

OSB GROUP PLC

Full year results

for the year ended 31 December 2025

5 March 2026

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2025 Full year results

OSB GROUP PLC (OSBG or the Group), the specialist lending and retail savings group, announces today its results for the year ended 31 December 2025.

Andy Golding, Group CEO, said:

“The Group delivered resilient financial performance in the first year of the transition period, which was in line with our 2025 guidance. We also made tangible progress against our strategy that we set out at the Investor update last year. The loan book diversification has been gaining momentum and in 2025, combined originations in our higher-yielding sub-segments grew by 53%. The Buy-to-Let gross loan book represented 68% of the Group’s total gross loan book, a reduction from 70% a year ago, on track with our 2029 target. Finally, many milestones were achieved in the transformation programme in the year. I am particularly pleased with the launch of our new lending platform, a new brand dedicated to Buy-to-Let borrowers: Rely as well as a successful migration of some of our existing savers onto to the new savings platform. All this was achieved on time and to budget.

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. With greater clarity over the Basel 3.1 rules and our confirmed MREL status and therefore our capital requirements, the Board set a new CET1 target for the Group of 13-13.5% post implementation of the Basel 3.1 rules.

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 to commence on 6 March 2026.

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.£280m¹ 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.

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

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Financial and operational highlights

- Net loan book grew by 3.2% to £25.9bn as guided (31 December 2024: £25.1bn) supported by a 19% growth in originations to £4.7bn (2024: £4.0bn) with continued focus on returns and diversification into higher-yielding sub-segments
- Net interest income and net interest margin (NIM)² were £679.4m and 228bps, in line with guidance (2024: underlying³ £690.6m and 230bps, respectively). The reduction primarily related to 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
- Administrative expenses and cost to income ratio increased to £270.1m and 40.4% (2024: £258.1m and 38.7%, respectively) mainly due to further investment in the Group's transformation programme. Core administrative expenses⁴ increased by 0.8% compared with the prior year
- Loan loss ratio⁵ was 5bps (2024: (4)bps) and arrears balances of three months or more were stable at 1.7% (31 December 2024: 1.7%)
- Profit before tax reduced to £382.5m (2024: £418.1m) primarily due to an impairment charge compared to an impairment credit in the prior year, an increase in fair value losses and higher administrative expenses
- Retail deposits increased by 2% to £24.3bn (31 December 2024: £23.8bn). The Group repaid its TFSME borrowings in full on 10 September 2025
- Return on tangible equity⁶ reduced to 13.7% (2024: 14.9%) due to lower profitability in the year
- TNAV per share⁷ improved to 579 pence as at 31 December 2025 (31 December 2024: 544 pence) largely as a result of lower number of shares outstanding
- Basic earnings per share⁸ (EPS) was 75.6 pence (2024: 77.6 pence)
- The Common Equity Tier 1 capital ratio remained strong at 15.8% (31 December 2024: 16.3%)
- Total dividend of 35.3 pence per share (2024: 33.6 pence) an increase of 5% as guided

Dividend details

The recommended final 2025 dividend of 24.1 pence per share, subject to approval at the AGM on 7 May 2026, will be paid on 13 May 2026.

The ordinary shares will be quoted ex-dividend on the London Stock Exchange on 2 April 2026 with the record date of eligibility for dividend payment of 7 April 2026.

Enquiries:

OSB GROUP PLC

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Results presentation

A webcast presentation for analysts will be held at 9:30am on Thursday 5 March. The presentation will be webcast or call only and will be available on the OSB Group website at www.osb.co.uk/investors/results-reports-presentations.

The UK dial in number is 020 3936 2999 and the password is 643879. Registration is open immediately.

Cautionary statement

Your attention is drawn to the cautionary statement set out at the end of this announcement.

