on a constant yield basis EIR are required to be spread over the expected life of the loan assets.

EIR is complex and the Group’s approach to determining the EIR involves the use of models and significant estimation in determining the behavioural life of loan assets. Given the complexity and judgement involved in accounting for EIR and given that revenue recognition is an area susceptible to fraud, there is an opportunity for management to manipulate the amount of interest income reported in the financial statements.

Refer to the significant issues considered by the Group Audit Committee on page 133, judgements in applying accounting policies and critical accounting estimates on page 200, the accounting policy on pages 191 and Note 3 on page 201.

Key audit matter description	EIR adjustments arise from revisions to estimated cash receipts or payments for loan assets that occur for reasons other than a movement in market interest rates or credit losses. They result in an adjustment to the carrying amount of the loan asset, with the adjustment recognised in the income statement in interest receivable and similar income. As the EIR adjustments reflect changes to the timing and volume of forecast customer redemptions, they are inherently judgemental. The level of judgement exercised is increased where there is limited availability of historical repayment information. For the Precise loan portfolios, the EIR adjustments are more sensitive to changes in the behavioural life curves. Changes in the modelled behavioural life across the
How the scope of our audit responded to the key audit matter	We carried out the following audit procedures in response to the Group’s EIR balance: • Obtained an understanding of the relevant controls over EIR, focusing on the calculation and review of EIR adjustments and the determination of customer redemption profiles and behavioural life curves; • Tested the completeness and accuracy of a sample of inputs into the EIR model for originated loans; • With the involvement of our analytics and modelling specialists, used our own independent EIR models and the Group’s relevant input data and behavioural life curves to recalculate the EIR adjustment and reconciled outputs against management’s models to validate effective implementation; • Challenged the appropriateness of key assumptions made to estimate the expected future income considering the interest rate environment that has been experienced in the UK over the last year, economic forecasts of future interest rates and trends in customer behaviour observed in recent months; and • Independently derived behavioural life curves using the Group’s actual loan data over recent years, incorporating those assumptions that we considered reasonable. We used these curves in our own independent EIR model to estimate the EIR adjustments and compared this output to the amounts recorded by the Group.
Key observations	We determined that the EIR models and assumptions used were appropriate and that net interest income for the year is appropriately stated.

Independent Auditor’s Report continued
to the members of OSB Group plc

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£19.1m (2024: £22.1m)	£16.1m (2024: £15.5m)
Basis for determining materiality	We determined materiality for the Group to be 5.0% of profit before tax of £382.5m (2024: 5.3% of profit before tax).	We determined materiality for the Company by reference to 1% of net assets. This is consistent with prior year.
Rationale for the benchmark applied	As a listed Group, profit before tax is typically a primary measure of performance for key stakeholders. This is consistent with the prior year benchmark.	The Company is principally a holding company and we have therefore determined net assets to be the most relevant benchmark to determine materiality.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	60% (2024: 60%) of Group materiality	60% (2024: 60%) of Company materiality
Basis and rationale for determining performance materiality	Performance materiality was set at 60% of materiality (2024: 60%). In determining performance materiality, we considered a number of factors, including: our understanding of the control environment; our understanding of the business; and the nature, volume and size of uncorrected misstatements identified in the previous audit.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.96m (2024: £1.1m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, the structure and organisation of the Group, and assessing the risks of material misstatement at the Group level.

We selected relevant components taking into account the individual component's contribution to relevant classes of transactions, account balances or disclosures in the Group financial statements. For the purposes of our audit scope, we defined a component as a single reporting unit for which management prepares a reporting package within the Group consolidation and determined an appropriate performance materiality for each component. Consistent with the prior year we identified OneSavings Bank plc and Charter Court Financial Services Limited, the two main banking entities of the Group, as well as Interbay ML Ltd, another significant lending subsidiary, as components where an audit of the entire financial information was required. The other components were subject to audit procedures through either audit procedures on specific account balances or being subject to specified procedures.

All the audit work over components was performed by the Group audit team, with our maximum component materiality determined as £10.9m.

Our audit considered in-scope components which accounted for 98.6% (2024: 97.5%) of the Group’s interest receivable and similar income, 94.8% (2024: 97.0%) of the Group’s profit before tax and 99.8% (2024: 97.5%) of the Group’s net assets.

Residual values were addressed by risk assessment and analytical procedures performed at a Group level. At a Group level we also tested the Group’s consolidation process.

Independent Auditor's Report continued to the members of OSB Group plc

7.2. Our consideration of the control environment

Our internal controls testing approach was informed by our scoping and risk assessment activities. We assessed the Group's end-to-end financial reporting processes focusing on the lending and savings areas and obtained an understanding of relevant controls over these balances. This included identifying relevant IT systems and, with the involvement of our IT specialists, we obtained an understanding of relevant general IT controls.

As a result of deficiencies identified in internal IT access controls across the Group in previous periods, we planned to adopt a non-controls reliance approach over all financial statement lines for all components. Where deficiencies were identified in the control environment, including deficiencies in IT controls, our risk assessment procedures included an assessment of those deficiencies to determine the impact on our audit plan.

For further information on the Group's IT environment, please refer to the 'Systems of internal Control and risk management' section of the Group Audit Committee report.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the impact of climate change on the Group's operations and impact on its financial statements. The Group has set out its commitments, aligned with the goals of the Paris Climate Accord, to be a net zero bank by 2050. Further information is provided in the Group's Strategic Report and Task Force on Climate-Related Financial Disclosures ("TCFD") on pages 95 to 102. The Group sets out its assessment of the potential impact of climate change on page 100 and the potential impact on the financial statements in note 20 on page 212.

In conjunction with our climate risk specialists, we have held discussions with the Group to understand:

- the process for identifying affected operations, including the governance and controls over this process, and the subsequent effect on the financial reporting for the Group; and
- the long-term strategy to respond to climate change risks as they evolve.

Our audit work has involved:

- assessing the completeness of the physical and transition risks identified and considered in the Group's climate risk assessment and the conclusion that there is no material impact of climate change risk on current year financial reporting; and
- assessing disclosures in the Annual Report and their consistency between the financial statements and the remainder of the Annual Report.

We have been engaged to provide limited assurance on the description of activities undertaken to meet the Recommendations of the TCFD and selected Environmental, Social and Governance metrics ("Selected ESG Metrics") (together the "Assured ESG Information") in the Annual Report for the year ended 31 December 2025. Please refer to pages 258 to 260 for our separate assurance report.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report continued to the members of OSB Group plc

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, real estate, IT, climate risk, prudential risk, economic, financial instruments, share based payments, credit risk and analytics and modelling specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: expected credit losses and effective interest rate income recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's prudential regulatory requirements and capital, liquidity and conduct requirements.

11.2 Audit response to risks identified

As a result of performing the above, we identified expected credit losses and effective interest rate income recognition as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Prudential Regulation Authority, the Financial Conduct Authority and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report continued to the members of OSB Group plc

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 172 and 173;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 172 and 173;
- the directors' statement on fair, balanced and understandable set out on page 135;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 49;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 134; and
- the section describing the work of the audit committee set out on page 131 to 137.

14. Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 45 to the financial statements for the financial year ended 31 December 2025 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

15. Matters on which we are required to report by exception

15.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

16. Other matters which we are required to address

16.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the shareholders of the OSB Group PLC on 17 November 2020 to audit the Group financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is six years, covering the years ending 31 December 2020 to 31 December 2025.

Prior to our appointment to audit the Company, we were auditor of the Group headed by OneSavings Bank plc, since 9 May 2019. The period of total uninterrupted engagement for OneSavings Bank plc, including previous renewals and reappointments of the firm, is seven years, covering the year ended 31 December 2019 to 31 December 2025.

Independent Auditor's Report continued to the members of OSB Group plc

16.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

17. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R. We have been engaged to provide assurance on whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R and will publicly report separately to the members on this.

Ben Jackson, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

4 March 2026

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Interest receivable and similar income	3	1,914.8	2,099.3
Interest payable and similar charges	4	(1,235.4)	(1,432.9)
Net interest income		679.4	666.4
Fair value losses on financial instruments	5	(22.1)	(1.5)
Gain/(loss) on sale of financial assets held at amortised cost	6	3.4	(2.4)
Other operating income	7	7.3	4.7
Total income		668.0	667.2
Administrative expenses	8	(270.1)	(258.1)
Increase in provisions	33	(2.4)	(2.7)
Impairment of financial assets	21	(13.0)	11.7
Profit before taxation		382.5	418.1
Taxation	11	(96.8)	(110.0)
Profit for the year		285.7	308.1
Other comprehensive expense			
Items which may be reclassified to profit or loss:			
Fair value changes on debt instruments measured at fair value through other comprehensive income (FVOCI):			
Arising in the year	16	1.6	(0.1)
Tax on items in other comprehensive expense		(0.2)	–
Revaluation of foreign operations		(2.1)	–
Other comprehensive expense		(0.7)	(0.1)
Total comprehensive income for the year		285.0	308.0
Dividend, pence per share	13	35.3	33.6
Earnings per share (EPS), pence per share			
Basic	12	75.6	77.6
Diluted	12	73.6	75.7

The above results are derived wholly from continuing operations.

The notes on pages 190 to 247 form part of these accounts.

The financial statements on pages 186 to 247 were approved by the Board of Directors on 4 March 2026.

Consolidated Statement of Financial Position

As at 31 December 2025

	Note	2025 £m	2024 £m
Assets			
Cash in hand		0.4	0.3
Loans and advances to credit institutions	15	3,053.0	3,405.9
Investment securities	16	1,814.5	1,434.4
Loans and advances to customers	17	25,920.6	25,126.3
Fair value adjustments on hedged assets	23	85.1	(179.3)
Derivative assets	22	101.4	313.8
Other assets	24	21.0	17.8
Current taxation asset		1.7	14.8
Deferred taxation asset	11	8.8	6.2
Non-current assets held for sale		1.5	–
Property, plant and equipment	25	47.8	54.6
Intangible assets	26	66.9	48.8
Total assets		31,122.7	30,243.6
Liabilities			
Amounts owed to credit institutions	27	1,838.1	1,935.2
Amounts owed to retail depositors	28	24,251.1	23,820.3
Fair value adjustments on hedged liabilities	23	11.9	(6.1)
Amounts owed to other customers	29	478.4	104.9
Debt securities in issue	30	1,010.0	1,018.3
Derivative liabilities	22	152.0	81.9
Lease liabilities	31	6.3	9.1
Other liabilities	32	70.8	56.4
Provisions	33	3.4	4.6
Deferred taxation liability	11	20.5	13.1
Senior notes	34	723.4	722.7
Subordinated debt liabilities	35	260.1	259.8
		28,826.0	28,020.2

	Note	2025 £m	2024 £m
Equity			
Share capital	37	3.6	3.7
Share premium	37	6.0	4.5
Other equity instruments	38	167.1	150.0
Retained earnings		3,457.0	3,406.4
Other reserves	39	(1,337.0)	(1,341.2)
Shareholders' funds		2,296.7	2,223.4
Total equity and liabilities		31,122.7	30,243.6

The notes on pages 190 to 247 form part of these accounts. The financial statements on pages 186 to 247 were approved by the Board of Directors on 4 March 2026 and signed on its behalf by

Andy Golding
Chief Executive Officer

Victoria Hyde
Chief Financial Officer

Company number: 11976839

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Share capital	Share premium	Capital redemption and transfer reserve ¹	Own shares ²	Foreign exchange reserve	FVOCI reserve	Share-based payment reserve	Retained earnings	Other equity instruments	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2024	3.9	3.8	(1,354.7)	(1.0)	(2.1)	0.2	14.2	3,330.2	150.0	2,144.5
Profit for the year	–	–	–	–	–	–	–	308.1	–	308.1
Other comprehensive expense	–	–	–	–	–	(0.1)	–	–	–	(0.1)
Total comprehensive (expense)/income	–	–	–	–	–	(0.1)	–	308.1	–	308.0
Coupon paid on Additional Tier 1 (AT1) securities	–	–	–	–	–	–	–	(9.0)	–	(9.0)
Dividends paid	–	–	–	–	–	–	–	(126.4)	–	(126.4)
Share-based payments	–	0.7	–	–	–	–	1.7	4.7	–	7.1
Own shares ²	–	–	–	0.1	–	–	–	(0.1)	–	–
Share repurchase ³	(0.2)	–	0.2	–	–	–	–	(101.1)	–	(101.1)
Tax recognised in equity	–	–	–	–	–	–	0.3	–	–	0.3
As at 31 December 2024	3.7	4.5	(1,354.5)	(0.9)	(2.1)	0.1	16.2	3,406.4	150.0	2,223.4
Profit for the year	–	–	–	–	–	–	–	285.7	–	285.7
Other comprehensive (expense)/income	–	–	–	–	(2.1)	1.6	–	–	–	(0.5)
Tax on items in other comprehensive (expense)/income	–	–	–	–	–	(0.2)	–	–	–	(0.2)
Total comprehensive (expense)/income	–	–	–	–	(2.1)	1.4	–	285.7	–	285.0
Coupon paid on AT1 securities	–	–	–	–	–	–	–	(10.1)	–	(10.1)
Dividends paid	–	–	–	–	–	–	–	(125.5)	–	(125.5)
Redemption of AT1 securities	–	–	–	–	–	–	–	(0.3)	(132.9)	(133.2)
Issuance of AT1 securities	–	–	–	–	–	–	–	–	150.0	150.0
Transaction costs on issuance of AT1 securities	–	–	–	–	–	–	–	(2.0)	–	(2.0)
Share-based payments	0.1	1.5	–	–	–	–	1.9	4.8	–	8.3
Share repurchase ³	(0.2)	–	0.2	–	–	–	–	(100.4)	–	(100.4)
Foreign exchange adjustment	–	–	–	–	–	–	–	(1.6)	–	(1.6)
Tax recognised in equity	–	–	–	–	–	–	2.8	–	–	2.8
As at 31 December 2025	3.6	6.0	(1,354.3)	(0.9)	(4.2)	1.5	20.9	3,457.0	167.1	2,296.7

1. Comprises Capital redemption reserve of £1.0m (2024: £0.8m) and Transfer reserve of £(1,355.3)m (2024: £(1,355.3)m).

2. The Group has adopted look-through accounting (see note 1 (c)) and recognised the Employee Benefit Trust (EBT) within OSB GROUP PLC (OSBG).

3. Includes £99.3m (2024: £100.0m) for shares repurchased and £1.1m (2024: £1.1m) for transaction costs and fees.

Share capital and premium is disclosed in note 37 and the reserves are further analysed in note 39.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Profit before taxation		382.5	418.1
Adjustments for non-cash and other items	46	167.3	246.0
Changes in operating assets and liabilities	46	(229.6)	1,691.0
Cash generated from operating activities		320.2	2,355.1
Provisions paid	33	(3.6)	–
Net tax paid		(73.0)	(119.4)
Net cash generated from operating activities		243.6	2,235.7
Cash flows from investing activities			
Maturity and sales of investment securities		558.0	789.1
Purchases of investment securities		(932.7)	(811.2)
Interest received on investment securities		74.8	36.7
Proceeds from sale of property, plant and equipment	25	0.4	–
Purchases of property, plant and equipment and intangible assets	25, 26	(32.9)	(43.9)
Net cash from investing activities		(332.4)	(29.3)
Cash flows from financing activities			
Financing received	36	2,477.2	1,736.5
Financing repaid	36	(2,412.0)	(2,716.8)
Interest paid on financing	36	(192.4)	(273.3)
Dividends paid	13	(125.5)	(126.4)
Redemption of AT1 securities		(133.2)	–
Issuance of AT1 securities		148.0	–
Share repurchase ¹		(89.4)	(90.6)
Other financing activities	36	(16.6)	(18.4)
Net cash from financing activities		(343.9)	(1,489.0)
Net (decrease)/increase in cash and cash equivalents		(432.7)	717.4
Cash and cash equivalents at the beginning of the year	14	3,231.4	2,514.0
Cash and cash equivalents at the end of the year	14	2,798.7	3,231.4
Movement in cash and cash equivalents		(432.7)	717.4

1. Includes £88.8m (2024: £89.9m) for shares repurchased and £0.6m (2024: £0.7m) transaction costs and fees.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Accounting policies

OSB Group PLC is a public company limited by shares. The Group is registered in England and Wales (company number 11976839) and the registered office is OSB House Quayside, Chatham Maritime, Chatham, United Kingdom, ME4 4QZ. The principal activities and the nature of the Group's operations are set out in the Strategic Report.

(a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the United Kingdom Endorsement Board (UKEB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of investment securities and derivative contracts and other financial assets held at fair value through profit or loss (FVTPL) or FVOCI (see note 1 (m) (ii)).

The financial statements are presented in pounds sterling. All amounts in the financial statements have been rounded to the nearest £0.1m.

(b) Going concern

The Board undertakes regular rigorous assessments of whether the Group is a going concern in light of current and potential future economic conditions and all available information about future risks and uncertainties.

In assessing whether the going concern basis is appropriate, projections for the Group have been prepared, covering its future performance, capital and liquidity for a period extending to June 2027. These forecasts have been subject to sensitivity tests utilising a range of stress scenarios, which have been compared to the latest economic scenarios provided by the Group's external economic advisors, as well as reverse stress tests.

The assessments include the following:

- Financial and capital forecasts were prepared utilising the latest economic forecasts provided by the Group's external economic advisers. Reverse stress tests were run to identify combinations of adverse movements in house prices and unemployment levels which would result in the Group breaching its minimum regulatory capital requirements. The Directors assessed the likelihood of those reverse stress scenarios occurring within the next 12 months and concluded that the likelihood is remote.
- The latest liquidity and contingent liquidity positions and forecasts were assessed against internal combined stress scenarios with the Group maintaining sufficient liquidity throughout the going concern assessment period.

- The Group continues to assess and mature the resilience of its business operating model and supporting infrastructure in the context of the emerging economic, business and regulatory environment. The Group's Operational Resilience Self-Assessment Report for 2024/2025 was reviewed and endorsed by the Group Risk Committee and approved by the Board in June 2025. The Group is in the process of updating this for 2026 and has identified no material changes to its conclusions. Key areas of focus include the provision of the Group's Important Business Services (IBSs) to minimise the impact of any service disruptions on the firm's customers or the wider financial services industry, and validating the levels of resilience of the third parties that the Group depends upon for delivery of its IBSs. There were no items identified that could threaten the Group's viability over the going concern assessment time horizon.

The Group's financial projections demonstrate that the Group has sufficient capital and liquidity to continue to meet its regulatory capital requirements as set out by the Prudential Regulation Authority (PRA).

The Board has therefore concluded that the Group has sufficient resources to continue in operational existence for a period in excess of 12 months from the date of approval of these financial statements and, as a result, it is appropriate to prepare these consolidated financial statements on a going concern basis.

(c) Basis of consolidation

The Group accounts include the results of OSB GROUP PLC (the Company) and all its subsidiary undertakings. Subsidiaries are those entities, including structured entities, over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Judgement is applied in assessing the relevant factors and conditions in totality when determining whether the Group controls an entity. Specifically, judgement is applied in assessing whether the Group has substantive decision-making rights over the relevant activities and whether it is exercising power as a principal or an agent.

The Group is not deemed to control an entity when it exercises power over an entity in an agency capacity. In determining whether the Group is acting as an agent, the Directors consider the overall relationship between the Group, the investee and other parties to the arrangement with respect to the following factors: (i) the scope of the Group's decision-making power; (ii) the rights held by other parties; (iii) the remuneration to which the Group is entitled; and (iv) the Group's exposure to variability of returns. The determination of control is based on the current facts and circumstances and is continuously assessed.

Where the Group does not retain a direct ownership interest in a securitisation entity, but the Directors have determined that the Group controls those entities, they are treated as subsidiaries and are consolidated. Control is determined to exist if the Group has the power to direct the activities of each entity (for example, managing the performance of the underlying mortgage assets and raising debt on those mortgage assets which is used to fund the Group) and, in addition to this, the Group is exposed to a variable return (for example, retaining the residual risk on the mortgage assets).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

Securitisation structures that do not meet these criteria are not treated as subsidiaries and are excluded from the consolidated accounts. Where the Group retains an interest in the securitisation, the loan notes held are not recognised separately but form part of the measurement of the deemed loan balance.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. Upon consolidation, intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency, so far as is possible, with the policies adopted by the Group.

The Group's EBT is controlled and recognised by the Company using the look-through approach, i.e. as if the EBT is included within the accounts of the Company.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less impairment. A full list of the Company's subsidiaries which are included in the Group's consolidated financial statements can be found in note 2 to the Company's financial statements on page 251 to 252.

(d) Foreign currency translation

The financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). Foreign currency transactions are translated into the functional currencies using the exchange rates prevailing at the date of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end.

(e) Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports and components of the Group which are regularly reviewed by the chief operating decision maker to allocate resources to segments and to assess their performance. For this purpose, the chief operating decision maker of the Group is the Board of Directors.

The Group provides loans, asset finance and retail deposits within the UK.

The Group segments its lending business and operates under two segments:

- OneSavings Bank (OSB)
- Charter Court Financial Services (CCFS)

The Group has disclosed relevant risk management tables in note 41 at a sub-segment level to provide detailed analysis of the Group's core lending business.

(f) Interest income and expense

Interest income and interest expense for all interest-bearing financial instruments measured at amortised cost and FVOCI is recognised in profit or loss using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest income on financial assets categorised as stage 1 or 2 is recognised on a gross basis, with interest income on stage 3 assets recognised net of expected credit losses (ECL).

For purchased or originated credit-impaired assets (see note 1 (m) (vii)), interest income is calculated by applying the credit-adjusted EIR to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset improves. See note 1 (m) (vii) for further information on IFRS 9 stage classifications.

When calculating the EIR, the Group estimates cash flows considering all contractual terms of the instrument and behavioural aspects (for example, prepayment options) but not considering future credit losses. The calculation of the EIR includes transaction costs and fees paid or received that are an integral part of the interest rate, together with the discounts or premiums arising on the acquisition of loan portfolios. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial instrument.

The Group monitors the actual cash flows for each portfolio and resets cash flows on a monthly basis, discounted at the EIR to derive a new carrying value, with changes taken to profit or loss as interest income.

The EIR is adjusted where there is a movement in the expected reference interest rate (Sterling Overnight Index Average (SONIA), synthetic London Interbank Offered Rate (LIBOR) or base rate) affecting portfolios with a variable interest rate which will impact future cash flows. The revised EIR is the rate which exactly discounts the revised cash flows to the gross carrying value of the loan portfolio.

Interest income on investment securities is included in interest receivable and similar income. Interest on derivatives is included in interest receivable and similar income or interest expense and similar charges following the underlying instrument it is hedging.

Coupons paid on AT1 securities are recognised directly in equity in the period in which they are paid.

(g) Fees and commissions

Fees and commissions which are an integral part of the EIR of a financial instrument are recognised as an adjustment to the EIR and recorded in interest income. The Group includes early redemption charges within the EIR.

Fees received on mortgage administration services and mortgage origination activities, which are not an integral part of the EIR, are recorded in other operating income and accounted for in accordance with IFRS 15 Revenue from Contracts with Customers, with income recognised when the services are delivered and the benefits are transferred to clients and customers.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

Other fees and commissions are recognised on the accrual basis as services are provided or on the performance of a significant act, net of value added tax (VAT) and similar taxes.

(h) Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss, other comprehensive income (OCI) or directly in equity, consistent with the recognition of items it relates to. The Group recognises tax on coupons paid on AT1 securities directly in profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available to utilise the asset. The recognition of deferred tax asset is mainly dependent on the projections of future taxable profits and future reversals of temporary differences. The current projections of future taxable income indicate that the Group will be able to utilise its deferred tax asset within the foreseeable future.

Deferred tax liabilities are recognised for all taxable temporary differences.

The Company and its tax-paying UK subsidiaries are in a group payment arrangement for corporation tax and show a net corporation tax liability and deferred tax liability accordingly.

The Company and its UK subsidiaries are in the same VAT group.

(i) Dividends

Dividends are recognised in equity in the period in which they are paid or, if earlier, approved by shareholders.

(j) Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash, non-restricted balances with credit institutions and highly liquid financial assets with original maturities of less than three months from date of acquisition, subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

(k) Property, plant and equipment

Property, plant and equipment comprise freehold land and buildings, major alterations to office premises, computer equipment and fixtures measured at cost less accumulated depreciation. These assets are reviewed for impairment annually, and if they are considered to be impaired, are written down immediately to their recoverable amounts.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful economic lives as follows:

Buildings	50 years
Fixtures & fittings, computer hardware and vehicles	5 years
Leasehold improvements	Shorter of 10 years or lease term
Plant	15-40 years

For assets under construction (development assets), no depreciation is charged until the asset is available for use.

Land, deemed to be 25% of purchase price of buildings, is not depreciated.

(l) Intangible assets

The Group only recognises internally generated intangible assets if all of the following conditions are met:

- an asset is being created that can be identified after establishing the technical and commercial feasibility of the resulting product;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Subsequent expenditure on an internally generated intangible asset, after its purchase or completion, is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Purchased software and costs directly associated with the development of computer software are capitalised as intangible assets where the software is a unique and identifiable asset controlled by the Group and will generate future economic benefits. Costs to establish technological feasibility or to maintain existing levels of performance are recognised as an expense. Software is only recognised if:

- The Group has the contractual right to take possession of the software during the hosting period without significant penalty; and
- It is feasible for the Group to run the software on its own hardware or contract with a party unrelated to the supplier to host the software.

The costs of configuring or customising supplier application software in a Software-as-a-Service (SaaS) arrangement that is determined to be a service contract is recognised as an expense or prepayment. SaaS is an arrangement that provides the Group with the right to receive access to the supplier's application software in the future which is treated as a service contract, rather than a software lease or the acquisition of a software intangible asset. Where the configuration and customisation services are not distinct from the right to receive access to the software, then the costs are recognised as an expense over the term of the arrangement.

Intangible assets are reviewed for impairment at least semi-annually, and if they are considered to be impaired, are written down immediately to their recoverable amounts. Impairment losses previously recognised for intangible assets, other than goodwill, are reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss reversal is recognised in the Consolidated Statement of Comprehensive Income and the carrying amount of the asset is increased to its recoverable amount.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

Intangible assets are amortised on a straight line basis over their estimated useful lives as follows:

Computer software and licenses	5-7 years
Assets arising on Combination	4-5 years

For development costs of assets that are under construction, no amortisation is applied until the asset is available for use and is calculated using a full month when available for use.

The Group reviews the amortisation period on an annual basis. If the expected useful life of an asset is different from previous assessments, the amortisation period is changed accordingly.

(m) Financial instruments

i. Recognition

The Group initially recognises loans and advances, deposits, debt securities issued, senior notes and subordinated debt liabilities on the date on which they are originated or acquired. All other financial instruments are accounted for on the trade date which is when the Group becomes a party to the contractual provisions of the instrument.

For financial instruments classified as amortised cost or FVOCI, the Group initially recognises financial assets and financial liabilities at fair value plus transaction income or costs that are directly attributable to its origination, acquisition or issue. Financial instruments classified as amortised cost are subsequently measured using the EIR method.

