OSB GROUP PLC
Interim report
for the six months ended 30 June 2025

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20 August 2025

OSB GROUP PLC (OSBG or the Group), the specialist lending and retail savings group, announces today its results for the six months ended 30 June 2025.

Andy Golding, Group CEO, said:

"The Group's results for the first half of 2025 demonstrate resilient financial performance in line with management expectations in addition to strategic progress as we work our way through the two-year transition period.

We continued to exercise cost and lending discipline and our focus on returns was reflected in a 13.7% return on tangible equity. Our transformation programme is on track and I am pleased with the favourable feedback received following the soft launch of our new lending platform and Rely brand for Buy-to-Let investors, both key steps in our strategic plan.

We delivered 1.2% net loan book growth in the first half as we focused on loan book diversification. In line with the targeted expansion into higher yielding sub-segments where we have existing expertise, we saw strong growth in originations across Commercial, Asset finance, Residential development and Bridging.

Given the performance in the first half of the year, today we reiterate our 2025 guidance of low single digit net loan book growth, NIM of c.225bps, c.£270m of administrative expenses and a low teens RoTE.

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."

Financial and operational highlights

- Net loan book grew by 1.2% to £25.4bn (31 December 2024: £25.1bn) supported by a 10% growth in originations to £2.1bn (H1 2024: £1.9bn) with continued focus on returns and diversification into higher yielding sub-segments

- Net interest income and net interest margin (NIM)[1] were £337.0m and 230bps (H1 2024: £353.5m and 237bps, respectively). The reduction primarily reflected more costly spreads to SONIA as the savings book continued to recycle, partially offset by more resilient back book performance and an emerging benefit from higher yielding sub-segments. The Group completed a £1.25bn securitisation and deconsolidation of Precise Buy-to-Let loans in December 2024 which further affected net interest income

- Administrative expenses and cost to income ratio increased to £131.4m and 40.3% (H1 2024: £126.2m and 34.8%, respectively) reflecting planned investment in the Group's transformation programme and lower total income. Core administrative expenses increased by 0.4% from the prior period

- Loan loss ratio[2] was 2bps (H1 2024: (4)bps) and arrears balances of three months or more increased slightly to 1.8% (31 December 2024: 1.7%)

- Profit before tax was £192.3m (H1 2024: £241.3m). The reduction was primarily due to lower net interest income and a fair value loss on financial instruments compared to a fair value gain in the prior period

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- Retail deposits increased by 3% to £24.6bn (31 December 2024: £23.8bn) offsetting £730m of TFSME repayment in the period. The outstanding balance of TFSME drawings was £348m as at 18 August 2025

- Return on tangible equity[3] was 13.7% (H1 2024: 17.4%, H2 2024: 12.5%) largely due to lower profit after tax for the period and TNAV per share[4] was 540 pence as at 30 June 2025 (31 December 2024: 544 pence)

- Basic earnings per share[5] (EPS) was 37.3 pence (H1 2024: 44.4 pence)

- The Common Equity Tier 1 capital ratio, which included the full impact of the £100m share repurchase programme announced in March, remained strong at 15.7% (31 December 2024: 16.3%). As at 18 August, the Group had repurchased £38m worth of shares under the programme

- Interim dividend[6] of 11.2 pence per share (H1 2024: 10.7 pence) up 5%, as guided, representing one-third of the full year 2024 ordinary dividend, in line with the Group's stated dividend policy

Summary financials

	H1 2025	H1 2024	change vs H1 2024	H2 2024	change vs H2 2024
Net interest income, £m	**337.0**	353.5	(5)%	312.9	8%
Net FV (loss)/gain on financial instruments	**(14.3)**	5.9	n/m	(7.4)	93%
Total income, £m	**325.8**	362.6	(10)%	304.6	7%
Administrative expenses, £m	**(131.4)**	(126.2)	4%	(131.9)	n/m
Impairment of financial assets, £m	**(2.0)**	4.7	n/m	7.0	n/m
Profit before tax, £m	**192.3**	241.3	(20)%	176.8	9%
EPS, pence[6]	**37.3**	44.4	(16)%	33.0	13%
Dividend per share, pence[7]	**11.2**	10.7	5%		
Net interest margin, bps	**230**	237	(7)	206	24
Cost to income ratio, %	**40.3**	34.8	(5.5)pps	43.3	3.0pps
Loan loss ratio, bps	**2**	(4)	6	(5)	7
Return on tangible equity[4], %	**13.7**	17.4	(3.7)pps	12.5	1.2pps
TNAV/share, pence	**540**	517	4%	544	(1)%
	30-Jun-2025	**31-Dec-2024**			
Net loans and advances, £m	**25,429.6**	25,126.3	1.2%		
Total assets, £m	**30,287.5**	30,243.6	n/a		
Retail deposits, £m	**24,590.1**	23,820.3	3%		

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Results presentation

A webcast presentation for analysts will be held at 9:30am on Wednesday 20 August. 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 974743. Registration is open immediately.

Notes

1. Net interest income as a percentage of a 7 point average of interest earning assets, annualised on an actual days basis
2. Impairment losses as a percentage of a 7 point average of gross loans and advances, annualised
3. 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 7 point average of shareholders' equity excluding average intangible assets and £150m of AT1 securities, annualised
4. Tangible net asset value per share is shareholders' equity excluding intangible assets and £150m of AT1 securities as at the end of the period divided by the number of shares outstanding at the end of the period
5. 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
6. The declared interim dividend of 11.2 pence per share is based on one-third of the total 2024 dividend of 33.6 pence per share (H1 2024: 10.7 pence per share)

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Chief Executive's Statement

The Group's financial results for the first half of 2025 reflected resilient delivery and progress against the full year guidance. They also demonstrate our day-to-day discipline and focus as we work our way through the two-year transition period to achieve the Group's medium-term aspirations. We made operational and strategic progress in the period with further milestones completed in the transformation programme.

Resilient financial performance and strategic progress on track to meet 2025 guidance
The Group's net loan book increased by 1.2% to £25.4bn (31 December 2024: £25.1bn), supported by originations of £2.1bn in the period (H1 2024: £1.9bn).

The Group delivered pre-tax profit of £192.3m in the first half of 2025 (H1 2024: £241.3m, H2 2024: £176.8m). The reduction was largely due to lower net interest income and a net fair value loss on financial instruments compared to a gain in the prior period. It was further impacted by an impairment charge compared to an impairment credit in the prior period and higher administrative expenses. Basic earnings per share was 37.3 pence (H1 2024: 44.4 pence).

Net interest margin reduced to 230bps from 237bps in the prior period (H2 2024: 206bps), primarily reflecting more costly spreads to SONIA as the savings book continued to recycle, partially offset by more resilient back book performance and an emerging benefit from higher yielding sub-segments. Net interest income also reflected a smaller average net loan book in the first half of 2025 compared to 30 June 2024 due to the £1.25bn securitisation and deconsolidation of Precise Buy-to-Let loans completed in December 2024.

We again demonstrated our strong cost discipline and efficiency with core administrative expenses across the UK and India increasing by just 0.4% from the prior period. Including investment in the Group's transformation programme, administrative expenses increased by 4% to £131.4m, from £126.2m in the first half of 2024 (H2 2024: £131.9m). In the first six months of the year, including amortisation, we expensed a total of £10.1m for the transformation programme.

The cost to income ratio increased to 40.3% from 34.8% in the prior period (H2 2024: 43.3%) primarily due to a reduction in total income as the Group recognised lower net interest income and a fair value loss on financial instruments of £14.3m compared with a gain of £5.9m in the prior period. Cost to income and management expense ratios were further impacted by an increase in administrative expenses as the Group continued its investment in the transformation programme. Management expense ratio was 88bps at the end of June 2025 (H1 2024: 83bps, H2 2024: 86bps).

The Group delivered return on tangible equity of 13.7% for the first half, a decrease from 17.4% in the prior period, largely as a result of lower profit after tax (H2 2024: 12.5%).

Headroom to grow – Loan mix shift momentum is building
The Buy-to-Let market saw an improvement in activity in the first half of the year as buyers sought to complete their transactions before the increase in Stamp Duty Land Tax thresholds came into effect on 1 April. In addition, lower mortgage pricing provided a much needed stimulus. For 2024, we were ranked the largest independent Buy-to-Let lender in the UK in terms of gross new lending with a market share of 5.3%.[1]

In line with the strategy we set out earlier this year, the diversification of the loan book into higher yielding sub-segments continued in the first half; originations in our Commercial sub-segment more than doubled to £310.9m, Asset Finance and Bridging saw an increase in originations of 59% and 73% compared to the first six months of 2024. We also continued to exercise lending discipline, deploying our expertise across all of our lending segments and balancing returns and opportunity to optimise the composition of the loan book.

In March, we set out our new lending strategy. Since then, we have soft launched our new lending platform to selected brokers as well as a new lending brand dedicated to Buy-to-Let investors, Rely, which combines and enriches our existing Buy-to-Let propositions. The new brand is also a key step in our medium-term strategy to consolidate our Buy-to-Let expertise under Rely and move our specialist Residential lending to Precise.

While the diversification of our loan book continued, Buy-to-Let remained the largest part of our portfolio, with combined gross loans across Kent Reliance and Precise of £17,627.2m at the end of June, broadly flat compared to £17,568.5m as at 31 December 2024. However, as a proportion of the Group's total gross loan book, Buy-to-Let reduced to 69% from 70% at the end of 2024, in line with our diversification strategy to reduce Buy-to-Let lending to equal to or less than 60% of the loan book in the next four years.

Credit and risk management
The Group has a high-quality secured loan book; balances over three months in arrears increased slightly to 1.8% of the loan book at 30 June 2025 (31 December 2024: 1.7%) largely due to the impact of borrowers with maturing fixed rate mortgages facing significantly higher prevailing rates.

The Group recorded an impairment charge of £2.0m representing a loan loss ratio of 2bps for the period (H1 2024: £4.7m credit and (4)bps favourable, respectively) with low actual write-offs compared to £125.1m of total expected credit loss provisions held (H2 2024: £7.0m credit and (5)bps favourable).

Multi-channel funding model
Retail deposits remained the primary source of funding for the Group, growing by 3% to £24.6bn at the end of June (31 December 2024: £23.8bn). The growth was due to the competitively priced savings products and contributed to further repayment of the TFSME drawings in the period.

I am pleased that new Kent Reliance savers can now open easy access accounts on the new savings platform, in addition to fixed rate bonds and joint accounts released earlier in the year.

In the first half of 2025, the Group opened over 158k new savings accounts (H1 2024: nearly 133k) with retention rates consistently high for existing customers: 92% for savers with maturing fixed rate bonds and ISAs at Kent Reliance and 83% for Charter Savings Bank (H1 2024: 90% and 86%, respectively). As a result of this very strong demand and rapidly changing rate environment, the service response times were temporarily impacted leading to lower, but still strong, Net Promoter Scores for the period of +67 for Kent Reliance and +51 for Charter Savings Bank (H1 2024: +73 and +66, respectively).

As at 30 June 2025, the Group had £655.5m of TFSME balance outstanding for repayment before October 2025 (31 December 2024: £1,394.9m). The Group also utilised the Bank of England's Indexed Long Term Repo programme with a balance of £176.9m as at the end of June 2025 (31 December 2024: £380.3m). The Group will continue to opportunistically access the wholesale markets to benefit from diversification of funding and to support a smooth funding transition as the final TFSME drawings are repaid.

Solid capital generation and attractive shareholder returns
The Group's capital position, which reflected the £100m of share repurchase programme announced in March, remained strong with a CET1 ratio of 15.7% as at 30 June 2025 (31 December 2024: 16.3%).

The implementation of Basel 3.1 rules is expected to reduce the CET1 ratio as at 30 June 2025 by 1.3%, if the rules were implemented as written, 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.

The Group is seeking clarification from the Bank of England in respect of the recently announced changes to the MREL regime and its implications for the Group's requirements. In the meantime, the

Group will continue with its current capital and funding plans which are reflected in the Group's financial targets and guidance announced in March 2025. The Group is also liaising with the PRA on the next steps for its IRB application.

In July, we received a Domestic Liquidity Subgroup (DoLSub) Permission which allows full fungibility of liquidity and funding across the Group's two banking entities. As we will now measure liquidity at the Group level, we will be able to leverage our savings brands more efficiently to support the funding requirements of the Group.

In line with our stated dividend policy, the Board has today declared an interim dividend of 11.2 pence for the first half of 2025, up 5% on prior period as guided. The Board is confident that the Group's strategy and proven capital generation capability can support both net loan book growth and further capital returns to shareholders.

Confidence in our short-term guidance and medium-term aspirations
The Group's performance in the first six months of 2025 was in line with expectations and we are on track to meet our full year guidance. Even though we have seen some pressure from cost of funds, we are also seeing better than expected lending spreads.