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Summary financials

	2025	2024	change
Net interest income, £m	679.4	666.4	2%
Underlying net interest income ³ , £m	–	690.6	n/m
Net fair value loss on financial instruments, £m	(22.1)	(1.5)	n/m
Total income, £m	668.0	667.2	–%
Administrative expenses, £m	(270.1)	(258.1)	5%
Impairment of financial assets, £m	(13.0)	11.7	n/m
Profit before tax, £m	382.5	418.1	(9)%
Earnings per share ⁸ , pence	75.6	77.6	(3)%
Dividend per share, pence	35.3	33.6	5%
Net interest margin ² , bps	228	221	7
Underlying net interest margin ³ , bps	–	230	n/m
Cost to income ratio, %	40.4	38.7	1.7ppt
Loan loss ratio ⁵ , bps	5	(4)	9
Return on tangible equity ⁶ , %	13.7	14.9	(1.2)ppt
TNAV/share ⁷ , pence	579	544	6%
	31-Dec-2025	31-Dec-2024	
Net loans and advances to customers, £m	25,920.6	25,126.3	3.2%
Total assets, £m	31,122.7	30,243.6	3%
Retail deposits, £m	24,251.1	23,820.3	2%

Notes

1. Additional costs related to the new CEO transition and buyout are not included.
2. Net interest income as a percentage of a 13 point average of interest earning assets.
3. 2025 statutory NIM is comparable with 2024 underlying NIM as both metrics exclude acquisition-related items, which were fully written off in 2024.
4. See the Appendix for definition and calculation of APMs.
5. Impairment losses as a percentage of a 13 point average of gross loans and advances.
6. Profit attributable to ordinary shareholders, which is profit after tax, and after deducting coupons on AT1 securities, gross of tax, as a percentage of a 13 point average of shareholders' equity excluding average intangible assets and of AT1 securities.
7. Tangible net asset value per share is shareholders' equity excluding intangible assets and AT1 securities as at the end of the year divided by the number of shares outstanding at the end of the year.
8. 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.

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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.

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.

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Chief Executive Officer's statement continued

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.

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.

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Chief Executive Officer's statement continued

	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.

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Chief Financial Officer's statement

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.

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Chief Financial Officer's statement 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 the Appendix for definition and calculation of APMs.

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Financial review

	FY 2025 £m	FY 2024 £m	Change
Summary Profit or Loss			
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 the Appendix 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.

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Chief Financial Officer's statement continued

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.

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.

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Chief Financial Officer's statement continued

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.

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.

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Chief Financial Officer's statement continued

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.

OSB GROUP PLC

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for the year ended 31 December 2025

Chief Financial Officer's statement continued

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.

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

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Chief Financial Officer's statement continued

Summary cash flow statement

	31-Dec-25 £m	31-Dec-24 £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

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.

OSB GROUP PLC

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for the year ended 31 December 2025

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

Gross loans

	31 December 2025 £m	31 December 2024 £m	Change %
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

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Portfolio overview continued

Gross loans by segment

	31 December 2025 £m	31 December 2024 £m	Change %
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).

OSB GROUP PLC

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for the year ended 31 December 2025

Segments review

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

OneSavings Bank (OSB) segment

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

Contribution to profit

	BTL/SME £m	Residential £m	Total £m
For the year ended 31 December 2025			
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			
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

	BTL/SME £m	Residential £m	Total £m
As at 31 December 2025			
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			
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.

OSB GROUP PLC

Full year results

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Segments review continued

OSB 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

This sub-segment comprises 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.

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 refinance 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%).

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Segments review continued

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.

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.

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Segments review continued

2. Buy-to-Let/SME sub-segment average weighted LTVs include Kent Reliance and InterBay Buy-to-Let, semi-commercial and commercial lending.

OSB GROUP PLC

Full year results

for the year ended 31 December 2025

Segments review continued

OSB 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

This sub-segment comprises first charge mortgages to owner-occupiers, secured against a residential home and under shared ownership schemes.

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.

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Segments review continued

Charter Court Financial Services (CCFS) segment

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

For the year ended 31 December 2025	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other ¹ £m	Total £m
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

For the year ended 31 December 2024	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other ¹ £m	Total underlying £m	Acquisiti on- related items £m	Total statutory £m
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.