Transaction costs directly attributable to the acquisition or issue of a financial instrument at FVTPL are recognised in profit or loss as incurred.

ii. Classification

The Group classifies financial instruments based on the business model and the contractual cash flow characteristics of the financial instruments. In accordance with IFRS 9, the Group classifies financial assets into one of three measurement categories:

- Amortised cost – assets in a business model to hold financial assets in order to collect contractual cash flows, where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- FVOCI – assets held in a business model which collects contractual cash flows and sells financial assets, where the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- FVTPL – assets not measured at amortised cost or FVOCI. The Group measures derivatives, an acquired mortgage portfolio and some investment securities under this category.

The Group reassesses its business models each reporting period.

The Group classifies non-derivative financial liabilities as measured at amortised cost.

The Group classifies certain financial instruments as equity where they meet the following conditions:

- the financial instrument includes no contractual obligation to deliver cash or another financial asset on potentially unfavourable conditions;
- the financial instrument is a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- the financial instrument is a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The Group's sources of debt funding are deposits from retail customers and credit institutions, including collateralised loan advances from the Bank of England (BoE) under the Term Funding Scheme with additional incentives for SMEs (TFSME) and Indexed Long-Term Repo (ILTR), asset-backed loan notes issued through the Group's securitisation programmes, subordinated debt liabilities and senior notes. Cash received under the TFSME is recorded in amounts owed to credit institutions. Financial liabilities, including Tier 2 instruments, are classified as such where the terms allow no absolute discretion over the payment of interest.

During the year equity financial instruments comprised own shares and AT1 securities. AT1 securities are designated as equity instruments and recognised at fair value on the date of issuance in equity along with incremental costs directly attributable to the issuance of equity instruments. Accordingly, the coupons paid on AT1 securities are recognised directly in retained earnings when paid.

iii. Derecognition

The Group offers refinancing options to customers at which point the original mortgage asset is derecognised and a new financial asset is recognised.

The forbearance measures offered by the Group are considered a modification event as the contractual cash flows are renegotiated or otherwise modified. The Group considers the renegotiated or modified cash flows are not a substantial modification from the contractual cash flows and does not consider that forbearance measures give rise to a derecognition event.

Securitisations lead to derecognition of the associated mortgage pool where the Group transfers its right to receive cash flows from the mortgages or assumes an obligation to pay these cash flows to a third party in a qualifying 'pass-through arrangement' and transfers substantially all the risks and rewards of ownership of the pool to a third party. In assessing this latter point, the Group compares its exposure to variability on any retained investment in the securitisation structure to that on the underlying mortgages.

Financial liabilities are derecognised only when the obligation is discharged, cancelled or has expired.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

iv. Offsetting

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 the cash received or given as collateral 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.

v. Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, less principal payments or receipts, plus or minus the cumulative amortisation using the EIR method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment of assets.

vi. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures its investment securities at fair value using quoted market prices where available.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The Group uses SONIA curves to value its derivatives. The fair value of the Group's derivative financial instruments incorporates credit valuation adjustments (CVA) and debit valuation adjustments (DVA). The DVA and CVA take into account the respective credit ratings of the Group's two banking entities and counterparty and whether the derivative is collateralised or not. Derivatives are valued using discounted cash flow models and observable market data and are sensitive to benchmark interest and basis rate curves.

vii. Identification and measurement of impairment of financial assets

The Group assesses all financial assets for impairment.

Loans and advances to customers

The Group uses the IFRS 9 three-stage ECL approach for measuring impairment. The three impairment stages are as follows:

- Stage 1 – a 12-month ECL allowance is recognised where there is no significant increase in credit risk (SICR) since initial recognition.
- Stage 2 – a lifetime ECL allowance is recognised 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 recognised.

The Group measures impairment through the use of individual and modelled assessments.

Individual assessment

The Group's provisioning process requires individual assessment for high exposure or higher risk loans, where Law of Property Act (LPA) receivers have been appointed, the property is taken into possession or there are other events that suggest a high probability of credit loss. The individual assessments are carried out for all the loans associated with one counterparty.

The Group estimates cash flows from these loans, including expected interest and principal payments, rental or sale proceeds, selling and other costs.

For all individually assessed loans, should the present value of estimated future cash flows discounted at the original EIR be less than the carrying value of the loan, a provision is recognised for the difference with such loans being classified as impaired. However, should the present value of the estimated future cash flows exceed the carrying value, no provision is recognised.

Additionally the Group applies a modelled assessment to all loans and under certain statuses the greater of the modelled and individually assessed provision requirement is applied.

IFRS 9 modelled impairment

Measurement of ECL

The assessment of credit risk and the estimation of ECL are unbiased and probability weighted. The ECL calculation is a product of an individual loan's probability of default (PD), exposure at default (EAD) and loss given default (LGD) discounted at the EIR. The ECL drivers of PD, EAD and LGD are modelled at an account level. The assessment of whether a SICR has occurred is based on quantitative relative and absolute PD thresholds and a suite of qualitative triggers.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

Significant increase in credit risk (movement to stage 2)

The Group's transfer criteria determine what constitutes a SICR, which results in an exposure being moved from stage 1 to stage 2.

At the point of initial recognition, a loan is assigned a PD estimate. For each monthly reporting date thereafter, an updated PD estimate is computed. The Group's transfer criteria analyse relative and absolute changes in PD versus the PD assigned at the point of origination, together with qualitative triggers using both internal indicators, such as forbearance and external information, such as changes in income and adverse credit information to assess for SICR. In the event that given early warning triggers have not already identified SICR, an account more than 30 days past due is considered to have experienced a SICR.

A borrower will move back into stage 1 only if the SICR definition is no longer triggered.

Definition of default (movement to stage 3)

The Group uses a number of quantitative and qualitative criteria to determine whether an account meets the definition of default and therefore moves to stage 3. The criteria currently include:

- If an account is more than 90 days past due.
- Accounts triggering an unlikelihood to pay indicator, which include possession, distressed restructuring forbearance, and internal behavioural alerts such as default within a borrower's broader relationship with the bank or external behavioural alerts such as bankruptcy or individual voluntary arrangement (IVA).

A borrower will move out of stage 3 when its credit risk improves such that it no longer meets the 90 days past due and unlikelihood to pay criteria and following this has completed an internally approved 12-month probation period. The borrower will move to stage 1 or stage 2 dependent on whether the SICR applies.

Forward-looking macroeconomic scenarios

The risk of default and ECL assessments take into consideration the expectations of economic changes that are deemed to be reasonably possible.

The Group conducts analysis to determine the most significant factors which may influence the likelihood of an exposure defaulting in the future. The macroeconomic factors relate to the House Price Index (HPI), unemployment rate (UR), Consumer Price Index (CPI), Gross Domestic Product (GDP), Commercial Real Estate Index (CRE) and the BoE Base Rate (BBR).

The Group has developed an approach for factoring probability-weighted macroeconomic forecasts into ECL calculations, adjusting PD and LGD estimates. The macroeconomic scenarios feed directly into the ECL calculation, as the adjusted PD and LGD estimates are used within the individual account ECL allowance calculations.

The Group sources economic forecast information from an appropriately qualified third party when determining scenarios. The Group considers four probability-weighted scenarios, being base, upside, downside and severe downside scenarios. The expected scenarios, management actions and results are discussed and approved by the Board.

The base case is also utilised within the Group's impairment forecasting process which in turn feeds the wider business planning processes. The ECL models are also used to set the Group's credit risk appetite thresholds and limits.

Period over which ECL is measured

The ECL is measured from the initial recognition of the asset which is the date at which the loan is originated or the date a loan is purchased and at each balance sheet date thereafter. The maximum period considered when measuring ECL (either 12 months or lifetime ECL) is the maximum contractual period over which the Group is exposed to the credit risk of the asset. For modelling purposes, the Group considers the contractual maturity of the loan product and then considers the behavioural trends of the asset.

Purchased or originated credit impaired (POCI)

Acquired loans that meet the Group's definition of default (90 days past due or an unlikely to pay position) at acquisition are treated as POCI assets. These assets attract a lifetime ECL allowance over the full term of the loan, even when these loans no longer meet the definition of default post-acquisition. The Group does not originate credit-impaired loans.

Write-off

Loans are written off against the related provision when the underlying security is sold and there is a shortfall amount remaining. Subsequent recoveries of amounts previously written off are taken through profit and loss. Accounts that are derecognised for accounting purposes will continue to be serviced and corresponding collection procedures are only discontinued following approval from the Group Chief Credit Officer.

Intercompany loans

Intercompany receivables in the Company financial statements are assessed for ECL based on an assessment of the PD and LGD, discounted to a net present value.

Other financial assets

Other financial assets comprise cash balances with the BoE and other credit institutions and high-grade investment securities. The Group deems the likelihood of default across these counterparties as low and does not recognise a provision against the carrying balances.

Share repurchase

Upon Board authorisation of a share repurchase programme and signing an irrevocable agreement, a share repurchase liability is recognised in other liabilities with the offset in retained earnings. Each share repurchase reduces the provision. Upon share cancellation, share capital is debited with a credit to the capital redemption reserve equal to the nominal value of £0.01 for each share cancelled.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

(n) Loans and advances to customers

Loans and advances to customers are predominantly mortgage loans and advances to customers with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell in the near term. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the EIR method, less impairment losses. Where exposures are hedged by derivatives, designated and qualifying as fair value hedges, the fair value adjustment for the hedged risk to the carrying value of the hedged loans and advances is reported in fair value adjustments for hedged assets.

Loans and the related provision are written off when there is a shortfall remaining after the underlying security is sold. Subsequent recoveries of amounts previously written off are taken through profit or loss.

Loans and advances to customers over which the Group transfers its rights to the collateral thereon to the BoE under the TFSME and ILTR schemes are not derecognised from the Consolidated Statement of Financial Position, as the Group retains substantially all the risks and rewards of ownership, including all cash flows arising from the loans and advances and exposure to credit risk. The Group classifies the loans and advances at amortised cost under IFRS 9 Financial Instruments.

Loans and advances to customers include a small acquired mortgage portfolio where the contractual cash flows include payments that are not SPPI and as such are measured at FVTPL.

Loans and advances to customers include the Group's asset finance lease lending. Finance leases are initially measured at an amount equal to the net investment in the lease, using the interest rate implicit in the finance lease. Direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

(o) Investment securities

Investment securities include securities held for liquidity purposes. These assets are non-derivatives that are classified on an individual basis as amortised cost, FVOCI or FVTPL.

(p) Sale and repurchase agreements

Financial assets sold subject to repurchase agreements (repo) continue to be recognised in the financial statements if they fail the derecognition criteria of IFRS 9 described in paragraph m)iii above. The financial assets that are retained in the financial statements are reflected as loans and advances to customers or investment securities and the counterparty liability is included in amounts owed to credit institutions or other customers. Financial assets purchased under agreements to resell at a predetermined price where the transaction is financing in nature (reverse repo) are accounted for as loans and advances to credit institutions. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreement using the EIR method.

(q) Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps) to manage its exposure to interest rate risk. The Group does not hold or issue derivative financial instruments for proprietary trading.

The Group also uses derivatives to hedge the interest rate risk inherent in irrevocable offers to lend. This exposes the Group to movements in the fair value of derivatives until the loan is drawn. The changes to fair value are recognised in profit or loss in the period.

(r) Hedge accounting

The Group has chosen to continue to apply the hedge accounting requirements of International Accounting Standards (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.

The hedging strategy of the Group is divided into portfolio hedges, where the hedged item is a homogeneous portfolio of assets (mortgage lending or fixed rate bonds) or liabilities (savings products), and micro hedges, where the hedged item is a distinctly identifiable asset or liability (debt issuance). The Group applies fair value hedge accounting for both its portfolio and micro hedges.

i. Portfolio hedges

Portfolio hedge accounting allows for hedge effectiveness testing and accounting over an entire portfolio of financial assets or liabilities. The Group applies fair value portfolio hedge accounting to its fixed rate portfolio of mortgages and savings accounts and to fixed rate bonds held as a liquidity portfolio. The hedged portfolio is analysed into repricing time periods based on expected repricing dates, utilising the Group Assets and Liabilities Committee (ALCO) approved prepayment curve. Interest rate swaps are designated against the repricing time periods to establish the hedge relationship.

ii. Micro hedges

The Group's micro hedging strategy entails hedge accounting on an individual instrument-by-instrument basis, which in some instances may be implemented through partial term fair value hedging where the instrument may be exercised early. The Group applies fair value micro hedge accounting to manage its exposure to the interest rate risk arising from some of its fixed rate debt issuances. Interest rate swaps are assigned to specific issuances of fixed rate notes with terms that closely align with the hedged item.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

iii. Hedge effectiveness

Hedge effectiveness is calculated as a percentage of the fair value movement of the interest rate swap against the fair value movement of the hedged item over the period tested.

The Group considers the following as key sources of hedge ineffectiveness:

- the mismatch in maturity date of the swap and hedged item, as swaps with a given maturity date cover a portfolio of hedged items which may mature throughout the month;
- the actual behaviour of the hedged item differing from expectations, such as early repayments or withdrawals and arrears;
- minimal movements in the yield curve leading to ineffectiveness where hedge relationships are sensitive to small value changes; and
- the mismatch in the swap interest rate and rate used to value the hedged item where the swap rate is higher than the contractual rate of the hedged item.

Where there is an effective hedge relationship for fair value hedges, the Group recognises the change in fair value of each hedged item in profit or loss with the cumulative movement in their value being shown separately in the Consolidated Statement of Financial Position as fair value adjustments on hedged assets and liabilities. The fair value changes of both the derivative and the hedge substantially offset each other to reduce profit volatility.

The Group discontinues hedge accounting when the derivative ceases through expiry, when the derivative is cancelled or the underlying hedged item matures, is sold or is repaid.

If a derivative no longer meets the criteria for hedge accounting or is cancelled whilst still effective, including LIBOR-linked derivatives cancelled as a result of Interbank Offered Rate (IBOR) reforms, the fair value adjustment relating to the hedged assets or liabilities within the hedge relationship prior to the derivative becoming ineffective or being cancelled remains on the Consolidated Statement of Financial Position and is amortised over the remaining life of the hedged assets or liabilities. The rate of amortisation over the remaining life is in line with expected income or cost generated from the hedged assets or liabilities. Each reporting period, the expectation is compared to actual with an accelerated run-off applied where the two diverge by more than set parameters.

(s) Debit and credit valuation adjustments

The DVA and CVA are included in the fair value of derivative financial instruments. The DVA is based on the expected loss a counterparty faces due to the risk of the Group's two banking entities defaulting. The CVA reflects the Group's risk of the counterparty's default.

The methodology is based on a standard calculation, taking into account the credit rating of the swap counterparty, time to maturity, the fair value of the swap and any collateral arrangements.

(t) Provisions and contingent liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that the obligation will be settled and the amount can be estimated reliably.

Provisions include ECLs on the Group's undrawn loan commitments.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events which are either not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but disclosed.

(u) Employee benefits – defined contribution scheme

The Group contributes to defined contribution personal pension plans or defined contribution retirement benefit schemes for all qualifying employees who subscribe to the terms and conditions of the schemes' policies.

Obligations for contributions to defined contribution pension arrangements are recognised as an expense in profit or loss as incurred.

(v) Share-based payments

Equity-settled share-based payments to employees providing services are measured at the fair value of the equity instruments at the grant date in accordance with IFRS 2. The fair value excludes the effect of non-market-based vesting conditions.

The cost of the awards is charged on a straight-line basis to profit or loss (with a corresponding increase in the share-based payment reserve within equity) over the vesting period in which the employees become entitled to the awards. The increase within the share-based payment reserve is reclassified to retained earnings upon exercise.

The amount recognised as an expense for non-market conditions and related service conditions is adjusted each reporting period to reflect the actual number of awards expected to be met. The amount recognised as an expense for awards subject to market conditions is based on the proportion that is expected to meet the condition as assessed at the grant date. No adjustment is made to the fair value of each award calculated at grant date.

Share-based payments that are not subject to further vesting conditions (i.e. the Deferred Share Bonus Plan (DSBP) for senior managers) are expensed in the year services are received with a corresponding increase in equity.

Where the allowable cost of share-based options or awards for tax purposes is greater than the cost determined in accordance with IFRS 2, the tax effect of the excess is taken to the share-based payment reserve within equity. The tax effect is reclassified to retained earnings upon vesting.

Employer's national insurance is charged to profit or loss at the share price at the reporting date on the same service or vesting schedules as the underlying options and awards.

Own shares are recorded at cost and deducted from equity and represent shares of OSBG that are held by the EBT.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

(w) Leases

Lessee accounting

The Group's leases are predominantly for property leases where the Group is a lessee. At lease commencement date, the Group recognises the right-of-use asset and lease liability on the statement of financial position, except for leases of low-value assets and short-term leases of 12 months or less are recognised directly in profit or loss on a straight-line basis over the lease term.

Lease liability payments are recognised within financing activities in the Consolidated Statement of Cash Flows.

The Group assesses the likely impact of early terminations in recognising the right-of-use asset and lease liability where an option to terminate early exists.

For modifications that increase the length of a lease the modified lease term is determined, and the lease liability remeasured by discounting the revised lease payments using a revised discount rate, at the effective date of the lease modification; a corresponding adjustment is made to the right-of-use asset. Where modifications decrease the length of a lease, the lease liability and right-of-use asset are reduced in proportion to the reduction in the lease term, with any gain or loss recognised in profit or loss.

Lessor accounting

Finance leases are initially measured at an amount equal to the net investment in the lease, using the interest rate implicit in the finance lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

(x) Adoption of new standards

International financial reporting standards issued and adopted for the first time in the year ended 31 December 2025

'Lack of Exchangeability – Amendments to International Accounting Standard 21' is effective from 1 January 2025. The adoption of the amendment has not had a material impact on the Group.

Exemptions

The Group has applied the temporary exception issued by IASB from the accounting requirements for deferred taxes in IAS 12 'Income Taxes'. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar 2 income taxes.

International financial reporting standards issued but not yet effective which are applicable to the Group

In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements which is designed to give more comparability between entities in the presentation and classification of items within the income statement and around management-defined performance measures and is effective for reporting periods beginning on or after 1 January 2026. The Group is currently assessing the impacts of this standard.

Certain other amendments to accounting standards and interpretations that were not effective on 31 December 2025 have not been early-adopted by the Group. The adoption of these amendments is not expected to have a material impact on the financial statements of the Group in future periods.

2. Judgements in applying accounting policies and critical accounting estimates

In preparing these financial statements, the Group has made judgements, estimates and assumptions which affect the reported amounts within the current and future financial years. Actual results may differ from these estimates.

As set out in the Strategic Report on page 95, climate change is a global challenge and an emerging risk to businesses, people and the environment. Therefore, in preparing the financial statements, the Group has considered the impact of climate-related risks on its financial position and performance, including the impact on ECL and redemption profiles included in EIR. While the effects of climate change represent a source of uncertainty, the Group does not consider there to be a material impact on its judgements and estimates from the physical or transition risks in the short term. As part of the Group's recognition of climate risk and overall Environmental, Social and Governance (ESG) agenda, the Group considers the physical risks of climate change and has retained a post-model adjustment (PMA) of £1.0m (2024: £0.3m) as of 31 December 2025.

Estimates and judgements are regularly reviewed based on past experience, expectations of future events and other factors.

Judgements

The Group has made the following key judgements in applying the accounting policies:

(i) Loan book impairments

Significant increase in credit risk for classification in stage 2

The Group applies both quantitative and qualitative measures to assess whether an asset has experienced a SICR. Determining specific trigger thresholds, alongside relevant risk indicators, involves judgement, and variations in these thresholds could materially affect the ECL allowance. The Group continuously reviews and monitors the effectiveness of its SICR criteria, with quantitative measures incorporating forward looking information. In addition, qualitative triggers are applied in certain circumstances, including where a customer holds multiple loans and linked accounts are in arrears; where the customer has exceeded their contractual term; where there are early signs of bankruptcy or individual voluntary arrangements; where key forbearance or impairment measures have been implemented; or where accounts are otherwise in arrears.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

2. Judgements in applying accounting policies and critical accounting estimates continued

(ii) IFRS 9 classification

Application of the 'business model' requirements under IFRS 9 requires the Group to conclude on the business models that it operates and is a fundamental aspect in determining the classification of the Group's financial assets.

Management assessed the intention for holding financial assets and the contractual terms of those assets, concluding that the Group's business model is a 'held to collect' business model. This conclusion was reached on the basis that the Group originates and purchases loans and advances with the intention to collect contractual cash flows over the life of the originated or purchased financial instrument. The Group considered recent transactions leading to the derecognition of mortgages (see note 6) and concluded that the size and frequency of such transactions did not affect the Group's overall business model.

The Group considers whether the contractual terms of a financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding when applying the classification criteria of IFRS 9. The majority of the Group's assets being loans and advances to customers which have been accounted for under amortised cost with the exception of one acquired mortgage book of £11.6m (2024: £12.9m) that is recognised at FVTPL.

Estimates

The Group has made the following estimates in the application of the accounting policies that have a significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Loan book impairments

Set out below are details of the critical accounting estimates which underpin loan impairment calculations, with only those that may result in a material impact over the next 12 months being disclosed. The Group has recognised total impairments of £123.6m (2024: £126.9m) at the reporting date as disclosed in note 20.

Modelled impairment

Modelled provision assessments are also subject to estimation uncertainty, underpinned by a number of estimates being made by management which are utilised within impairment calculations. Key areas of estimation within modelled provisioning calculations include those regarding PD, LGD and forward-looking macroeconomic scenarios.

Probability of default model

The Group has a number of PD models, which include estimates regarding scorecards, survival rates, prepayment rates and lifetime curves. The PD is sensitive to the application of unemployment rates, with an uplift of the unemployment rate by 1% seen as a reasonable change when reviewing historical and expected 12-month outcomes. The table below shows the resulting incremental provision required in a 1% uplift in unemployment rate (2024: an 1% uplift in unemployment rate) applied to all scenarios in perpetuity.

	2025 £m	2024 £m
OSB	11.5	6.5
CCFS	1.3	2.0
Group	12.8	8.5

The Group's forecasts of unemployment rates used in the impairment models are disclosed in the Risk profile performance review on page 62.

Loss given default model

The Group has a number of LGD models, which include estimates regarding propensity to go to possession given default (PPD), forced sale discount, time to sale and sale costs. The LGD is sensitive to the application of the HPI, with an 8% haircut (2024: an 8% haircut) seen to be a reasonable downside movement within observed market volatility and is broadly consistent with adverse but plausible macroeconomic conditions. The table below shows the resulting incremental provision required in an 8% house price haircut (2024: an 8% house price haircut) being directly applied to all exposures at 31 December 2025 which not only adjust the sale discount but also the propensity to go to possession.

	2025 £m	2024 £m
OSB	19.3	22.3
CCFS	5.8	9.1
Group	25.1	31.4

The Group's forecasts of HPI movements used in the impairment models are disclosed in the Risk profile performance review on page 62.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

2. Judgements in applying accounting policies and critical accounting estimates continued

Forward-looking macroeconomic scenarios

The forward-looking macroeconomic scenarios affect all model components of the ECL thus the calculation remains sensitive to both the scenarios utilised and their associated probability weightings.

The Group has adopted an approach which utilises four macroeconomic scenarios. These scenarios are provided by a reputable economics advisory firm, providing management and the Board with advice on which scenarios to utilise and the probability weightings to attach to each scenario. A base case forecast is provided, together with a plausible upside scenario. Two downside scenarios are also provided (downside and a severe downside). The Group's macroeconomic scenarios can be found on page 62.

The following tables detail the ECL scenario sensitivity analysis with each scenario weighted at 100% probability. The sensitivity analysis is performed without considering the staging shifts driven by relative or absolute PD thresholds. The purpose of using multiple economic scenarios is to model the non-linear impact of assumptions surrounding macroeconomic factors and incorporate them into the ECL calculation:

As at 31 December 2025	Weighted (see note 20)	100% Base case scenario	100% Upside scenario	100% Downside scenario	100% Severe downside scenario
Total loans before provisions, £m	26,032.6	26,032.6	26,032.6	26,032.6	26,032.6
Modelled ECL, £m	74.6	56.8	48.4	98.8	176.4
Individually assessed provisions ECL, £m	44.3	44.3	44.3	44.3	44.3
Post model adjustments ECL, £m	4.7	3.8	3.2	5.9	10.3
Total ECL, £m	123.6	104.9	95.9	149.0	231.0
ECL coverage, %	0.47	0.40	0.37	0.57	0.89

As at 31 December 2024	Weighted (see note 20)	100% Base case scenario	100% Upside scenario	100% Downside scenario	100% Severe downside scenario
Total loans before provisions, £m	25,240.3	25,240.3	25,240.3	25,240.3	25,240.3
Modelled ECL, £m	79.6	63.6	53.2	114.5	153.0
Individually assessed provisions ECL, £m	37.6	37.6	37.6	37.6	37.6
Post model adjustments ECL, £m	9.7	7.2	4.3	15.9	23.5
Total ECL, £m	126.9	108.4	95.1	168.0	214.1
ECL coverage, %	0.50	0.43	0.38	0.67	0.85

The Group's assessment of ECL primarily focuses on scenarios where economic distress is driven by weak demand. These scenarios typically involve low inflation accompanied by falling interest rates.

While the Group acknowledges that economic distress can also stem from supply-side shocks (characterised by high inflation and rising interest rates), the analysis suggested that the impact of such scenarios on the ECL calculation is not currently significant. The Group will continue to monitor the potential impact of supply-driven shocks on ECL and will incorporate these considerations if they become material in future reporting periods.

(ii) Effective interest rate on lending

Estimates are made when calculating the EIR for loan assets. These include the likely customer redemption profiles. Mortgage products offered by the Group include directly attributable net fee income and a period on reversion rates after the fixed/discount period.

Products revert to the standard variable rate (SVR) or base rate plus a margin for the Kent Reliance (OSB) brand, a SONIA/Base rate plus a margin for the Precise (CCFS) brand and a LIBOR replacement rate/base rate for the InterBay brand. Subsequent to origination, changes in actual and expected customer prepayment rates are reflected as increases or decreases in the carrying value of loan assets with a corresponding increase or decrease in interest income. The Group uses historical customer behaviours, expected take-up rate of retention products and macroeconomic forecasts in its assessment of expected prepayment rates. Customer prepayments in a fixed rate or incentive period can give rise to Early Repayment Charge (ERC) income.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

2. Judgements in applying accounting policies and critical accounting estimates continued

Judgement is used in estimating the expected average life of a mortgage, to determine the quantum and timing of redemptions that incur ERCs, the period over which net fee income is recognised and the length of time customers spend on reversion after the fixed/discounted period. Estimates are reviewed regularly and during 2025, the Group made small adjustments to the average time on reversion reflecting latest observed behaviour. An additional adjustment related to the intra-month recognition of received cash flows had the effect of removing 0.3 months in the average time spent in reversion across the Group's portfolios. The adverse EIR adjustment for 2025 was £10.5m (31 December 2024: adverse EIR adjustment of £15.9m) which reduced net interest income and loans and advances to customers.