Our guidance for 2025 remains unchanged and we continue to expect low single digit net loan book growth, NIM of circa 225bps and circa £270m of administrative expenses. We also anticipate a low teens RoTE.

We also reiterate our medium-term aspirations as follows:

	2026 Direction	2027 – 2029 Aspirations
Loan book growth	Modestly higher than 2025	Mid single digit if returns meet our requirements
NIM	Similar levels to 2025	
Loan book diversification		Buy-to-Let to comprise ≤ 60% of the net loan book
Administrative expenses	Modestly higher than 2025	Gradual improvement to low 30s% cost to income ratio and positive jaws
RoTE	Low teens	Mid teens
Distributions	5% dividend per share growth and commitment to return excess capital	Progressive dividend per share and commitment to return excess capital

The Group is well-capitalised, with strong liquidity and a high-quality secured loan book. We are focused on making progress through the two-year 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

19 August 2025

1. UK Finance, Value of BTL gross lending, July 2025

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Financial review

Review of the Group's performance for the six months to 30 June 2025.

Summary Profit or Loss	H1 2025 £m	H1 2024 £m	change
Net interest income	**337.0**	353.5	(5)%
Net fair value (loss)/gain on financial instruments	**(14.3)**	5.9	n/m
Other operating income	**3.1**	3.2	(3)%
Total income	**325.8**	362.6	(10)%
Administrative expenses	**(131.4)**	(126.2)	4%
Profit before provisions and impairment of financial assets	**194.4**	236.4	(18)%
Provisions	**(0.1)**	0.2	n/m
Impairment of financial assets	**(2.0)**	4.7	n/m
Profit before tax	**192.3**	241.3	(20)%
Profit after tax	**142.1**	178.3	(20)%

Key ratios[1]	H1 2025	H1 2024	change
Net interest margin, bps	**230**	237	(7)
Cost to income ratio, %	**40.3**	34.8	5.5pps
Management expense ratio, bps	**88**	83	5
Loan loss ratio, bps	**2**	(4)	6
Return on tangible equity, %	**13.7**	17.4	(3.7)pps
Basic earnings per share, pence	**37.3**	44.4	(16)%
Ordinary dividend per share, pence	**11.2**	10.7	5%
Tangible net assets value per share, pence	**540**	517	4%

	30-Jun-25 £m	31-Dec-24 £m	change
Extracts from the Statement of Financial Position			
Loans and advances to customers	**25,429.6**	25,126.3	1.2%
Total assets	**30,287.5**	30,243.6	-
Retail deposits	**24,590.1**	23,820.3	3%
Risk weighted assets	**12,205.0**	11,915.7	2%
Key ratios			
Common equity tier 1 ratio	**15.7%**	16.3%	(60)bps
Total capital ratio	**19.0%**	19.7%	(70)bps
Leverage ratio	**7.5%**	7.7%	(20)bps

1. For more detail on the calculation of key ratios, see the Appendix.

Profit before tax

	H1 2025	H1 2024	Change
Profit before tax	**£192.3m**	£241.3m	(20)%
Basic earnings per share	**37.3p**	44.4p	(16)%
Return on tangible equity	**13.7%**	17.4%	(3.7)pps

Profit before tax decreased largely due to lower net interest income and a net fair value loss on financial instruments compared to a gain in the prior period. It was further impacted by an impairment charge compared to an impairment credit in the prior period and higher administrative expenses.

The Group's effective tax rate remained broadly flat for the first half of 2025 at 26.1% (H1 2024: 26.2%), see note 7 to the Consolidated Financial Statements.

Return on tangible equity and basic earnings per share decreased in the period predominantly due to a reduction in profit after tax compared to the prior period.

Net interest income and net interest margin

	H1 2025	H1 2024	Change
Net interest income	**£337.0m**	£353.5m	(5)%
Net interest margin	**230bps**	237bps	(7)bps
Other operating income	**£3.1m**	£3.2m	(3)%

Net interest income and net interest margin reduced compared to the prior period primarily reflecting more costly spreads to SONIA as the savings book continued to recycle, partially offset by more resilient back book performance and an emerging benefit from higher yielding sub-segments. Net interest income was further impacted by smaller average net loan book in the first half of 2025 compared to the prior period due to the £1.25bn securitisation and deconsolidation of Precise Buy-to-Let loans completed in December 2024.

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

	H1 2025	H1 2024	Change
Net fair value (loss)/gain on financial instruments	**£(14.3)m**	£5.9m	n/m

Net fair value loss on financial instruments included a gain of £0.5m (H1 2024: £15.7m loss) from hedge ineffectiveness and a net loss on unmatched swaps of £14.7m (H1 2024: £23.3m gain). The Group also recorded a £3.6m loss from the amortisation of hedge accounting inception adjustments (H1 2024: £1.8m loss), a £nil from the amortisation of acquisition-related inception adjustments (H1 2024: £2.0m gain), and a gain of £3.5m from other items (H1 2024: £1.9m loss); see note 5 to the Consolidated Financial Statements.

The gain in respect of the ineffective portion of hedges arose from recent swap volatility and will unwind over the remaining life of the hedged fixed term mortgages and retail savings bonds.

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.

Administrative expenses

	H1 2025	H1 2024	Change
Administrative expenses	**£131.4m**	£126.2m	4%
Cost to income ratio	**40.3%**	34.8%	5.5pps
Management expense ratio	**88bps**	83bps	5bps

Administrative expenses increased due to further investment in the Group's transformation programme. Core administrative expenses increased by 0.4% compared to the prior period.

The Group's cost to income and management expense ratios increased primarily as a result of lower total income compared to the prior period.

Impairment of financial assets

	H1 2025	H1 2024	Change
Impairment charge/(credit)	**£2.0m**	£(4.7)m	n/m
Loan loss ratio	**2bps**	(4)bps	6bps

The Group recorded an impairment charge and an adverse loan loss ratio for the first half of 2025 compared to an impairment credit and a favourable loan loss ratio in the prior period.

The impairment charge was primarily due to a £4.7m charge relating to an increase in provision for accounts with arrears of three months or more, a £1.2m increase in Stage 1 provisions in respect of loan book growth and a £2.4m charge for individually assessed provisions. Write-offs and other adjustments amounted to a charge of £3.8m in the period.

These were partially offset by updated macroeconomic scenarios and the valuation methodology alignment resulting in a release of £5.4m, a £3.9m release due to a reduction in post-model adjustments and a £0.8m release from IFRS 9 stage migration.

In the first half of 2024, the impairment credit was largely due to more favourable macroeconomic scenarios, partially offset by 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 Group's dividend policy is to declare interim dividends equal to one-third of the prior year's total dividend. The Board has therefore declared an interim dividend of 11.2 pence per share for the first half of 2025, based on the full year 2024 dividend of 33.6 pence per share.

The declared dividend will be paid on 19 September 2025, with an ex-dividend date of 28 August 2025 and a record date of 29 August 2025.

Balance sheet growth

	30-Jun-2025	31-Dec-2024	Change
Net loans and advances to customers	**£25,429.6m**	£25,126.3m	1.2%
Total assets	**£30,287.5m**	£30,243.6m	-
Retail deposits	**£24,590.1m**	£23,820.3m	3%

Net loans and advances to customers increased in the first six months of the year supported by a 10% growth in mortgage originations to £2.1bn from £1.9bn in the first half of 2024.

Total assets remained broadly flat in the period, as lower liquid assets were offset by an increase in loans and advances to customers and balances related to mortgage hedging.

Retail deposits increased as the Group continued to repay its drawings under the TFSME scheme and replace them with retail deposits. In the first half of 2025, the Group repaid £730m of TFSME funding and had a £655.5m balance outstanding as at 30 June 2025 (31 December 2024: £1,394.9m). The Group also utilised the Bank of England's Indexed Long-Term Repo with drawings of £176.9m as at the end of June 2025 (31 December 2024: £380.3m).

Liquidity

	H1 2025	H1 2024	Change
High-quality liquid assets – Group	**£3,394.1m**	£3,625.5m	(6)%
High-quality liquid assets – OSB	**£1,701.1m**	£1,586.3m	7%
High-quality liquid assets – CCFS	**£1,694.5m**	£2,043.1m	(17)%
Liquidity coverage ratio – Group	**167%**	177%	(10)pps
Liquidity coverage ratio – OSB	**184%**	231%	(47)pps
Liquidity coverage ratio – CCFS	**149%**	142%	7pps

OSB and CCFS operate under the Prudential Regulation Authority's liquidity regime and are managed separately for liquidity risk. Each Bank holds its own significant liquidity buffer of liquidity coverage ratio (LCR) eligible high-quality liquid assets (HQLA).

Each Bank operates within a target liquidity runway in excess of the minimum LCR regulatory requirement. Each Bank has a range of contingent liquidity and funding options available for possible stress periods.

The Group also held portfolios of unencumbered pre-positioned Bank of England level B and C eligible collateral in the Bank of England Single Collateral Pool.

As at 30 June 2025, liquidity coverage ratios were all significantly in excess of the regulatory minimum of 100% plus Individual Liquidity Guidance.

In July, the Group received a Domestic Liquidity Subgroup (DoLSub) Permission which allows full fungibility of liquidity and funding across the Group's two banking entities. As liquidity will now be measured at the Group level, the Group will be able to leverage its savings brands more efficiently to support its funding requirements.

Going forward, the Group will report the liquidity coverage ratio on a DoLSub basis instead of individual banking entities basis. On a DoLSub basis, the high-quality liquid assets were £3,395.6m and the liquidity coverage ratio was 165% as at 30 June 2025.

Capital

	30-Jun-2025	31-Dec-2024	Change
CET1 ratio	**15.7%**	16.3%	(60)bps
Total capital ratio	**19.0%**	19.7%	(70)bps
Risk-weighted assets	**£12,205.0m**	£11,915.7m	2%
Leverage ratio	**7.5%**	7.7%	(20)bps

The Group's capital position remained strong in the first six months of 2025. Profit generated in the period increased the CET1 ratio by 1.2%, which was more than offset by 0.5% reduction for the interim dividend, 0.8% reduction for the £100m share repurchase programme announced in March 2025 and 0.4% for the loan book growth. Other movements in the CET1 reduced the ratio by a further 0.1%.

The combined 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 at 30 June 2025, unchanged from the requirement as at 31 December 2024.

Mortgage market review

The housing and mortgage market activity in the first half of the year can be separated into two distinct periods. It was buoyant in the first three months of the year largely as a result of a temporary reduction to the Stamp Duty Land Tax (SDLT) that ended on 1 April. This stimulated a high level of purchase activity as buyers sought to complete before the higher rates came into effect, with monthly gross completions hitting a 46-month high of £34bn in March, before falling to a 24-month low of £15bn in April.[1]

According to a provisional estimate by HMRC, property transactions reached 476,500 in the first five months of the year (2024: 398,000), representing a year-on-year increase of 20%.[2] Bank of England data showed that mortgage approvals grew by 12% to £118bn (2024: £106bn)[3] and total UK gross mortgage lending increased by 22% to £111bn over the same period (2024: £91bn).[1] Purchase transactions were the main driver of this increase, with gross mortgage lending for new purchases growing by 40%.[1]

As the inflation rate fell significantly over the last 24 months, the Bank of England gradually reduced the Bank Rate from 5.25% to 4.00% with five cuts implemented over a 13-month period from July 2024 to August 2025[4] which led to a reduction in borrowing costs and mortgage pricing. According to the Bank of England, the average quoted interest rate on a two-year fixed rate residential mortgage at 75% loan to value fell by 84bps to 4.32% in June 2025 compared to the same month a year ago[5], further supporting mortgage demand in the first six months of 2025.

UK annual house price growth climbed to a 28-month high of +7.0% in March 2025 before falling to +3.9% in May as measured by the UK House Price Index.[6] Based on the provisional estimate by ONS, the average UK house price reached an all-time high of £273,000 in March before falling back to £269,000 in May reflecting a decline in buyer demand following the SDLT change.[6]

Buy-to-Let and the Private Rented Sector
Activity in the Buy-to-Let sector remained subdued relative to historical standards as landlords navigated a changing tax landscape with an increase to SDLT for additional properties implemented in November 2024. Compounded with rising costs of managing a property and higher mortgage interest rates, this led to some landlords exiting the Private Rented Sector (PRS), with evidence suggesting that this was concentrated amongst amateur landlords with smaller property portfolios.

