

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 2023 to date.

Highlights

- Strong financial and operational performance continued throughout the first quarter
- Organic originations of £1.2bn in the first three months of 2023 (Q1 2022: £1.1bn)
- Underlying¹ and statutory net loans and advances increased by 3% in the first quarter to £24.2bn (31 December 2022: £23.5bn and £23.6bn, respectively)
- The Group's three months plus arrears balances remained stable at 1.1% as at 31 March 2023 (31 December 2022: 1.1%)
- The Group has repurchased £20.1m worth of shares at the end of April under the £150m share repurchase programme

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

Andy Golding, CEO of OSB Group, said:

"We have delivered a robust performance so far this year. Strong application volumes and a continued focus on customer retention in our core Buy-to-Let and Residential sub-segments delivered net loan book growth of 3% in the first quarter.

Whilst we remain mindful of the uncertain macroeconomic outlook, the growth so far this year and the current level of demand enable us to increase our full year guidance for underlying net loan book growth from c. 5% to c. 7% for 2023. The NIM and cost to income guidance remain unchanged.

We have recently reached the milestone of £20bn in retail deposits, demonstrating not only the attractiveness of our savings proposition, but also the strength of our retail funding platforms.

In April, we issued £250m of Tier 2 debt securities, marking further progress on our journey of optimising the Group's capital composition.

The strength and resilience of our business model, our strong capital and liquidity position, secured loan book and proven risk management capabilities position us well to deliver attractive and sustainable returns across the cycle and I look to the future with confidence."

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About OSB GROUP PLC

OneSavings Bank 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)

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

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

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

Charter Court Financial Services Group (CCFS)

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

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

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

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OSBG believes that any non-IFRS performance measures included in this document provide a more consistent basis for comparing the business' performance between financial periods, and provide more detail concerning the elements of performance which OSBG is most directly able to influence or are relevant for an assessment of OSBG. 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 section in the OSBG 2022 Annual Report and Accounts. Copies of this are available at www.osb.co.uk and on request from OSBG.