The impact of a +/- two months movement in time spent on reversion by Precise customers is +/- £17.7m. £13.9m of this total sensitivity relates to the £2.5bn of loans with product terms issued up to the end of 2022. These loans are from the annual cohorts identified as having been written in a low-rate environment. The remaining £3.8m sensitivity relates to the £6.9bn in loans with product terms issued from 2023 onwards, written in a higher-rate environment, where the step-up in reversion is smaller.

As base rate increased throughout 2022 and 2023, using the EIR approach resulted in additional monthly net interest income as the benefit of time spent on a reversion rate became greater. Forward rates are used in the EIR calculation and a decrease greater than the current forward rate assumptions leads to a decrease in monthly net interest income. Based on the loans and advances to customers, balance as at 31 December 2025, if there was a 50bps parallel shift downwards in the forward curve, it is estimated that this would decrease monthly interest income by £1.3m across all mortgage portfolios.

3. Interest receivable and similar income

	2025 £m	2024 £m
At amortised cost:		
On OSB mortgages ¹	946.4	858.6
On CCFS mortgages ²	579.6	627.4
On finance leases	26.4	17.9
On investment securities	44.4	30.7
On other liquid assets ³	117.9	173.7
Amortisation of fair value adjustments on CCFS loan book at Combination	–	(24.4)
Amortisation of fair value adjustments on hedged assets ⁴	23.0	20.5
	1,737.7	1,704.4
At FVTPL:		
Net income on derivative financial instruments – lending and investment activities	144.5	384.3
On investment securities	18.5	1.6
	163.0	385.9
At FVOCI:		
On investment securities	14.1	9.0
	1,914.8	2,099.3

1. Includes adverse EIR behavioural adjustment of £3.4m (2024: £3.1m adverse).

2. Includes adverse EIR behavioural adjustment of £7.1m (2024: £12.8m adverse).

3. Includes primarily interest income on BoE call account, call accounts with other banks and on cash margin with swap counterparties.

4. The amortisation relates to hedged assets where the hedges were terminated before maturity and were effective at the point of termination.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

4. Interest payable and similar charges

	2025 £m	2024 £m
At amortised cost:		
On retail deposits	1,024.6	1,118.1
On BoE borrowings	40.6	113.8
On debt securities in issue	51.0	62.7
On senior notes	64.7	63.5
On subordinated debt liabilities	25.3	25.3
On wholesale borrowings	20.5	17.7
On Perpetual Subordinated Bonds	–	0.5
On lease liabilities	0.2	0.3
	1,226.9	1,401.9
At FVTPL:		
Net expense on derivative financial instruments – savings activities	4.7	20.5
Net expense on derivative financial instruments – subordinated debt liabilities and senior notes	1.4	7.2
Net expense on derivative financial instruments – structural hedge	2.4	3.3
	1,235.4	1,432.9

5. Fair value losses on financial instruments

	2025 £m	2024 £m
Fair value changes in hedged assets	248.3	31.7
Hedging of assets	(251.8)	(53.6)
Fair value changes in hedged liabilities	(19.0)	37.9
Hedging of liabilities	20.8	(35.8)
Ineffective portion of hedges	(1.7)	(19.8)
Net (losses)/gains on unmatched swaps	(16.2)	21.2
Amortisation of inception adjustments	(9.4)	(5.5)
Amortisation of acquisition-related inception adjustments	–	2.3
Amortisation of de-designated hedge relationships	3.9	(0.9)
Fair value movements on mortgages at FVTPL	0.3	0.7
Fair value movements on loans and advances to credit institutions at FVTPL	–	0.5
Fair value movements on investment securities at FVTPL	0.9	–
Debit and credit valuation adjustment	0.1	–
	(22.1)	(1.5)

6. Gain/(loss) on sale of financial assets held at amortised cost

In September 2025, the Group sold its second charge portfolio for proceeds of £134.2m. The Group recognised a profit on sale of £3.4m from this transaction.

In December 2024, the Group completed PMF 2024-2 transaction which securitised £1,249.9m of CCFS Buy-to-Let (BTL) mortgages. The Group recognised a loss on sale of £2.4m from this transaction.

7. Other operating income

	2025 £m	2024 £m
Interest received on mortgages held at FVTPL	0.7	0.9
Fees and commissions receivable	5.5	3.8
Other income	1.1	–
	7.3	4.7

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

8. Administrative expenses

	2025 £m	2024 £m
Staff costs	148.6	143.9
Support costs	53.3	49.3
Professional fees	25.3	25.7
Facilities costs	7.1	7.9
Depreciation (see note 25)	6.7	6.3
Amortisation (see note 26)	9.2	5.0
Marketing costs	5.6	5.0
Other costs	14.3	15.0
	270.1	258.1

Included in professional fees are amounts paid to the Company's auditor as follows:

	2025 £'000	2024 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	87	83
Fees payable to the Company's auditor for the audit of the accounts of subsidiaries	4,376	4,038
Total audit fees	4,463	4,121
Audit-related assurance services ¹	319	391
Other assurance services ²	414	330
Other non-audit services ³	1	73
Total non-audit fees	734	794
Total fees payable to the Company's auditor	5,197	4,915

- Includes review of interim financial information and profit verifications.
- Costs comprise assurance reviews of Alternative Performance Measures (APMs), ESG, European Single Electronic Format (ESEF) tagging and AT1 issuance comfort letter.
- 2024 costs primarily comprise work related to the Euro Medium Term Note (EMTN) programme.

Staff costs comprise the following:

	2025 £m	2024 £m
Salaries, incentive pay and other benefits	120.9	119.2
Share-based payments	6.9	6.3
Social security costs	15.2	12.7
Other pension costs	5.6	5.7
	148.6	143.9

During the year £6.9m (2024: £2.7m) of staff costs were capitalised to intangible assets as part of the Group's transformation programme.

The average number of people employed by the Group (including Executive Directors) during the year is analysed below.

	2025	2024
UK	1,467	1,566
India	1,016	993
	2,483	2,559

9. Directors' emoluments and transactions

	2025 £'000	2024 £'000
Short-term employee benefits ¹	3,241	2,853
Post-employment benefits	126	102
Share-based payments ²	898	746
	4,265	3,701

- Short-term employee benefits comprise Directors' salary costs, Non-Executive Directors' fees and other short-term incentive benefits, which are disclosed in the Annual Report on Remuneration. The 2024 comparative has been restated to exclude deferred bonuses of £393k, which are disclosed separately in the paragraph below.
- Share-based payments represent the amounts received by Directors for schemes that vested during the year.

In addition to the total Directors' emoluments above, the Executive Directors were granted deferred bonuses of £542k (2024: £393k) in the form of shares.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

9. Directors’ emoluments and transactions continued

The Executive Directors received a further share award under the Performance Share Plan (PSP) with a grant date fair value of £1,613k (2024: £1,613k) using a share price of £3.58 (2024: £3.86) (the mid-market quotation on the day preceding the date of grant). These shares will vest in line with regulatory requirements, with 75% to vest after three years and the remaining 25% to vest in year four. See page 155 of the Directors’ Remuneration Report for further information.

The Directors of the Company are employed and compensated by OneSavings Bank plc.

No compensation was paid for loss of office during 2025 and 2024.

There were no outstanding loans granted in the ordinary course of business to Directors and their connected persons as at 31 December 2025 and 2024.

The Annual Report on Remuneration and note 10 Share-based payments provide further details on Directors’ emoluments.

10. Share-based payments

The share-based expense for the year includes a charge in respect of the Sharesave Scheme, DSBP and PSP. All charges are included in employee expenses within note 8 Administrative expenses.

A summary of the share-based schemes operated by the Group is set out below.

Sharesave Scheme

The Sharesave Scheme is a share option scheme which is available to all UK-based employees. The Sharesave Scheme allows employees to purchase options by saving a fixed amount of between £10 and £500 per month over a period of three years at the end of which the options, subject to leaver provisions, are usually exercisable. If not exercised, the amount saved is returned to the employee. The Sharesave Scheme has been in operation since 2014 and an invitation to join the scheme is usually extended annually, with the option price calculated using the mid-market price of an OSBG ordinary share over the three dealing days prior to the Invitation Date and applying a discount of 20%.

Deferred Share Bonus Plan

DSBP awards are granted to Executive Directors and certain senior managers to allow a portion of their performance bonuses to be deferred in shares for up to three to seven years for Executive Directors and typically one year for senior managers. There are no further performance or vesting conditions attached to deferred awards for senior managers, which also applies to Executive Directors for awards granted from April 2021. The DSBP awards are subject to clawback provisions and are expensed in the year services are received with a corresponding increase in equity.

DSBP awards for senior managers carry entitlements to dividend equivalents, which are paid when the awards vest. DSBP awards granted from April 2021 to Executive Directors are entitled to dividend equivalents. Awards granted in prior years were not entitled to dividend equivalents.

Performance Share Plan

PSP awards are typically made annually at the discretion of the Group Remuneration and People Committee with Executive Directors and certain senior managers being eligible for awards. The vesting of PSP awards is determined based on a mixture of internal financial performance targets, risk-based measures, ESG targets and relative total shareholder returns (TSR). The Group recognises the expense related to the PSP scheme over three years.

The performance conditions that apply to PSP awards are based on a combination of weightings as follows:

	2024 onwards	2020–2023
EPS %	30	35
TSR %	30	35
Risk based %	15	15
Return on equity (ROE) %	15	15
ESG %	10	–

The PSP conditions are assessed independently. The EPS element assesses the EPS growth rate over the performance period. For the TSR element, the performance of the Company’s ordinary shares is measured against the constituents of the FTSE 250 (excluding investment trusts). The risk-based measure is assessed against the risk management performance with regard to all relevant risks. The ROE element is assessed based on the Group’s profit after taxation as a percentage of average shareholders’ equity. From 2025 this measure is based on Return on Tangible Equity, as defined in Appendix 4. The ESG performance will be determined based on the progress against the ESG strategy which will be informed by performance against key employees and environmental metrics.

The share-based payment expense during the year comprised the following:

	2025 £m	2024 £m
Sharesave Scheme	0.8	0.8
Deferred Share Bonus Plan	2.9	2.6
Performance Share Plan	3.2	2.9
	6.9	6.3

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

10. Share-based payments continued

Movements in the number of share awards and their weighted average exercise prices are set out below:

	Sharesave Scheme		Deferred Share Bonus Plan	Performance Share Plan
	Number	Weighted average exercise price, £	Number	Number
As at 1 January 2025	2,935,729	2.91	944,795	8,564,430
Granted	335,050	4.48	570,101	3,821,018
Exercised/Vested	(425,537)	3.37	(554,781)	(918,105)
Forfeited	(347,569)	2.98	(8,042)	(1,714,923)
As at 31 December 2025	2,497,673	3.03	952,073	9,752,420
Exercisable at:				
31 December 2025	25,377	3.25	–	–

As at 1 January 2024	2,801,587	2.91	895,162	6,747,268
Granted	898,516	2.96	587,681	3,501,310
Exercised/Vested	(303,627)	2.47	(531,669)	(772,568)
Forfeited	(460,747)	3.29	(6,379)	(911,580)
As at 31 December 2024	2,935,729	2.91	944,795	8,564,430
Exercisable at:				
31 December 2024	81,035	3.90	–	–

For the share-based awards granted during the year, the weighted average grant date fair value was 338 pence (2024: 272 pence).

The range of exercise prices and weighted average remaining contractual life of outstanding awards are as follows:

Exercise price	2025		2024	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
Sharesave Scheme				
229–448 pence (2024: 229–429 pence)	2,497,673	1.5	2,935,729	2.0
Deferred Share Bonus Plan				
Nil	952,073	0.9	944,795	1.1
Performance Share Plan				
Nil	9,752,420	2.5	8,564,430	2.5
	13,202,166	2.2	12,444,954	2.3

Sharesave Scheme

	2025	2024	2023	2022	2021	2020	2019
Contractual life, years	3	3	3	3	3	5	5
Share price at issue, £	5.60	3.70	3.40	5.36	5.13	2.86	3.32
Exercise price, £	4.48	2.96	2.72	4.29	3.96	2.29	2.65
Expected volatility, %	34.0	51.9	46.5	31.4	37.9	57.6	31.9
Risk-free rate, %	3.5	3.7	4.8	5.3	1.3	0.2	0.8
Dividend yield, %	6.1	8.1	9.9	7.3	4.5	3.3	4.8
Grant date fair value, £	1.33	1.28	0.85	0.68	1.46	1.34	0.91

The Sharesave Schemes are not entitled to dividends between the option and exercise date. A Black Scholes model is used to determine the grant date fair value with three inputs:

- Expected volatility – based on the Company's share price.
- Risk-free rate – based on Government bonds.
- Dividend yield – based on the average dividend yield across external analyst reports for the quarter prior to scheme grant date.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

10. Share-based payments continued

Deferred Share Bonus Plan

For awards granted from 2021, there are no further performance or vesting conditions attached to deferred awards, for further details see DSBP above.

For DSBP awards where conditions exist, these schemes carry no rights to dividend equivalents and a Black Scholes model is used to determine the grant date fair value with a dividend yield input applied – based on the average dividend yield across external analyst reports for the quarter prior to scheme grant date.

Performance Share Plan

Non-market performance conditions also exist for the scheme, notably that a participant is employed by the Company over the performance period with good leaver exceptions, and an attrition rate is applied as an estimate of the actual number of awards that will meet the related conditions at the vesting date.

The awards are not entitled to a dividend equivalent between grant date and vesting and a Black Scholes model is used to determine the grant date fair value with a dividend yield input applied – based on the average dividend yield across external analyst reports for the quarter prior to the scheme grant date.

The fair value of the portion of awards that is subject to market conditions (i.e. the relative TSR element of the PSP) is determined at the grant date using a Monte Carlo model.

The inputs into the models are as follows:

	2025	2024	2023	2022	2021
Mid-market share price, £	4.46	3.86	5.01	5.58	4.94
Attrition rate, %	11.6	9.7	6.0	6.9	12.8
Expected volatility, %	42.0	49.8	35.4	37.4	59.5
Dividend yield, %	7.5	7.3	8.7	4.7	3.8
Vesting rate – TSR %	25.7	33.0	62.7	32.3	40.8
Grant date fair value, £	3.38	2.53	3.08	4.64	4.26

11. Taxation

The Group publishes its tax strategy on its corporate website. The table below shows the components of the Group's tax charge for the year:

	2025 £m	2024 £m
Current tax		
Corporation tax	90.4	110.2
Corporation tax – prior year adjustments	(0.4)	(4.8)
Total current tax charge	90.0	105.4
Deferred tax		
Deferred tax	6.5	5.4
Deferred tax – prior year adjustments	0.3	5.5
Release of deferred tax on CCFS Combination	–	(6.3)
Total deferred tax charge	6.8	4.6
Total tax charge	96.8	110.0

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

11. Taxation continued

The charge for taxation on the Group's profit before taxation differs from the charge based on the standard rate of UK Corporation Tax of 25.0% (2024: 25.0%) as follows:

	2025 £m	2024 £m
Profit before taxation	382.5	418.1
Profit multiplied by the standard rate of UK Corporation Tax 25% (2024: 25%)	95.6	104.5
Bank surcharge ¹	4.7	6.6
Tax effects of:		
Income not taxable	(1.4)	(0.2)
Timing differences on capital items	(6.0)	(4.7)
Fair value adjustments on acquisition	–	6.3
Adjustments in respect of earlier years	(0.4)	(4.8)
Tax on coupon paid on AT1 securities ²	(2.5)	(2.3)
Total current tax charge	90.0	105.4
Movements in deferred taxes	6.5	5.4
Deferred tax – prior year adjustments	0.3	5.5
Release of deferred tax on CCFS Combination	–	(6.3)
Total deferred tax charge	6.8	4.6
Total tax charge	96.8	110.0

- In 2024 the tax charge for the two banking entities of £7.4m was offset by the tax impact of unwinding CCFS Combination items of £0.8m.
- The Group has issued AT1 capital instruments that are classified as Hybrid Capital Instruments (HCI) for tax purposes. The coupons paid under HCI are deductible under UK tax legislation despite being charged to equity.

Factors affecting tax charge for the year

The standard rate of UK corporation tax applicable in the period was 25.0% (2024: 25.0%). The Group's banking entities also pay the bank surcharge at 3.0% (2024: 3.0%) on combined profits for the full year above £100.0m (2024: £100.0m).

The effective tax rate for the year ended 31 December 2025, excluding the impact of adjustments in respect of earlier years and the deferred tax rate change, was 25.3% (2024: 26.1%). This is higher than the standard rate of UK corporation tax, principally due to the impact of the bank surcharge payable by the two banking entities, offset by the impact of swap movements in securitisation companies that are not subject to tax, and deductions available for the coupon paid on AT1 instruments that are charged to equity.

During the year a tax credit of £2.8m (2024: £0.3m) (comprising a deferred tax credit of £2.2m (2024: £0.1m) and current tax credit of £0.6m (2024: £0.2m)) has been recognised directly within equity relating to the Group's share-based payment schemes.

During the year a tax debit of £0.2m (2024: nil) has been recognised within other comprehensive income relating to investment securities classified as FVOCI.

Deferred taxation asset

The table below shows movements on deferred tax assets during the year.

	2025 £m	2024 £m
As at 1 January ¹	6.2	3.9
Profit or loss credit	0.6	1.2
Transferred from deferred tax liability ²	–	1.0
Tax taken directly to OCI	(0.2)	–
Tax taken directly to equity	2.2	0.1
As at 31 December¹	8.8	6.2

- Deferred taxation assets are recognised on share-based payments, IFRS 9 transitional adjustments, losses carried forward and accelerated depreciation.
- In 2024 £1.0m relating to accelerated depreciation previously shown within the deferred tax asset has been transferred to the deferred tax liability.

As at 31 December 2025, the Group had £3.5m (2024: £3.5m) of losses for which a deferred tax asset has not been recognised as the Group does not expect sufficient future profits in the entity from which the deferred tax asset arises to be available to utilise the losses.

As at 31 December 2025, deferred tax assets of £3.4m (2024: £2.7m) are expected to be utilised within 12 months and £5.4m (2024: £3.5m) utilised after 12 months.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

11 Taxation continued

Deferred taxation liability

The table below shows movements on deferred tax liability during the year.

	2025 £m	2024 £m
As at 1 January ¹	13.1	6.3
Profit or loss charge ²	7.1	0.3
Profit or loss charge – prior year	0.3	5.5
Transfer from deferred tax asset ³	–	1.0
As at 31 December¹	20.5	13.1

- Deferred taxation liability recognised on receipt of capital allowances in advance of associated depreciation, and on the timing differences in the recognition of assets and liabilities at fair value on Combination.
- In 2024, the profit or loss charge includes a release of £6.6m relating to fair values unwound of assets and liabilities recognised on Combination.
- In 2024, £1.0m relating to accelerated depreciation previously shown within the deferred tax asset was transferred to the deferred tax liability.

As at 31 December 2025, deferred tax liabilities of £2.9m (2024: £1.1m) are expected to be due within 12 months and £17.6m (2024: £12.0m) due after 12 months.

12. Earnings per share

EPS is based on the profit for the year and the weighted average number of ordinary shares in issue. Basic EPS are calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Diluted EPS take into account share options and awards which can be converted to ordinary shares.

For the purpose of calculating EPS, profit attributable to ordinary shareholders is arrived at by adjusting profit for the year for the coupon on securities classified as equity:

	2025 £m	2024 £m
Profit after tax	285.7	308.1
Less: coupon paid on AT1 securities classified as equity	(10.1)	(9.0)
Profit attributable to ordinary shareholders	275.6	299.1

	2025	2024
Weighted average number of shares, millions		
Basic	364.6	385.6
Dilutive impact of share-based payment schemes	9.7	9.5
Diluted	374.3	395.1
Earnings per share, pence per share		
Basic	75.6	77.6
Diluted	73.6	75.7

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

13. Dividends

	2025		2024	
	£m	Pence per share	£m	Pence per share
Final dividend for the prior year	84.9	22.9	85.6	21.8
Interim dividend for the current year	40.6	11.2	40.8	10.7
	125.5		126.4	

The Directors recommend a final dividend of £85.8m, 24.1 pence per share (2024: £85.2m, 22.9 pence per share) payable on 13 May 2026 with an ex-dividend date of 2 April 2026 and a record date of 7 April 2026. This dividend is not reflected in these financial statements as it is subject to approval by shareholders at the Annual General Meeting on 7 May 2026.

If the final dividend is approved, this will make up the total dividend for 2025 of £126.4m, 35.3 pence per share (2024: £126.0m, 33.6 pence per share).

A summary of the Company's distributable reserves is shown below:

	2025 £m	2024 £m
Retained earnings	1,349.1	1,354.2
Own shares ¹	(0.9)	(0.9)
Distributable reserves	1,348.2	1,353.3

1. Own shares comprises own shares held in the Group's EBT of £0.9m (2024: £0.9m) which are recognised within OSBG under look-through accounting.

Further additional distributable reserves can be realised over time from dividend receipts from profits generated from the subsidiaries including two regulated banks within the Group.

14. Cash and cash equivalents

The following table analyses the cash and cash equivalents disclosed in the consolidated statement of cash flows:

	2025 £m	2024 £m
Cash in hand	0.4	0.3
Unencumbered loans and advances to credit institutions (see note 15)	2,798.3	3,231.1
	2,798.7	3,231.4

15. Loans and advances to credit institutions

	2025 £m	2024 £m
Unencumbered:		
BoE call account	2,429.6	3,053.9
Short-term reverse repurchase agreements	200.6	–
Call accounts	83.4	58.5
Cash held in special purpose vehicles (SPVs) ¹	58.9	99.5
Term deposits	25.8	19.2
	2,798.3	3,231.1
Encumbered:		
Cash held in SPVs ¹	38.2	40.6
Cash margin given	216.5	134.2
	254.7	174.8
	3,053.0	3,405.9

1. Cash held in SPVs is ring-fenced for use in managing the Group's securitised debt facilities under the terms of securitisation agreements. Cash held in SPVs is treated as unencumbered in proportion to the retained interest in the SPV, based on the nominal value of the bonds held by the Group to total bonds in the securitisation, and is included in cash and cash equivalents. Cash retained in SPVs designated as cash reserve credit enhancement is treated as encumbered in proportion to the external holdings in the SPV and excluded from cash and cash equivalents.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

16. Investment securities

	2025 £m	2024 £m
Held at amortised cost:		
RMBS loan notes	608.5	742.1
Covered bonds	209.1	56.2
UK Sovereign debt	147.3	–
	964.9	798.3
Held at FVOCI:		
Supranational bonds	269.2	–
Covered bonds	148.9	–
UK Sovereign debt	30.7	226.0
	448.8	226.0
Held at FVTPL:		
RMBS loan notes	400.8	410.1
	1,814.5	1,434.4

At 31 December 2025, the Group used £293.9m of RMBS loan notes (2024: nil) as collateral in repurchase agreements.

The Directors consider that the primary purpose of holding investment securities is prudential. These securities are held as liquid assets with the intention of use on a continuing basis in the Group's activities and are classified as amortised cost, FVOCI and FVTPL in accordance with the Group's business model for each security.

The credit risk on investment securities held at amortised cost and FVOCI has not significantly increased since initial recognition and is categorised as stage 1. At 31 December 2025, there were no ECLs recognised on investment securities (2024: nil) as set out in note 1(m)(vii).

Movements during the year in investment securities held by the Group are analysed as follows:

	2025 £m	2024 £m
As at 1 January	1,434.4	621.7
Additions ¹	932.7	1,597.3
Disposals and maturities	(558.0)	(789.1)
Movement in accrued interest	2.2	4.6
Changes in fair value	3.2	(0.1)
As at 31 December	1,814.5	1,434.4

1. 2024 additions included £786.1m of notes received as part of PMF 2024-2 securitisation.

At 31 December 2025, investment securities included investments in unconsolidated structured entities (see note 41) of £461.8m notes in PMF 2024-2 (2024: £472.5m notes in PMF 2024-2 and £92.6m notes in PMF 2020-1B). These investments represent the maximum exposure to loss from unconsolidated structured entities.

17. Loans and advances to customers

	2025 £m	2024 £m
Held at amortised cost:		
Loans and advances (see note 18)	25,608.4	24,923.4
Finance lease (see note 19)	424.2	316.9
	26,032.6	25,240.3
Less: Expected credit losses (see note 20)	(123.6)	(126.9)
	25,909.0	25,113.4
Held at FVTPL:		
Residential mortgages	11.6	12.9
	25,920.6	25,126.3

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

18. Loans and advances

	2025			2024		
	OSB £m	CCFS £m	Total £m	OSB £m	CCFS £m	Total £m
Gross carrying amount						
Stage 1	13,327.6	7,407.5	20,735.1	12,029.3	7,539.0	19,568.3
Stage 2	2,194.4	1,621.4	3,815.8	2,411.8	1,935.5	4,347.3
Stage 3	714.8	299.5	1,014.3	653.2	294.1	947.3
Stage 3 (POCI)	16.4	26.8	43.2	27.8	32.7	60.5
	16,253.2	9,355.2	25,608.4	15,122.1	9,801.3	24,923.4

The mortgage loan balances pledged as collateral for liabilities are:

	2025 £m	2024 £m
BoE under TFSME and ILTR	2,385.4	3,745.2
Securitisation	1,019.5	995.9
	3,404.9	4,741.1

The Group's securitisation programmes and use of TFSME and ILTR result in certain assets being encumbered as collateral against such funding. As at 31 December 2025, the percentage of the Group's gross loans and advances to customers that are encumbered was 13% (2024: 19%).

The contractual amount outstanding on loans and advances that were written off during the reporting period and were still subject to collections and recovery activity was £9.9m at 31 December 2025 (2024: £1.9m).

As at 31 December 2025, loans and advances of £305.9m (2024: £280.8m) were in a probation period before they can move out of Stage 3, see note 1 (m) (vii) for further details.

Where a borrower has multiple facilities, all facilities are considered in default when a minimum threshold of the borrower's exposure has been classified as defaulted. As at 31 December 2025, loans and advances of £89.0m (2024: £72.0m) were in this category of default.