However, the demand for housing remained robust and the PRS comprised 4.7m households in 2023-24 according to the UK Government's English Housing Survey. It was the second largest type of tenure in England having grown by 52% since 2008-09 and represented 19% of all households.[7]

Respondents to the RICS Residential Market Survey in June 2025 noted a slightly softer trend in tenant demand through the early months of the year, increasing between March and May before stabilising in June.[8] Research conducted by Pegasus Insight also noted a slight easing of demand in the first six months of 2025, with 71% of landlords reporting strong demand in the second quarter of 2025, down from 82% in the same period last year.[9]

The RICS market survey suggested that new landlord rental instructions continued to decline as denoted by a net balance of -21% of respondents, a persistent trend in this measure over several years, with the last positive reading occurring in March 2022.[8] Just 8% of landlords surveyed by Pegasus Insight reported purchasing a new property in the last 12 months, up slightly from an all-time low for this measure reported in the first quarter, however this increased to 16% for landlords with four or more mortgaged Buy-to-Let properties[9] suggesting that professional, multi-property landlords were taking a more active role in managing their portfolios.

This imbalance between rental demand and supply continued to exert upward pressure on rents, with private rental prices in the UK rising by 6.7% in the 12 months to June 2025 according to the ONS[6] while the Landlord Trends study reported that 69% of landlords increased rents in the last 12 months and 61% plan to do so in the next 12 months, suggesting that rental growth will continue to support strong rental yields, which tracked above 6% on average for six successive quarters.[9]

Buy-to-Let mortgage gross advances reached £16.2bn in the five months to May 2025, an increase of 23% compared with the same period in 2024. Purchases increased by 33% to £4.7bn boosted by the effect of the SDLT change in April, while remortgage completions increased by 20% to £11.0bn (2024: £9.2bn).[10]

1. Bank of England, UK Gross Mortgage Lending
2. HMRC, Monthly Property Transactions
3. Bank of England, Mortgage Approvals
4. Interest rates and Bank Rate | Bank of England
5. Quoted household interest rates - a visual summary of our data | Bank of England
6. ONS, Private rent and house price index, July 2025
7. GOV UK, English Housing Survey 2023-24, Chapter 1: Profile of households and dwellings
8. RICS, Residential Market Survey, June 2025
9. Pegasus Insight, Landlord Trends Q2 2025
10. UK Finance, BTL mortgages outstanding and gross lending, July 2025

Segment review

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

The tables below present the Group's originations and loans and advances to customers by product type and by segment.

Originations

	H1 2025 £m	H1 2024 £m	Change %
OSB Buy-to-Let	**819.7**	685.3	20
CCFS Buy-to-Let	**115.7**	339.3	(66)
Total Buy-to-Let	**935.4**	1,024.6	(9)
OSB Residential	**76.0**	133.7	(43)
CCFS Residential	**212.7**	251.5	(15)
Total Residential	**288.7**	385.2	(25)
Commercial	**310.9**	137.0	127
Asset finance	**123.3**	77.6	59
Residential development	**113.1**	88.4	28
Bridging	**331.2**	191.9	73
Funding lines	**5.1**	8.5	(40)
Total originations	**2,107.7**	1,913.2	10

Originations by segment

	H1 2025 £m	H1 2024 £m	Change %
OSB segment	**1,448.1**	1,130.5	28
CCFS segment	**659.6**	782.7	(16)
Total originations	**2,107.7**	1,913.2	10

Gross loans

	30 June 2025 £m	31 December 2024 £m	Change %
OSB Buy-to-Let	**11,613.9**	11,201.2	4
CCFS Buy-to-Let	**6,013.3**	6,367.3	(6)
Total Buy-to-Let	**17,627.2**	17,568.5	-
OSB Residential	**2,089.4**	2,181.2	(4)
CCFS Residential	**2,959.9**	3,005.7	(2)
Total Residential	**5,049.3**	5,186.9	(3)
Commercial	**1,546.0**	1,356.0	14
Asset finance	**381.9**	316.9	21
Residential development	**302.7**	262.0	16
Bridging	**480.3**	364.5	32
Other[1]	**167.3**	198.4	(16)
Total gross loans	**25,554.7**	25,253.2	1

Gross loans by segment

	As at 30 June 2025 £m	As at 31 December 2024 £m	Change %
OSB segment	**16,036.0**	15,439.0	4
CCFS segment	**9,518.7**	9,814.2	(3)
Total gross loans	**25,554.7**	25,253.2	1

Gross loans as a percentage of total gross book

	30 June 2025 £m	% of total	31 December 2024 £m	% of total
Buy-to-Let	**17,627.2**	**69**	17,568.5	70
Residential	**5,049.3**	**20**	5,186.9	21
Commercial	**1,546.0**	**6**	1,356.0	5
Asset finance	**381.9**	**1**	316.9	1
Residential development	**302.7**	**1**	262.0	1
Bridging	**480.3**	**2**	364.5	1
Other[1]	**167.3**	**1**	198.4	1
Total gross loans	**25,554.7**		25,253.2	

1. Other includes funding lines, second charge books in run off and a portfolio of residential mortgages recognised at fair value through profit and loss (FVTPL).

OneSavings Bank (OSB) segment

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

Contribution to profit for the period

For the six months ended 30 June 2025	BTL/SME £m	Residential £m	Total £m
Net interest income	**168.9**	**35.0**	**203.9**
Other expense	**(12.7)**	**(0.5)**	**(13.2)**
Total income	**156.2**	**34.5**	**190.7**
Impairment of financial assets	**(5.9)**	**(0.2)**	**(6.1)**
Contribution to profit	**150.3**	**34.3**	**184.6**
For the six months ended 30 June 2024			
Net interest income (restated)[1]	154.2	40.4	194.6
Other income	2.7	0.5	3.2
Total income (restated)[1]	156.9	40.9	197.8
Impairment of financial assets	(2.4)	(1.4)	(3.8)
Contribution to profit (restated)[1]	154.5	39.5	194.0

Loans and advances to customers

As at 30 June 2025	BTL/SME £m	Residential £m	Total £m
Gross loans and advances to customers	**13,858.3**	**2,177.7**	**16,036.0**
Expected credit losses	**(92.5)**	**(10.5)**	**(103.0)**
Net loans and advances to customers	**13,765.8**	**2,167.2**	**15,933.0**
Risk-weighted assets	**7,003.5**	**973.6**	**7,977.1**
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 Buy-to-Let/SME sub-segment

Loans and advances to customers	30-Jun-2025 £m	31-Dec-2024 £m	Change %
Buy-to-Let	**11,613.9**	11,201.2	4
Commercial	**1,546.0**	1,356.0	14
Asset finance	**381.9**	316.9	21
Residential development	**302.7**	262.0	16
Funding lines	**13.8**	19.7	(30)
Gross loans and advances to customers	**13,858.3**	13,155.8	5
Expected credit losses	**(92.5)**	(90.5)	2
Net loans and advances to customers	**13,765.8**	13,065.3	5

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 5% to £13,765.8m (31 December 2024: £13,065.3m). It was supported by originations across all sub-segments of £1,372.1m, which increased by 38% from £996.8m in the prior period, in line with the Group's diversification strategy.

Net interest income in this sub-segment increased by 10% to £168.9m (H1 2024 restated[1]: £154.2m) due to a number of factors including, growth in the net loan book, more resilient back book performance and an emerging benefit from higher yielding sub-segments, partially offset by more costly funding spreads to SONIA as the deposit book continued to recycle.

Other expenses were £12.7m and related primarily to losses from the Group's hedging activities (H1 2024: £2.7m income). The impairment charge of £5.9m (H1 2024: £2.4m) was driven by modelled IFRS 9 stage migration, an increase in accounts with arrears and write-offs. Overall, the Buy-to-Let/SME sub-segment made a contribution to profit of £150.3m, a decrease of 3% from the prior period (H1 2024 restated[1]: £154.5m.

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 originations[2] of 71% (H1 2024: 70%). The average book LTV in this sub-segment[2] increased marginally to 69%, 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 4% to £11,613.9m at the end of June from £11,201.2m as at 31 December 2024. Originations increased by 20% to £819.7m in the period (H1 2024: restated £685.3m[3]) as buyers sought to complete before higher rates of Stamp Duty Land Tax came into effect on 1 April.

The proportion of Kent Reliance Buy-to-Let completions represented by refinance remained unchanged from the prior period at 63%. Product transfers reduced to 69% of existing borrowers choosing a new product within three months of their initial rate mortgage coming to an end (H1 2024: 74%).

OSB Buy-to-Let/SME sub-segment

New borrowers continued to favour five-year fixed rate mortgages, which represented 66% of Kent Reliance Buy-to-Let completions in the first half of 2025 (H1 2024: 71%), while 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 (H1 2024: 91%). Proportion of professional, multi-property landlords remained unchanged from the prior period at 92% of completions by value for the Kent Reliance brand in the first half of 2025.

Research conducted by Pegasus Insight in the second quarter of 2025, found that 71% of landlords reported strong rental demand from prospective tenants in the regions where they currently let property and that rental yields exceeded 6% in the first quarter of 2025, the highest level recorded in ten years.

The weighted average LTV of the Buy-to-Let book as at 30 June 2025 was 69% with an average loan size of £265k (31 December 2024: 67% and £260k). The weighted average interest coverage ratio for Buy-to-Let originations remained high during the first half of 2025 at 195% (H1 2024: 185%) 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 14% to £1,546.0m in the first six months of 2025 (31 December 2024: £1,356.0m) supported by originations of £310.9m which more than doubled from £137.0m in the prior period. The Group continued to focus on high-quality commercial and semi-commercial business in the period, launching a new range of products in February with reduced rates and product fees.

The weighted average LTV of the commercial book was stable at 73% and the average loan size increased to £455k in the first half of 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 the first half of 2025, adding to its high-quality portfolio. The gross carrying amount under finance leases increased by 21% to £381.9m as at 30 June 2025 (31 December 2024: £316.9m) and originations grew by 59% to £123.3m from £77.6m in the prior period.

Residential development

Our Heritable residential development business provides development finance to small and medium-sized residential property developers. The preference is to fund house builders which 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.

OSB Buy-to-Let/SME sub-segment

The residential development finance gross loan book increased by 16% at the end of June 2025 to £302.7m, with a further £209.3m committed (31 December 2024: £262.0m and £168.2m, respectively). Total approved limits were £770.6m, 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 June 2025, Heritable had commitments to finance the development of 2,626 residential units, the majority of which are houses located outside central London and other major cities in England.

Funding lines
During the period, the Group maintained a cautious risk approach focusing on servicing existing customers. Total credit approved limits as at the end of June 2025 were £38.8m with total gross loans outstanding of £13.8m (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.
2. Buy-to-Let/SME sub-segment average weighted LTVs include Kent Reliance and InterBay Buy-to-Let, semi-commercial and commercial lending.
3. Restated to exclude asset finance originations.

OSB Residential sub-segment

	30-Jun-2025 £m	31-Dec-2024 £m	Change %
First charge	**2,089.4**	2,181.2	(4)
Second charge[1]	**88.3**	102.0	(13)
Gross loans and advances to customers	**2,177.7**	2,283.2	(5)
Expected credit losses	**(10.5)**	(10.6)	-
Net loans and advances to customers	**2,167.2**	2,272.6	(5)

1. Second charge mortgage book is in run-off.

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

First charge
First charge originations under the Kent Reliance brand reduced to £76.0m in the first six months of 2025 (H1 2024: £133.7m) in line with the Group's strategic move to offer specialist Residential mortgages under the Precise brand. The gross loan book was £2,089.4m as at 30 June 2025, a decrease of 4% compared with £2,181.2m as at 31 December 2024.

Net interest income in the Residential sub-segment decreased by 13% to £35.0m (H1 2024 restated[1]: £40.4m) due to a decline in the net loan book, the roll off of higher margin mortgages and more costly funding spreads to SONIA as the deposit book continued to recycle. Other expenses of £0.5m (H1 2024: £0.5m income) related to losses from the Group's hedging activities and the impairment charge of £0.2m (H1 2024: £1.4m charge) was due to individual provisions against a small number of counterparties and write-offs. Overall, contribution to profit from this sub-segment decreased by 13% to £34.3m (H1 2024 restated[1]: £39.5m).

The average book LTV increased marginally from prior year to 49%[2], with only 1.7% of loans with LTVs exceeding 90% (31 December 2024: 48% and 1.5%, respectively). The average LTV of new residential originations increased to 71%[2] (H1 2024: 64%) as a result of more mortgages completing at LTVs of 80% and above in the period.

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.