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Segments review continued

Loans and advances to customers

As at 31 December 2025	Buy-to-Let £m	Residential £m	Bridging £m	Second charge¹ £m	Other² £m	Total £m
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

As at 31 December 2024	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other² £m	Total £m
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.

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Segments review continued

Charter Court Financial Services segment

Loans and advances to customers	31-Dec-2025	31-Dec-2024	Change
	£m	£m	%
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 segment comprises 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.

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.

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.

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Segments review continued

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 with 2025 statutory basis, as both exclude acquisition-related items.

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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.

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Risk review continued

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.

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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.

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Risk review continued

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.

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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.

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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.

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

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.

Direction Risk broadly stable

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

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.

Direction Risk broadly stable

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.

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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

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.

Direction Risk broadly stable

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.

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

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.

Direction Risk broadly stable

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.

OSB GROUP PLC

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for the year ended 31 December 2025

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

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.

Direction Risk broadly stable

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.

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Principal risks and uncertainties continued

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
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Risk broadly stable

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
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Risk broadly stable

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.

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Principal risks and uncertainties continued

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

The Group's Treasury function actively hedges to match the timing of cash flows from assets and liabilities.

Direction Risk broadly stable

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

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.

Direction Risk increased

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.

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Principal risks and uncertainties continued

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

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.

Direction Risk increased

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.

5.2 Wholesale funding stress

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

Mitigation

The Group continuously monitors wholesale funding markets and is experienced in taking proactive management actions where required.

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.

Direction Risk broadly stable

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.

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Principal risks and uncertainties continued

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

The Group operates from a strong capital position and has a consistent record of profitability.

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.

The Group engages actively with regulators, industry bodies and advisers to keep abreast of potential changes and provides feedback through the consultation process.

Direction Risk broadly stable

Ongoing profitability means that the Group's capital resources remain strong.

Risks remain around adverse credit profile performance resulting from higher inflation and higher interest rates.

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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 Risk broadly stable

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.

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Principal risks and uncertainties continued

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 Risk increased

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.

OSB GROUP PLC

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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

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.

Direction Risk broadly stable

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.

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

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.

Direction Risk broadly stable

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.

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for the year ended 31 December 2025

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

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.

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.

Direction Risk broadly stable

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.

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Principal risks and uncertainties continued

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

The Group's culture is clearly defined and monitored through its Purpose, Vision and Values-driven behaviours.

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.

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 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.

Direction Risk broadly stable

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.

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.

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.

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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.

OSB GROUP PLC

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for the year ended 31 December 2025

Principal risks and uncertainties continued

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 incoming Basel 3.1 capital requirements and increased Resolvability Assessment Framework best practice.

Mitigation	Direction Risk broadly stable
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The Group has an effective horizon scanning process to identify regulatory change.

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.

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.

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 Risk broadly stable
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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 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.

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.

OSB GROUP PLC

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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

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.

Direction Risk broadly stable

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.

OSB GROUP PLC

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for the year ended 31 December 2025

Principal risks and uncertainties continued

10.2 Fraud risk

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

Mitigation

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.

Direction Risk increased

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.

OSB GROUP PLC

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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.

OSB GROUP PLC

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for the year ended 31 December 2025

Principal risks and uncertainties continued

Climate change

Description	Mitigation
<p>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:</p> <ul style="list-style-type: none">• 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.	<p>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.</p> <p>Scenario stress testing and outputs form part of the Internal Capital Adequacy Assessment Process (ICAAP) and risk appetite limit setting.</p> <p>Physical Risk is assessed on a decade-by-decade prediction, from current year to 2100, on the likelihood of flood, subsidence and coastal erosion.</p> <p>The current Energy Performance Certificate (EPC) of each property is considered to allow for an assessment of transitional risk due to policy change.</p> <p>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).</p>

Regulatory change

Description	Mitigation
<p>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.</p>	<p>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.</p> <p>The Group also has strong relationships with regulatory bodies and, through membership of UK Finance, inputs into upcoming regulatory consultations.</p>

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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.