The table below shows the movement in loans and advances to customers by IFRS 9 stage during the year:

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Stage 3 (POCI) £m	Total £m
As at 1 January 2024	20,362.5	4,531.9	709.1	70.9	25,674.4
Originations ¹	3,771.6	–	–	–	3,771.6
Acquisitions ²	5.9	–	–	–	5.9
Disposals ⁴	(1,126.1)	(124.5)	(0.2)	–	(1,250.8)
Repayments and write-offs ³	(2,669.7)	(469.2)	(128.4)	(10.4)	(3,277.7)
Transfers:					
- To Stage 1	1,244.4	(1,210.5)	(33.9)	–	–
- To Stage 2	(1,874.4)	1,933.5	(59.1)	–	–
- To Stage 3	(145.9)	(313.9)	459.8	–	–
As at 31 December 2024	19,568.3	4,347.3	947.3	60.5	24,923.4
Originations ¹	4,467.7	–	–	–	4,467.7
Acquisitions ²	11.8	–	–	–	11.8
Disposals ⁴	(88.2)	(26.8)	(14.8)	(4.3)	(134.1)
Repayments and write-offs ³	(2,858.0)	(604.7)	(184.7)	(13.0)	(3,660.4)
Transfers:					
- To Stage 1	1,047.5	(1,007.2)	(40.3)	–	–
- To Stage 2	(1,266.4)	1,384.3	(117.9)	–	–
- To Stage 3	(147.6)	(277.1)	424.7	–	–
As at 31 December 2025	20,735.1	3,815.8	1,014.3	43.2	25,608.4

1. Originations include further advances and drawdowns on existing commitments.
2. The Group repurchased £11.8m (2024: £5.9m) of own-originated UK residential and Buy-to-Let mortgages from deconsolidated SPVs at par.
3. Repayments and write-offs include customer redemptions and £20.2m (2024: £10.7m) of write-offs during the year.
4. Disposals include loans and advances to customers derecognised as part of the sale of the second charge portfolio (2024: PMF 2024-2 securitisation).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

19. Finance leases

The Group provides asset finance lending through InterBay Asset Finance Limited.

	2025 £m	2024 £m
Gross investment in finance leases, receivable		
Less than one year	160.2	120.3
Between one and two years	131.3	97.7
Between two and three years	94.6	74.0
Between three and four years	58.1	42.2
Between four and five years	25.3	18.9
More than five years	7.6	4.8
	477.1	357.9
Unearned finance income	(52.9)	(41.0)
Net investment in finance leases	424.2	316.9
Net investment in finance leases, receivable		
Less than one year	136.3	102.0
Between one and two years	115.7	85.6
Between two and three years	86.1	67.4
Between three and four years	54.4	39.3
Between four and five years	24.3	18.0
More than five years	7.4	4.6
	424.2	316.9

The Group has recognised £6.3m of ECLs on finance leases as at 31 December 2025 (2024: £4.1m). During the year, originations in InterBay Asset Finance Limited amounted to £242.1m (2024: £182.1m).

20. Expected credit losses

The ECL has been calculated based on various scenarios as set out below:

	2025			2024		
	ECL provision	Weighting	Weighted ECL provision	ECL provision	Weighting	Weighted ECL provision
	£m	%	£m	£m	%	£m
Scenarios						
Upside	48.4	30	14.5	53.2	30	16.0
Base case	56.8	40	22.7	63.6	40	25.4
Downside scenario	98.8	20	19.8	114.5	20	22.9
Severe downside scenario	176.4	10	17.6	153.0	10	15.3
Total weighted provisions			74.6			79.6
Other Provisions:						
Individually assessed provisions			44.3			37.6
Post model adjustments			4.7			9.7
Total provision			123.6			126.9

The Group held £4.7m (2024: £9.7m) of ECL due to post model adjustments for risks not sufficiently accounted for in the IFRS 9 framework.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

20. Expected credit losses continued

The risk associated with the cost of borrowing, as interest rates have remained elevated, has transitioned into the model framework (2024: £2.1m). Similarly the PMA held to address the observed elongated time to sales post the pandemic have also transitioned into the model framework (2024: £6.3m). PMAs continue to be recognised for the physical risk relating to climate change and concerns around cladding amounting to £2.0m (2024: £1.3m). The Development Finance PMA recognised at 30 June 2025 continues to consider the uncertainty arising from a potential severe economic downturn at £1.9m, with the addition of a new PMA for the risk associated with the Renter's Rights Bill, which is expected to extend the time to sale, amounting to £0.8m.

The Group's ECL by segment and IFRS 9 stage is shown below:

	2025			2024		
	OSB £m	CCFS £m	Total £m	OSB £m	CCFS £m	Total £m
Stage 1	17.3	1.0	18.3	11.8	1.9	13.7
Stage 2	23.2	5.1	28.3	29.6	9.7	39.3
Stage 3	63.7	12.2	75.9	58.6	13.1	71.7
Stage 3 (POCI)	0.3	0.8	1.1	1.1	1.1	2.2
	104.5	19.1	123.6	101.1	25.8	126.9

The table below shows the movement in the ECL by IFRS 9 stage during the year. ECLs on originations and acquisitions reflect the IFRS 9 stage of loans originated or acquired during the year as at 31 December and not the date of origination. Re-measurement of loss allowance relates to existing loans which did not redeem during the year and includes the impact of loans moving between IFRS 9 stages.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Stage 3 (POCI) £m	Total £m
As at 1 January 2024	22.4	54.3	66.7	2.4	145.8
Originations	6.1	–	–	–	6.1
Acquisitions	0.1	–	–	–	0.1
Disposals ¹	(0.6)	(0.3)	–	–	(0.9)
Repayments and write-offs	(2.4)	(5.0)	(15.4)	(0.3)	(23.1)
Re-measurement of loss allowance	(24.3)	13.0	18.5	(0.3)	6.9
Transfers:					
- To Stage 1	15.3	(13.4)	(1.9)	–	–
- To Stage 2	(2.3)	3.9	(1.6)	–	–
- To Stage 3	(0.2)	(9.0)	9.2	–	–
Changes in assumptions and model parameters	(0.4)	(4.2)	(3.8)	0.4	(8.0)
As at 31 December 2024	13.7	39.3	71.7	2.2	126.9
Originations	8.1	–	–	–	8.1
Disposals ¹	(0.1)	(0.1)	(0.8)	(0.4)	(1.4)
Repayments and write-offs	(0.9)	(4.9)	(22.6)	(0.7)	(29.1)
Re-measurement of loss allowance	(12.5)	17.6	27.3	–	32.4
Transfers:					
- To Stage 1	10.4	(9.1)	(1.3)	–	–
- To Stage 2	(1.0)	3.2	(2.2)	–	–
- To Stage 3	(0.4)	(6.6)	7.0	–	–
Changes in assumptions and model parameters	1.0	(11.1)	(3.2)	–	(13.3)
As at 31 December 2025	18.3	28.3	75.9	1.1	123.6

1. Disposals include ECL on the loans and advances to customers derecognised as part of sale of the second charge portfolio (2024: PMF 2024-2 securitisation).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

20 Expected credit losses continued

The table below shows the stage 2 ECL balances by transfer criteria:

	2025			2024		
	Carrying value £m	ECL £m	Coverage %	Carrying value £m	ECL £m	Coverage %
Criteria:						
Relative/absolute PD movement	3,456.7	24.3	0.70	3,998.9	35.7	0.89
Qualitative measures	278.3	3.5	1.26	283.6	3.3	1.16
30 days past due backstop	86.3	0.5	0.58	70.4	0.3	0.43
Total	3,821.3	28.3	0.74	4,352.9	39.3	0.90

The Group has a number of qualitative measures to determine whether a SICR has taken place. These triggers utilise both internal performance information, to analyse whether an account is in distress but not yet in arrears, and external credit bureau information, to determine whether the customer is experiencing financial difficulty with an external credit obligation.

21. Impairment of financial assets

The charge/(credit) for impairment of financial assets in the Consolidated Statement of Comprehensive Income comprises:

	2025 £m	2024 £m
Write-offs in year, net of recoveries	20.2	10.7
Decrease in ECL provision	(7.2)	(22.4)
	13.0	(11.7)

22. Derivatives

The table below reconciles the gross amount of derivative contracts to the carrying balance shown in the Consolidated Statement of Financial Position:

	Gross amount of recognised financial assets / (liabilities) £m	Net amount of financial assets / (liabilities) presented in the Consolidated Statement of Financial Position £m	Contracts subject to master netting agreements not offset in the Consolidated Statement of Financial Position £m	Cash collateral paid / (received) not offset in the Consolidated Statement of Financial Position £m	Net amount £m
As at 31 December 2025					
Derivative assets:					
Interest rate risk hedging – product ¹	90.0	90.0	(65.6)	(6.7)	17.7
Interest rate risk hedging – structural hedge	11.4	11.4	(0.1)	(11.3)	–
	101.4	101.4	(65.7)	(18.0)	17.7
Derivative liabilities:					
Interest rate risk hedging – product ¹	(151.8)	(151.8)	65.6	83.1	(3.1)
Interest rate risk hedging – structural hedge	(0.2)	(0.2)	0.1	0.1	–
	(152.0)	(152.0)	65.7	83.2	(3.1)

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

22. Derivatives continued

As at 31 December 2024	Gross amount of recognised financial assets / (liabilities)	Net amount of financial assets / (liabilities) presented in the Consolidated Statement of Financial Position	Contracts subject to master netting agreements not offset in the Consolidated Statement of Financial Position	Cash collateral paid / (received) not offset in the Consolidated Statement of Financial Position	Net amount
	£m	£m	£m	£m	£m
Derivative assets:					
Interest rate risk hedging – product ¹	312.7	312.7	(75.7)	(163.8)	73.2
Interest rate risk hedging – structural hedge	1.1	1.1	(1.1)	–	–
	313.8	313.8	(76.8)	(163.8)	73.2
Derivative liabilities:					
Interest rate risk hedging – product ¹	(77.0)	(77.0)	75.7	–	(1.3)
Interest rate risk hedging – structural hedge	(4.9)	(4.9)	1.1	3.8	–
	(81.9)	(81.9)	76.8	3.8	(1.3)

1. Product relates to the hedging of loan assets, retail deposits, investment securities and debt issued, including pipeline hedges.

Derivative assets and liabilities include an initial margin of £150.3m (2024: £131.7m) with swap counterparties. Margin is posted daily in respect of derivatives transacted with swap counterparties.

Included within the Group's derivative assets is £17.7m (2024: £72.6m) and derivative liabilities £5.5m (2024: £1.2m) relating to derivative contracts not covered by master netting agreements on which no cash collateral has been paid.

The table below profiles the maturity of nominal amounts for interest rate risk hedging derivatives based on contractual maturity:

	Total nominal £m	Less than 3 months £m	3–12 months £m	1–5 years £m	More than 5 years £m
As at 31 December 2025					
Derivative assets	16,448.7	1,942.3	8,203.3	6,167.1	136.0
Derivative liabilities	15,816.1	473.5	2,495.3	12,596.3	251.0
	32,264.8	2,415.8	10,698.6	18,763.4	387.0
As at 31 December 2024					
Derivative assets	16,474.8	1,555.4	4,390.7	10,249.0	279.7
Derivative liabilities	11,291.4	711.0	4,696.8	5,773.6	110.0
	27,766.2	2,266.4	9,087.5	16,022.6	389.7

The Group has 1,468 (2024: 1,111) derivative contracts with an average fixed rate of 3.64% (2024: 3.71%).

23. Hedge accounting

	2025 £m	2024 £m
Hedged assets		
Current hedge relationships	93.7	(165.3)
Swap inception adjustment	5.0	23.5
Cancelled hedge relationships	(13.1)	(33.2)
De-designated hedge relationships	(0.5)	(4.3)
Fair value adjustments on hedged assets	85.1	(179.3)
Hedged liabilities		
Current hedge relationships	(12.9)	9.0
Swap inception adjustment	1.0	(2.9)
Fair value adjustments on hedged liabilities	(11.9)	6.1

The swap inception adjustment relates to hedge accounting adjustments arising when hedge accounting commences, reflecting the change in fair value on the hedged item due to the hedged risk that occurred prior to being designated in a hedge accounting relationship. The Group uses the associated swap value as a proxy for this initial value, based on derivative instruments previously taken out on the mortgage pipeline or new retail deposits.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

23 Hedge accounting continued

De-designated hedge relationships relate to hedge accounting adjustments on failed hedge relationships which are amortised over the remaining lives of the original hedged items and also include the Group's equity structural hedge.

Cancelled hedge relationships predominantly represent the unamortised fair value adjustment for interest rate risk hedges that have been cancelled and replaced due to IBOR transition, securitisation activities, the equity structural hedge and legacy long-term fixed rate mortgages (c. 25 years at origination).

The table below analyses the Group's portfolio hedge accounting for fixed rate loans and advances to customers:

	2025		2024	
	Hedged item £m	Hedging instrument £m	Hedged item £m	Hedging instrument £m
Loans and advances to customers				
Carrying amount of hedged item/nominal value of hedging instrument	17,348.2	17,275.9	13,123.0	13,809.9
Cumulative fair value adjustments of hedged item/fair value of hedging instrument	93.1	(89.4)	(165.3)	217.6
Changes in the fair value adjustment of hedged item/hedging instrument used for recognising the hedge ineffectiveness for the period	248.3	(251.8)	31.7	(53.6)
Cumulative fair value on cancelled hedge relationships	(13.1)	–	(33.2)	–

In the Consolidated Statement of Financial Position, £40.0m (2024: £265.9m) of hedging instruments were recognised within derivative assets; and £129.4m (2024: £48.3m) within derivative liabilities.

The movement in cancelled hedge relationships is as follows:

	2025 £m	2024 £m
Hedged assets		
As at 1 January	(33.2)	(30.8)
New cancellations ¹	(2.9)	(22.9)
Amortisation	23.0	20.5
As at 31 December	(13.1)	(33.2)

1. The new cancellations are from the securitisation of mortgages during the year where the Group cancels swaps which were effective prior to the event, replacing these with new swaps within SPV structures, with the designated hedge moved to cancelled hedge relationships to be amortised over the remaining original life of the swap. Additionally, in 2024, cancellations occurred due to the commencement of the structural hedge programme.

The table below analyses the Group's portfolio hedge accounting for fixed rate amounts owed to retail depositors:

	2025		2024	
	Hedged item £m	Hedging instrument £m	Hedged item £m	Hedging instrument £m
Customer deposits				
Carrying amount of hedged item/nominal value of hedging instrument	8,254.6	8,313.1	8,368.8	8,393.9
Cumulative fair value adjustments of hedged item/fair value of hedging instrument	(3.4)	11.5	6.5	(4.3)
Changes in the fair value adjustment of hedged item/hedging instrument used for recognising the hedge ineffectiveness for the period	(25.7)	8.9	24.9	(22.8)

In the Consolidated Statement of Financial Position, £11.5m (2024: £3.6m) of hedging instruments were recognised within derivative assets; and nil (2024: £7.9m) within derivative liabilities.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

23. Hedge accounting continued

The table below analyses the Group's portfolio hedge accounting for fixed rate investment securities:

	2025		2024	
	Hedged item	Hedging instrument	Hedged item	Hedging instrument
	£m	£m	£m	£m
Investment Securities				
Carrying amount of hedged item/nominal value of hedging instrument	279.5	276.0	–	–
Cumulative fair value adjustments of hedged item/fair value of hedging instrument	0.6	(1.2)	–	–

In the Consolidated Statement of Financial Position, £1.2m (2024: nil) of hedging instruments were recognised within derivative liabilities.

The table below analyses the Group's 'micro' hedge accounting for fixed rate senior notes and subordinated debt liabilities:

	2025		2024	
	Hedged item	Hedging instrument	Hedged item	Hedging instrument
	£m	£m	£m	£m
Senior notes and subordinated debt liabilities				
Carrying amount of hedged item/nominal value of hedging instrument	765.0	765.0	765.0	765.0
Cumulative fair value adjustments of hedged item/fair value of hedging instrument	(9.5)	10.9	2.5	(2.7)
Changes in the fair value adjustment of hedged item/hedging instrument used for recognising the hedge ineffectiveness for the period	6.7	11.9	13.0	(13.0)

The Group has elected to partially hedge the senior notes up to the optional redemption date which reflects management's expectations about the exercise of the call option.

In the Consolidated Statement of Financial Position, £10.9m (2024: £5.9m) of hedging instruments were recognised within derivative assets, and nil (2024: £8.6m) within derivative liabilities.

24. Other assets

	2025 £m	2024 £m
Falling due within one year:		
Prepayments	16.1	15.1
Other assets	1.6	1.1
Falling due more than one year:		
Prepayments	2.7	1.0
Other assets	0.6	0.6
	21.0	17.8

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

25. Property, plant and equipment

	Freehold land and buildings £m	Development asset £m	Leasehold improvements £m	Equipment and fixtures £m	Plant £m	Right-of-use assets		Total £m
						Property leases £m	Other leases £m	
Cost								
As at 1 January 2024	20.3	–	3.0	18.8	–	15.8	5.7	63.6
Additions ¹	–	11.8	0.6	3.8	–	0.9	–	17.1
Transfer during the year	3.7	(4.1)	0.3	0.1	–	–	–	–
Disposals and write-offs ²	–	–	–	(2.9)	–	–	–	(2.9)
As at 31 December 2024	24.0	7.7	3.9	19.8	–	16.7	5.7	77.8
Additions¹	0.1	1.2	0.4	1.9	2.0	–	–	5.6
Transfer during the year	–	(8.6)	0.1	(0.9)	9.4	–	–	–
Disposals and write-offs²	(3.4)	–	(1.0)	(2.0)	–	(3.3)	–	(9.7)
Foreign exchange difference	(1.8)	–	–	(0.8)	–	–	–	(2.6)
As at 31 December 2025	18.9	0.3	3.4	18.0	11.4	13.4	5.7	71.1
Accumulated depreciation								
As at 1 January 2024	2.0	–	1.5	9.1	–	6.8	0.4	19.8
Charged in year	0.3	–	0.3	3.3	–	2.4	–	6.3
Disposals and write-offs ²	–	–	–	(2.9)	–	–	–	(2.9)
As at 31 December 2024	2.3	–	1.8	9.5	–	9.2	0.4	23.2
Charged in year	0.3	–	0.4	3.3	0.3	2.4	–	6.7
Disposals and write-offs²	(0.8)	–	(0.7)	(1.9)	–	(2.6)	–	(6.0)
Foreign exchange difference	–	–	–	(0.6)	–	–	–	(0.6)
As at 31 December 2025	1.8	–	1.5	10.3	0.3	9.0	0.4	23.3
Net book value								
As at 31 December 2025	17.1	0.3	1.9	7.7	11.1	4.4	5.3	47.8
As at 31 December 2024	21.7	7.7	2.1	10.3	–	7.5	5.3	54.6

1. Additions include property lease modifications of nil (2024: £0.5m) of right-of-use assets.

2. Disposals and write-offs include derecognition of fully depreciated assets and assets reclassified as held for sale.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

26. Intangible assets

	Development costs ¹	Computer software and licences	Assets arising on Combination	Total
	£m	£m	£m	£m
Cost				
As at 1 January 2024	20.7	13.6	21.4	55.7
Additions	27.5	0.2	–	27.7
Transfer during the year	(32.3)	32.3	–	–
Disposals and write-offs ²	–	(1.3)	(21.4)	(22.7)
As at 31 December 2024	15.9	44.8	–	60.7
Additions	27.3	–	–	27.3
Transfer during the year	(27.1)	27.1	–	–
Disposals and write-offs²	–	(2.4)	–	(2.4)
Foreign exchange difference	–	(0.1)	–	(0.1)
As at 31 December 2025	16.1	69.4	–	85.5
Accumulated amortisation				
As at 1 January 2024	2.0	7.8	19.8	29.6
Transfer during the year	(2.0)	3.3	(1.3)	–
Charged in year	–	2.1	2.9	5.0
Disposals and write-offs ²	–	(1.3)	(21.4)	(22.7)
As at 31 December 2024	–	11.9	–	11.9
Charged in year	–	9.2	–	9.2
Disposals and write-offs²	–	(2.4)	–	(2.4)
Foreign exchange difference	–	(0.1)	–	(0.1)
As at 31 December 2025	–	18.6	–	18.6
Net book value				
As at 31 December 2025	16.1	50.8	–	66.9
As at 31 December 2024	15.9	32.9	–	48.8

1. Development costs are largely related to the transformation project.

2. During the year the Group derecognised fully amortised assets.

The Directors have considered the carrying value of intangible assets and determined that there are no indications of impairment at the year end.

27. Amounts owed to credit institutions

	2025 £m	2024 £m
BoE TFSME	–	1,394.9
BoE ILTR	1,509.9	380.3
Commercial repo	328.2	–
	1,838.1	1,775.2
Cash collateral and margin received	–	160.0
	1,838.1	1,935.2

28. Amounts owed to retail depositors

	2025			2024		
	OSB £m	CCFS £m	Total £m	OSB £m	CCFS £m	Total £m
Fixed rate deposits	8,063.4	5,108.1	13,171.5	9,016.1	6,340.2	15,356.3
Variable rate deposits	6,024.9	5,054.7	11,079.6	4,509.3	3,954.7	8,464.0
	14,088.3	10,162.8	24,251.1	13,525.4	10,294.9	23,820.3

29. Amounts owed to other customers

	2025 £m	2024 £m
Fixed rate deposits	223.7	102.3
Variable rate deposits	254.7	2.6
	478.4	104.9

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

30. Debt securities in issue

	2025 £m	2024 £m
Asset-backed loan notes at amortised cost	1,010.0	1,018.3
Amount due for settlement within 12 months	25.7	2.3
Amount due for settlement after 12 months	984.3	1,016.0
	1,010.0	1,018.3

The asset-backed loan notes are secured on fixed and variable rate mortgages and are redeemable in part from time to time, but such redemptions are mainly from the net principal received from borrowers in respect of underlying mortgage assets. The maturity date of the funds matches the contractual maturity date of the underlying mortgage assets. The Group expects that a large proportion of the underlying mortgage assets, and therefore these notes, will be repaid within five years.

Where the Group owns the call rights for a transaction, it may repurchase the asset-backed loan notes on any interest payment date on or after the call dates, or on any interest payment date when the current balance of the mortgages outstanding is less than or equal to 10% of the principal amount outstanding on the loan notes on the date they were issued.

Interest is payable at fixed margins above SONIA.

The asset-backed loan notes were issued through the following funding vehicles:

	2025 £m	2024 £m
PMF 2024-1 plc	417.1	441.2
CMF 2025-1 plc	241.7	–
CMF 2024-1 plc	196.9	283.1
CMF 2023-1 plc	130.6	193.5
Canterbury Finance No.4 plc	23.7	100.5
	1,010.0	1,018.3

31. Lease liabilities

	2025 £m	2024 £m
As at 1 January	9.1	11.2
New leases	–	0.6
Lease termination	(0.9)	–
Lease modification	–	(0.8)
Lease repayments	(2.1)	(2.2)
Interest accruals	0.2	0.3
As at 31 December	6.3	9.1

During the year, the Group incurred expenses of nil (2024: £0.2m) in relation to short-term leases and £0.1m (2024: £0.1m) in relation to low value leases.

32. Other liabilities

	2025 £m	2024 £m
Falling due within one year:		
Accruals	39.6	33.8
Other creditors	11.8	12.4
Share repurchase liability	19.0	10.0
Deferred income	0.4	0.2
	70.8	56.4

On 14 March 2025, the Group commenced a share repurchase programme of up to £100.0m, recognising a £100.7m (including incentive fees of £0.7m) reduction in retained earnings and a share repurchase liability. As at 31 December 2025, 15,590,331 shares had been purchased by the Group's agent under the programme at a total cost of £81.7m, reducing the share repurchase liability to £19.0m. Other creditors included £2.2m for 350,015 shares purchased by the agent prior to 31 December 2025 for which the Group has completed payment in January 2026. Any share repurchases made under this programme were announced to the market each day in line with regulatory requirements, see note 37 for further details.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

33. Provisions and contingent liabilities

Following the Group's review of its collection processes and how mortgage customers in arrears are managed, a retrospective review of the Group's application of forbearance measures and associated outcomes for certain cohorts of customers has been completed. This review has led the Group continuing to recognise a provision of £1.9m as of 31 December 2025 based on its estimated costs to redress the accounts in scope and the costs to operationalise the activity, with redress expected to be applied in 2026.

Provisions also include immaterial provisions related to ECL on undrawn loan facilities and dismantling costs.

The Group operates in a highly regulated environment and in the normal course of business, may from time to time receive complaints and claims or be involved in legal proceedings that could lead to a provision or contingent liability. This environment continues to evolve through legislation, regulatory guidance and court rulings and the Group actively monitors these developments. At the reporting date the Group considered that it had no material provisions or contingent liabilities save as here.

An analysis of the Group's provisions is presented below:

	2025 £m	2024 £m
As at 1 January	4.6	0.8
Additions	–	1.1
Paid during the year	(3.6)	–
Profit or loss charge	2.4	2.7
As at 31 December	3.4	4.6

34. Senior notes

The Group's outstanding senior notes are as follows:

	Reset date	Spread	2025 £m	2024 £m
Fixed rate:				
Senior notes 2028 (9.5%)	7 September 2027	4.985%	308.1	307.7
Senior notes 2030 (8.875%)	16 January 2029	5.252%	415.3	415.0
			723.4	722.7

The senior notes comprise fixed rate notes denominated in pounds sterling and are listed on the official list of the Financial Conduct Authority (FCA) and admitted to trading on the main market of the London Stock Exchange plc.

The principal terms of the senior notes are as follows:

- **Interest:** Interest on the senior notes is fixed at an initial rate until the reset date. If the senior notes are not redeemed prior to the reset date, the interest rate will be reset and fixed based on a benchmark gilt rate plus the specified spread.
- **Redemption:** The Issuer may redeem the senior notes in whole (but not in part) in its sole discretion on the reset date. Optional redemption may also take place for certain regulatory or tax reasons. Any optional redemption requires the prior consent of the PRA.
- **Ranking:** The senior notes constitute direct, unsubordinated and unsecured obligations of OSBG and rank at least pari passu, without any preference, among themselves as senior notes. The notes rank behind the claims of depositors, but in priority to holders of Tier 1 and Tier 2 capital instruments as well as equity holders of OSBG.

The table below shows a reconciliation of the Group's senior notes during the year:

	2025 £m	2024 £m
As at 1 January	722.7	307.5
Additions ¹	–	398.0
Movement in accrued interest	0.7	17.2
As at 31 December	723.4	722.7

1. 2024 additions includes £2.0m towards transaction costs which has been amortised through the EIR of the loan notes.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

35. Subordinated debt liabilities

The Group's outstanding subordinated debt liabilities are summarised below:

	Reset date	Spread	2025 £m	2024 £m
Fixed rate:				
Subordinated debt liabilities				
2033 (9.993%)	27 July 2028	6.296%	260.1	259.8

All subordinated debt liabilities are denominated in pounds sterling and are listed on the official list of the FCA and admitted to trading on the main market of the London Stock Exchange plc.

The principal terms of the subordinated debt liabilities are as follows:

- **Interest:** Interest on the subordinated debt liabilities is fixed at an initial rate until the reset date. If the subordinated debt liabilities are not redeemed prior to the reset date, the interest rate will be reset and fixed based on a benchmark gilt rate plus the specified spread.
- **Redemption:** The Issuer may redeem the subordinated debt liabilities in whole (but not in part) in its sole discretion on any day from (and including) 27 April 2028 to (and including) 27 July 2028 (the reset date) as specified in the terms of the agreement. Optional redemption may also take place for certain regulatory or tax reasons. Any optional redemption requires the prior consent of the PRA.
- **Ranking:** The subordinated debt liabilities constitute direct, unsecured and subordinated obligations of OSBG and rank at least pari passu, without any preference, among themselves as Tier 2 capital. The subordinated debt liabilities rank behind the claims of depositors and other unsecured and unsubordinated creditors, but rank in priority to holders of Tier 1 capital instruments and of equity holders of OSBG.