Charter Court Financial Services (CCFS) segment

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

Contribution to profit for the period

For the six months to 30 June 2025	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other[1] £m	Total £m
Net interest income	**82.4**	**38.7**	**9.6**	**1.1**	**1.3**	**133.1**
Other income	**-**	**-**	**-**	**-**	**2.0**	**2.0**
Total income	**82.4**	**38.7**	**9.6**	**1.1**	**3.3**	**135.1**
Impairment of financial assets	**2.8**	**1.4**	**(0.2)**	**0.1**	**-**	**4.1**
Contribution to profit	**85.2**	**40.1**	**9.4**	**1.2**	**3.3**	**139.2**

For the six months to 30 June 2024	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other[1] £m	Total £m
Net interest income	92.7	51.8	5.9	1.5	7.0	158.9
Other income	-	-	-	-	5.9	5.9
Total income	92.7	51.8	5.9	1.5	12.9	164.8
Impairment of financial assets	7.2	1.1	0.2	0.1	(0.1)	8.5
Contribution to profit	99.9	52.9	6.1	1.6	12.8	173.3

1. Other relates to net interest income from acquired loan portfolios, fee income from third party mortgage servicing and gains or losses on the Group's hedging activities.

Charter Court Financial Services (CCFS) segment

Loans and advances to customers

As at 30 June 2025	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other[1] £m	Total £m
Gross loans and advances to customers	**6,013.3**	**2,959.9**	**480.3**	**53.3**	**11.9**	**9,518.7**
Expected credit losses	**(18.1)**	**(3.2)**	**(0.6)**	**(0.2)**	**-**	**(22.1)**
Net loans and advances to customers	**5,995.2**	**2,956.7**	**479.7**	**53.1**	**11.9**	**9,496.6**
Risk-weighted assets	**2,561.1**	**1,348.5**	**289.4**	**24.6**	**4.3**	**4,227.9**

As at 31 December 2024	Buy-to-Let £m	Residential £m	Bridging £m	Second charge £m	Other[1] £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. Other relates to acquired loan portfolios.

Charter Court Financial Services (CCFS) segment

	30-Jun-2025 £m	31-Dec-2024 £m	Change %
Buy-to-Let	**6,013.3**	6,367.3	(6)
Residential	**2,959.9**	3,005.7	(2)
Bridging	**480.3**	364.5	32
Second charge[1]	**53.3**	63.8	(16)
Other[2]	**11.9**	12.9	(8)
Gross loans and advances to customers	**9,518.7**	9,814.2	(3)
Expected credit losses	**(22.1)**	(25.8)	14
Net loans and advances to customers	**9,496.6**	9,788.4	(3)

1. Second charge mortgage book is in run-off.
2. Other relates to acquired loan portfolios.

The 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 3% to £9,496.6m at the end of June (31 December 2024: £9,788.4m). Originations decreased in Buy-to-Let and Residential sub-segments, with a 16% reduction in total CCFS segment originations to £659.6m from £782.7m in the prior period.

CCFS Buy-to-Let sub-segment
Originations in the Buy-to-Let sub-segment through the Precise brand decreased in the first half of 2025 to £115.7m (H1 2024: £339.3m) as the Group focused on returns in more specialist and professional landlord market serviced by Kent Reliance. The gross Buy-to-Let loan book decreased by 6% in the period to £6,013.3m from £6,367.3m at the end of 2024.

The proportion of remortgages remained at 48% of completions under the Precise brand in the first half of 2025 and 49% of existing borrowers chose to switch to a new product within three months of their initial rate mortgage coming to an end.

Five-year fixed rate products accounted for 46% of Precise completions, down from 60% in the first half of 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 71% of Buy-to-Let completions in the first half (H1 2024: 68%). The proportion of loans for specialist property types, including houses of multiple occupation and multi-unit properties represented 14% of completions in this sub-segment (H1 2024: 27%).

The weighted average LTV of the loan book in this segment increased marginally to 68% (31 December 2024: 67%). The new lending average LTV was 74% with an average loan size of £188k (H1 2024: 72% and £190k, respectively). The weighted average interest coverage ratio for Buy-to-Let originations decreased to 159% in the first half (H1 2024: 161%).

Net interest income in this sub-segment decreased to £82.4m compared with £92.7m in the prior period, primarily as a result of a decline in the net loan book in the first half of 2025 compared to 30 June 2024 as the Group completed the £1.25bn securitisation and deconsolidation of Precise Buy-to-Let loans in December 2024. It was further impacted by more costly funding spreads to SONIA as the deposit book continued to recycle. The impairment credit of £2.8m (H1 2024: £7.2m credit) reflected improved house price valuations and a release of post-model adjustments. Buy-to-Let sub-segment made a contribution to profit of £85.2m, compared with £99.9m in the prior period primarily due to the decline in net interest income.

Charter Court Financial Services (CCFS) segment

CCFS Residential sub-segment
The gross loan book in the CCFS' Residential sub-segment reduced by 2% to £2,959.9m as at 30 June 2025 (31 December 2024: £3,005.7m) reflecting primarily a 15% reduction in originations in the period to £212.7m (H1 2024: £251.5m). The Group introduced new and improved products in the second quarter, building a strong pipeline for the reminder of the year.

Focus on borrowers underserved by the high street was demonstrated in the broadened offering launched in the second quarter of the year, including a new three-year fixed rate product, expanding the maximum LTV to 95% as well as introducing zero fee mortgages.

The weighted average LTV for the Residential book was 60% and the average loan size £167k (31 December 2024: 59% and £160k, respectively). The average LTV of new lending remained 62%, unchanged from the prior period.

Net interest income decreased to £38.7m compared with £51.8m in the prior period, reflecting more costly funding spreads to SONIA as the deposit book continued to recycle, reduction in the net loan book and the roll off of higher margin mortgages. The Residential sub-segment recorded an impairment credit of £1.4m (H1 2024: £1.1m credit) due to improved house price valuations and IFRS 9 stage migrations. The Residential sub-segment contribution to profit reduced to £40.1m (H1 2024: £52.9m) primarily due to the decline in net interest income.

CCFS Bridging sub-segment
Short-term bridging originations grew by 73% to £331.2m (H1 2024: £191.9m) as the Group focused on building a pipeline of high-quality, high-return business. The gross loan book in this sub-segment grew by 32% to £480.3m at the end of June (31 December 2024: £364.5m).

In the first six months of 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 which allows customers to borrow based on the future market value of a refurbished property.

Net interest income was £9.6m compared with £5.9m in the prior period due to strong originations. Impairment charge of £0.2m was recognised for the period (H1 2024: £0.2m credit) and bridging sub-segment made a contribution to profit of £9.4m in the first six months of 2025 (H1 2024: £6.1m).

Risk review

Key areas of focus during the six months to 30 June 2025

The Group continued to leverage its Enterprise Risk Management Framework and supporting capabilities to effectively manage the risk profile across existing and emerging risks, whilst delivering against planned strategic and financial objectives. Progress continued to be made across all risk objectives set out in the 2024 Annual Report and Accounts.

The macroeconomic outlook for the United Kingdom remained uncertain with the impact of US trade tariffs, wider geo-political instability and the go forward impact of government policy still to be fully observed, with these factors reflected in the economic scenarios used for financial forecasting and credit risk provisioning. Base case economic forecasts assumed a gradual reduction in bank base rate levels throughout 2025 which are expected to ease affordability pressures and normalise market dynamics. Unemployment levels are forecast to rise throughout 2025 and peak in 2026, moderating in the following years, coupled with muted house price inflation during 2025-2026.

Ongoing affordability challenges continued to result in elevated levels of arrears within the Residential and Buy-to-Let sub-segments of the loan book, whilst the actual level of observed write-off balances remained relatively low given the inherent resilience of the fully secured loan book. Originations across the Group’s core Buy-to-Let and Residential mortgage portfolios have been subject to adherence to the Group’s prudent underwriting disciplines with continued focus on customer and affordability risk assessments, risk-based pricing and security coverage. The Group maintained its focus on originations across the Group’s higher-yielding sub-segments in line with its strategy, where the book exhibits strong income and credit performance.

The Group has leveraged its risk-based analytical capabilities including credit risk models, stress testing and scenario analysis to assess areas of potential future vulnerability to inform the setting of risk appetite, assessment of contingent financial resources and monitoring performance.

In line with the Group’s modelled forecast, arrears levels marginally increased during the six months to 30 June 2025, as customer affordability challenges persisted. It is important to note that arrears metrics include a small number of run-off legacy acquired first and second charge mortgage portfolios, which disproportionately contributed to the arrears profile. Low levels of arrears continued to be observed across the Group’s Commercial sub-segment. The Group continued to support customers in arrears by deploying a full tool kit of forbearance and vulnerability management protocols to ensure compliance with its customer centric values and good customer outcome objectives.

Liquidity coverage ratios remained strong across the Group, with funding predominantly provided by retail deposits, supplemented with wholesale funding, with the Group remaining on track to repay Term Funding Scheme for SME (TFSME) balances in line with its funding plan. Indexed Long-Term Repo (ILTR) borrowing was also utilised. In July, the Group received a Domestic Liquidity Subgroup (DoLSub) permission which allows full fungibility of liquidity and funding across the Group.

The Group’s capital position remained strong with a CET1 ratio of 15.7% (31 December 2024: 16.3%), which reflecting the £100m share repurchase programme announced in March 2025, ongoing profitability and balance sheet size and mix. During the period, the Group re-assessed the impact of planned balance sheet forecasts from the perspective of current and go to Basel 3.1 standardised requirements and demonstrated its ability to meet both its internal and regulatory requirements under both approaches.

The Group's transformation programme continued to be delivered in a robust and controlled manner, whilst the Group's operational risk profile remained stable and operating within appetite. Progress was also made in simplifying the Group's Information Technology estate, whilst further enhancing cyber risk management capabilities which is a key area of ongoing focus for the Board.

During the period, the Group further strengthened its financial and operational resilience, recovery and resolvability capabilities in accordance with its underlying risk management objectives and regulatory expectations. The Group is seeking clarification from the Bank of England in respect of the recently announced changes to the MREL regime and its implications for the Group's requirements.

The Group continued 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 notes the recent PRA announcement (DP1/25) which details a range of possible policy changes to the treatment of residential mortgage exposures under the IRB approach, with the aim of removing 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. The Group looks forward to engaging with the PRA on its own IRB application in the second half of 2025.

Principal risks and uncertainties

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in order to achieve its strategic objectives.

During the six months to 30 June 2025, the Board saw no significant change in the principal risks and uncertainties as disclosed on pages 54 to 63 of the 2024 Annual Report and Accounts.

The table below provides a high-level overview of the principal risks which the Board believes are the most material with respect to potential adverse impact on the business model, future financial performance, solvency and liquidity.

<table>
<tr><th>Principal risks</th><th>Key mitigating actions</th></tr>
<tr><td>Strategic and business risk</td><td>Regular monitoring by the Board and the Group Executive Committee of business and financial performance against the Group’s strategic agenda and risk appetite.
The financial plan is subject to regular reforecasts.
Use of stress testing to flex core business planning assumptions to assess potential performance under stressed operating conditions.
The Balanced Business Scorecard is the primary mechanism to support how the Board assesses management performance against key targets.</td></tr>
<tr><td>Reputational risk</td><td>The Group has a culture and commitment to being open and transparent in communication with all key stakeholders and has established processes to proactively identify and manage potential sources of reputational risk, for instance:
The Group actively monitors customer and broker feedback (through social media, Trustpilot channels, NPS and CSAT surveys) to assess the ongoing performance of service levels.
Established processes are in place to review, assess and remediate complaints in a timely manner.
The Group also actively monitors external press reports, social media, sentiment of banking industry analysts, its investors, performance of key third party suppliers and interactions with regulators.</td></tr>
<tr><td>Credit risk</td><td>Individual borrower defaults:
Across both OSB and CCFS a robust underwriting assessment is undertaken to ensure a customer has the ability and propensity to repay, and sufficient security is available to support the new loan requested.
Where problems are observed in maintaining loan repayments, the Financial Support function works with the customer to reach a satisfactory conclusion.
Macroeconomic downturn
The Group works within portfolio limits on LTV, affordability, individual and loan type exposure, sector and geographic concentrations that are approved by the Group Risk Committee and the Board. These are reviewed at least on an annual basis.
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.</td></tr>
</table>

Principal risks	Key mitigating actions
	Wholesale credit risk • The Group transacts only with high quality wholesale counterparties. • Derivative exposures include collateral agreements to mitigate credit exposures.
Market risk	• The Group's Treasury function actively hedges to match the timing of cash flows from assets and liabilities. • Interest rate risk in the banking book (IRRBB) is monitored via a comprehensive range of techniques and scenarios including both economic value and earnings measures at both the Interest Rate Forum and the Group Assets and Liabilities Committee.
Liquidity and funding risk	• The Group's funding strategy is focused on a highly stable retail deposit franchise. • The Group has made significant progress towards paying back all TFSME borrowing across both banking entities and has plans to refinance the remaining funding ahead of its maturity in October 2025. • The Group is actively using BoE's Indexed Long-Term Index Repo (ILTR) to support the business-as-usual liquidity requirements. Use of ILTR is subject to appropriate risk management disciplines in relation timing and cost of roll-over. This fully aligns to the BoE guidance and expectations. • The Group's large number of depositors provide diversification, with a high proportion of balances covered by the Financial Services Compensation Scheme (FSCS), mitigating the risk of a retail run. • The Group performs in-depth liquidity stress testing and holds prudential liquidity buffers to manage funding requirements under normal and stressed conditions. • The Group proactively manages its savings proposition through the Savings Pricing Group, Liquidity Forum and the Group Assets and Liabilities Committee. • The Group has positioned mortgage collateral and securitised notes with the Bank of England, which allows it to consider alternative funding sources to ensure that it is not solely reliant on retail savings and maintain appropriate levels of contingent funding. • The Group continuously monitors wholesale funding markets and is experienced in taking proactive management actions where required.
Solvency risk	• The Group operates from a strong capital position and has a record of delivering strong profitability. • The Group actively monitors its capital requirements and resources against financial forecasts, including MREL requirements and undertakes stress testing analysis to subject its solvency ratios to extreme but plausible scenarios. • The Group also 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 in consultation processes.