OSB GROUP PLC

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for the year ended 31 December 2025

Risk profile performance review continued

Segment level arrears ratios

		31 December 2025	31 December 2024
Group	Sub segment	1.7%	1.7%
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 repossessing 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.

OSB GROUP PLC

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for the year ended 31 December 2025

Risk profile performance review continued

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:

- a) 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.

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.

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Risk profile performance review continued

- 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%

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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.

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Risk profile performance review continued

Forecast macroeconomic variables over a five-year period

Scenario	Weighting	(%) Economic measure	Year end 2025	Year end 2026	Year end 2027	Year end 2028	Year end 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.

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.

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Risk profile performance review continued

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 forbore 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.

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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.

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Risk profile performance review continued

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.

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.

OSB GROUP PLC

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for the year ended 31 December 2025

Risk profile performance review continued

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.

OSB GROUP PLC

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for the year ended 31 December 2025

Risk profile performance review continued

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.

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for the year ended 31 December 2025

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.

OSB GROUP PLC

Full year results

for the year ended 31 December 2025

Viability statement continued

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.

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.

OSB GROUP PLC

Full year results

for the year ended 31 December 2025

Statement of Directors' Responsibilities

The following statement of directors' responsibilities in respect of the financial statements is included in the Annual Report and Accounts for the Group for the year ended 31 December 2025.

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.

In accordance with Disclosure Guidance and Transparency Rule ('DTR') 4.1.16R, the financial statements will form part of the annual financial report prepared in accordance with DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with these requirements.

OSB GROUP PLC

Full year results

for the year ended 31 December 2025

Statement of Directors' Responsibilities continued

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

OSB GROUP PLC

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 68 to 145 form part of these accounts.

The financial statements on pages 64 to 145 were approved by the Board of Directors on 4 March 2026.

OSB GROUP PLC

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
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 68 to 145 form part of these accounts. The financial statements on pages 64 to 145 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

OSB GROUP PLC

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.

OSB GROUP PLC

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.

OSB GROUP PLC

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.

The financial information set out in the full year announcement does not constitute the Company's statutory accounts for the years ended 31 December 2024 or 31 December 2025, but is derived from those statutory accounts, which have been reported on by the Company's auditors. Statutory accounts for the year ended 31 December 2024 have been delivered to the Registrar of Companies and those for the year ended 31 December 2025 will be delivered to the Registrar following the Company's 2026 Annual General Meeting. The reports of the auditors in each case were unqualified, did not draw attention to any matters by way of emphasis and did not contain an adverse statement under sections 498(2) or 498(3) of the Companies Act 2006

While the financial information included in these full year results has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) adopted pursuant to IFRS as issued by the United Kingdom, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS imminently.

Copies of the Annual Report and Accounts for the year ended 31 December 2025 will be distributed to shareholders in due course. Copies of this announcement can be obtained on the Group's website at www.osb.co.uk.

(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 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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies 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 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).

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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 149 to 151.

(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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

(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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

(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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

(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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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.

(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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

1. Accounting policies continued

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 Risk review on page 26, 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.

(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.

OSB GROUP PLC

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

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	2024
	£m	£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 54.

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	2024
	£m	£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 54.

OSB GROUP PLC

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 54.

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.

OSB GROUP PLC

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) 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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

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.

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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

5. Fair value losses on financial instruments

	2025	2024
	£m	£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	2024
	£m	£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

8. Administrative expenses

	2025	2024
	£m	£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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

8. Administrative expenses continued

Included in professional fees are amounts paid to the Company's auditor as follows:

	2025	2024
	£'000	£'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

1. Includes review of interim financial information and profit verifications.

2. Costs comprise assurance reviews of Alternative Performance Measures (APMs), ESG, European Single Electronic Format (ESEF) tagging and AT1 issuance comfort letter.

3. 2024 costs primarily comprise work related to the Euro Medium Term Note (EMTN) programme.