The table below shows a reconciliation of the Group's subordinated debt liabilities during the year:

	2025 £m	2024 £m
As at 1 January	259.8	259.5
Movement in accrued interest	0.3	0.3
As at 31 December	260.1	259.8

36. Cash flows from financing activities

The table below shows a reconciliation of the Group's liabilities classified as financing activities within the Consolidated Statement of Cash Flows:

	Amounts owed to credit institutions (see note 27) £m	Debt securities in issue (see note 30) £m	Senior notes (see note 34) £m	Subordinated debt liabilities (see note 35) £m	PSBs £m	Total £m
As at 1 January 2024	3,362.2	818.5	307.5	259.5	15.2	4,762.9
Cash movements						
Principal drawdowns	594.4	744.1	398.0	–	–	1,736.5
Principal repayments	(2,153.4)	(548.4)	–	–	(15.0)	(2,716.8)
Interest paid	(142.7)	(58.6)	(46.3)	(25.0)	(0.7)	(273.3)
Non-cash movements						
Interest charged	114.7	62.7	63.5	25.3	0.5	266.7
As at 31 December 2024	1,775.2	1,018.3	722.7	259.8	–	3,776.0
Cash movements						
Principal drawdowns	2,228.4	248.8	–	–	–	2,477.2
Principal repayments	(2,154.0)	(258.0)	–	–	–	(2,412.0)
Interest paid	(53.3)	(50.1)	(64.0)	(25.0)	–	(192.4)
Non-cash movements						
Interest charged	41.8	51.0	64.7	25.3	–	182.8
As at 31 December 2025	1,838.1	1,010.0	723.4	260.1	–	3,831.6

Notes to the Consolidated Financial Statements continued

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36. Cash flows from financing activities continued

The table below shows other financing activities:

Note	2025 £m	2024 £m
Coupon paid on AT1 securities	(10.1)	(9.0)
Net swap interest paid on subordinated debt liabilities and senior notes	(3.7)	(5.0)
Net swap interest paid on structural hedge	(2.3)	(3.3)
Repayments of principal portion of lease liabilities 31	(1.9)	(1.9)
Proceeds from issuance of shares under employee Save As You Earn (SAYE) schemes	1.4	0.8
Net cash from other financing activities	(16.6)	(18.4)

37. Share capital

	Number of shares issued and fully paid	Nominal value £m	Premium £m
Ordinary shares			
As at 1 January 2024	393,187,681	3.9	3.8
Shares cancelled under repurchase programme	(22,595,996)	(0.2)	–
Shares issued under OSBG employee share plans	1,554,107	–	0.7
As at 31 December 2024	372,145,792	3.7	4.5
Shares cancelled under repurchase programme	(18,070,090)	(0.2)	–
Shares issued under OSBG employee share plans	1,898,423	0.1	1.5
As at 31 December 2025	355,974,125	3.6	6.0

The Group commenced a share repurchase programme on 6 September 2024 which allowed the Group to repurchase a maximum of 39,358,310 shares, restricted by a total cost of £50.0m. Since 1 January 2025, 2,365,661 shares were repurchased under the programme and 2,479,759 shares were cancelled. On completion, 13,087,132 shares, representing 3.52% of the issued share capital, were repurchased and cancelled at an average price of £3.77 per share and a total cost of £49.3m excluding transaction costs.

Since the inception of a new share repurchase programme on 14 March 2025, 15,940,346 shares were repurchased as at 31 December 2025 at an average price of £5.12 per share and a total cost of £81.7m, of which 15,590,331 shares have been cancelled representing 4.19% of the issued share capital. The programme allows the Group to repurchase a maximum of 26,271,178 shares, restricted by a total cost of £100.0m excluding transaction costs.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

All ordinary shares issued in the current and prior year were fully paid.

38. Other equity instruments

The Group's other equity instruments are as follows:

	2025 £m	2024 £m
Additional Tier 1 securities		
6% Perpetual subordinated contingent convertible securities	17.1	150.0
7.75% Perpetual subordinated contingent convertible securities	150.0	–
	167.1	150.0

AT1 Securities

On 5 October 2021, OSBG issued AT1 securities which comprise £150.0m of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities that qualify as AT1 capital under CRD IV. The securities will be subject to full conversion into ordinary shares of OSBG in the event that the Group's Common Equity Tier 1 (CET1) capital ratio falls below 7%. The securities pay interest at a rate of 6% per annum until the first reset date of 7 April 2027, with the reset interest rate equal to 539.3 basis points over the five-year Gilt Rate (benchmark gilt) for such a period. Interest is paid semi-annually in April and October. OSBG may, at any time, cancel any interest payment at its full discretion and must cancel interest payments in certain circumstances specified in the terms and conditions of the securities. On 27 November 2025, following a tender offer, £132.9m of these AT1 securities were redeemed with £17.1m remaining outstanding. The securities are perpetual with no fixed redemption date. OSBG may, at its option, redeem the securities, in whole but not in part, (i) on any day falling in the period commencing on (and including) 7 October 2026 and ending on (and including) the first reset date or (ii) on any reset date thereafter at 100% of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described above) to (but excluding) the date fixed for redemption.

On 25 November 2025, OSBG issued AT1 securities which comprise £150.0m of Fixed Resetting Perpetual Subordinated Contingent Convertible Securities that qualify as AT1 capital under CRD IV. The securities will be subject to full conversion into ordinary shares of OSBG in the event that the Group's Common Equity Tier 1 (CET1) capital ratio falls below 7%. The securities pay interest at a rate of 7.75% per annum until the first reset date of 25 May 2031, with the reset interest equal to 380.1 basis points over the five-year Gilt Rate (benchmark gilt) for such a period. Interest is paid semi-annually in May and November. OSBG may, at any time, cancel any interest payment at its full discretion and must cancel interest payments in certain circumstances specified in the terms and conditions of the securities. The securities are perpetual with no fixed redemption date. OSBG may at its option, redeem the securities, in whole but not in part, (i) on any day falling in the period commencing on (and including) 25 November 2030 and ending on (and including) the first reset date or (ii) on any reset date thereafter at 100% of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described above) to (but excluding) the date fixed for redemption.

Notes to the Consolidated Financial Statements continued

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39. Other reserves

The Group's other reserves are as follows:

	2025 £m	2024 £m
Share-based payment	20.9	16.2
Capital redemption & transfer	(1,354.3)	(1,354.5)
Own shares	(0.9)	(0.9)
FVOCI	1.5	0.1
Foreign exchange	(4.2)	(2.1)
	(1,337.0)	(1,341.2)

Capital redemption and transfer reserve

The capital redemption reserve represents the shares cancelled through the Group's share repurchase programme.

On 27 November 2020, a new ultimate parent company was inserted into the Group, being OSBG. The share capital generated from issuing 447,304,198 nominal shares at £3.04 per share, replacing the nominal shares of £0.01 in OSB previously recognised in share capital at the consolidation level, created a transfer reserve of £1,355.3m.

Own shares

The Company has adopted the look-through approach for the EBT, including the EBT within the Company. As at 31 December 2025, the EBT held 134,349 OSBG shares (2024: 134,349 OSBG shares). The Group and Company show these shares as a deduction from equity, being the cost at which the shares were acquired of £0.9m (2024: £0.9m).

FVOCI reserve

The FVOCI reserve represents the cumulative net change in the fair value of investment securities measured at FVOCI.

Foreign exchange reserve

The foreign exchange reserve relates to the revaluation of the Group's Indian subsidiary, OSB India Private Limited.

40. Financial commitments and guarantees

a) The Group had £3.8m (2024: £4.9m) of contracted capital expenditure commitments not provided for as at 31 December 2025.

b) The Group had £0.1m (2024: £0.1m) of minimum lease commitments under leases for low-value assets and short-term leases of 12 months or less.

c) Undrawn loan facilities:

	2025 £m	2024 £m
OSB mortgages	764.9	697.9
CCFS mortgages	384.0	289.1
	1,148.9	987.0

Undrawn loan facilities are approved loan applications which have not yet been exercised. They are payable on demand and are usually drawn down or expire within three months.

d) The Group did not have any issued financial guarantees as at 31 December 2025 (2024: nil).

41. Risk management

Overview

Financial instruments form the vast majority of the Group's assets and liabilities. The Group manages risk on a consolidated basis and risk disclosures that follow are provided on this basis.

Types of financial instruments

Financial instruments are a broad definition that includes financial assets, financial liabilities and equity instruments. The main financial assets of the Group are loans to customers and liquid assets, which in turn consist of cash in the BoE call accounts, call accounts with other credit institutions, RMBS, covered bonds, supranational bonds and UK sovereign debt. These are funded by a combination of financial liabilities and equity instruments. Financial liability funding comes predominantly from retail deposits and drawdowns under BoE facilities including ILTR, supported by debt securities, senior notes, subordinated debts, wholesale and other funding. Equity instruments include own shares and AT1 securities meeting the equity classification criteria. The Group's main activity is mortgage lending; it raises funds or invests in particular types of financial assets to meet customer demand and manage the risks arising from its operations. The Group does not trade in financial instruments for speculative purposes.

The Group uses derivative instruments to manage its financial risks. Derivatives are used by the Group solely to reduce (hedge) the risk of loss arising from changes in market rates. Derivatives are not used for speculative purposes.

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41. Risk management continued

Types of derivatives and uses

The derivative instruments used by the Group in managing its risk exposures are interest rate swaps. Interest rate swaps convert fixed interest rates to floating or vice versa. As with other derivatives, the underlying product is not sold and payments are based on notional principal amounts.

Unhedged fixed rate liabilities create the risk of paying above-the-market rate if interest rates subsequently decrease. Unhedged fixed rate mortgages and liquid assets bear the opposite risk of income below-the-market rate when rates go up. While fixed rate assets and liabilities naturally hedge each other to a certain extent, this hedge is usually never perfect because of maturity mismatches and principal amounts.

The Group uses swaps to convert its instruments, such as mortgages, deposits and issued debt, from fixed or base rate-linked rates to reference linked variable rates. This ensures a guaranteed margin between the interest income and interest expense, regardless of changes in the market rates.

Types of risk

The principal financial risks to which the Group is exposed are credit, liquidity and market risks, the latter comprising interest and exchange rate risk. In addition to financial risks, the Group is exposed to various other risks, most notably operational, conduct and compliance/regulatory, which are covered in the Risk review on pages 44 to 65.

Credit risk

Credit risk is the risk that losses may arise as a result of the Group's borrowers or market counterparties failing to meet their obligations to repay.

The Group has adopted the Standardised Approach for assessment of credit risk regulatory capital requirements. This approach considers risk weightings as defined under Basel II and Basel III principles.

The classes of financial instruments to which the Group is most exposed are loans and advances to customers, loans and advances to credit institutions, cash in the BoE call account, call and current accounts with other credit institutions and investment securities. The maximum credit risk exposure equals the total carrying amount of the above categories plus off-balance sheet undrawn committed mortgage facilities.

The change, during the year and cumulatively, in the fair value of investments in debt securities and loans and advances to customers at FVOCI and FVTPL that is attributable to changes in credit risk is not material.

Credit risk – loans and advances to customers

Credit risk associated with mortgage lending is largely driven by the housing market and level of unemployment. A recession and/or high interest rates could cause pressure within the market, resulting in rising levels of arrears and repossessions.

All loan applications are assessed in accordance with the Group's Lending Policies. Changes to the policies are approved by the Group Risk Committee, with mandates set for the approval of loan applications.

The Group Credit Committee and ALCO regularly monitor lending activity, taking appropriate actions to reprice products and adjust lending criteria in order to control risk and manage exposure. Where necessary and appropriate, changes to the Lending Policies are recommended to the Group Risk Committee.

The following tables show the Group's maximum exposure to credit risk and the impact of collateral held as security, capped at the gross exposure amount, by impairment stage. Capped collateral excludes the impact of forced sale discounts and costs to sell. The collateral value is determined by indexing against HPI data.

	OSB		CCFS		Total	
	Gross carrying amount	Capped collateral held	Gross carrying amount	Capped collateral held	Gross carrying amount	Capped collateral held
	£m	£m	£m	£m	£m	£m
2025						
Stage 1	13,742.1	13,673.2	7,407.5	7,407.3	21,149.6	21,080.5
Stage 2	2,199.9	2,197.9	1,621.4	1,621.3	3,821.3	3,819.2
Stage 3	719.0	703.9	299.5	297.4	1,018.5	1,001.3
Stage 3 (POCI)	16.4	16.4	26.8	26.6	43.2	43.0
	16,677.4	16,591.4	9,355.2	9,352.6	26,032.6	25,944.0
2024						
Stage 1	12,338.1	12,290.5	7,539.0	7,538.4	19,877.1	19,828.9
Stage 2	2,417.4	2,416.0	1,935.5	1,935.0	4,352.9	4,351.0
Stage 3	655.7	649.6	294.1	294.1	949.8	943.7
Stage 3 (POCI)	27.8	27.4	32.7	32.6	60.5	60.0
	15,439.0	15,383.5	9,801.3	9,800.1	25,240.3	25,183.6

The Group's main form of collateral held is property, based in the UK and the Channel Islands.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

The Group uses indexed loan to value (LTV) ratios to assess the quality of the uncapped collateral held. Property values are updated to reflect changes in the HPI. A breakdown of loans and advances to customers by indexed LTV is as follows:

Band	2025				2024			
	OSB £m	CCFS £m	Total £m	%	OSB £m	CCFS £m	Total £m	%
0%–50%	2,066.3	933.4	2,999.7	11	2,375.0	1,091.3	3,466.3	14
50%–60%	2,108.4	931.8	3,040.2	12	2,291.2	1,312.7	3,603.9	14
60%–70%	4,092.8	2,264.5	6,357.3	24	4,548.2	3,035.8	7,584.0	30
70%–80%	6,369.0	4,212.8	10,581.8	41	4,624.2	3,881.3	8,505.5	34
80%–90%	1,335.3	885.8	2,221.1	9	1,043.7	461.5	1,505.2	6
90%–100%	255.7	110.2	365.9	1	221.0	14.8	235.8	1
>100%	449.9	16.7	466.6	2	335.7	3.9	339.6	1
Total loans before provisions	16,677.4	9,355.2	26,032.6	100	15,439.0	9,801.3	25,240.3	100

The table below shows the LTV banding for the OSB segments' two major lending streams:

OSB Band	2025				2024			
	BTL/SME ¹ £m	Residential £m	Total £m	%	BTL/SME ¹ £m	Residential £m	Total £m	%
0%–50%	931.9	1,134.4	2,066.3	12	1,037.4	1,337.6	2,375.0	15
50%–60%	1,890.4	218.0	2,108.4	13	2,021.2	270.0	2,291.2	15
60%–70%	3,925.3	167.5	4,092.8	25	4,345.0	203.2	4,548.2	29
70%–80%	6,185.2	183.8	6,369.0	37	4,430.7	193.5	4,624.2	31
80%–90%	1,108.4	226.9	1,335.3	8	799.1	244.6	1,043.7	7
90%–100%	227.8	27.9	255.7	2	190.8	30.2	221.0	1
>100%	441.3	8.6	449.9	3	331.6	4.1	335.7	2
Total loans before provisions	14,710.3	1,967.1	16,677.4	100	13,155.8	2,283.2	15,439.0	100

1. Includes net investment in finance leases.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

The tables below show the LTV analysis of the OSB BTL/SME sub-segment:

Band	OSB				
	Buy-to-Let ¹	Commercial	Residential development	Funding lines	Total
2025	£m	£m	£m	£m	£m
0%–50%	798.6	127.8	4.6	0.9	931.9
50%–60%	1,529.1	236.6	118.1	6.6	1,890.4
60%–70%	3,345.0	391.1	181.8	7.4	3,925.3
70%–80%	5,391.6	756.0	37.6	–	6,185.2
80%–90%	901.2	207.2	–	–	1,108.4
90%–100%	139.5	88.3	–	–	227.8
>100%	381.1	59.1	1.0	0.1	441.3
Total loans before provisions	12,486.1	1,866.1	343.1	15.0	14,710.3
2024					
0%–50%	925.7	107.0	3.9	0.8	1,037.4
50%–60%	1,819.0	128.7	66.1	7.4	2,021.2
60%–70%	3,951.9	207.2	184.0	1.9	4,345.0
70%–80%	3,918.8	495.5	7.0	9.4	4,430.7
80%–90%	562.0	237.1	–	–	799.1
90%–100%	100.8	90.0	–	–	190.8
>100%	239.9	90.5	1.0	0.2	331.6
Total loans before provisions	11,518.1	1,356.0	262.0	19.7	13,155.8

1. Includes net investment in finance leases.

The table below shows the LTV analysis of the OSB Residential sub-segment:

OSB Band	2025			2024		
	First charge	Second charge	Total	First charge	Second charge	Total
	£m	£m	£m	£m	£m	£m
0%–50%	1,134.4	–	1,134.4	1,272.8	64.8	1,337.6
50%–60%	218.0	–	218.0	248.6	21.4	270.0
60%–70%	167.5	–	167.5	192.9	10.3	203.2
70%–80%	183.8	–	183.8	189.5	4.0	193.5
80%–90%	226.9	–	226.9	244.0	0.6	244.6
90%–100%	27.9	–	27.9	29.8	0.4	30.2
>100%	8.6	–	8.6	3.6	0.5	4.1
Total loans before provisions	1,967.1	–	1,967.1	2,181.2	102.0	2,283.2

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

The tables below show the LTV analysis of the four CCFS sub-segments:

Band 2025	CCFS					%
	Buy-to-Let £m	Residential £m	Bridging £m	Second charge lending £m	Total £m	
0%–50%	224.5	496.9	212.0	–	933.4	10
50%–60%	437.6	386.3	107.9	–	931.8	10
60%–70%	1,316.9	767.0	180.6	–	2,264.5	24
70%–80%	3,283.9	842.5	86.4	–	4,212.8	45
80%–90%	347.8	534.5	3.5	–	885.8	10
90%–100%	7.6	101.2	1.4	–	110.2	1
>100%	11.7	2.5	2.5	–	16.7	–
Total loans before provisions	5,630.0	3,130.9	594.3	–	9,355.2	100

2024						
0%–50%	335.2	607.7	123.8	24.6	1,091.3	11
50%–60%	714.9	508.1	73.1	16.6	1,312.7	13
60%–70%	2,024.9	896.5	101.4	13.0	3,035.8	31
70%–80%	3,099.8	713.3	60.3	7.9	3,881.3	40
80%–90%	183.0	275.7	1.2	1.6	461.5	5
90%–100%	7.4	3.6	3.7	0.1	14.8	–
>100%	2.1	0.8	1.0	–	3.9	–
Total loans before provisions	6,367.3	3,005.7	364.5	63.8	9,801.3	100

Forbearance measures undertaken

The Group has a range of options available where borrowers experience financial difficulties that impact their ability to service their financial commitments under the loan agreement. These options are explained in the Risk review on page 63.

A summary of the forbearance measures undertaken during the year is shown below. The balances disclosed reflect the year-end balance of the accounts where a forbearance measure was undertaken during the year.

Forbearance type	Number of accounts 2025	As at 31 December 2025 £m	Number of accounts 2024	As at 31 December 2024 £m
Interest-only switch	756	49.3	1,081	127.3
Interest rate reduction	790	71.4	1,077	85.6
Payment deferral	792	119.7	747	104.5
Others	181	24.5	108	30.8
Total	2,519	264.9	3,013	348.2

Loan type	Number of accounts 2025	As at 31 December 2025 £m	Number of accounts 2024	As at 31 December 2024 £m
First charge owner-occupier	1,924	118.3	2,322	226.1
Second charge owner-occupier	–	–	169	4.9
Buy-to-Let	522	108.0	460	104.0
Commercial	73	38.6	62	13.2
Total	2,519	264.9	3,013	348.2

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

Geographical analysis by region

An analysis of loans, excluding asset finance leases, by region is provided below:

Region	2025				2024			
	OSB £m	CCFS £m	Total £m	%	OSB £m	CCFS £m	Total £m	%
East Anglia	454.0	1,016.0	1,470.0	6	447.4	1,084.7	1,532.1	6
East Midlands	821.6	659.7	1,481.3	6	756.7	674.3	1,431.0	6
Greater London	6,940.0	2,503.7	9,443.7	37	6,329.8	2,769.6	9,099.4	36
Guernsey	14.0	–	14.0	–	17.0	–	17.0	–
Jersey	54.7	–	54.7	–	63.2	–	63.2	–
North East	239.7	283.4	523.1	2	224.4	282.4	506.8	2
North West	1,099.0	861.8	1,960.8	8	1,017.1	890.1	1,907.2	8
Northern Ireland	4.9	–	4.9	–	7.9	–	7.9	–
Scotland	13.8	283.6	297.4	1	23.5	282.1	305.6	1
South East	3,652.2	1,532.3	5,184.5	20	3,419.1	1,577.6	4,996.7	20
South West	1,118.6	678.8	1,797.4	7	1,047.7	680.1	1,727.8	7
Wales	356.3	279.1	635.4	2	345.1	289.4	634.5	3
West Midlands	962.5	746.4	1,708.9	7	907.4	755.9	1,663.3	7
Yorks and Humberside	521.9	510.4	1,032.3	4	515.8	515.1	1,030.9	4
Total loans before provisions	16,253.2	9,355.2	25,608.4	100	15,122.1	9,801.3	24,923.4	100

Approach to measurement of credit quality

The Group categorises the credit quality of loans and advances to customers into internal risk grades based on the 12-month PD calculated at the reporting date. The PDs include a combination of internal behavioural and credit bureau characteristics and where possible are aligned with capital models to generate the risk grades which are then further grouped into the following credit quality segments:

- Excellent – where there is a very high likelihood the asset will be recovered in full with a negligible or very low risk of default.
- Good – where there is a high likelihood the asset will be recovered in full with a low risk of default.
- Satisfactory – where the assets demonstrate a moderate default risk.
- Lower – where the assets require closer monitoring and the risk of default is of greater concern.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

The following tables disclose the credit risk quality ratings of loans and advances to customers by IFRS 9 stage. The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period for the life of the loan. Loans and advances to customers initially booked on very low PDs and graded as excellent quality loans can experience SICR and therefore be moved to Stage 2. Similarly, loans and advances to customers initially booked on high PDs having lower credit quality can remain in stage 1 if subsequently SICR is not experienced or triggered.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Stage 3 (POCI) £m	Total £m	PD lower range %	PD upper range %
2025							
OSB							
Excellent	5,736.4	100.6	–	–	5,837.0	–	0.3
Good	7,106.3	1,056.8	–	–	8,163.1	0.3	2.0
Satisfactory	771.4	442.5	–	–	1,213.9	2.0	7.4
Lower	128.0	600.0	–	–	728.0	7.4	100.0
Impaired	–	–	719.0	–	719.0	100.0	100.0
POCI	–	–	–	16.4	16.4	100.0	100.0
CCFS							
Excellent	4,373.4	429.9	–	–	4,803.3	–	0.3
Good	2,727.9	606.9	–	–	3,334.8	0.3	2.0
Satisfactory	257.9	211.1	–	–	469.0	2.0	7.4
Lower	48.3	373.5	–	–	421.8	7.4	100.0
Impaired	–	–	299.5	–	299.5	100.0	100.0
POCI	–	–	–	26.8	26.8	100.0	100.0
	21,149.6	3,821.3	1,018.5	43.2	26,032.6		
2024							
OSB							
Excellent	5,426.9	212.9	–	–	5,639.8	–	0.3
Good	6,199.2	1,135.3	–	–	7,334.5	0.3	2.0
Satisfactory	633.0	503.1	–	–	1,136.1	2.0	7.4
Lower	79.0	566.1	–	–	645.1	7.4	100.0
Impaired	–	–	655.7	–	655.7	100.0	100.0
POCI	–	–	–	27.8	27.8	100.0	100.0
CCFS							
Excellent	4,623.4	622.3	–	–	5,245.7	–	0.3
Good	2,682.2	740.7	–	–	3,422.9	0.3	2.0
Satisfactory	220.1	242.5	–	–	462.6	2.0	7.4
Lower	13.3	330.0	–	–	343.3	7.4	100.0
Impaired	–	–	294.1	–	294.1	100.0	100.0
POCI	–	–	–	32.7	32.7	100.0	100.0
	19,877.1	4,352.9	949.8	60.5	25,240.3		

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

The tables below show the Group's other financial assets and derivatives by credit risk rating grade. The credit grade is based on the external credit rating of the counterparty; AAA to AA- are rated Excellent; A+ to A- are rated Good; and BBB+ to BBB- are rated Satisfactory.

	Excellent £m	Good £m	Satisfactory £m	Total £m
2025				
Investment securities	1,810.4	1.9	2.2	1,814.5
Loans and advances to credit institutions	2,723.7	304.7	24.6	3,053.0
Derivative assets	55.5	45.9	–	101.4
	4,589.6	352.5	26.8	4,968.9
2024				
Investment securities	1,434.4	–	–	1,434.4
Loans and advances to credit institutions	3,127.2	264.4	14.3	3,405.9
Derivative assets	174.7	139.1	–	313.8
	4,736.3	403.5	14.3	5,154.1

Credit risk – loans and advances to credit institutions and investment securities

The Group holds treasury instruments in order to meet liquidity requirements and for general business purposes. The credit risk arising from these investments is closely monitored and managed by the Group's Treasury function. In managing these assets, Group Treasury operates within guidelines laid down in the Group Market and Liquidity Risk Policy approved by ALCO and performance is monitored and reported to ALCO monthly, including through the use of an internally developed rating model based on counterparty credit default swap spreads.

The Group has limited exposure to emerging markets (Indian operations) and non-investment grade debt. ALCO is responsible for approving treasury counterparties.

During the year, the average balance of cash in hand, loans and advances to credit institutions and investment securities on a monthly basis was £4,371.2m (2024: £4,081.1m).

The table below shows the industry sector of the Group's loans and advances to credit institutions and investment securities:

	2025		2024	
	£m	%	£m	%
BoE	2,429.6	49	3,053.9	63
Other banks	623.4	13	352.0	7
Central government	178.0	4	226.0	5
Securitisation	1,367.3	28	1,208.4	25
Supranationals	269.2	6	–	–
Total	4,867.5	100	4,840.3	100

The table below shows the geographical exposure of the Group's loans and advances to credit institutions and investment securities:

	2025		2024	
	£m	%	£m	%
United Kingdom	4,841.7	99	4,821.1	100
India	25.8	1	19.2	–
Total	4,867.5	100	4,840.3	100

The Group monitors exposure concentrations against a variety of criteria, including asset class, sector and geography. To avoid refinancing risks associated with any one counterparty, sector or geographical region, the Board has set appropriate limits.

For further information on Credit risk please refer to pages 60.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

Liquidity risk

Liquidity risk is the risk of having insufficient liquid assets to fulfil obligations as they become due or the cost of raising liquid funds becoming too expensive.

