

6 May 2015

OneSavings Bank plc

Interim Management Statement

OneSavings Bank plc ('OSB'), the specialist lending and retail savings group, today issues its Interim Management Statement for the period from 1st January 2015 to date.

Highlights

- Strong financial and operational performance continued during the first quarter of the year
- Net loans & advances grew by £455m during the quarter, accelerated by the acquisition of a £251m portfolio of UK based second charge mortgages (the 'portfolio'), leading to expected loan growth for the year in line with 2014 levels
- Asset yield on organic origination remains in line with last year
- Absence of competitive price pressure year to date in our main markets and the positive impact of the 'portfolio' acquisition have improved current and forecast NIM marginally ahead of expectations and prior year
- Full year cost: income ratio expected to be slightly improved on 2014 with the impact of the planned infrastructure investment in the second half more than offset by the positive impact of the 'portfolio' acquisition and stable asset yields year to date
- The Group has drawn £344m under the Funding for Lending Scheme (FLS) to date. We are targeting a total drawdown of c. £400m in 2015
- The Group re-iterates its commitment to building out an efficient capital structure over time which is expected to include the issuance of Additional Tier 1
- Maintained strong capital position comfortably above our financial objective of 10%

Andy Golding, CEO of OneSavings Bank, said:

"I am very pleased with the performance of the business so far this year. We have seen an encouraging increase in new business opportunities at attractive margins and our capital position remains solid.

Whilst we have seen increased competition in certain niche areas, the housing market remains supportive of buy-to-let mortgages. Despite the uncertain political backdrop, we continue to see strengthening levels of new business enquiries in our main markets and are not currently experiencing pressure on margins.

We continue to see attractive opportunities for organic growth and will balance opportunities to maximise risk adjusted shareholder returns."

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About OneSavings Bank plc

OneSavings Bank plc ('OSB') began trading as a bank on 1 February 2011 when the trade and assets of Kent Reliance Building Society ('KRBS') were transferred into the business. OSB is a specialist lending and retail savings group authorised by the Prudential Regulation Authority, part of the Bank of England, and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

OSB focuses on selected sub-sectors of the lending market in which it has established expertise, platforms and capabilities, and where opportunities have been identified for both high returns on a risk adjusted basis and strong growth. These include Residential Mortgages (comprising first charge, second charge and shared ownership), Buy-to-Let/SME and Personal Loans. OSB originates organically through specialist brokers and independent financial advisors.

OSB is predominantly funded by retail savings originated through the established Kent Reliance franchise, which includes a network of branches in the South East of England, as well as online and postal channels. Diversification of funding is currently provided by a securitisation and OSB joined the Funding for Lending Scheme in early 2014.