Principal risks	Key mitigating actions
Operational risk	IT security (including cyber risk) • The Group operates with a suite of 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 further supported by documented and tested procedures intended to ensure the effective response to a security breach. • The Group's programme of IT and cyber improvements continued with the aim of enhancing its protection against IT security threats, deploying a series of tools designed to identify and prevent network/system intrusions. IT failure • The Group continues to invest in improving the resilience of its core infrastructure. It has identified its prioritised business services and the infrastructure that is required to support them. Tests are performed regularly to validate the Group's ability to recover from an incident. • The Group has established a site in Hyderabad to ensure that, in the event of an operational incident in Bangalore, services can be maintained. Data quality • The Group has a suite of data governance policies and procedures along with dedicated resources to ensure the quality of data is maintained at an appropriate standard. Change management • The Group recognises that implementing change introduces significant operational risk and has therefore implemented a series of control gateways designed to ensure that each stage of the change management process has the necessary level of oversight.
Conduct risk	• The Group's culture is clearly defined and monitored via its Purpose, Vision and Value driven behaviours. • The Group has a strategic commitment to provide simple, customer-centric products which deliver good customer outcomes across the product lifecycle. • The Group has an embedded Conduct Risk Management Framework which clearly defines roles and responsibilities with respect to the management of conduct risk and oversight across the Group's three lines of defence. • The Group has incorporated Consumer Duty regulations in line with its commitment to deliver good customer outcomes, which continue to be enhanced over time.
Compliance and regulatory risk	Prudential regulatory changes • 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, with oversight also provided by the Board. • The Group utilises external expert opinion to support interpretation of requirements and validation of its response, where required. Conduct regulation • The Group has a programme of regulatory horizon scanning linking into a formal

Principal risks	Key mitigating actions
	regulatory change management programme. • All Group entities utilise underwriting, arrears and forbearance and vulnerable customer policies which are designed to comply with regulatory principles, rules and expectations. These policies articulate the Group's commitment to ensuring that all customers, especially those who are vulnerable or experiencing financial hardship, receive good outcomes in a way that considers their individual needs and circumstances.
Financial crime risk	• 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 it complies 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. • All new business applications are subject to a range of controls to identify and mitigate fraud. Customer activity is monitored in order to detect suspicious activity or behaviour 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.

Emerging risks

The Group proactively scans for emerging risks which may have an impact on its operations and strategy. The Group considers its top emerging risks to be:

Emerging risks	Key mitigating actions
Political and macroeconomic uncertainty • The Group's lending activity is focused in the United Kingdom (with a legacy book of mortgages in the Channel Islands) and, as such, will be impacted by any risks emerging from changes in the macroeconomic environment which itself is influenced by geopolitical movements. Changes in inflation and interest rates pose risks to loan portfolio performance.	• The Group has mature and robust monitoring processes and via various stress testing activities (i.e. ad hoc, risk appetite and Internal Capital Adequacy Assessment Process (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.

Emerging risks	Key mitigating actions
	• The Board and management review detailed portfolio reports to identify any changes in the Group's risk profile.
Climate change Regulatory expectations and industry best practice continue to evolve. The Group is exposed to the following climate change risks: • 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 that are in coastal and low-lying areas or located in areas prone to increased subsidence and heave. • 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. • Reputational risk arising from a failure to meet changing societal, investor or regulatory demands.	• During the reporting period the Group continued to closely monitor its climate risk profile versus risk appetite.
Regulatory change The Group remains subject to a high-level 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.	• The Group has established horizon scanning capabilities, together with dedicated prudential and conduct regulatory experts in place to ensure the Group manages future regulatory changes effectively. • The Group also has strong relationships with regulatory bodies, and via membership of UK Finance contributes to responses to regulatory consultations.
Artificial Intelligence Artificial Intelligence (AI), including generative AI is rapidly advancing and since its creation is being utilised more widely across the financial services industry. OSB Group is 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.	• OSB Group has established a responsible AI policy, which controls the use and deployment 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 are underway to enable the Group to benefit (where appropriate) from the use of AI technology, whilst mitigating future risks which may occur.

Risk Profile Performance Overview

Credit risk

The Group's credit profile remained resilient during the six months to 30 June 2025.

The Group's net loans and advances increased to £25.4bn as at 30 June 2025 from £25.1bn at the end of 2024, with further loan book diversification observed resulting from strong origination performance across Commercial, Asset finance, Residential development and Bridging lending.

Buy-to-Let sub-segment remained the Group's largest portfolio. Average weighted interest coverage ratios across originations improved to 195% for OSB and remained strong at 159% for CCFS (H1 2024: 185% and 161%, respectively). The improvement in interest coverage ratios reflected the steady reduction in interest rates observed since July 2024 and continued robust application of lending policy.

The Group's risk appetite and well-established underwriting processes supported new mortgage lending at prudent average weighted LTVs of 71% for OSB and 64% for CCFS (H1 2024: 69% and 67%, respectively).

As at 30 June 2025, the average weighted LTV of the Group's loan book was 65% (31 December 2024: 64%). The Group's ability to absorb any future economic shocks remained robust. The total average book LTV remained resilient at 66% for OSB and 65% for CCFS (31 December 2024: 64% for both OSB and CCFS), reflecting the impact of new lending LTV levels and changes in collateral values.

Forward-looking internal and external credit scoring metrics remained strong, considering internal performance and customers' wider credit obligation performance.

Group balances with greater than three months arrears increased marginally to 1.8% (31 December 2024: 1.7%), predominantly driven by ongoing affordability issues resulting from Buy-to-Let and Residential borrowers with maturing fixed rate mortgages facing higher prevailing rates at the point of reversion. The Group continued to deploy its full forbearance and wider collections toolkits to help borrowers in financial difficulties, whilst several targeted initiatives have been under way to manage arrears performance to ensure it continues to operate within modelled estimates. OSB's greater than three months in arrears levels increased to 2.0% (31 December 2024: 1.8%), whilst CCFS's remained stable at 1.5% (31 December 2024: 1.5%). Arrears levels across the OSB bank entity continue to be impacted by the performance of acquired portfolios which are in run off, whilst low levels of arrears continue to be observed across the Commercial sub-segment.

Write-offs remained low at £6.5m during the six months to 30 June 2025 (H1 2024: £4.8m), indicating the resilience of the Group's fully secured loan book, compared with total provision held of £125.1m.

Expected credit losses

The Group recorded an impairment charge of £2.0m for the six months to 30 June 2025 (H1 2024: £4.7m credit) which represented a loan loss ratio of 2bps compared to (4)bps in the first half of 2024.

The primary drivers of the impairment charge in the period were as follows:

a. Valuation methodology alignment and macroeconomic scenarios

In the first half of 2025, the Group enhanced its property valuation methodology by incorporating the same third-party data for OSB segment, aligning the valuation approach across the Group.

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 30 June 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 remains on a protracted recovery. The probability weighting assigned to each scenario remained unchanged from 31 December 2024.

Macroeconomic scenarios utilised within IFRS 9 impairment calculations as at 30 June 2025:

			Scenario (%)[1]				
Scenario	**Probability weighting (%)**	**Economic measure**	**Year end 2025**	**Year end 2026**	**Year end 2027**	**Year end 2028**	**Year end 2029**
Base case	40	GDP	1.1	0.9	1.3	1.8	1.7
		Unemployment	4.8	4.9	4.7	4.3	4.1
		House price growth	1.0	1.7	2.8	5.1	6.4
		CPI	3.2	2.5	2.2	2.1	2.1
		Bank Base Rate	3.8	3.5	3.5	3.5	3.5
Upside	30	GDP	2.0	3.3	2.2	2.3	1.6
		Unemployment	4.4	4.0	3.7	3.6	3.6
		House price growth	2.1	3.9	5.6	6.7	6.7
		CPI	3.9	3.5	2.7	2.2	2.1
		Bank Base Rate	5.0	4.6	3.6	3.5	3.5
Downside	20	GDP	-0.4	-2.2	0.7	1.4	1.8
		Unemployment	5.5	6.4	6.9	6.7	6.4
		House price growth	-3.7	-4.9	-2.0	2.7	7.4
		CPI	2.2	1.3	1.7	1.9	1.9
		Bank Base Rate	3.5	2.1	1.8	1.8	1.8
Severe Downside	10	GDP	-1.2	-3.9	0.2	1.1	1.8
		Unemployment	5.6	6.9	7.4	7.3	6.9
		House price growth	-5.8	-8.3	-5.1	0.9	7.7
		CPI	1.6	0.8	1.3	1.8	1.9
		Bank Base Rate	3.3	1.4	1.0	1.0	1.0

1. Scenarios show annual movement for GDP, house price growth and CPI and year end positions for unemployment and bank base rate. Commercial and residential properties follow the same HPI forecast

The aggregated impact of the valuation methodology alignment and updated forward-looking macroeconomic scenarios accounted for a £5.4m impairment release in the period.

b. Model enhancements and post model adjustments
Calibrations to the IFRS 9 models to ensure forecasted estimates continued to align to recently observed performance and PMAs to account for risks not fully captured within the framework resulted in an impairment release of £3.9m.

c. Arrears flow

With the increase in the Group's arrears (or other default triggers) largely due to the impact of borrowers with maturing fixed rate mortgages facing significantly higher prevailing rates, there was an additional impairment charge of £4.7m (31 December 2024: £10.8m).

d. Stage migration

An impairment release of £0.8m related to changes in the credit profile of borrowers as they transitioned through modelled IFRS 9 impairment stages.

e. New lending

The Group's Stage 1 impairment balance increased by £1.2m 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 watchlists 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 which replaced any modelled provisions held.

During the six months to 30 June 2025, the Group raised a number of additional individual provisions against a small number of counterparties, which net of other items accounted for a further charge of £2.4m. Included in this were cross contingency defaults where a borrower had multiple facilities, all facilities are considered in default when a minimum threshold of the borrower's exposure was classified as defaulted, noting the majority of cross contingency defaults were up to date.

In addition to the above, the income statement included a charge of £3.8m related to write-offs and other adjustments.

The table below indicates the provision coverage as at 30 June 2025:

As at 30 June 2025	Gross carrying amount £m	Expected credit loss £m	Coverage ratio %[1]
Stage 1	19,896.0	14.0	0.07%
Stage 2	4,579.2	34.9	0.76%
Stage 3 + POCI[2]	1,067.6	76.2	7.14%
Total	**25,542.8**	**125.1**	**0.49%**

As at 31 December 2024	Gross carrying amount £m	Expected credit loss £m	Coverage ratio %[1]
Stage 1	19,877.1	13.7	0.07%
Stage 2	4,352.9	39.3	0.90%
Stage 3 + POCI[2]	1,010.3	73.9	7.31%
Total	**25,240.3**	**126.9**	**0.50%**

1. Coverage ratios is calculated as total IFRS 9 expected credit loss as a percentage of gross loans and advances.
2. POCI assets are purchased or originated credit impaired loans. These are acquired loans that meet the Group's definition of default (90 days past due or an unlikely to pay) at acquisition.

Provision levels remained broadly stable with a coverage ratio of 0.49% as at 30 June 2025 (31 December 2024: 0.50%). The observed movements in house price valuations and model updates, including post model adjustment, provided some release within the impairment calculation, which offset individually assessed provisions raised against a small number of loans and general changes to the underlying risk of the portfolio, using both external and internal variables to assess risk.

Liquidity and funding risk

The Group's Liquidity Forum continued to monitor daily liquidity reporting and forecasting to ensure liquidity levels remained at target levels.

The Group continued to be predominantly funded by retail savings, with a high proportion of balances covered by the Financial Services Compensation Scheme (FSCS). For reporting and stress testing purposes all deposits received via deposit aggregators were assumed not to be protected by FSCS, as the Group was not regularly provided with the individual customer data for these deposits.