The Group's approach to managing liquidity risk is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in funding in order to retain full public confidence in the solvency of the Group and to enable the Group to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets and control of the growth of the business. The Group has established call accounts with the BoE and has access to its contingent liquidity facilities.

The Board has delegated the responsibility for liquidity management to the Chief Executive Officer, assisted by ALCO, with day-to-day management delegated to Treasury as detailed in the Group Market and Liquidity Risk Policy. The Board is responsible for setting risk appetite limits over the level and maturity profile of funding and for monitoring the composition of the Group financial position.

The Group also monitors a range of triggers which are designed to capture liquidity stresses in advance in order to allow sufficient time for management action to take effect. These are monitored daily, with breaches immediately reported to the Group Chief Risk Officer, Chief Executive Officer, Chief Financial Officer and the Group Treasurer.

The tables below show the maturity profile for the Group's financial assets and liabilities based on contractual maturities at the reporting date:

	Carrying amount	On demand	Less than 3 months	3–12 months	1–5 years	More than 5 years
2025	£m	£m	£m	£m	£m	£m
Financial asset by type						
Cash in hand	0.4	0.4	–	–	–	–
Loans and advances to credit institutions	3,053.0	2,825.4	211.8	15.6	0.2	–
Investment securities	1,814.5	–	6.4	44.7	1,763.4	–
Loans and advances to customers	25,920.6	–	253.9	670.1	2,048.4	22,948.2
Derivative assets	101.4	–	4.6	30.2	66.4	0.2
Total assets	30,889.9	2,825.8	476.7	760.6	3,878.4	22,948.4
Financial liability by type						
Amounts owed to retail depositors	24,251.1	10,091.4	6,678.5	5,823.1	1,658.1	–
Amounts owed to credit institutions	1,838.1	–	684.3	1,153.8	–	–
Amounts owed to other customers	478.4	9.2	289.9	166.7	12.6	–
Derivative liabilities	152.0	–	1.1	8.8	141.3	0.8
Debt securities in issue	1,010.0	–	2.0	23.7	984.3	–
Lease liabilities	6.3	–	0.3	1.3	3.4	1.3
Senior notes	723.4	–	25.3	–	698.1	–
Subordinated debt liabilities	260.1	–	10.7	–	249.4	–
Total liabilities	28,719.4	10,100.6	7,692.1	7,177.4	3,747.2	2.1
Cumulative liquidity gap		(7,274.8)	(14,490.2)	(20,907.0)	(20,775.8)	2,170.5

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For the year ended 31 December 2025

41. Risk management continued

2024	Carrying amount £m	On demand £m	Less than 3 months £m	3–12 months £m	1–5 years £m	More than 5 years £m
Financial asset by type						
Cash in hand	0.3	0.3	–	–	–	–
Loans and advances to credit institutions	3,405.9	3,386.5	12.5	6.7	0.2	–
Investment securities	1,434.4	–	606.2	127.2	647.4	53.6
Loans and advances to customers	25,126.3	–	212.6	480.7	1,831.3	22,601.7
Derivative assets	313.8	–	11.3	25.5	274.8	2.2
Total assets	30,280.7	3,386.8	842.6	640.1	2,753.7	22,657.5
Financial liability by type						
Amounts owed to retail depositors	23,820.3	7,314.5	7,267.6	8,125.9	1,112.3	–
Amounts owed to credit institutions	1,935.2	160.0	321.5	1,453.7	–	–
Amounts owed to other customers	104.9	1.4	5.2	98.3	–	–
Derivative liabilities	81.9	–	1.2	9.4	71.2	0.1
Debt securities in issue	1,018.3	–	2.3	–	1,016.0	–
Lease liabilities	9.1	–	0.4	1.4	6.0	1.3
Senior notes	722.7	–	25.3	–	697.4	–
Subordinated debt liabilities	259.8	–	10.7	–	249.1	–
Total liabilities	27,952.2	7,475.9	7,634.2	9,688.7	3,152.0	1.4
Cumulative liquidity gap		(4,089.1)	(10,880.7)	(19,929.3)	(20,327.6)	2,328.5

Liquidity risk – undiscounted contractual cash flows

The following tables provide an analysis of the Group's gross contractual undiscounted cash flows, derived using interest rates and contractual maturities at the reporting date and excluding impacts of early payments or non-payments:

2025	Carrying amount £m	Gross inflow/ outflow £m	Up to 3 months £m	3 – 12 months £m	1 – 5 years £m	More than 5 years £m
Financial asset by type						
Cash in hand	0.4	0.4	0.4	–	–	–
Loans and advances to credit institutions	3,053.0	3,054.6	3,038.8	15.6	0.2	–
Investment securities	1,814.5	2,087.6	15.7	109.7	1,962.2	–
Loans and advances to customers	25,920.6	62,806.2	598.2	2,187.3	9,258.0	50,762.7
Derivative assets	101.4	103.9	19.2	54.9	29.7	0.1
Total assets	30,889.9	68,052.7	3,672.3	2,367.5	11,250.1	50,762.8
Off-balance sheet loan commitments	1,148.9	1,148.9	1,148.9	–	–	–
Financial liability by type						
Amounts owed to retail depositors	24,251.1	25,015.5	17,221.7	6,050.6	1,743.2	–
Amounts owed to credit institutions	1,838.1	1,860.4	688.9	1,171.5	–	–
Amounts owed to other customers	478.4	478.5	299.2	166.7	12.6	–
Derivative liabilities	152.0	161.1	7.6	53.0	100.7	(0.2)
Debt securities in issue	1,010.0	1,128.0	30.1	38.4	1,059.5	–
Lease liabilities	6.3	6.3	0.3	1.3	3.4	1.3
Senior notes	723.4	881.2	32.0	32.0	817.2	–
Subordinated debt liabilities	260.1	318.7	12.5	12.5	293.7	–
Total liabilities	28,719.4	29,849.7	18,292.3	7,526.0	4,030.3	1.1

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41. Risk management continued

2024	Carrying amount £m	Gross inflow/ outflow £m	Up to 3 months £m	3 - 12 months £m	1 - 5 years £m	More than 5 years £m
Financial asset by type						
Cash in hand	0.3	0.3	0.3	–	–	–
Loans and advances to credit institutions	3,405.9	3,406.0	3,399.1	6.7	0.2	–
Investment securities	1,434.4	1,558.2	619.0	159.0	725.4	54.8
Loans and advances to customers	25,126.3	62,539.2	553.6	1,849.2	9,284.6	50,851.8
Derivative assets	313.8	325.1	63.9	139.4	121.8	–
Total assets	30,280.7	67,828.8	4,635.9	2,154.3	10,132.0	50,906.6
Off-balance sheet loan commitments	987.0	987.0	987.0	–	–	–
Financial liability by type						
Amounts owed to retail depositors	23,820.3	25,520.8	15,413.9	8,929.7	1,177.2	–
Amounts owed to credit institutions	1,935.2	1,991.6	484.1	1,507.5	–	–
Amounts owed to other customers	104.9	104.9	1.4	5.2	98.3	–
Derivative liabilities	81.9	88.4	11.6	14.3	62.5	–
Debt securities in issue	1,018.3	1,177.0	32.4	95.4	1,049.2	–
Lease liabilities	9.1	9.0	0.4	1.4	5.9	1.3
Senior notes	722.7	945.3	32.0	32.0	881.3	–
Subordinated debt liabilities	259.8	343.7	12.5	12.5	318.7	–
Total liabilities	27,952.2	30,180.7	15,988.3	10,598.0	3,593.1	1.3

The actual repayment profile of loans and advances to customers may differ from the analysis above since many mortgage loans are repaid prior to the contractual end date.

The actual repayment profile of retail deposits may differ from the analysis above due to the option of early withdrawal with a penalty.

Liquidity risk – asset encumbrance

Asset encumbrance levels are monitored by ALCO. The following tables provide an analysis of the Group's encumbered and unencumbered assets:

	Encumbered		Unencumbered		Total £m
	Pledged as collateral £m	Other ¹ £m	Available as collateral £m	Other £m	
2025					
Cash in hand	–	–	0.4	–	0.4
Loans and advances to credit institutions	216.5	38.2	2,429.6	368.7	3,053.0
Investment securities	324.7	–	1,489.8	–	1,814.5
Loans and advances to customers ²	3,404.9	–	21,724.3	791.4	25,920.6
Derivative assets	–	–	–	101.4	101.4
Non-financial assets	–	–	–	232.8	232.8
	3,946.1	38.2	25,644.1	1,494.3	31,122.7
2024					
Cash in hand	–	–	0.3	–	0.3
Loans and advances to credit institutions	134.2	40.6	3,053.9	177.2	3,405.9
Investment securities	22.7	–	1,411.7	–	1,434.4
Loans and advances to customers ²	4,741.1	–	19,101.3	1,283.9	25,126.3
Derivative assets	–	–	–	313.8	313.8
Non-financial assets	–	–	–	(37.1)	(37.1)
	4,898.0	40.6	23,567.2	1,737.8	30,243.6

1. Represents assets that are not pledged but that the Group believes it is restricted from using to secure funding for legal or other reasons.

2. Unencumbered loans and advances to customers classified as other are restricted for use as collateral. These include property registered outside of the UK (Jersey and Guernsey), loans and advances not secured by immovable property and non-performing loans.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

Liquidity risk – liquidity reserves

The tables below analyse the Group's liquidity reserves, where carrying value is considered to be equal to fair value:

	2025 £m	2024 £m
Unencumbered balances with central banks	2,429.6	3,053.9
Unencumbered cash and balances with other banks	368.7	177.2
Other cash and cash equivalents	0.4	0.3
Unencumbered investment securities	1,489.8	1,411.7
	4,288.5	4,643.1

Market risk

Market risk is the risk of an adverse change in the Group's income or the Group's net worth arising from movement in interest rates, exchange rates or other market prices. Market risk exists, to some extent, in all the Group's businesses. The Group recognises that the effective management of market risk is essential to the maintenance of stable earnings and preservation of shareholder value.

Interest rate risk

The primary market risk faced by the Group is interest rate risk. Interest rate risk is the risk of loss from adverse movement in the overall level of interest rates. It arises from mismatches in the timing of repricing of assets and liabilities, both on and off-balance sheet. The Group does not run a trading book, with all interest rate risk residing in the banking book (interest rate risk in the banking book (IRRBB)). Through prudent management, the Group seeks to minimise its IRRBB exposures, typically through matching assets and liabilities with similar tenors, executing offsetting interest rate swaps and maintaining a structural hedge programme.

OSB and CCFS Banks apply an economic value (EV) at risk approach as well as an earnings-at-risk approach for interest rate risk and basis risk. The interest rate sensitivity is impacted by behavioural assumptions used by the Group; the most significant of which are prepayments and mortgage offer pipeline take up. Expected prepayments and offer conversions are monitored and modelled on a regular basis based upon historical analysis.

The EV measure of duration risk quantifies risk by applying six shaped interest rate shock scenarios to the current forward curve. Scenarios are reviewed on semi-annual basis and approved by ALCO and are based on three 'shapes' of curve movement (parallel, twist, flex) using historical data to calibrate the severity of the shocks applied. The most detrimental net present value to these scenarios is measured against the Board risk appetite of 1.5% of Tier 1 capital. The table below shows the maximum decreases to economic value under these scenarios after taking into account the effect of hedging:

	2025 £m	2024 £m
OSB	8.6	9.2
CCFS	4.4	2.9
	13.0	12.1

The earnings measure of duration risk (EaR) quantifies the impact of changes in interest rates to the net interest income of the Bank within a given 12-month time horizon. A parallel shock of +/-100bps is applied to interest rate sensitive instruments to determine EaR sensitivity of the Group, assuming a constant balance sheet. EaR risk appetite limits are approved by the Board, and currently set at 4% of full-year net interest income (NII). The table below shows the maximum decreases after taking into account the effect of hedging:

	2025 £m	2024 £m
OSB	6.7	1.1
CCFS	6.0	6.5
	12.7	7.6

EaR quantifies the impact of changes in interest rates to the net interest income within a given three-year time horizon. A parallel shock of +/-100bps is applied to interest rate sensitive instruments to determine EaR sensitivity of the Group, assuming a constant balance sheet. EaR risk appetite limits are approved by the Board, and currently set at 4% of three-year net interest income.

	2025 £m	2024 £m
OSB	24.1	14.2
CCFS	17.4	19.0
	41.5	33.2

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

Basis risk measures the degree to which the Bank is sensitive to exposures repricing by varying degrees, even where their duration is the same, due to them being linked to different indices. These indices may be market rates (e.g. BBR or SONIA) or administered (e.g. the Group’s SVR, other discretionary variable rates, or that received on call accounts with other banks). The Group measures basis risk using the impact of four scenarios on net interest income over a one-year period, with the largest negative impact across the scenarios being the basis risk exposure assessed against risk appetite. Dislocations between the bases are calculated on a one in 20-year confidence interval level and include increasing, decreasing and static base rate environment, as well as a fourth scenario (in a decreasing rate environment) which measures the impact of the timing lag between the repricing of administered rate savings against SVR linked mortgages. The Board has set a limit on basis risk exposure for CCFS at 3% of full-year net interest income and 2.5% for OSB. The table below shows the maximum decreases to net interest income at 31 December 2025 and 2024:

	2025 £m	2024 £m
OSB	5.9	6.7
CCFS	5.4	4.1
	11.3	10.8

Foreign exchange rate risk

The Group has limited exposure to foreign exchange risk in respect of its Indian operations. A 5% increase in the GBP/INR exchange rate would result in a £1.1m (2024: £0.7m) effect in profit or loss and £0.8m (2024: £1.0m) in equity.

Structured entities

The structured entities consolidated within the Group at 31 December 2025 were Canterbury Finance No.2 plc, Canterbury Finance No.3 plc, Canterbury Finance No.4 plc, Canterbury Finance No.5 plc, CMF 2023-1 plc, CMF 2024-1 plc, PMF 2024-1 plc, CMF 2025-1 plc and CSC Shelf 2025-1 plc. These entities hold legal title to a pool of mortgages which are used as a security for issued debt. The transfer of mortgages fails derecognition criteria because the Group retained the subordinated notes and residual certificates issued and as such did not transfer substantially the risks and rewards of ownership of the securitised mortgages. Therefore, the Group is exposed to credit, interest rate and other risks on the securitised mortgages.

Cash flows generated from the structured entities are ring-fenced and are used to pay interest and principal of the issued debt securities in a waterfall order according to the seniority of the bonds. The structured entities are self-funded and the Group is not contractually or constructively obliged to provide further liquidity or financial support.

The structured entities consolidated within the Group at 31 December 2024 were Canterbury Finance No.2 plc, Canterbury Finance No.3 plc, Canterbury Finance No.4 plc, Canterbury Finance No.5 plc, CMF 2020-1 plc, CMF 2023-1 plc, Keys Warehouse No.1 Limited, CMF 2024-1 plc and PMF 2024-1 plc.

Unconsolidated structured entities

Structured entities, which were sponsored by the Group comprise Precise Mortgage Funding 2019-1B plc, Precise Mortgage Funding 2020-1B plc, PMF 2024-2 plc and Rochester Financing No.3 plc.

The structured entities are considered sponsored by the Group if any of the following conditions are met:

- the Group had a key role in establishing the entity;
- the Group transferred assets to the entity;
- the entity’s name includes a reference to the Group; or
- the Group provides guarantees on the entity’s performance.

These structured entities are not consolidated by the Group, as the Group does not control the entities and is not exposed to the risks and rewards of ownership from the securitised mortgages. The Group has no contractual arrangements with the unconsolidated structured entities other than the investments disclosed in note 16 and servicing the structured entities’ mortgage portfolios.

The Group has not provided any support to the unconsolidated structured entities listed and has no obligation or intention to do so.

During 2025 the Group received £26.2m interest income (2024: £8.1m) and £4.0m servicing income (2024: £2.1m) from unconsolidated structured entities.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

42. Financial instruments and fair values

i. Financial assets and financial liabilities

The following tables set out the classification of financial instruments in the Consolidated Statement of Financial Position:

	Note	2025			
		FVTPL ¹ £m	FVOCI £m	Amortised cost £m	Total carrying amount £m
Assets					
Cash in hand		–	–	0.4	0.4
Loans and advances to credit institutions	15	–	–	3,053.0	3,053.0
Investment securities	16	400.8	448.8	964.9	1,814.5
Loans and advances to customers	17	11.6	–	25,909.0	25,920.6
Derivative assets	22	101.4	–	–	101.4
Other assets ²	24	–	–	2.2	2.2
		513.8	448.8	29,929.5	30,892.1
Liabilities					
Amounts owed to retail depositors	28	–	–	24,251.1	24,251.1
Amounts owed to credit institutions	27	–	–	1,838.1	1,838.1
Amounts owed to other customers	29	–	–	478.4	478.4
Debt securities in issue	30	–	–	1,010.0	1,010.0
Derivative liabilities	22	152.0	–	–	152.0
Other liabilities ³	32	–	–	70.4	70.4
Senior notes	34	–	–	723.4	723.4
Subordinated debt liabilities	35	–	–	260.1	260.1
		152.0	–	28,631.5	28,783.5

1. All FVTPL assets and liabilities are mandatorily measured as such.

2. Balance excludes prepayments.

3. Balance excludes deferred income.

	Note	2024			
		FVTPL ¹ £m	FVOCI £m	Amortised cost £m	Total carrying amount £m
Assets					
Cash in hand		–	–	0.3	0.3
Loans and advances to credit institutions	15	–	–	3,405.9	3,405.9
Investment securities	16	410.1	226.0	798.3	1,434.4
Loans and advances to customers	17	12.9	–	25,113.4	25,126.3
Derivative assets	22	313.8	–	–	313.8
Other assets ²	24	–	–	1.7	1.7
		736.8	226.0	29,319.6	30,282.4
Liabilities					
Amounts owed to retail depositors	28	–	–	23,820.3	23,820.3
Amounts owed to credit institutions	27	–	–	1,935.2	1,935.2
Amounts owed to other customers	29	–	–	104.9	104.9
Debt securities in issue	30	–	–	1,018.3	1,018.3
Derivative liabilities	22	81.9	–	–	81.9
Other liabilities ³	32	–	–	56.2	56.2
Senior notes	34	–	–	722.7	722.7
Subordinated debt liabilities	35	–	–	259.8	259.8
		81.9	–	27,917.4	27,999.3

1. All FVTPL assets and liabilities are mandatorily measured as such.

2. Balance excludes prepayments.

3. Balance excludes deferred income.

The Group has no non-derivative financial assets or financial liabilities classified as held for trading.

The designation at FVTPL for all financial assets is applied at inception.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

42. Financial instruments and fair values continued

ii. Fair values

The following tables summarise the carrying value and estimated fair value of financial instruments not measured at fair value in the Consolidated Statement of Financial Position:

	2025		2024	
	Carrying value £m	Estimated fair value £m	Carrying value £m	Estimated fair value £m
Assets				
Cash in hand	0.4	0.4	0.3	0.3
Loans and advances to credit institutions	3,053.0	3,053.0	3,405.9	3,405.9
Investment securities	964.9	965.6	798.3	796.0
Loans and advances to customers	25,909.0	25,738.4	25,113.4	24,843.5
Other assets ¹	2.2	2.2	1.7	1.7
	29,929.5	29,759.6	29,319.6	29,047.4
Liabilities				
Amounts owed to retail depositors	24,251.1	24,328.5	23,820.3	23,806.8
Amounts owed to credit institutions	1,838.1	1,838.1	1,935.2	1,935.2
Amounts owed to other customers	478.4	478.4	104.9	104.9
Debt securities in issue	1,010.0	1,010.0	1,018.3	1,018.3
Other liabilities ²	70.4	70.4	56.2	56.2
Senior notes	723.4	768.0	722.7	763.0
Subordinated debt liabilities	260.1	276.1	259.8	273.5
	28,631.5	28,769.5	27,917.4	27,957.9

1. Balance excludes prepayments.
2. Balance excludes deferred income.

The fair values in these tables are estimated using the valuation techniques below. The estimated fair value is stated as at 31 December and may be significantly different from the amounts which will actually be paid on the maturity or settlement dates of each financial instrument.

Cash in hand

This represents physical cash across the Group's branch network where fair value is considered to be equal to carrying value.

Loans and advances to credit institutions

This mainly represents the Group's working capital current accounts and call accounts with central governments and other banks with an original maturity of less than three months. Fair value is not considered to be materially different to carrying value.

Investment securities

Investment securities' fair values are provided by a third party and are based on the market values of the financial instruments.

Loans and advances to customers

This mainly represents secured mortgage lending to customers. The fair value of fixed rate mortgages has been estimated by discounting future cash flows at current market rates of interest based on the SONIA forward curve. Future cash flows include the impact of ECL. The interest rate on variable rate mortgages is considered to be equal to current market product rates and as such fair value is estimated to be equal to carrying value.

Other assets

Other assets disclosed in the table above exclude prepayments and the fair value is considered to be equal to carrying value.

Amounts owed to retail depositors

The fair value of fixed rate retail deposits has been estimated by discounting future cash flows at current market rates of interest based on the SONIA forward curve. Retail deposits at variable rates and deposits payable on demand are considered to be at current market rates and as such fair value is estimated to be equal to carrying value.

Amounts owed to credit institutions

This mainly represents amounts drawn down under the BoE TFSME, ILTR and commercial repos. Fair value is considered to be equal to carrying value.

Amounts owed to other customers

This represents saving products to corporations and local authorities. The fair value of fixed rate deposits is estimated by discounting future cash flows at current market rates of interest based on the SONIA forward curve. Deposits at variable rates are considered to be at current market rates and the fair value is estimated to be equal to carrying value.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

42. Financial instruments and fair values continued

Debt securities in issue

While the Group's debt securities in issue are listed, the quoted prices for an individual note may not be indicative of the fair value of the issue as a whole, due to the specialised nature of the market in such instruments and the limited number of investors participating in it. Fair value is not considered to be materially different to carrying value.

Other liabilities

Other liabilities disclosed in the table above exclude deferred income and the fair value is considered to be equal to carrying value.

Senior notes and Subordinated debt liabilities

The senior notes and subordinated debt liabilities are listed on the London Stock Exchange with fair value being the quoted market price at the reporting date.

iii. Fair value classification

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following tables provide an analysis of financial assets and financial liabilities measured at fair value in the Consolidated Statement of Financial Position grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

2025	Carrying amount £m	Principal amount £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets						
Investment securities	849.6	842.4	299.9	549.6	0.1	849.6
Loans and advances to customers	11.6	13.4	–	–	11.6	11.6
Derivative assets	101.4	16,448.7	–	101.4	–	101.4
	962.6	17,304.5	299.9	651.0	11.7	962.6
Financial liabilities						
Derivative liabilities	152.0	15,816.1	–	152.0	–	152.0

2024	Carrying amount £m	Principal amount £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets						
Investment securities	636.1	638.3	226.0	409.8	0.3	636.1
Loans and advances to customers	12.9	14.9	–	–	12.9	12.9
Derivative assets	313.8	16,474.8	–	313.8	–	313.8
	962.8	17,128.0	226.0	723.6	13.2	962.8
Financial liabilities						
Derivative liabilities	81.9	11,291.4	–	81.9	–	81.9

Level 1: Fair values that are based entirely on quoted market prices (unadjusted) in an actively traded market for identical assets and liabilities that the Group has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on readily available observable market prices, this makes them most reliable, reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

Level 2: Fair values that are based on one or more quoted prices in markets that are not active or for which all significant inputs are taken from directly or indirectly observable market data. These include valuation models used to calculate the present value of expected future cash flows and may be employed either when no active market exists or when there are no quoted prices available for similar instruments in active markets.

Level 3: Fair values for which any one or more significant input is not based on observable market data and the unobservable inputs have a significant effect on the instrument's fair value. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in determining the fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instruments being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and the selection of appropriate discount rates.

Notes to the Consolidated Financial Statements continued

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42. Financial instruments and fair values continued

The following tables provide an analysis of financial assets and financial liabilities not measured at fair value in the Consolidated Statement of Financial Position grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

			Estimated fair value				
	Carrying amount	Principal amount	Level 1	Level 2	Level 3	Total	
2025	£m	£m	£m	£m	£m	£m	
Financial assets							
Cash in hand	0.4	0.4	–	0.4	–	0.4	
Loans and advances to credit institutions	3,053.0	3,048.4	–	3,053.0	–	3,053.0	
Investment securities	964.9	954.6	–	965.6	–	965.6	
Loans and advances to customers	25,909.0	26,135.8	–	2,044.4	23,694.0	25,738.4	
Other assets ¹	2.2	2.2	–	2.2	–	2.2	
	29,929.5	30,141.4	–	6,065.6	23,694.0	29,759.6	
Financial liabilities							
Amounts owed to retail depositors	24,251.1	23,894.4	–	11,079.6	13,248.9	24,328.5	
Amounts owed to credit institutions	1,838.1	1,827.3	–	1,838.1	–	1,838.1	
Amounts owed to other customers	478.4	454.5	–	–	478.4	478.4	
Debt securities in issue	1,010.0	1,008.0	–	1,010.0	–	1,010.0	
Other liabilities ²	70.4	70.4	–	70.4	–	70.4	
Senior notes	723.4	700.0	–	768.0	–	768.0	
Subordinated debt liabilities	260.1	250.0	–	276.1	–	276.1	
	28,631.5	28,204.6	–	15,042.2	13,727.3	28,769.5	

1. Balance excludes prepayments.
2. Balance excludes deferred income.

			Estimated fair value				
	Carrying amount	Principal amount	Level 1	Level 2	Level 3	Total	
2024	£m	£m	£m	£m	£m	£m	
Financial assets							
Cash in hand	0.3	0.3	–	0.3	–	0.3	
Loans and advances to credit institutions	3,405.9	3,400.1	–	3,405.9	–	3,405.9	
Investment securities	798.3	793.2	–	796.0	–	796.0	
Loans and advances to customers	25,113.4	25,313.6	–	2,183.0	22,660.5	24,843.5	
Other assets ¹	1.7	1.7	–	1.7	–	1.7	
	29,319.6	29,508.9	–	6,386.9	22,660.5	29,047.4	
Financial liabilities							
Amounts owed to retail depositors	23,820.3	23,412.5	–	8,464.0	15,342.8	23,806.8	
Amounts owed to credit institutions	1,935.2	1,913.0	–	1,935.2	–	1,935.2	
Amounts owed to other customers	104.9	103.1	–	–	104.9	104.9	
Debt securities in issue	1,018.3	1,016.2	–	1,018.3	–	1,018.3	
Other liabilities ²	56.2	56.2	–	56.2	–	56.2	
Senior notes	722.7	700.0	–	763.0	–	763.0	
Subordinated debt liabilities	259.8	250.0	–	273.5	–	273.5	
	27,917.4	27,451.0	–	12,510.2	15,447.7	27,957.9	

1. Balance excludes prepayments.
2. Balance excludes deferred income.

43. Pension scheme

Defined contribution scheme

The amount charged to profit or loss in respect of contributions to the Group's defined contribution and stakeholder pension arrangements is the contribution payable in the year. The total pension cost in the year amounted to £5.6m (2024: £5.7m).