Staff costs comprise the following:

	2025	2024
	£m	£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	Restated ¹
	£'000	£'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

1. 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.

2. Share-based payments represent the amounts received by Directors for schemes that vested during the year.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

9. Directors' emoluments and transactions continued

In addition to the total Directors' emoluments above, the Executive Directors were granted deferred bonuses of £542k (2024: £393k) in the form of shares.

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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

10. Share-based payments continued

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

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	–	–

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

10. Share-based payments continued

	Sharesave Scheme		Deferred Share Bonus Plan	Performance Share Plan
	Number	Weighted average exercise price, £	Number	Number
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.

OSB GROUP PLC

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

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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

1. 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.

2. 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.

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For the year ended 31 December 2025

11. Taxation continued

Deferred taxation asset

The table below shows movements on deferred tax assets during the year.

	2025	2024
	£m	£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

1. Deferred taxation assets are recognised on share- based payments, IFRS 9 transitional adjustments, losses carried forward and accelerated depreciation.
2. 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.

Deferred taxation liability

The table below shows movements on deferred tax liability during the year.

	2025	2024
	£m	£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

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.
2. 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.
3. 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.

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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

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.

OSB GROUP PLC

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For the year ended 31 December 2025

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.

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

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For the year ended 31 December 2025

16. Investment securities continued

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

OSB GROUP PLC

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

18. Loans and advances continued

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).

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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 £m	Weighting %	Weighted ECL provision £m	ECL provision £m	Weighting %	Weighted ECL provision £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.

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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).

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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)

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Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

22. Derivatives continued

	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 2024					
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%)

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For the year ended 31 December 2025

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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

23. Hedge accounting continued

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.

The table below analyses the Group's portfolio hedge accounting for fixed rate investment securities:

	2025		2024	
	Hedged item £m	Hedging instrument £m	Hedged item £m	Hedging instrument £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.

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23. Hedge accounting continued

The table below analyses the Group's 'micro' hedge accounting for fixed rate senior notes and subordinated debt liabilities:

	2025		2024	
	Hedged item £m	Hedging instrument £m	Hedged item £m	Hedging instrument £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

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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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

26. Intangible assets

	Development costs ¹ £m	Computer software and licences £m	Assets arising on Combination £m	Total £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

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Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

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

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

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31. Lease liabilities

	2025	2024
	£m	£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	2024
	£m	£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.

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.

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Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

33. Provisions and contingent liabilities continued

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.

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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

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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

	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

Ordinary shares	Number of shares issued and fully paid	Nominal value £m	Premium £m
As at 1 January 2024	393,187,681	3.9	3.8
Shares cancelled under repurchase programme	(22,595,996)	(0.2)	0
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.

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37. Share capital continued

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.

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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).

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For the year ended 31 December 2025

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.

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 31 to 48.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

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 £m	Capped collateral held £m	Gross carrying amount £m	Capped collateral held £m	Gross carrying amount £m	Capped collateral held £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.

OSB GROUP PLC

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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.

OSB GROUP PLC

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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				Total £m
	Buy-to-Let ¹ £m	Commercial £m	Residential development £m	Funding lines £m	
2025					
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	2025			2024		
	First charge £m	Second charge £m	Total £m	First charge £m	Second charge £m	Total £m
Band						
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

OSB GROUP PLC

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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	CCFS				Total	
	Buy-to-Let	Residential	Bridging	Second charge lending	£m	%
2025	£m	£m	£m	£m	£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 55.

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	As at 31 December 2025	Number of accounts	As at 31 December 2024
	2025	£m	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				
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

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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.

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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	Stage 2	Stage 3	Stage 3 (POCI)	Total	PD lower range	PD upper range
2025	£m	£m	£m	£m	£m	%	%
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		

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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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

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 page 49.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

The tables below show the maturity profile for the Group's financial assets and liabilities based on contractual maturities at the reporting date:

2025	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	0.4	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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

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

OSB GROUP PLC

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For the year ended 31 December 2025

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

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.