Diversification of funding was provided by borrowing from the Bank of England under its funding and repo schemes. As at 30 June 2025, the Group's balance under the Term Funding Scheme for SMEs was £655.5m, with £730m repaid in the first six months of the year. Indexed Long-Term Repo (ILTR) balance was £176.9m as at 30 June 2025.

Securitisation remained central to the Group's liability management strategy, as well as being a key funding source, although there were no new transactions in the first half of 2025.

Liquidity coverage ratios remained strong at 184% for OSB and 149% for CCFS (31 December 2024: OSB 183% and CCFS 231%) versus the regulatory minimum of 100% plus Individual Liquidity Guidance. On a DoLSub basis, the high-quality liquid assets were £3,395.6m and the liquidity coverage ratio was 165% as at 30 June 2025.

Market risk

Interest rate risk is the key market risk the Group is exposed to. Gap and basis risk are managed within defined risk appetite limits for each bank. The Group's Treasury function actively hedges risk to match the timing of cash flows from assets and liabilities for each bank.

The Group has a small amount of foreign exchange exposure, due to the rupee denominated running costs of the OSB India operation. Rupee denominated running costs during the period to 30 June 2025 totalled £9.9m (30 June 2024: £8.3m).

The Group maintained the equity structural hedge in the first half of 2025 in order to reduce earnings volatility due to interest rate changes arising from the portion of the balance sheet funded by equity. The equity structural hedge comprises of a series of receive fixed rate swaps with a weighted average life of 2.5 years and a notional amount of £1,409.7m as at 30 June 2025.

Solvency risk

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 Group remained profitable within the period and the Group's capital resources remained strong with the CET1 ratio at 15.7% (31 December 2024: 16.3%). The Group's total capital ratio was 19.0% (31 December 2024: 19.7%) whilst the leverage ratio at 30 June 2025 was 7.5% (31 December 2024: 7.7%).

Conduct risk

The Group considers its culture and behaviour in ensuring the delivery of good customer outcomes and in maintaining the integrity of the market sub-segments in which it operates to be 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. On an isolated basis, incidents can result in detriment owing 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 detriment and to prevent recurrence.

The Group considers effective conduct risk management to be a product of the positive behaviour of all employees, influenced by the customer-centric culture throughout the organisation and therefore continues to promote a strong sense of awareness and accountability.

Statement of Directors' Responsibilities

We, the Directors listed below, confirm that to the best of our knowledge:

• the interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the United Kingdom (UK);

• the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the interim condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last Annual Report and Accounts that could do so.

Kal Atwal
Henry Daubeney
Andy Golding
Noël Harwerth
Sarah Hedger (Resigned on 8 May 2025)
Gareth Hoskin (Appointed on 1 April 2025)
Sally Jones-Evans (Appointed on 1 April 2025)
Victoria Hyde
Rajan Kapoor (Resigned on 8 May 2025)
Simon Walker
David Weymouth

By order of the Board

Date: 19 August 2025

Conclusion

We have been engaged by OSB GROUP PLC and its subsidiaries (the "Group") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 35.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusion Relating to Going Concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
19 August 2025

OSB GROUP PLC

Interim Report for the six months ended 30 June 2025

Condensed Consolidated Statement of Comprehensive Income

	Note	**Six months ended 30-Jun-25 (Unaudited) £m**	Six months ended 30-Jun-24 (Unaudited) £m
Interest receivable and similar income	3	**964.6**	1,073.7
Interest payable and similar charges	4	**(627.6)**	(720.2)
Net interest income		**337.0**	353.5
Fair value (losses)/gains on financial instruments	5	**(14.3)**	5.9
Other operating income		**3.1**	3.2
Total income		**325.8**	362.6
Administrative expenses	6	**(131.4)**	(126.2)
Provisions	24	**(0.1)**	0.2
Impairment of financial assets	17	**(2.0)**	4.7
Profit before taxation		**192.3**	241.3
Taxation	7	**(50.2)**	(63.0)
Profit for the period		**142.1**	178.3
Other comprehensive expense			
Items which may be reclassified to profit or loss:			
Fair value changes on financial instruments measured at fair value through other comprehensive income (FVOCI):			
Arising in the period		**-**	(0.2)
Revaluation of foreign operations		**(1.7)**	0.2
Other comprehensive expense		**(1.7)**	-
Total comprehensive income for the period		**140.4**	178.3
Dividend declared for the period, pence per share	9	**11.2**	10.7
Earnings per share (EPS), pence per share			
Basic	8	**37.3**	44.4
Diluted	8	**36.5**	43.4

The above results are derived wholly from continuing operations.

Notes 1 to 34 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

	Note	**As at 30-Jun-25 (Unaudited) £m**	As at 31-Dec-24 (Audited) £m
Assets			
Cash in hand		**0.3**	0.3
Loans and advances to credit institutions	11	**3,014.0**	3,405.9
Investment securities	12	**1,491.3**	1,434.4
Loans and advances to customers	13	**25,429.6**	25,126.3
Fair value adjustments on hedged assets	18	**34.6**	(179.3)
Derivative assets		**164.6**	313.8
Other assets		**22.8**	17.8
Current taxation asset		**10.5**	14.8
Deferred taxation asset		**7.3**	6.2
Non-current assets held for sale		**0.6**	-
Property, plant and equipment		**53.6**	54.6
Intangible assets		**58.3**	48.8
Total assets		**30,287.5**	30,243.6
Liabilities			
Amounts owed to credit institutions	19	**862.6**	1,935.2
Amounts owed to retail depositors	20	**24,590.1**	23,820.3
Fair value adjustments on hedged liabilities	18	**13.7**	(6.1)
Amounts owed to other customers		**441.2**	104.9
Debt securities in issue	21	**909.6**	1,018.3
Derivative liabilities		**150.1**	81.9
Lease liabilities	22	**8.2**	9.1
Other liabilities	23	**129.8**	56.4
Provisions	24	**4.2**	4.6
Deferred taxation liability		**15.8**	13.1
Senior notes	25	**723.0**	722.7
Subordinated liabilities	26	**259.9**	259.8
		28,108.2	28,020.2
Equity			
Share capital	27	**3.6**	3.7
Share premium	27	**4.9**	4.5
Other equity instruments		**150.0**	150.0
Retained earnings		**3,363.1**	3,406.4
Other reserves		**(1,342.3)**	(1,341.2)
Shareholders' funds		**2,179.3**	2,223.4
Total equity and liabilities		**30,287.5**	30,243.6

Notes 1 to 34 form part of these condensed consolidated financial statements.

The condensed consolidated financial statements on pages 40 to 43 were approved by the Board of Directors on 19 August 2025 and signed on its behalf by:

Andy Golding
Chief Executive Officer

Victoria Hyde
Chief Financial Officer

Company number: 11976839

Condensed Consolidated Statement of Changes in Equity

	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 2025	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 period	-	-	-	-	-	-	-	**142.1**	-	**142.1**
Other comprehensive expense	-	-	-	-	**(1.7)**	-	-	-	-	**(1.7)**
Total comprehensive (expense)/income	-	-	-	-	**(1.7)**	-	-	**142.1**	-	**140.4**
Coupon paid on Additional Tier 1 (AT1) securities	-	-	-	-	-	-	-	**(4.5)**	-	**(4.5)**
Dividends paid	-	-	-	-	-	-	-	**(84.8)**	-	**(84.8)**
Share-based payments	-	**0.4**	-	-	-	-	**(1.1)**	**4.0**	-	**3.3**
Tax recognised in equity	-	-	-	-	-	-	**1.6**	-	-	**1.6**
Share repurchase[3]	**(0.1)**	-	**0.1**	-	-	-	-	**(100.1)**	-	**(100.1)**
As at 30 June 2025 (Unaudited)	**3.6**	**4.9**	**(1,354.4)**	**(0.9)**	**(3.8)**	**0.1**	**16.7**	**3,363.1**	**150.0**	**2,179.3**
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 period	-	-	-	-	-	-	-	178.3	-	178.3
Other comprehensive income/(expense)	-	-	-	-	0.2	(0.2)	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-	0.2	(0.2)	-	178.3	-	178.3
Coupon paid on AT1 securities	-	-	-	-	-	-	-	(4.5)	-	(4.5)
Dividends paid	-	-	-	-	-	-	-	(85.6)	-	(85.6)
Share-based payments	-	0.4	-	-	-	-	(0.7)	4.6	-	4.3
Tax recognised in equity	-	-	-	-	-	-	0.3	-	-	0.3
Own shares[2]	-	-	-	0.1	-	-	-	(0.1)	-	-
Share repurchase[3]	-	-	0.1	-	-	-	-	(50.5)	-	(50.4)
As at 30 June 2024 (Unaudited)	3.9	4.2	(1,354.6)	(0.9)	(1.9)	-	13.8	3,372.4	150.0	2,186.9

1. Comprises Capital redemption reserve of £0.9m (30 June 2024: £0.7m) and Transfer reserve of £(1,355.3)m (30 June 2024: £(1,355.3)m).
2. The Group has adopted look-through accounting (see note 1 c) of the 2024 Annual Report and Accounts) and recognised the Employee Benefit Trusts (EBT) within OSB GROUP PLC (OSBG).
3. Includes £99.3m (30 June 2024: £50.0m) for shares repurchased and £0.8m (30 June 2024: £0.5m) for transaction costs and fees.

OSB GROUP PLC

Interim Report for the six months ended 30 June 2025

Condensed Consolidated Statement of Cash Flows

	Note	**Six months ended 30-Jun-25 (Unaudited) £m**	Six months ended 30-Jun-24 (Unaudited) £m
Cash flows from operating activities			
Profit before taxation		**192.3**	241.3
Adjustments for non-cash and other items	32	**96.0**	124.0
Changes in operating assets and liabilities	32	**637.3**	1,957.5
Cash generated from operating activities		**925.6**	2,322.8
Provisions paid	24	**(0.4)**	-
Net tax paid		**(42.1)**	(63.2)
Net cash generated from operating activities		**883.1**	2,259.6
Cash flows from investing activities			
Maturity and sales of investment securities		**307.7**	326.6
Purchases of investment securities		**(363.6)**	(307.2)
Interest received on investment securities		**29.5**	15.8
Purchases of property, plant and equipment and intangible assets		**(16.0)**	(22.8)
Net cash from investing activities		**(42.4)**	12.4
Cash flows from financing activities			
Financing received	28	**288.7**	1,251.3
Financing repaid	28	**(1,304.4)**	(2,239.5)
Interest paid on financing	28	**(108.4)**	(145.5)
Dividends paid	9	**(84.8)**	(85.6)
Share repurchase[1]		**(37.8)**	(32.1)
Other financing activities	28	**(10.2)**	(5.0)
Net cash from financing activities		**(1,256.9)**	(1,256.4)
Net (decrease)/increase in cash and cash equivalents		**(416.2)**	1,015.6
Cash and cash equivalents at the beginning of the period	10	**3,231.4**	2,514.0
Cash and cash equivalents at the end of the period	10	**2,815.2**	3,529.6
Movement in cash and cash equivalents		**(416.2)**	1,015.6

1. Includes £37.5m (30 June 2024: £32.0m) for shares repurchased and £0.3m (30 June 2024: £0.1m) for transaction costs and fees.

1. Accounting policies

a) Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) and in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the United Kingdom (UK).

The accounting policies, presentation and methods of computation are consistent with those applied by the Group in its latest audited financial statements, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom Endorsement Board and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and in conformity with the requirements of the Companies Act 2006. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last Annual Report and Accounts for the year ended 31 December 2024.

The comparative figures for the year ended 31 December 2024 are not the Group's statutory accounts for that financial year. The statutory accounts for the year ended 31 December 2024 have been delivered to the Registrar of Companies in England and Wales in accordance with section 447 of the Companies Act 2006. The auditor has reported on those accounts. Their report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

These interim condensed consolidated financial statements were authorised for issue by the Company's Board of Directors on 19 August 2025.

b) Accounting standards

Standards and amendments effective in 2025
'Lack of Exchangeability – Amendments to International Accounting Standard 21' is effective from 1 January 2025. The adoption of this amendment has not had a material impact on the Group.

Standards not yet effective
No new or revised reporting standards significantly affecting the Group's accounting have been issued since the approval of the 2024 Annual Report and Accounts.

All other accounting policies applied are consistent with those set out on pages 201 to 209 of the 2024 Annual Report and Accounts.

1. Accounting policies (continued)

c) 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 in excess of 12 months from the date of approval of these interim condensed consolidated financial statements. 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 included 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 and total loss absorbing capital requirements. The reverse stress testing also considered what macroeconomic scenarios would be required for the Group to breach its interim 18% Minimum Requirement for own funds and Eligible Liabilities (MREL) requirement as of these dates. The Directors assessed the likelihood of those reverse stress scenarios occurring within the next 12 months and concluded that the likelihood is remote.