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4.4. Operating segments

The Group segments its lending business and operates under two segments in line with internal reporting to the Board:

- OSB
- CCFS

The Group applies consistent accounting policies across all segments. The Group separately discloses the impact of Combination accounting but does not consider this a business segment.

The financial position and results of operations of the above segments are summarised below:

2025	OSB £m	CCFS £m	Combination £m	Total £m
Balances at the reporting date				
Gross loans and advances to customers	16,677.4	9,366.8	–	26,044.2
Expected credit losses	(104.5)	(19.1)	–	(123.6)
Loans and advances to customers	16,572.9	9,347.7	–	25,920.6
Capital expenditure	32.9	–	–	32.9
Depreciation and amortisation	14.1	1.8	–	15.9
Profit or loss for the year				
Net interest income	413.9	265.5	–	679.4
Other expense	(11.0)	(0.4)	–	(11.4)
Total income	402.9	265.1	–	668.0
Impairment of financial assets	(16.3)	3.3	–	(13.0)
Contribution to profit	386.6	268.4	–	655.0
Administrative expenses	(163.0)	(107.1)	–	(270.1)
Provisions	(2.3)	(0.1)	–	(2.4)
Profit before taxation	221.3	161.2	–	382.5
Taxation	(56.7)	(40.1)	–	(96.8)
Profit for the year	164.6	121.1	–	285.7

2024	OSB £m	CCFS £m	Combination £m	Total £m
Balances at the reporting date				
Gross loans and advances to customers	15,439.0	9,814.2	–	25,253.2
Expected credit losses	(101.1)	(25.8)	–	(126.9)
Loans and advances to customers	15,337.9	9,788.4	–	25,126.3
Capital expenditure	43.7	0.2	–	43.9
Depreciation and amortisation	7.5	3.1	0.7	11.3
Profit or loss for the year				
Net interest income/(expense)	389.0	301.6	(24.2)	666.4
Other (expense)/income	(3.5)	3.1	1.2	0.8
Total income/(expense)	385.5	304.7	(23.0)	667.2
Impairment of financial assets	2.9	9.9	(1.1)	11.7
Contribution to profit	388.4	314.6	(24.1)	678.9
Administrative expenses	(149.9)	(107.5)	(0.7)	(258.1)
Provisions	(2.7)	–	–	(2.7)
Profit/(loss) before taxation	235.8	207.1	(24.8)	418.1
Taxation	(65.3)	(51.6)	6.9	(110.0)
Profit/(loss) for the year	170.5	155.5	(17.9)	308.1

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For the year ended 31 December 2025

45. Country by country reporting (CBCR)

CBCR was introduced through Article 89 of CRD IV, aimed at the banking and capital markets industry. The name, nature of activities and geographic location of the Group's companies are presented below:

Jurisdiction	Country	Name	Activities
UK ¹	England	OSB GROUP PLC	Holding company
		OneSavings Bank plc	Mortgage lending and deposit taking
		5D Finance Limited	Mortgage servicer and provider
		Broadlands Finance Limited ²	Mortgage administration services
		CCFSG Holdings Limited	Holding company
		Charter Court Financial Services Limited	Mortgage lending and deposit taking
		Charter Mortgages Limited	Mortgage administration and analytical services
		Easioption Limited	Intermediate holding company
		Exact Mortgage Experts Limited	Group service company
		Guernsey Home Loans Limited	Mortgage provider
		Heritable Development Finance Limited	Mortgage originator and servicer
		Inter Bay Financial I Limited	Holding company
		InterBay Asset Finance Limited	Asset finance and mortgage provider
		Interbay Funding, Ltd	Mortgage servicer
		Interbay ML, Ltd	Mortgage provider
		Jersey Home Loans Limited	Mortgage provider
		Prestige Finance Limited	Mortgage originator and servicer
		Reliance Property Loans Limited	Mortgage provider
		Rochester Mortgages Limited	Mortgage provider
	Guernsey	Guernsey Home Loans Limited	Mortgage provider
	Jersey	Jersey Home Loans Limited	Mortgage provider

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

45. Country by country reporting (CBCR) continued

Jurisdiction	Country	Name	Activities
UK	England	Canterbury Finance No. 2 plc	Special purpose vehicle
		Canterbury Finance No. 3 plc	
		Canterbury Finance No. 4 plc	
		Canterbury Finance No. 5 plc	
		CMF 2023-1 plc	
		CMF 2024-1 plc	
		PMF 2024-1 plc	
		CMF 2025-1 plc	
		CSC Shelf 2025-1 plc	
		Keys Warehouse No.1 Limited	
UK	England	WSE Bourton Road Limited	Land lease investment
India	India	OSB India Private Limited	Back office processing

- Guernsey Home Loans Limited (Guernsey) and Jersey Home Loans Limited (Jersey) are incorporated in Guernsey and Jersey respectively but are considered to be located in the UK as they are managed and controlled in the UK with no permanent establishments in Guernsey or Jersey.
- Broadlands Finance Limited was dissolved on 27 January 2026.

Other disclosures required by the CBCR directive are provided below:

2025	UK	India	Consolidation ²	Total
Average number of employees	1,467	1,016	–	2,483
Turnover ¹ , £m	666.4	24.3	(22.7)	668.0
Profit/(loss) before tax, £m	380.9	4.3	(2.7)	382.5
Corporation tax paid, £m	71.8	1.2	–	73.0
2024				
Average number of employees	1,566	993	–	2,559
Turnover ¹ , £m	666.1	21.9	(20.8)	667.2
Profit/(loss) before tax, £m	417.1	3.5	(2.5)	418.1
Corporation tax paid, £m	118.5	0.9	–	119.4

- Turnover represents total income before impairment of financial and intangible assets, regulatory provisions and operating costs, but after net interest income, gains and losses on financial instruments and other operating income.
- Relates to a management fee to Indian subsidiaries from OneSavings Bank plc for providing back-office processing.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

45. Country by country reporting (CBCR) continued

The tables below reconcile tax charged and tax paid during the year.

	UK £m	India £m	Total £m
2025			
Tax charge	95.7	1.1	96.8
Effects of:			
Other timing differences	(6.7)	–	(6.7)
Tax outside of profit or loss	(0.5)	–	(0.5)
Prior year tax included within tax charge	0.3	–	0.3
Prior year tax repaid during the year	–	(0.1)	(0.1)
Tax in relation to this period prepaid	(16.5)	0.2	(16.3)
R&D tax claim	(0.5)	–	(0.5)
Tax paid	71.8	1.2	73.0
2024			
Tax charge	109.1	0.9	110.0
Effects of:			
Other timing differences	0.9	–	0.9
Tax outside of profit or loss	(0.2)	–	(0.2)
Prior year tax included within tax charge	4.8	–	4.8
Tax in relation to future periods prepaid	3.9	–	3.9
Tax paid	118.5	0.9	119.4

46. Adjustments for non-cash items and changes in operating assets and liabilities

	2025 £m	2024 £m
Adjustments for non-cash and other items:		
Depreciation and amortisation	15.9	11.3
Interest on investment securities	(77.0)	(41.3)
Interest on subordinated debt liabilities	25.3	25.3
Interest on PSBs	–	0.5
Interest on securitised debt	51.0	62.7
Interest on senior notes	64.7	63.5
Interest on financing debt	41.8	114.7
Impairment charge/(credit) on loans	13.0	(11.7)
Interest on other liquid assets	(0.6)	–
Administrative expenses	(2.0)	–
Provisions	2.4	2.7
Net expense on derivative financial instruments–subordinated debt liabilities and senior notes	1.4	7.2
Net expense on derivative financial instruments–structural hedge	2.4	3.3
Fair value losses on financial instruments	22.1	1.5
Share-based payments	6.9	6.3
Total adjustments for non-cash and other items	167.3	246.0
Changes in operating assets and liabilities:		
(Increase)/decrease in loans and advances to credit institutions	(79.9)	125.7
Increase in loans and advances to customers ¹	(807.0)	(135.0)
Increase in amounts owed to retail depositors	430.8	1,693.7
Decrease in cash collateral and margin received	(160.0)	(52.8)
Net (increase)/decrease in other assets	(3.2)	9.8
Net increase in derivatives and hedged items	14.3	1.7
Net increase in amounts owed to other customers	373.5	41.6
Net increase in other liabilities	3.6	6.3
Exchange differences on working capital	(1.7)	–
Total changes in operating assets and liabilities	(229.6)	1,691.0

1. In 2024, the movement in loans and advances to customers has been adjusted to reflect the effect of £786.1m of non-cash consideration received initially as part of the PMF 2024-1 securitisation. The classification of the cash consideration received, included in the movement, reflects the operating nature of the assets sold.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2025

47. Controlling party

As at 31 December 2025 there was no controlling party of the ultimate parent company of the Group, OSB GROUP PLC.

48. Transactions with key management personnel

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 below.

The Directors and Group Executive team are considered to be key management personnel.

Directors' remuneration is disclosed in note 9 and in the Directors' Remuneration Report on page 146. The Group Executive team are all employees of OSB, the table below shows the aggregate remuneration for members of the team who are non-directors:

	2025 £'000	2024 £'000
Short-term employee benefits	5,124	4,770
Post-employment benefits	242	232
Share-based payments	1,794	1,371
	7,160	6,373

Key management personnel and connected persons held deposits with the Group of £1.7m (2024: £1.6m).

49. Capital management

The Group's capital management approach is to provide a sufficient capital base to cover business risks and support future business development. The Group remained, throughout the year, compliant with its capital requirements as set out by the PRA, the Group's primary prudential supervisor.

The Group manages and reports its capital at a number of levels including Group level and for the two regulated banking entities within the Group, on an individual consolidation basis (OSB solo) and on an individual entity basis (Charter Court Financial Services Limited). OSB solo consists of OneSavings Bank plc and its UK subsidiaries except for the CCFS entities acquired in 2019 and other selected subsidiaries. The capital position of the two regulated banking entities is not separately disclosed.

The Group's capital management is based on the three 'pillars' of Basel III.

Under Pillar 1, the Group calculates its minimum capital requirements based on 8% of risk-weighted assets.

Under Pillar 2, the Group, and its regulated entities, complete an annual self-assessment of risks known as the Internal Capital Adequacy Assessment Process (ICAAP). The PRA applies additional requirements to this assessment amount to cover risks under Pillar 2 to generate a Total Capital Requirement and also sets capital buffers for the Group.

Pillar 3 requires firms to publish a set of disclosures which allow market participants to assess information on the Group's capital, risk exposures and risk assessment process. The Group's Pillar 3 disclosures can be found on the Group's website.

On 20 January 2026, the PRA issued its final rules on the implementation of Basel 3.1 in the UK and confirming 1 January 2027 as its commencement date. The Group has taken account of this in planning for future capital requirements.

The ultimate responsibility for capital adequacy rests with the Board of Directors. The Group's ALCO is responsible for the management of the capital process within the risk appetite defined by the Board, including approving policy, overseeing internal controls and setting internal limits over capital ratios.

The Group actively manages its capital position and reports this on a regular basis to the Board and senior management via ALCO and other governance committees. Capital requirements are included within budgets, forecasts and strategic plans with initiatives being executed against this plan.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

49. Capital management continued

The Group's Pillar 1 capital information is presented below:

	(Unaudited) 2025 £m	(Unaudited) 2024 £m
Common Equity Tier 1 (CET1) capital		
Called up share capital	3.6	3.7
Share premium	6.0	4.5
Retained earnings	3,457.0	3,406.4
Foreseeable dividends	(85.8)	(85.2)
Other reserves	(1,337.0)	(1,341.2)
CET1 capital: instruments and reserves	2,043.8	1,988.2
Regulatory Adjustments		
Prudent valuation adjustment ¹	(1.0)	(0.4)
Intangible assets	(66.9)	(48.8)
Deferred tax asset	(0.1)	(0.2)
COVID-19 ECL transitional adjustment	–	7.6
Total CET1 capital	1,975.8	1,946.4
AT1 capital		
AT1 securities	167.1	150.0
Total Tier 1 capital	2,142.9	2,096.4
Tier 2 capital		
Tier 2 securities	250.0	250.0
Total Tier 2 capital	250.0	250.0
Total regulatory capital	2,392.9	2,346.4
Risk-weighted assets (unaudited)	12,541.7	11,915.7

1. The Group has adopted the simplified approach under the Prudent Valuation rules, recognising a deduction equal to the sum of absolute value equal to 0.1% (2024: 0.1%) of fair value assets and liabilities excluding offsetting fair valued assets and liabilities.

The movement in CET1 during the year was as follows:

	(Unaudited) 2025 £m	(Unaudited) 2024 £m
As at 1 January	1,946.4	1,905.7
Movement in retained earnings	50.6	76.2
Share premium from Sharesave Scheme vesting	1.5	0.7
Movement in other reserves	4.1	2.0
Movement in foreseeable dividends	(0.6)	0.5
COVID-19 ECL transitional adjustment	(7.6)	(16.2)
Movement in prudent valuation adjustment	(0.6)	0.1
Net increase in intangible assets	(18.1)	(22.7)
Movement in deferred tax asset for carried forward losses	0.1	0.1
As at 31 December	1,975.8	1,946.4

The Group's MREL information is presented below:

	(Unaudited) 2025 £m	(Unaudited) 2024 £m
Total regulatory capital	2,392.9	2,346.4
Eligible liabilities	700.0	700.0
Total own funds and eligible liabilities	3,092.9	3,046.4

The Group has not issued any MREL debt during 2025 (2024: £400.0m).

Through to the end of 2025 the Group had been assigned a preferred Resolution Strategy of single point of entry (SPE) Bail-In from the Holding Company, (OSB GROUP PLC) and had met both its interim state loss absorbing capacity, (MREL) plus buffers of 22% RWAs and had also achieved the end state required levels of 2x Minimum Capital Requirement plus buffers, (for which it had a deadline of 13 July 2026).

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 - the loss absorption amount which is equal to:

- Minimum capital requirements (i.e. Pillar 1 + Pillar 2A); or,
- If higher, any applicable leverage ratio requirement.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

50. Events after the reporting date

The Board has authorised a share repurchase of up to £100.0m of shares in the market from 6 March 2026. Any purchases made under this programme will be announced to the market each day in line with regulatory requirements.

Company Statement of Financial Position

As at 31 December 2025

	Note	2025 £m	2024 £m
Assets			
Investments in subsidiaries and intercompany loans	2	2,610.0	2,584.5
Current taxation asset		3.0	0.8
Total assets		2,613.0	2,585.3
Liabilities			
Other liabilities	3	21.2	10.5
Senior notes	4	723.4	722.7
Subordinated debt liabilities	4	260.1	259.8
		1,004.7	993.0
Equity			
Share capital	4	3.6	3.7
Share premium	4	6.0	4.5
Other equity instruments	4	167.1	150.0
Retained earnings		1,349.1	1,354.2
Other reserves	6	82.5	79.9
Shareholders' funds		1,608.3	1,592.3
Total equity and liabilities		2,613.0	2,585.3

The profit after tax for the year ended 31 December 2025 of OSBG was £229.0m (2024: £227.7m). As permitted by section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of the Company.

The notes on pages 251 to 253 form an integral part of the Company financial statements.

The financial statements were approved by the Board of Directors on 4 March 2026 and were signed on its behalf by:

Andy Golding

Chief Executive Officer

Victoria Hyde

Chief Financial Officer

Company number: 11976839

Company Statement of Changes in Equity

For the year ended 31 December 2025

	Share capital £m	Share premium £m	Capital redemption and transfer reserve ¹ £m	Own shares ² £m	Share-based payment reserve £m	Other equity instruments £m	Retained earnings £m	Total £m
As at 1 January 2024	3.9	3.8	66.3	(1.0)	11.6	150.0	1,358.6	1,593.2
Profit for the year	–	–	–	–	–	–	227.7	227.7
Dividend paid	–	–	–	–	–	–	(126.4)	(126.4)
Share-based payments	–	0.7	–	–	2.7	–	4.5	7.9
Own shares ²	–	–	–	0.1	–	–	(0.1)	–
Coupon paid on AT1 securities	–	–	–	–	–	–	(9.0)	(9.0)
Share repurchase ³	(0.2)	–	0.2	–	–	–	(101.1)	(101.1)
As at 31 December 2024	3.7	4.5	66.5	(0.9)	14.3	150.0	1,354.2	1,592.3
Profit for the year	–	–	–	–	–	–	229.0	229.0
Coupon paid on AT1 securities	–	–	–	–	–	–	(10.1)	(10.1)
Dividend paid	–	–	–	–	–	–	(125.5)	(125.5)
Redemption of AT1 securities	–	–	–	–	–	(132.9)	(0.3)	(133.2)
Issuance of AT1 securities	–	–	–	–	–	150.0	–	150.0
Transactions costs on issuance of AT1 securities	–	–	–	–	–	–	(2.0)	(2.0)
Share-based payments	0.1	1.5	–	–	2.4	–	4.2	8.2
Share repurchase ³	(0.2)	–	0.2	–	–	–	(100.4)	(100.4)
As at 31 December 2025	3.6	6.0	66.7	(0.9)	16.7	167.1	1,349.1	1,608.3

1. Includes Capital redemption reserve of £1.0m (2024: £0.8m) and Transfer reserve of £65.7m (2024: £65.7m).

2. The Company has adopted look-through accounting (see note 1 (c) to the Group's consolidated financial statements) and recognised the EBT within OSBG.

3. Includes £99.3m (2024: £100.0m) for shares repurchased and £1.1m (2024: £1.1m) for transaction costs and incentive fees.

Company Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Profit before taxation		228.6	227.7
Adjustments for non-cash and other items:			
Interest on subordinated debt liabilities		25.3	25.3
Interest on senior notes		64.7	63.5
Administrative expenses		(0.2)	–
Changes in operating assets and liabilities:			
Change in intercompany loans ¹		(1.8)	(417.2)
Cash generated from/(used in) in operating activities		316.6	(100.7)
Net tax paid		(2.8)	(0.8)
Net cash generated from/(used in) in operating activities		313.8	(101.5)
Cash flows from investing activities			
Net change in investments in subsidiaries		(16.0)	–
Net cash from investing activities		(16.0)	–
Cash flows from financing activities			
Issuance of senior notes	5	–	398.0
Interest paid on financing	5	(89.0)	(71.3)
Redemption of AT1 securities		(133.2)	–
Issuance of AT1 securities		148.0	–
Share repurchase ²		(89.4)	(90.6)
Dividend paid		(125.5)	(126.4)
Coupon paid on AT1 securities		(10.1)	(9.0)
Proceeds from issuance of shares under employee SAYE scheme		1.4	0.8
Net cash from financing activities		(297.8)	101.5
Net increase in cash and cash equivalents		–	–

	Note	2025 £m	2024 £m
Cash and cash equivalents at the beginning of the year		–	–
Cash and cash equivalents at the end of the year³		–	–
Movement in cash and cash equivalents		–	–
Cash flows from operating activities include:			
Dividends received from subsidiary ⁴		219.0	218.7

1. Includes £1.1m (2024: less than £0.1m) of current taxation asset surrendered to OSB.

2. Includes £88.8m (2024: £89.9m) for shares repurchased and £0.6m (2024: £0.7m) transaction costs and fees.

3. The Company's bank balance is swept to OneSavings Bank plc daily resulting in a nil balance.

4. The Company's principal activity is to hold the investment in its wholly owned subsidiary, OneSavings Bank plc. Dividends received are treated as operating income.

Notes to the Company Financial Statements

For the year ended 31 December 2025

1. Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with IFRS as adopted by the UK.

The financial statements have been prepared on the historical cost basis. The financial statements are presented in pounds sterling. All amounts in the financial statements have been rounded to the nearest £0.1m (£m). The functional currency of the Company is pounds sterling, which is the currency of the primary economic environment in which the Company operates.

The principal accounting policies adopted are the same as those set out in note 1 to the Group's consolidated financial statements, aside from accounting policy in note 1 (v) share-based payments. For the Company, the cost of the awards is recognised on a straight-line basis to investment in subsidiaries (with a corresponding increase in the share-based payment reserve within equity) over the vesting period in which the employees become unconditionally entitled to the awards.

There are no critical judgements and estimates that apply to the Company.

2. Investments in subsidiaries and intercompany loans

The Company holds an investment in ordinary shares of £1,458.7m (2024: £1,452.1m) and in AT1 securities of £99.6m (2024: £90.0m) in its direct subsidiary, OneSavings Bank plc (OSB). The Company also holds an investment in AT1 securities of £66.4m (2024: £60.0m) in an indirect subsidiary, Charter Court Financial Services Limited (CCFSL). The investment in shares and AT1 securities are carried at cost.

	Investment in subsidiaries £m	Intercompany loans (payable)/receivable £m
As at 1 January 2024	1,595.0	565.1
Additions ¹	7.2	418.8
Repayments	–	(1.6)
As at 31 December 2024	1,602.2	982.3
Additions ¹	155.4	4.7
Repayments ²	(132.9)	(1.7)
As at 31 December 2025	1,624.7	985.3

1. Additions in investment in subsidiaries include purchase of AT1 issuance of £89.3m (2024: nil) issued by OSB and £59.6m (2024: nil) issued by CCFSL and share-based payments of £6.5m (2024: £7.2m).

2. Repayments in investment in subsidiaries include redemption of AT1 securities of £79.7m (2024: nil) issued by OSB and £53.2m (2024: nil) issued by CCFSL.

In addition to the transactions outlined above, the transactions with subsidiaries during the year comprise transactions with OSB which include £4.7m (2024: £18.8m) of accrued interest movement on subordinated debt liabilities and senior notes, and £1.7m (2024: £0.8m) relates to tax funded by OSB. (2024: The transactions with subsidiaries during the year comprise transactions with OSB which include senior notes issuance of £400.0m, £15.5m of accrued interest movement on subordinated debt liabilities and senior notes. Repayments include £0.8m of share repurchase costs and £0.8m relates to tax funded by OSB.)

Financial assets comprise of investments in AT1 securities and intercompany loan receivables, being subordinated debt liabilities and senior notes issued by subsidiaries, all of which have the same rates and terms and conditions as the Company's external issued AT1 securities, subordinated debt liabilities and senior notes. Financial liabilities comprise of intercompany loans, which are payable on demand. For details see note 34 Senior notes and note 35 Subordinated debt liabilities of the Group's consolidated financial statements.

A list of the Company's direct and indirect subsidiaries as at 31 December 2025 and 2024 are shown below:

Direct investments	Activity	Registered office	Ownership
OneSavings Bank plc	Mortgage lending and deposit taking	The Observatory	100%

Indirect investments	Activity	Registered office	Ownership
5D Finance Limited	Mortgage servicer and provider	The Observatory	100%
Broadlands Finance Limited ²	Mortgage administration services	OSB House	100%
Canterbury Finance No.2 plc	Special purpose vehicle	Capricorn Centre	–
Canterbury Finance No.3 plc	Special purpose vehicle	Capricorn Centre	–
Canterbury Finance No.4 plc	Special purpose vehicle	Churchill Place	–
Canterbury Finance No.5 plc	Special purpose vehicle	Churchill Place	–
CCFSG Holdings Limited	Holding company	OSB House	100%
Charter Court Financial Services Limited	Mortgage lending and deposit taking	Charter Court	100%
Charter Mortgages Limited	Mortgage administration and analytical services	Charter Court	100%

Notes to the Company Financial Statements continued

For the year ended 31 December 2025

2. Investments in subsidiaries and intercompany loans continued

Indirect investments	Activity	Registered office	Ownership
CMF 2023-1 plc	Special purpose vehicle	Churchill Place	–
CMF 2024-1 plc	Special purpose vehicle	Churchill Place	–
CMF 2025-1 plc ¹	Special purpose vehicle	Churchill Place	–
Easioption Limited	Holding company	The Observatory	100%
Exact Mortgage Experts Limited	Group service company	Charter Court	100%
Guernsey Home Loans Limited	Mortgage provider	Reliance House	100%
Guernsey Home Loans Limited (Guernsey)	Mortgage provider	Guernsey	100%
Heritable Development Finance Limited	Mortgage originator and servicer	The Observatory	100%
Inter Bay Financial I Limited	Holding company	OSB House	100%
InterBay Asset Finance Limited	Asset finance and mortgage provider	Reliance House	100%
Interbay Funding, Ltd	Mortgage servicer	Reliance House	100%
Interbay ML, Ltd	Mortgage provider	OSB House	100%
Jersey Home Loans Limited	Mortgage provider	Reliance House	100%
Jersey Home Loans Limited (Jersey)	Mortgage provider	Jersey	100%
Keys Warehouse No.1 Limited	Special purpose vehicle	Capricorn Centre	–
OSB India Private Limited	Back office processing	India	100%
PMF 2024-1 plc	Special purpose vehicle	Churchill Place	–
CSC Shelf 2025-1 plc ¹	Special purpose vehicle	Churchill Place	–
Prestige Finance Limited	Mortgage originator and servicer	Reliance House	100%

Indirect investments	Activity	Registered office	Ownership
Reliance Property Loans Limited	Mortgage provider	Reliance House	100%
Rochester Mortgages Limited	Mortgage provider	The Observatory	100%
WSE Bourton Road Limited	Land lease investment	OSB House	100%

1. CSC Shelf 2025-1 plc and CMF 2025-1 plc were incorporated in 2025. There were no other changes to investments in subsidiaries from the prior year.
2. Broadlands Finance Limited was dissolved on 27 January 2026.

All investments are in the ordinary share capital of each subsidiary.

OSB India Private Limited is owned 70.28% by OneSavings Bank plc, 29.72% by Easioption Limited and 0.001% by Reliance Property Loans Limited.

SPVs which the Group controls are treated as subsidiaries for accounting purposes.

All of the entities listed above have been consolidated into the Group's consolidated financial statements. The location of the entities listed above are disclosed in note 45 to the Group's consolidated financial statements.

The investment and intercompany receivables are reviewed annually for indicators of impairment. If impairment indicators are identified an impairment review of the investment is conducted which will quantify if the carrying value is in excess of the recoverable amount or an impairment has occurred. In determining recoverable amount, the fair value less costs to sell and the value in use are assessed, with the value in use being an estimate of the present value of future cash flows generated by the investment. Impairment of intercompany receivables is considered within the scope of IFRS 9 for ECL.

The following are the registered offices of the subsidiaries:

Charter Court – 2 Charter Court, Broadlands, Wolverhampton, WV10 6TD

Guernsey – 2nd Floor, Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey GY1 2JP

India – Salarpuria Magnificia No. 78, 9th & 10th floor, Old Madras Road, Bangalore, India, 560016

Jersey – 26 New Street, St Helier, Jersey, JE2 3RA

OSB House – Quayside, Chatham Maritime, Chatham, England, ME4 4QZ

Reliance House – Reliance House, Sun Pier, Chatham, Kent, ME4 4ET

The Observatory – Brunel Way, Dock Road, Chatham, Kent, United Kingdom ME4 4AF

Churchill Place – 5 Churchill Place, 10th Floor, London, E14 5HU

Capricorn Centre – 18a Capricorn Centre Cranes Farm Road, Basildon, Essex, SS14 3JJ

Notes to the Company Financial Statements continued

For the year ended 31 December 2025

3. Other liabilities

	2025 £m	2024 £m
Falling due within one year:		
Other creditors	2.2	0.5
Share repurchase liability	19.0	10.0
	21.2	10.5

For details see note 32 Other liabilities of the Group's consolidated financial statements on page 220.