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

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

OSB GROUP PLC

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 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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

41. Risk management continued

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.

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			Total carrying amount £m
		FVTPL ¹ £m	FVOCI £m	Amortised cost £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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

42. Financial instruments and fair values continued

	Note	2024			Total carrying amount £m
		FVTPL ¹ £m	FVOCI £m	Amortised cost £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.

OSB GROUP PLC

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	Estimated fair value	Carrying value	Estimated fair value
	£m	£m	£m	£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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

42. Financial instruments and fair values continued

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.

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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

42. Financial instruments and fair values continued

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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

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:

2025	Carrying amount £m	Principal amount £m	Estimated fair value			Total £m
			Level 1 £m	Level 2 £m	Level 3 £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.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

42. Financial instruments and fair values continued

2024	Carrying amount £m	Principal amount £m	Estimated fair value			Total £m
			Level 1 £m	Level 2 £m	Level 3 £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).

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

44. 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				
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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

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	
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

1. 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.
2. Broadlands Finance Limited was dissolved on 27 January 2026.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

45. Country by country reporting (CBCR) continued

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

1. 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.
2. Relates to a management fee to Indian subsidiaries from OneSavings Bank plc for providing back-office processing.

The tables below reconcile tax charged and tax paid during the year.

2025	UK £m	India £m	Total £m
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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

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.

47. Controlling party

As at 31 December 2025 there was no controlling party of the ultimate parent company of the Group, OSB GROUP PLC.

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

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. 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	2024
	£'000	£'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.

OSB GROUP PLC

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

OSB GROUP PLC

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2025

49. Capital management continued

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:

- i. Minimum capital requirements (i.e. Pillar 1 + Pillar 2A); or,
- ii. If higher, any applicable leverage ratio requirement.

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.

OSB GROUP PLC

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 149 to 152 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

OSB GROUP PLC

Company 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	Share-based payment reserve	Other equity instruments	Retained earnings	Total
	£m	£m	£m	£m	£m	£m	£m	£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.

OSB GROUP PLC

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		–	–
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.

OSB GROUP PLC

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	Intercompany loans (payable)/receivable
	£m	£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.

OSB GROUP PLC

Notes to the Company Financial Statements continued

For the year ended 31 December 2025

2. Investments in subsidiaries and intercompany loans continued

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%
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%
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 GROUP PLC

Notes to the Company Financial Statements continued

For the year ended 31 December 2025

2. Investments in subsidiaries and intercompany loans continued

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

3. Other liabilities

	2025	2024
	£m	£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 110.

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 111 to 114.

OSB GROUP PLC

Notes to the Company Financial Statements continued

For the year ended 31 December 2025

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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for the year ended 31 December 2025

Appendix

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 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%

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Appendix continued

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%)

OSB GROUP PLC

Full year results

for the year ended 31 December 2025

Appendix 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

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

1. 13 point average is calculated as an average of opening balance and closing balances for 12 months of the financial year.

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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 and asset finance.

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

OSB is predominantly funded by retail savings originated through the long-established Kent Reliance name, which takes deposits online and through 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 funding facilities.

Charter Court Financial Services Group (CCFS)

CCFS focuses on providing Buy-to-Let and specialist residential mortgages and retail savings products. It operates through its brands: Precise 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 funding facilities.

Important disclaimer

This document should be read in conjunction with any other documents or announcements distributed by OSB GROUP PLC (OSBG) through the Regulatory News Service (RNS).

This document is not audited and contains certain forward-looking statements with respect to the business, strategy and plans of 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

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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; fraud and other financial crime; 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; 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, including, without limitation, the UK Listing Rules, the Disclosure Guidance and Transparency Rules and UK Market Abuse Regulations, 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.

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Non-IFRS performance measures

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 which 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. Refer to the Appendix section above for further details, reconciliations and calculations of non-IFRS performance measures included throughout this document, and the most directly comparable IFRS measures.

OSB GROUP PLC

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