- 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 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. 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 interim financial statements and, as a result, it is appropriate to prepare these interim condensed consolidated financial statements on a going concern basis.

1. Accounting policies (continued)

d) 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 29 at a sub-segment level to provide detailed analysis of the Group's core lending business.

2. Judgements in applying accounting policies and critical accounting estimates

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim condensed consolidated financial statements. Although these estimates and assumptions are based on management's best judgement at that date, actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

As set out in the Risk review on page 100 of the 2024 Annual Report and Accounts, 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 expected credit losses (ECL) and redemption profiles included in effective interest rate (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 £0.2m (31 December 2024: £0.3m).

Estimates and judgements are regularly reviewed based on past experience, expectations of future events and other factors.

The judgements made by the Group in the application of its accounting policies are consistent with those set out on pages 209 to 212 of the 2024 Annual Report and Accounts.

The following estimates may have a significant risk of material adjustment to the carrying amount of assets within the next financial period.

2. Judgements in applying accounting policies and critical accounting estimates (continued)

(i) Loan book impairments

Set out below are details of the critical accounting estimates which underpin loan impairment calculations. Less significant estimates are not discussed as they do not have a material effect. The Group has recognised total impairments of £125.1m (31 December 2024: £126.9m) at the reporting date as disclosed in note 13.

Modelled impairment

Modelled provision assessments are 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 the loss given default (LGD) model and forward-looking macroeconomic scenarios.

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 House Price Index (HPI), with an 8% haircut considered to be a reasonable percentage change when reviewing historical and expected 12-month outcomes. The table below shows the resulting incremental provision required in an 8% house price haircut being directly applied to all exposures which not only adjust the sale discount but the propensity to go to possession:

	As at 30-Jun-25	As at 31-Dec-24
	£m	£m
OSB	**23.1**	22.3
CCFS	**7.9**	9.1
Group	**31.0**	31.4

Forward-looking macroeconomic scenarios

The Group's macroeconomic scenarios can be found in the Risk review section on page 33. The following tables detail the ECL scenario sensitivity analysis with each scenario weighted at 100% probability. The purpose of using multiple economic scenarios is to model the non-linear impact of assumptions surrounding macroeconomic factors and ECL calculated:

As at 30 June 2025 (Unaudited)	**Weighted (ECL: note 16)**	**100% Base case scenario**	**100% Upside scenario**	**100% Downside scenario**	**100% Severe downside scenario**
Total loans before provisions, £m	**25,542.8**	**25,542.8**	**25,542.8**	**25,542.8**	**25,542.8**
Modelled ECL, £m	**77.3**	**61.3**	**50.9**	**112.2**	**151.4**
Individually assessed provisions ECL, £m	**40.6**	**40.6**	**40.6**	**40.6**	**40.6**
Post Model Adjustments ECL, £m	**7.2**	**5.6**	**3.7**	**11.3**	**16.0**
Total ECL, £m	**125.1**	**107.5**	**95.2**	**164.1**	**208.0**
ECL coverage, %	**0.49**	**0.42**	**0.37**	**0.64**	**0.81**

2. Judgements in applying accounting policies and critical accounting estimates (continued)

As at 31 December 2024 (Audited)	Weighted (ECL: note 16)	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

(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 the first half of 2025, the Group made small adjustments to remove 0.4 months from the average time on reversion rate for the Precise 5 year BTL portfolio (now 3.6 months) and adjusted the level of prepayments in the fixed period on the Precise 5 year residential portfolio. Borrowers' behaviour can be variable as base rate and market dynamics change, and we will continue to monitor their behaviour for any potential impact on the measurement of EIR. The adverse EIR adjustment was £7.4m (30 June 2024: adverse EIR adjustment of £0.8m) during the first half of 2025 which reduced net interest income and loans and advances to customers.

2. Judgements in applying accounting policies and critical accounting estimates (continued)

The impact of a -/+ two months movement in time spent on reversion by Precise customers is -/+ £22.2m. £17.2m of this total sensitivity relates to the £3bn 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 £5.0m sensitivity relates to the £6.5bn in loans with product terms issued from 2023 onwards, written in a higher-rate environment, where the step-up in reversion is smaller.

As the 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 expected forward rate curve leads to a decrease in monthly net interest income. Based on the loans and advances to customers balance as at 30 June 2025, if there was a 50bps parallel shift downwards in the forward curve, it is estimated that this would decrease monthly interest income by £1.4m across all mortgages.

3. Interest receivable and similar income

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
At amortised cost:		
On OSB mortgages[1]	**459.6**	419.2
On CCFS mortgages[2]	**287.5**	323.2
On finance leases	**12.0**	4.4
On investment securities	**22.2**	12.2
On other liquid assets	**60.7**	91.2
Amortisation of fair value adjustments on CCFS loan book at Combination	**-**	(8.7)
Amortisation of fair value adjustments on hedged assets[3]	**11.9**	8.8
	853.9	850.3
At fair value through profit or loss (FVTPL):		
Net income on derivative financial instruments - lending activities	**92.9**	218.1
On investment securities	**10.6**	-
	103.5	218.1
At FVOCI:		
On investment securities	**7.2**	5.3
	964.6	1,073.7

1. Includes adverse EIR behavioural adjustment of £1.0m (30 June 2024: £2.1m adverse).
2. Includes adverse EIR behavioural adjustment of £6.4m (30 June 2024: £1.3m adverse).
3. 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

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
At amortised cost:		
On retail deposits	**517.1**	550.7
On Bank of England (BoE) borrowings	**25.2**	68.0
On senior notes	**32.3**	31.1
On debt securities in issue	**25.9**	30.4
On subordinated liabilities	**12.6**	12.6
On wholesale borrowings	**7.1**	10.5
On Perpetual Subordinated Bonds (PSBs)	**-**	0.3
On lease liabilities	**0.1**	0.2
	620.3	703.8
At FVTPL:		
Net expense on derivative financial instruments - savings activities	**3.5**	12.4
Net expense on derivative financial instruments - subordinated liabilities and senior notes	**1.4**	4.0
Net expense on derivative financial instruments - structural hedge	**2.4**	-
	627.6	720.2

5. Fair value (losses)/gains on financial instruments

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
Fair value changes in hedged assets	**204.2**	(72.4)
Hedging of assets	**(203.5)**	51.2
Fair value changes in hedged liabilities	**(14.0)**	31.9
Hedging of liabilities	**13.8**	(26.4)
Ineffective portion of hedges	**0.5**	(15.7)
Net (losses)/gains on unmatched swaps	**(14.7)**	23.3
Amortisation of inception adjustments	**(3.6)**	(1.8)
Amortisation of acquisition-related inception adjustments	**-**	2.0
Amortisation of de-designated hedge relationships	**2.3**	(2.8)
Fair value movements on mortgages at FVTPL	**0.1**	0.6
Fair value movements on loans and advances to credit institutions at FVTPL	**-**	0.3
Fair value movements on investment securities at FVTPL	**1.1**	-
	(14.3)	5.9

6. Administrative expenses

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
Staff costs	**71.8**	69.6
Support costs	**25.6**	23.5
Professional fees	**11.3**	12.2
Facilities costs	**3.6**	4.0
Marketing costs	**2.3**	2.2
Depreciation	**3.3**	3.2
Amortisation	**3.6**	2.4
Other costs	**9.9**	9.1
	131.4	126.2

The average number of people employed by the Group (including Executive Directors) during the period is analysed below:

	Six months ended 30-Jun-25 (Unaudited)	Six months ended 30-Jun-24 (Unaudited)
UK	**1,470**	1,567
India	**990**	991
	2,460	2,558

7. 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 period:

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
Current tax		
Corporation tax	**47.4**	65.5
Total current tax charge	**47.4**	65.5
Deferred tax		
Deferred tax	**2.8**	-
Deferred tax - prior year adjustments	**-**	(0.1)
Release of deferred tax on CCFS Combination	**-**	(2.4)
Total deferred tax charge/(credit)	**2.8**	(2.5)
Total tax charge	**50.2**	63.0

7. 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% (2024: 25%) as follows:

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
Profit before tax	**192.3**	241.3
Profit multiplied by the standard rate of UK Corporation Tax 25% (2024: 25%)	**48.1**	60.3
Bank surcharge[1]	**2.9**	4.7
Tax effects of:		
Timing differences	**(2.8)**	(0.4)
Fair value adjustments on acquisition	**-**	2.4
Tax on coupon paid on AT1 securities[2]	**(1.3)**	(1.3)
Expenses not deductible for tax purposes	**0.5**	(0.2)
Total current tax charge	**47.4**	65.5
Movement in deferred taxes	**2.8**	-
Release of deferred taxation on CCFS Combination	**-**	(2.4)
Deferred taxation - prior year adjustments	**-**	(0.1)
Total deferred tax charge/(credit)	**2.8**	(2.5)
Total tax charge	**50.2**	63.0

1. In 2024 tax charge for the two banking entities of £5.0m offset by unwinding of CCFS acquisition adjustments of £0.3m.
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 period

The standard rate of UK corporation tax applicable in the period was 25% (2024: 25%). 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 period ended 30 June 2025, excluding the impact of adjustments in respect of earlier years, was 26.1% (2024: 26.2%). 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 deductions available for the coupon paid on AT1 instruments that are charged to equity.

8. Earnings per share

EPS is based on the profit for the period and the weighted average number of ordinary shares in issue. Basic EPS is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted EPS takes 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:

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
Profit after tax	**142.1**	178.3
Less: coupon paid on AT1 securities classified as equity	**(4.5)**	(4.5)
Profit attributable to ordinary shareholders	**137.6**	173.8

	Six months ended 30-Jun-25 (Unaudited)	Six months ended 30-Jun-24 (Unaudited)
Weighted average number of shares in issue, millions		
Basic	**368.7**	391.4
Dilutive impact of share-based payment schemes	**8.6**	8.8
Diluted	**377.3**	400.2
Earnings per share, pence per share		
Basic	**37.3**	44.4
Diluted	**36.5**	43.4

9. Dividends

Dividends paid during the period are detailed below:

	Six months ended 30-Jun-25 (Unaudited)		Six months ended 30-Jun-24 (Unaudited)	
	£m	**Pence per share**	£m	Pence per share
Final dividend for the prior year	**84.8**	**22.9**	85.6	21.8

The Group's dividend policy is to declare interim dividends equal to one-third of the prior year's total dividend. The Board has therefore declared an interim dividend for 2025 of £40.9m, 11.2 pence per share (30 June 2024: £41.4m, 10.7 pence per share), based on the 2024 total dividend. The interim dividend is payable on 19 September 2025 with an ex-dividend date of 28 August 2025 and a record date of 29 August 2025. This dividend is not reflected in these financial statements as it was not declared at the reporting date.

A summary of the Company's distributable reserves is shown below:

	Distributable reserves £m
As at 31-Dec-24 (Audited)	
Retained earnings	**1,354.2**
Own shares[1]	**(0.9)**
	1,353.3
Movement:	
Dividend distributions	**(84.8)**
Coupon paid on AT1 securities	**(4.5)**
Share repurchase	**(100.1)**
As at 30-Jun-25 (Unaudited)	**1,163.9**

1. Represents own shares held in the Group's EBT which are recognised within OSBG under look-through accounting.

Further additional distributable reserves are expected to be realised over time from distribution receipts from profits generated from the subsidiaries including two regulated banks within the Group.

10. Cash and cash equivalents

The following table analyses the cash and cash equivalents disclosed in the Condensed Consolidated Statement of Cash Flows:

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m	As at 30-Jun-24 (Unaudited) £m	As at 31-Dec-23 (Audited) £m
Cash in hand	**0.3**	0.3	0.3	0.4
Unencumbered loans and advances to credit institutions	**2,814.9**	3,231.1	3,529.3	2,513.6
	2,815.2	3,231.4	3,529.6	2,514.0

11. Loans and advances to credit institutions

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
Unencumbered:		
BoE call account	**2,756.3**	3,053.9
Call accounts	**2.3**	58.5
Cash held in special purpose vehicles (SPVs)[1]	**31.5**	99.5
Term deposits	**24.8**	19.2
	2,814.9	3,231.1
Encumbered:		
Cash held in SPVs[1]	**34.3**	40.6
Cash margin given	**164.8**	134.2
	199.1	174.8
	3,014.0	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 internal SPVs is treated as unencumbered in proportion to the retained interest in the SPVs based on the nominal value of the bonds held in the Group to total bonds in the securitisation, and 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 SPVs and excluded from cash and cash equivalents.

