

Sustainability continued

Strategic Pillar – People

Customers

The Group's lending products seek to have a positive social impact, helping support the UK mortgage market for those customers underserved by the High Street lenders.

We will achieve this by supporting property landlords to ensure there is a functioning and professionalised private rented sector, offering affordable lending products for Shared Ownership and near prime customers, helping bridge the home-ownership gap, and supporting small independent commercial property occupiers that serve local communities and neighbourhoods.

The Group, through its Heritable Development Finance residential lending business also offers small and medium-sized residential property developers products that support house-builders that provide affordable family housing outside central London, as well as helping the UK meet its housing demands.

The Group's strategy to be the number one specialist for our customers means that we offer valued products, tools and services that support them achieving their saving

and borrowing aspirations. We achieve this through the provision of online and telephone channels for our savings customers, in addition to our nine Kent Reliance branches in the South East of England. Our mortgage products are distributed by intermediaries, (other than the Heritable brand which is direct to developer) across England, Wales and Scotland, with whom we maintain strong relationships.

The Group places a particular importance on meeting the specialist needs of the customer which means a focus on efficient and supported onboarding for new customers alongside retaining balances and maintaining long term, customer relationships.

In 2023, as base rates continued to rise, we offered our savers attractively priced products and opened more than 210,000 new accounts. The retention rates amongst our savers remained high with 91% (2022: 94%) of customers with maturing fixed rate bonds and ISAs with Kent Reliance and 85% (2022: 88%) with Charter Savings Bank choosing to take another product with the same brand.



Posh Pads

Posh Pads provides high-end residential student accommodation in Southampton and Portsmouth. The business enjoys a prominent brand profile based on decades of experience and innovation with an ethos of providing students with the most desirable, comfortable and stylish accommodation complemented by a rapid-response maintenance service.

Posh Pads refinanced its property portfolio with OSB Group during the latter part of 2023, in a time of inflationary pressures and significant increases in borrowing costs.

Established in 1993, **Posh Pads** is a long-term investor and interest rate fluctuations over time are accepted as a recurring factor of its operation.

In response to the recent higher cost of finance, the business has increased its focus on cash generation and ensuring maximum efficiency when investing in the portfolio. A planned increase in rental yield in the next 12 months will help to mitigate increased loan costs, while investment in the portfolio has become more targeted and the schedule of larger-scale projects modestly reduced.

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Our savers are keen advocates of the Group’s products and service, which was reflected in strong Net Promoter Scores (NPS), at +71 for Kent Reliance (2022: +64) and +62 for Charter Savings Bank (2022: +61).

Our savings products also received industry recognition: Charter Savings Bank won Best Overall Savings Provider for the sixth year running from Personal Finance Awards, and ISA Provider of the Year from Moneyfacts Consumer Awards. Money.net Personal Finance Awards named Kent Reliance as Best Fixed Rate Savings Provider.

The rapidly rising base rate, that was reflected in mortgage pricing, represented a potential headwind for our borrowers approaching the end of their fixed rate mortgage term. Whilst higher rates upon renewal exerted pressure on Buy-to-Let landlords’ profitability, this was somewhat offset by the benefit of strong growth in rental income of 17% over the preceding five years (to December 2023, ONS) and 19% house price appreciation over the same period (to November 2023, ONS). The Group supported its borrowers through the transition to higher rates by introducing a wider range of product options for new and existing borrowers and providing confidence to intermediaries that product rates would be secured once an application was received.

The Group measures customer experience through near-real-time transaction surveys across all stages of the customer journey. In 2023, 3,385 survey responses from intermediaries, almost 12,575 responses from borrowers, and over 66,985 responses from savers were analysed to inform us about customer service issues and were used in creating and implementing solutions to enhance our customers’ experience.

Analysis of survey responses identified two key areas for improvement:

- there was a strong correlation between NPS and operational pressures due to demand peaks, and
- Precise borrowers and intermediaries wanted better communication and product options when initial rates matured

In response, we undertook activities that included bolstering operational support and proactively managing product withdrawals differently to smooth demand curves.

As a result of the survey, we offer Precise borrowers product options when their initial rate ends, providing both intermediary and borrower with improved confidence and a more proactive and engaging experience.

In addition, further improvements throughout the year were made to the underwriting process, our intermediary management structure, our websites and customer communications, all of which have contributed to the overall improvement in the 2023 NPS score.



Our intermediary management teams worked closely with the broker community, discussing cases and helping to deliver rapid and reliable decisions for our borrowers.

In 2023, the Group’s representatives participated in over 250 physical and virtual events with brokers to understand their evolving requirements and to keep up to date with industry developments. We used this understanding to continue to improve our customer propositions and the Group’s efforts were recognised in the improved broker NPS of +57 for both OSB and CCFS in 2023 (2022: OSB +37 and CCFS +39).

The Group’s mortgage proposition continued to win industry awards with Kent Reliance for Intermediaries winning Best Specialist Lender from L&G Mortgage Club Awards, Precise Mortgages awarded Best Specialist Lender from TMA Club and the Group recognised as Best Specialist Bank at the Bridging and Commercial Awards.

Our efforts to create a fairer and more sustainable Private Rented Sector through our independent Landlord Leaders initiative gathered pace as we launched the Landlord Leaders Community. In December, we published the second Landlord Leaders research report, providing insight into the world of private tenants: their demographics, motivations and renting experiences.