4. Senior notes, subordinated debt liabilities, share capital, and other equity instruments

For details see note 34 Senior notes, 35 Subordinated debt liabilities, 37 Share capital and 38 Other equity instruments of the Group's consolidated financial statements from page 221 to 223.

5. Reconciliation of cash flows from financing activities

The tables below show a reconciliation of the Company's liabilities classified as financing activities within the Company statement of cash flows:

	Senior notes (see note 4) £m	Subordinated debt liabilities (see note 4) £m	Total £m
As at 1 January 2024	307.5	259.5	567.0
Cash movements:			
Principal drawdowns	398.0	–	398.0
Interest paid	(46.3)	(25.0)	(71.3)
Non-cash movements:			
Interest charged	63.5	25.3	88.8
As at 31 December 2024	722.7	259.8	982.5
Cash movements:			
Interest paid	(64.0)	(25.0)	(89.0)
Non-cash movements:			
Interest charged	64.7	25.3	90.0
As at 31 December 2025	723.4	260.1	983.5

6. Other reserves

The Company's other reserves are as follows:

	2025 £m	2024 £m
Share-based payment	16.7	14.3
Capital redemption and transfer	66.7	66.5
Own shares	(0.9)	(0.9)
	82.5	79.9

Capital redemption and transfer reserve

The capital redemption reserve represents the shares cancelled through the Group's share repurchase programme.

The transfer reserve represents the difference between the net assets of the Group at the point of insertion of OSBG as the listed holding company and the fair value of the newly issued share capital of OSBG.

For own shares see note 39 of the Group's consolidated financial statements.

7. Directors and employees

The Company has no employees. OneSavings Bank plc provides the Company with employee services and bears the costs, along with other subsidiaries in the Group, associated with the Directors of the Company. These costs are not recharged to the Company.

8. Risk management

The principal financial risks that the Company is exposed to, as a holding company for its subsidiaries, are those that its subsidiaries are exposed to. These risks are managed at Group level, through the Group's risk governance framework reporting to the Group Risk Committee. For further information see note 41 of the Group's consolidated financial statements.

9. Controlling party

As at 31 December 2025 there was no controlling party of OSB GROUP PLC.

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Appendix 1

Forward-looking statements

This document is not audited and contains certain forward-looking statements with respect to the business, strategy and plans of OSB GROUP PLC (OSBG), its current goals, beliefs, intentions, strategies and expectations relating to its future financial condition, performance and results, and ESG ambitions, targets and commitments described herein. Such forward-looking statements include, without limitation, those preceded by, followed by or that include the words ‘targets’, ‘believes’, ‘estimates’, ‘expects’, ‘aims’, ‘intends’, ‘will’, ‘may’, ‘anticipates’, ‘projects’, ‘plans’, ‘forecasts’, ‘outlook’, ‘likely’, ‘guidance’, ‘trends’, ‘future’, ‘would’, ‘could’, ‘should’ or similar expressions or negatives thereof but are not the exclusive means of identifying such statements. Statements that are not historical or current facts, including statements about OSBG’s, its directors’ and/or management’s beliefs and expectations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by OSBG or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally, including any changes in global trade policies; market related trends and developments; fluctuations in exchange rates, stock markets, inflation, deflation, interest rates, energy prices and currencies; policies of the Bank of England, the European Central Bank and other G7 central banks; the ability to access sufficient sources of capital, liquidity and funding when required; changes to OSBG’s credit ratings; the ability to derive cost savings; changing demographic developments, and changing customer behaviour, including consumer spending, saving and borrowing habits; changes in customer preferences; changes to borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability, the potential for countries to exit the European Union (the EU) or the Eurozone, and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes and risks to cyber security; natural and other disasters, adverse weather and similar contingencies outside OSBG’s control; inadequate or failed internal or external processes, people and systems; acts of war and terrorist acts or hostility and responses to those acts; geopolitical events and diplomatic tensions; the impact of outbreaks, epidemics and pandemics or other such events; changes in laws, regulations, taxation, ESG reporting standards, accounting standards or practices, including as a result of the UK’s exit from the EU; regulatory capital or liquidity requirements and similar contingencies outside OSBG’s control; the policies and actions of governmental or regulatory authorities in the UK, the EU or elsewhere including the implementation and interpretation of key legislation and regulation; the ability to attract and retain senior management and other employees; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; market relating trends and developments; exposure to regulatory scrutiny, legal proceedings, regulatory investigations or complaints; changes in competition and pricing environments; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services and lending companies; the success of OSBG in managing the risks of the foregoing; and other risks inherent to the industries and markets in which OSBG operates.

Accordingly, no reliance may be placed on any forward-looking statement. Neither OSBG, nor any of its directors, officers or employees provides any representation, warranty or assurance that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Any forward-looking statements made in this document speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information of future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange PLC or applicable law, OSBG expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in OSBG’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. For additional information on possible risks to OSBG’s business, (which may cause actual results to differ materially from those expressed or implied in any forward-looking statement), please see the “Risk review” section above.

Nothing in this document or any subsequent discussion of this document constitutes or forms part of a public offer under any applicable law or an offer or the solicitation of an offer to purchase or sell any securities or financial instruments. Nor does it constitute advice or a recommendation with respect to such securities or financial instruments, or any invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000. Past performance cannot be relied on as a guide to future performance. Statements about historical performance must not be construed to indicate that future performance, share price or results in any future period will necessarily match or exceed those of any prior period. Nothing in this document is intended to be, or should be construed as, a profit forecast or estimate for any period.

Appendix 2

Independent Reasonable Assurance Report to the Directors of OSB GROUP PLC on Selected Alternative Performance Measures

Our assurance conclusion

We have performed an independent reasonable assurance engagement on the Alternative Performance Measures (collectively, the APMs) set out below for the financial year ended 31 December 2025. The assured APMs are highlighted with the symbol Δ throughout the OSB GROUP PLC (OSB Group) 2025 Annual Report and Accounts (ARA). The definition and the basis of preparation for each of the assured APMs is described in Appendix 4 to the 2025 ARA (OSB Group’s APM Definitions and Basis of Preparation).

Based on our procedures described in this report, and evidence we have obtained, in our opinion, the assured APMs for the financial year ended 31 December 2025 have been prepared, in all material respects, in accordance with OSB Group’s APM Definitions and Basis of Preparation.

Scope of our work

OSB GROUP PLC has engaged us to perform an independent reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ISAE 3000 (Revised)”, issued by the International Auditing and Assurance Standards Board (“IAASB”) and our agreed terms of engagement.

The APMs in scope of our engagement are as follows:

APMs	
• Originations	• Basic earnings per share
• Net interest margin	• Dividend per share
• Cost to income ratio	• Return on tangible equity
• Management expense ratio	• Net interest margin excluding liquid assets
• Loan loss ratio	• Core administrative expenses

The APMs, as listed in the above table, need to be read and understood together with the Group’s APM Definitions and Basis of Preparation set out in Appendix 4 to the 2025 ARA.

Inherent limitations

We obtained reasonable assurance over the preparation of the APMs in accordance with the Group’s APM Definitions and Basis of Preparation. Inherent limitations exist in all assurance engagements. Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The self-defined APM Definitions and Basis of Preparation, the nature of the assured APMs, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Narrative Disclosures reported by different organisations and from year to year within an organisation as methodologies develop.

Directors’ responsibilities

The Directors are responsible for preparing an Annual Report which complies with the requirements of the Companies Act 2006 and for being satisfied that the Annual Report, taken as a whole, is fair, balanced and understandable.

The directors are also responsible for:

- selecting and establishing the Group’s APM Definitions and Basis of Preparation;
- preparing, measuring, presenting and reporting the APMs in accordance with the Group’s APM Definitions and Basis of Preparation;
- publishing the Group’s APM Definitions and Basis of Preparation publicly in advance of, or at the same time as, the publication of the APMs’
- designing, implementing and maintaining internal processes and controls over information relevant to the preparation and presentation of the assured APMs to ensure that they are free from material misstatement, whether due to fraud or error; and
- providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the engagement.

Our responsibilities

We are responsible for:

- planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent reasonable assurance conclusion on the APMs.
- communicating matters that may be relevant to the APMs to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the APMs.
- Reporting our conclusion in the form of an independent reasonable Assurance Report to the Directors.

Appendix 2

Independent Reasonable Assurance Report to the Directors of OSB GROUP PLC on Selected Alternative Performance Measures continued

Our independence and competence

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ICAEW Code of Ethics. The ICAEW Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied the International Standard on Quality Management (UK) 1 "ISQM (UK) 1", issued by the Financial Reporting Council. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures performed

The nature, timing and extent of the assurance procedures selected depended on our judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, of the assured APMs. In making those risk assessments, we considered internal controls relevant to the preparation of the assured APMs.

In carrying out our reasonable assurance engagement in respect of the APMs, we performed the following procedures:

- agreeing amounts used in the calculation of APMs which are derived or extracted from the audited financial statements of OSB Group for the year ended 31 December 2025 to the financial statements.
- for amounts used in the calculation of APMs which were not derived or extracted from the financial statements of OSB Group for the year ended 31 December 2025 testing, on a sample basis, the underlying data used in determining the assured APMs.
- checking the mathematical accuracy of the calculations used to prepare the assured APMs and testing whether they were prepared in accordance with OSB Group's APM Definitions and Basis of Preparation.
- reading the 2025 ARA and assessing whether the assured APMs were presented and described consistently.

We were not asked to give, and therefore have not given, any assurance over (i) any APMs other than the assured APMs or (ii) other data in the ARA as part of this engagement.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Directors of OSB GROUP PLC in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of OSB GROUP PLC those matters we have agreed to state to them in this independent reasonable assurance report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than OSB GROUP PLC, we acknowledge that the Directors of OSB GROUP PLC may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than OSB GROUP PLC for our work, for this report or for the conclusions we have formed.

Deloitte LLP

4 March 2026

Appendix 3

Independent Limited Assurance Report to the Directors of OSB Group PLC

Independent limited Assurance Report by Deloitte LLP to the Directors of OSB Group PLC on the selected Environmental, Social and Governance (“ESG”) metrics and a description of activities undertaken to meet the Recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) (the “Selected Information”) within the Annual Report for the reporting year ended 31 December 2025.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2025, and as listed below and indicated with a ♦ in the Annual Report has not been prepared, in all material respects, in accordance with the Applicable Criteria defined by the directors as set out here: <https://www.osb.co.uk/sustainability/esg-hub/environment>

Scope of our work

OSB Group PLC has engaged us to perform an independent limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 (Revised)”) and the International Standard on Assurance Engagements 3410 Assurance engagements on greenhouse gas statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board (“IAASB”) and our agreed terms of engagement.

The Selected Information in scope of our engagement for the year ended 31 December 2024 as indicated with a ♦ in the Annual Report, is as follows:

Selected Information	Unit of Measurement	Reported Amount	Applicable Criteria
Greenhouse Gas (“GHG”) emissions:			
• Total direct (Scope 1) emissions		39.78	Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (2004).
• Total indirect (Scope 2) emissions (Location-based)	Metric tonnes CO ₂ e	263.98	Plus, any applicable methodology as published by the Company (commonly referred to as a ‘basis of reporting’).
• Total indirect (Scope 2) emissions (Market-based)		4.49	

Selected Information	Unit of Measurement	Reported Amount	Applicable Criteria
GHG Intensity:			
• Scope 1 and 2 (location-based)	Metric tonnes of CO ₂ e per full-time employee (FTE)	0.21	Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (2004).
• Scope 1 and 2 (location-based)	Metric tonnes CO ₂ e per £million total income	0.45	Plus, any applicable methodology as published by the Company (commonly referred to as a ‘basis of reporting’).

Selected Information	Applicable Criteria
TCFD:	
The description of activities undertaken to meet the Recommendations of the TCFD included within the 2025 Annual Report.	Section D (“Supplemental Guidance for the Financial Sector”) part 1 (Banks) of the TCFD Annex entitled “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021), incorporating guidance for All Sectors and Supplemental Guidance for Banks”.

The Selected Information, as listed in the above table, needs to be read and understood together with the Applicable Criteria available here: <https://www.osb.co.uk/sustainability/esg-hub/environment>

Appendix 3 continued

Independent Limited Assurance Report to the Directors of OSB Group PLC continued

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The self-defined Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

TCFD as applied by all companies includes information based on climate-related scenarios that are subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing, or effect of possible future physical and transitional climate-related impacts. For the avoidance of doubt, the scope of our engagement and our responsibilities do not involve us performing work necessary for any assurance on the reliability, proper compilation or accuracy of the prospective information provided as part of the TCFD scenario analysis and transition plans.

Directors' responsibilities

The Directors are responsible for preparing an Annual Report which complies with the requirements of the Companies Act 2006 and for being satisfied that the Annual Report, taken as a whole, is fair, balanced and understandable.

The Directors are also responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Publishing the Applicable Criteria publicly in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of our limited assurance engagement.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Directors.

Our independence and competence

In conducting our engagement, we complied with the independence requirements of the FRC's Ethical Standard and the ICAEW Code of Ethics. The ICAEW Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied the International Standard on Quality Management 1 ("ISQM 1") issued by the International Auditing and Assurance Standards Board. Accordingly, we maintained a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures performed

We are required to plan and perform our work to address the areas where we have identified that a material misstatement in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement in respect of the Selected Information, we performed the following procedures:

- Performed an assessment of the Applicable Criteria selected to determine whether they were suitable for the engagement circumstances, and, where necessary, discussed with the Directors the need for a 'Basis of Reporting'.
- Performed analytical review procedures to understand the underlying subject matter and identify areas where a material misstatement of the Selected Information was likely to arise.
- Through inquiries of management, obtained an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and further assess risks of material misstatement in the Selected Information, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.

Appendix 3 continued

Independent Limited Assurance Report to the Directors of OSB Group PLC continued

- Through inquiries of management, obtained an understanding of internal controls relevant to the Selected Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We did not evaluate the design of particular internal control activities, obtain evidence about their implementation or test their operating effectiveness.
- Through inquiries of management, documented whether an external expert had been used in the preparation of the Selected Information, then evaluated the competence, capabilities and objectivity of that expert in the context of the work performed and also the appropriateness of that work as evidence.
- Inspected documents relating to the Selected Information, including Board Committee minutes and where applicable internal audit outputs to understand the level of management awareness and oversight of the Selected Information.
- Performed procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment whether the data had been appropriately consolidated.
- Performed procedures over underlying data on a statistical sample basis to assess whether the data had been collected and reported in accordance with the Applicable Criteria, including verifying to source documentation.
- Performed procedures over the Selected Information including assessing management's assumptions and estimates.
- Accumulated misstatements and control deficiencies identified, including assessing whether material.
- Read the narrative accompanying the Selected Information with regard to the Applicable Criteria, and for consistency with our understanding of OSB Group PLC.

In relation to TCFD information only, we:

- Reviewed documentation relating to the governance, strategy and financial planning and risk management processes;
- Inquired with those responsible within the organisation to understand:
 - the role of the Board in relation to climate-related risk and opportunities and management's role in assessing and managing climate-related risks and opportunities;
 - the nature of climate-related risk and opportunities identified including time horizons; the impact of climate-related risks and opportunities on the business, strategy and financial planning; and the impact of identified and considered climate scenarios on the strategy;
 - the process for identifying climate-related risks; the process for managing climate-related risks; and how these processes are integrated into the overall risk management; and
- Evaluated and reviewed the TCFD disclosure for consistency of knowledge and understanding obtained during course of our work.

We performed our engagement to obtain limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. We draw your attention to the following specific limitation:

- The underlying electricity consumption input into Scope 2 (location and market-based) emissions listed in the Annual Report includes estimations provided by suppliers and third-party sources. Our procedures did not include obtaining assurance over the information provided by suppliers or third parties.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Use of our report

This report is made solely to the Directors of OSB Group PLC in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of OSB Group PLC those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Company and the Directors of OSB Group PLC, we acknowledge that the Directors of OSB Group PLC may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than OSB Group PLC and the Directors of OSB Group PLC as a body, for our work, for this report, or for the conclusions we have formed.

Deloitte LLP
4 March 2026

Appendix 4

Alternative Performance Measures (APMs)

APMs demonstrate the Group's resilient performance in 2025 compared to 2024. The Board and Management use APMs when assessing and measuring performance of the Group against set strategic priorities.

APMs in this Annual Report are not a substitute for IFRS measures and readers should consider the IFRS measures as well.

Net interest margin (NIM)

Net interest income as a percentage of a 13 point average¹ of interest earning assets (cash, investment securities, loans and advances to customers and credit institutions). It represents the margin earned on loans and advances and liquid assets after all hedging and funding income or expense relating to business activity.

NIM excluding liquid assets is defined as net interest income as a percentage of a 13 point average¹ of net loans and advances to customers. It represents the margin earned on loans and advances after all hedging and funding income or expense relating to business activity. It is aligned with the methodology used by the Group's closest peers.

2025 statutory NIM is comparable with 2024 underlying NIM as both metrics exclude acquisition-related items, which were fully written off in 2024.

	2025 £m	2024 £m
Net interest income - A	679.4	666.4
Add back: acquisition-related adjustments	—	24.2
Net interest income - underlying B	679.4	690.6
13 point average of interest earning assets - C	29,822.1	30,098.7
Less: 13 point average of liquid assets	(4,371.2)	—
13 point average net loans - D	25,450.9	—
13 point average of underlying interest earning assets - E	—	30,082.6
Less: 13 point average of underlying liquid assets	—	(4,081.3)
13 point average of underlying net loans - F	—	26,001.3
NIM equals A/C	2.28%	2.21%
Underlying NIM equals B/E	—	2.30%
NIM excluding liquid assets equals A/D	2.67%	—
Underlying NIM excluding liquid assets equals B/F	—	2.66%

Cost to income ratio and core administrative expenses

Administrative expenses as a percentage of total income. It is a measure of operational efficiency.

	2025 £m	2024 £m
Administrative expenses - A	270.1	258.1
Less: transformation costs	(24.4)	(15.0)
Less: bank levy	(3.9)	(3.3)
Core administrative expenses	241.8	239.8
Total income - B	668.0	667.2
Cost to income ratio equals A/B	40.4%	38.7%

Management expense ratio

Administrative expenses as a percentage of a 13 point average¹ of total assets. It is a measure of operational efficiency.

	2025 £m	2024 £m
Administrative expenses (as in cost to income ratio above) - A	270.1	258.1
13 point average of total assets - B	30,131.1	30,398.4
Management expense ratio equals A/B	0.90%	0.85%

Loan loss ratio

Expected credit losses as a percentage of a 13 point average¹ of gross loans and advances. It is a measure of the credit performance of the loan book.

	2025 £m	2024 £m
Impairment of financial assets - A	13.0	(11.7)
13 point average of gross loans - B	25,577.5	26,158.4
Loan loss ratio equals A/B	0.05%	(0.04%)

Appendix 4 continued

Alternative Performance Measures (APMs) continued

Return on tangible equity (RoTE)

Profit attributable to ordinary shareholders, which is profit after tax after deducting coupons on AT1 securities, as a percentage of a 13 point average¹ of shareholders' equity excluding the 13 point average¹ of intangible assets and AT1 securities.

	2025 £m	2024 £m
Profit after tax	285.7	308.1
Less: coupons on AT1 securities	(10.1)	(9.0)
Profit attributable to ordinary shareholders - A	275.6	299.1
13 point average of shareholders' tangible equity (excluding AT1 securities) - B	2,017.3	2,001.3
Return on tangible equity equals A/B	13.7%	14.9%

Basic earnings per share

Profit attributable to ordinary shareholders, which is profit after tax after deducting coupons on AT1 securities, gross of tax, divided by the weighted average number of ordinary shares in issue.

	2025 £m	2024 £m
Profit attributable to ordinary shareholders (as in RoTE ratio above) - A	275.6	299.1
Weighted average number of ordinary shares in issue - B	364.6	385.6
Basic earnings per share equals A/B	75.6	77.6

1. 13 point average is calculated as an average of opening balance and closing balances for 12 months of the financial year.

Tangible net asset value per share (TNAV)

Shareholders' equity excluding intangible assets and AT1 securities as at the end of the year divided by the number of shares outstanding as at the end of the year.

	2025 £m	2024 £m
Shareholders' equity	2,296.7	2,223.4
Less: intangible assets	(66.9)	(48.8)
Less: AT1 securities	(167.1)	(150.0)
Tangible net asset value - A	2,062.7	2,024.6
Number of shares outstanding - B	356.0	372.1
Tangible net asset value per share (pence) A/B	579	544

Appendix 5

Independent auditor's reasonable assurance report to the Members of OSB Group Plc on the compliance of the Electronic Format Annual Financial Report with Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R-DTR 4.1.18R

Report on compliance with the requirements for iXBRL mark up ('tagging') of consolidated financial statements included in the Electronic Format Annual Financial Report

We have undertaken a reasonable assurance engagement on the iXBRL mark up of consolidated financial statements for the year ended 31 December 2025 of OSB Group Plc (the "company") included in the Electronic Format Annual Financial Report prepared by the company.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, in our opinion, the consolidated financial statements for the year ended 31 December 2025 of the company included in the Electronic Format Annual Financial Report, are marked up, in all material respects, in compliance with DTR 4.1.15R-DTR 4.1.18R.

Scope of our work

OSB Group Plc has engaged us to conduct an independent reasonable assurance engagement in accordance with International Standard on Assurance Engagements (UK) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE (UK) 3000") issued by the Financial Reporting Council, to express an opinion on whether the iXBRL mark up of consolidated financial statements complies in all material respects with DTR 4.1.15R-DTR 4.1.18R based on the evidence we have obtained.

Directors' responsibilities

The directors are responsible for preparing the Electronic Format Annual Financial Report in compliance with DTR 4.1.15R-DTR 4.1.18R. This responsibility includes:

- the selection and application of appropriate iXBRL tags using judgement where necessary.
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format.
- the design, implementation and maintenance of internal control relevant to the application of DTR 4.1.15R-DTR 4.1.18R.

Our responsibilities

We are responsible for:

- planning and performing procedures to obtain sufficient appropriate audit evidence in order to express an independent reasonable assurance conclusion on the iXBRL mark up.
- reporting our conclusion in the form of an independent reasonable Assurance Report to the Members.

Our independence and competence

In conducting our engagement, we complied with the independence requirements of the FRC's Ethical Standard and the ICAEW Code of Ethics. The ICAEW Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied the International Standard on Quality Management (UK) 1 ("ISQM (UK) 1"), issued by the Financial Reporting Council. Accordingly, we maintained a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures performed

A reasonable assurance engagement in accordance with ISAE (UK) 3000 involves performing procedures to obtain reasonable assurance about the compliance of the mark-up of the consolidated financial statements with the DTR 4.1.15R-DTR 4.1.18R. The nature, timing and extent of procedures selected were based on our professional judgement, including the assessment of the risks of material departures from the requirements set out in DTR 4.1.15R-DTR 4.1.18R, whether due to fraud or error. Our reasonable assurance engagement consisted primarily of:

- obtaining an understanding of the iXBRL mark-up process, including internal control over the mark up process relevant to the engagement.
- reconciling the marked-up data with the audited consolidated financial statements of the company dated 31 December 2025.
- evaluating the appropriateness of the company's mark-up of the consolidated financial statements using the iXBRL mark-up language.
- evaluating the appropriateness of the company's use of iXBRL elements selected from a generally accepted taxonomy and the creation of extension elements where no suitable element in the generally accepted taxonomy has been identified.
- evaluating the use of anchoring in relation to the extension elements.

In this report we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the company for the year ended 31 December 2025 is set out in our Independent Auditor's Report dated 4 March 2026.

Appendix 5 continued

Independent auditor's reasonable assurance report to the Members of OSB Group Plc on the compliance of the Electronic Format Annual Financial Report with Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R-DTR 4.1.18R continued

Use of our report

This report is made solely to the company's members, as a body, in accordance with ISAE (UK) 3000 and our agreed terms of engagement. Our work has been undertaken so that we might state to the company those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than the company and the company's members, we acknowledge that the company may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our work, for this report, or for the conclusions we have formed.

Deloitte LLP
18 March 2026

Glossary

AGM	Annual General Meeting	IRB	Internal Ratings-Based approach to credit risk
ALCO	Group Assets and Liabilities Committee	ISA	Individual Savings Account
APM	Alternative Performance Measures	KRFI	Kent Reliance for Intermediaries
BoE	Bank of England	KRPS	Kent Reliance Provident Society Limited
CCFS	Charter Court Financial Services	LCR	Liquidity Coverage Ratio
CEO	Chief Executive Officer	LGD	Loss Given Default
CET1	Common Equity Tier 1	LIBOR	London Interbank Offered Rate
CFO	Chief Financial Officer	LTIP	Long-Term Incentive Plan
CRD IV	Capital Requirements Directive and Regulation	LTV	Loan to value
CRO	Chief Risk Officer	MREL	Minimum Requirement for Own Funds and Eligible Liabilities
DoLSub	Domestic Liquidity Sub-Group	NIM	Net Interest Margin
DSBP	Deferred Share Bonus Plan	NPS	Net Promoter Score
EAD	Exposure at Default	OSB	OneSavings Bank plc
ECL	Expected Credit Loss	OSBG	OSB GROUP PLC
EIR	Effective Interest Rate	PD	Probability of Default
EPS	Earnings Per Share	PPD	Propensity to go to Possession Given Default
EU	European Union	PRA	Prudential Regulation Authority
FCA	Financial Conduct Authority	PSBs	Perpetual Subordinated Bonds
FRC	Financial Reporting Council	PSP	Performance Share Plan
FSCS	Financial Services Compensation Scheme	RMBS	Residential Mortgage-Backed Securities
FSD	Forced Sale Discount	RoE	Return on equity
FTSE	Financial Times Stock Exchange	ROTE	Return on tangible equity
HMRC	His Majesty's Revenue and Customs	RWA	Risk weighted assets
HPI	House Price Index	SAYE	Save As You Earn or Sharesave
IAS	International Accounting Standards	SDLT	Stamp Duty Land Tax
IBOR	Interbank Offered Rate	SICR	Significant Increase in Credit Risk
ICAAP	Internal Capital Adequacy Assessment Process	SID	Senior Independent Director
ICR	Interest Coverage Ratio	SME	Small and Medium Enterprises
IFRS	International Financial Reporting Standards	SONIA	Sterling Overnight Index Average
ILAAP	Internal Liquidity Adequacy Assessment Process	SRMF	Strategic Risk Management Framework
ILTR	Indexed Long-Term Repo	TFS	Term Funding Scheme
IPO	Initial Public Offering	TFSME	Term Funding Scheme with additional incentives for SMEs

Company Information

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Private shareholders are welcome to contact the Company Secretary if they have any questions or concerns they wish to be raised with the Board.