

OSB GROUP PLC: Trading update

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OSB GROUP PLC Trading update

OSB GROUP PLC (OSBG or the Group), the specialist lending and retail savings group, today issues its trading update for the period from 1 January 2021 to date.

Highlights

- Strong financial and operational performance continued throughout the first quarter
- Organic originations of £1.1bn in the first three months of 2021 (Q1 2020: £1.5bn) on tighter post-COVID criteria and at attractive margins
- Underlying¹ net loans and advances increased by 3% in the first quarter to £19.6bn (31 December 2020: £19.0bn). On a statutory basis, net loans and advances were £19.8bn (31 December 2020: £19.2bn)
- 3+ months arrears remained stable in the first quarter and impairment provisions benefitted from house price appreciation, which outperformed the HPI assumptions in our IFRS 9 models
- No change to 2021 guidance issued in the preliminary results announcement on 8 April 2021

Andy Golding, CEO of OSB GROUP PLC, said:

“I am delighted with the financial and operational performance that OSB Group has achieved so far this year. The underlying net loan book grew to £19.6bn at the end of March 2021, supported by £1.1bn of organic originations, achieved at attractive margins and on tighter post-COVID criteria. We entered the second quarter with a robust pipeline of new business and applications in our core Buy-to-Let and Residential sub-segments remain strong. We continue to control volumes in our more cyclical product lines.

With the continued successful vaccine roll-out and progressive easing of lockdown restrictions, the outlook for the UK economy has improved, although we remain cognisant of ongoing uncertainty. Our business model continues to demonstrate its resilience and inherent strengths. Our strong capital position, secured loan book and strong risk management capabilities position us well to respond to opportunities and challenges ahead and to deploy our resources to continue to deliver attractive, sustainable returns for our shareholders across the cycle.”

1. Underlying loan book excludes the fair value uplift to CCFS loan book on acquisition and related acquisition adjustments.

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About OSB GROUP PLC

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

OneSavings Bank

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

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

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

Charter Court Financial Services Group

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

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

CCFS is predominantly funded by retail savings originated through its Charter Savings Bank brand. Diversification of funding is currently provided by securitisation programmes and the Bank of England funding schemes including, the Term Funding Scheme and the Term Funding Scheme for SMEs.

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Non-IFRS performance measures

OSB GROUP PLC believes that the non-IFRS performance measures included in this document provide valuable information to the readers as they enable the reader to identify a more consistent basis for comparing the business' performance between financial periods, and provide more detail concerning the elements of performance which the Group is most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Board. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. For further details, refer to Alternative performance measures in the Financial review in the OSBG 2020 Annual Report and Accounts. Copies of this are available at www.osb.co.uk and on request from OSBG.