12. Investment securities

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
Held at amortised cost:		
Residential Mortgage-Backed Securities (RMBS) loan notes	**724.1**	742.1
Covered bond	**220.5**	56.2
	944.6	798.3
Held at FVOCI:		
UK Sovereign debt	**129.5**	226.0
Covered bond	**11.0**	-
	140.5	226.0
Held at FVTPL:		
RMBS loan notes	**406.2**	410.1
	1,491.3	1,434.4

The credit risk on investment securities held at amortised cost has not significantly increased since initial recognition and they are categorised as stage 1. As at 30 June 2025, there were no ECLs on investment securities (31 December 2024: nil).

Movements during the period in investment securities held by the Group are analysed below:

	Six months ended 30-Jun-25 (Unaudited) £m	Year ended 31-Dec-24 (Audited) £m
As at 1 January	**1,434.4**	621.7
Additions[1]	**363.6**	1,597.3
Disposals and maturities	**(307.7)**	(789.1)
Movement in accrued interest	**(0.1)**	4.6
Changes in fair value	**1.1**	(0.1)
	1,491.3	1,434.4

1. In 2024 additions included £786.1m of notes received as part of PMF 2024-2 securitisation.

13. Loans and advances to customers

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
Held at amortised cost:		
Loans and advances (see note 14)	**25,160.9**	24,923.4
Finance leases (see note 15)	**381.9**	316.9
	25,542.8	25,240.3
Less: Expected credit losses (see note 16)	**(125.1)**	(126.9)
	25,417.7	25,113.4
Held at FVTPL:		
Residential mortgages	**11.9**	12.9
	25,429.6	25,126.3

14. Loans and advances

	As at 30-Jun-25 (Unaudited)			As at 31-Dec-24 (Audited)		
	OSB	**CCFS**	**Total**	OSB	CCFS	Total
Held at amortised cost	**£m**	**£m**	**£m**	£m	£m	£m
Gross carrying amount						
Stage 1	**12,380.2**	**7,142.3**	**19,522.5**	12,029.3	7,539.0	19,568.3
Stage 2	**2,535.0**	**2,038.6**	**4,573.6**	2,411.8	1,935.5	4,347.3
Stage 3	**714.4**	**296.2**	**1,010.6**	653.2	294.1	947.3
Stage 3 (POCI)[1]	**24.5**	**29.7**	**54.2**	27.8	32.7	60.5
	15,654.1	**9,506.8**	**25,160.9**	15,122.1	9,801.3	24,923.4

1. Purchased or originated credit impaired

14. Loans and advances (continued)

The table below shows the movement in loans and advances to customers by IFRS 9 stage during the period:

	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[3]	(1,126.1)	(124.5)	(0.2)	-	(1,250.8)
Repayments and write-offs[4]	(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 (Audited)	19,568.3	4,347.3	947.3	60.5	24,923.4
Originations[1]	**1,984.4**	**-**	**-**	**-**	**1,984.4**
Acquisitions[2]	**1.0**	**-**	**-**	**-**	**1.0**
Repayments and write-offs[4]	**(1,316.1)**	**(330.5)**	**(95.0)**	**(6.3)**	**(1,747.9)**
Transfers:					
- To Stage 1	**597.7**	**(578.3)**	**(19.4)**	**-**	**-**
- To Stage 2	**(1,257.3)**	**1,318.1**	**(60.8)**	**-**	**-**
- To Stage 3	**(55.5)**	**(183.0)**	**238.5**	**-**	**-**
As at 30 June 2025 (Unaudited)	**19,522.5**	**4,573.6**	**1,010.6**	**54.2**	**25,160.9**

1. Originations include further advances and drawdowns on existing commitments.
2. The Group repurchased £1.0m (31 December 2024: £5.9m) of own originated UK residential and buy to let mortgages from deconsolidated SPVs at par.
3. Disposals include loans and advances to customers derecognised as part of the PMF 2024-2 securitisation.
4. Repayments and write-offs include customer redemptions and write-offs which are immaterial.

The contractual amount outstanding of loans and advances that were written off during the reporting period and that were still subject to collections and recovery activity was £4.3m at 30 June 2025 (31 December 2024: £1.9m).

As at 30 June 2025, loans and advances of £319.5m (31 December 2024: £280.8m) were in a probationary period before they could move out of Stage 3.

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 30 June 2025, loans and advances of £83.5m (31 December 2024: £72.0m) were in this category of default.

15. Finance leases

The Group provides asset finance lending through InterBay Asset Finance Limited.

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
Gross investment in finance leases, receivable		
Less than one year	**144.0**	120.3
Between one and two years	**117.0**	97.7
Between two and three years	**86.6**	74.0
Between three and four years	**52.7**	42.2
Between four and five years	**24.0**	18.9
More than five years	**7.1**	4.8
	431.4	357.9
Unearned finance income	**(49.5)**	(41.0)
Net investment in finance leases	**381.9**	316.9
Net investment in finance leases, receivable		
Less than one year	**121.7**	102.0
Between one and two years	**102.6**	85.6
Between two and three years	**78.6**	67.4
Between three and four years	**49.2**	39.3
Between four and five years	**23.0**	18.0
More than five years	**6.8**	4.6
	381.9	316.9

The Group recognised £4.4m (31 December 2024: £4.1m) of ECLs on finance leases as at 30 June 2025.

16. Expected credit losses

The ECL has been calculated based on various scenarios as set out below:

	As at 30-Jun-25 (Unaudited)			As at 31-Dec-24 (Audited)		
	ECL provision £m	**Weighting %**	**Weighted ECL provision £m**	ECL provision £m	Weighting %	Weighted ECL provision £m
Scenarios						
Upside	**50.9**	**30**	**15.3**	53.2	30	16.0
Base case	**61.3**	**40**	**24.5**	63.6	40	25.4
Downside scenario	**112.2**	**20**	**22.4**	114.5	20	22.9
Severe downside scenario	**151.4**	**10**	**15.1**	153.0	10	15.3
Total weighted provisions			**77.3**			79.6
Other Provisions:						
Individually assessed provisions			**40.6**			37.6
Post model adjustments			**7.2**			9.7
Total provision			**125.1**			126.9

The Group held £7.2m (31 December 2024: £9.7m) of ECL due to post model adjustments for risks not sufficiently accounted for in the IFRS 9 framework.

The Group continued to recognise the risk due to the cost of borrowing as interest rates have remained elevated and are expected to remain higher for longer. This resulted in a PMA £0.5m of provision held (31 December 2024: £2.1m) noting the risk associated with exposures at the point of reversion continued to decrease. The Group continued to observe an elongated time to sale. Whilst there has been improvement, the time to sale remains in excess of modelled expectations and observations prior to the pandemic, which accounted for £4.5m (31 December 2024: £6.3m) as a PMA. Additional PMAs recognised through the framework that are less material include Physical risk relating to climate change, concerns around cladding, and Development Finance loans with a combine PMA of £2.1m.

The Group's ECL by segment and IFRS 9 stage is shown below:

	As at 30-Jun-25 (Unaudited)			As at 31-Dec-24 (Audited)		
	OSB £m	**CCFS £m**	**Total £m**	OSB £m	CCFS £m	Total £m
Stage 1	**12.4**	**1.6**	**14.0**	11.8	1.9	13.7
Stage 2	**27.0**	**7.9**	**34.9**	29.6	9.7	39.3
Stage 3	**62.7**	**11.8**	**74.5**	58.6	13.1	71.7
Stage 3 (POCI)	**0.9**	**0.8**	**1.7**	1.1	1.1	2.2
	103.0	**22.1**	**125.1**	101.1	25.8	126.9

16. Expected credit losses (continued)

The table below shows the movement in the ECL by IFRS 9 stage during the period. ECLs on originations and acquisitions reflect the IFRS 9 stage of loans originated or acquired during the period as at 30 June 2025 and not the date of origination. Re-measurement of loss allowance relates to existing loans which did not redeem during the period 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 (Audited)	13.7	39.3	71.7	2.2	126.9
Originations	**3.0**	**-**	**-**	**-**	**3.0**
Repayments and write-offs	**(0.5)**	**(2.6)**	**(10.8)**	**(0.4)**	**(14.3)**
Re-measurement of loss allowance	**(7.3)**	**8.3**	**12.4**	**-**	**13.4**
Transfers:					
- To Stage 1	**6.5**	**(5.5)**	**(1.0)**	**-**	**-**
- To Stage 2	**(1.2)**	**2.4**	**(1.2)**	**-**	**-**
- To Stage 3	**(0.2)**	**(5.2)**	**5.4**	**-**	**-**
Changes in assumptions and model parameters	**-**	**(1.8)**	**(2.0)**	**(0.1)**	**(3.9)**
As at 30 June 2025 (Unaudited)	**14.0**	**34.9**	**74.5**	**1.7**	**125.1**

1. Disposals include ECL on the loans and advances to customers derecognised as part of the PMF 2024-2 securitisation.

16. Expected credit losses (continued)

The table below shows the stage 2 ECL balances by transfer criteria:

	As at 30-Jun-25 (Unaudited)			As at 31-Dec-24 (Audited)		
	Carrying value £m	**ECL £m**	**Coverage %**	Carrying value £m	ECL £m	Coverage %
Criteria:						
Relative/absolute Probability of Default (PD) movement	**4,245.0**	**32.3**	**0.76**	3,998.9	35.7	0.89
Qualitative measures	**268.1**	**2.3**	**0.86**	283.6	3.3	1.16
30 days past due backstop	**66.1**	**0.3**	**0.45**	70.4	0.3	0.43
Total	**4,579.2**	**34.9**	**0.76**	4,352.9	39.3	0.90

The Group has a number of qualitative measures to determine whether a significant increase in credit risk (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.

17. Impairment of financial assets

The charge/(credit) for impairment of financial assets in the Condensed Consolidated Statement of Comprehensive Income comprises:

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
Write-offs in period	**6.5**	4.8
Decrease in ECL provision	**(4.5)**	(9.5)
	2.0	(4.7)

18. Hedge accounting

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
Hedged assets		
Current hedge relationships	**44.9**	(165.3)
Swap inception adjustment	**14.7**	23.5
Cancelled hedge relationships	**(23.0)**	(33.2)
De-designated hedge relationships	**(2.0)**	(4.3)
Fair value adjustments on hedged assets	**34.6**	(179.3)
Hedged liabilities		
Current hedge relationships	**13.6**	(9.0)
Swap inception adjustment	**0.1**	2.9
Fair value adjustments on hedged liabilities	**13.7**	(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.

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.

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.

19. Amounts owed to credit institutions

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
BoE Term Funding Scheme for SMEs (TFSME)	**655.5**	1,394.9
BoE Indexed Long-Term Repo (ILTR)	**176.9**	380.3
Commercial repo	**23.1**	-
	855.5	1,775.2
Cash collateral and margin received	**7.1**	160.0
	862.6	1,935.2

20. Amounts owed to retail depositors

	As at 30-Jun-25 (Unaudited)			As at 31-Dec-24 (Audited)		
	OSB £m	**CCFS £m**	**Total £m**	OSB £m	CCFS £m	Total £m
Fixed rate deposits	**9,002.6**	**5,640.6**	**14,643.2**	9,016.1	6,340.2	15,356.3
Variable rate deposits	**5,225.4**	**4,721.5**	**9,946.9**	4,509.3	3,954.7	8,464.0
	14,228.0	**10,362.1**	**24,590.1**	13,525.4	10,294.9	23,820.3

21. Debt securities in issue

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
Asset backed loan notes at amortised cost	**909.6**	1,018.3
Amount due for settlement within 12 months	**84.9**	2.3
Amount due for settlement after 12 months	**824.7**	1,016.0
	909.6	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 limited to 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:

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
PMF 2024-1 plc	**436.2**	441.2
CMF 2024-1 plc	**242.4**	283.1
CMF 2023-1 plc	**147.8**	193.5
Canterbury Finance No.4 plc	**83.2**	100.5
	909.6	1,018.3

22. Lease liabilities

	Six months ended 30-Jun-25 (Unaudited) £m	Year ended 31-Dec-24 (Audited) £m
As at 1 January	**9.1**	11.2
New leases	**-**	0.6
Lease modification	**-**	(0.8)
Lease repayments	**(1.0)**	(2.2)
Interest accruals	**0.1**	0.3
	8.2	9.1

23. Other liabilities

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Audited) £m
Falling due within one year:		
Share repurchase liability	**72.6**	10.0
Accruals	**40.8**	33.8
Other creditors	**16.2**	12.4
Deferred income	**0.2**	0.2
	129.8	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 30 June 2025, 6,268,354 shares had been purchased by the Group's agent under the programme at a total cost of £28.1m, reducing the share repurchase liability to £72.6m. Other creditors included less than £0.1m for 2,119 shares purchased by the agent prior to 30 June 2025 for which the Group has completed payment in July 2025. Any share repurchases made under this programme were announced to the market each day in line with regulatory requirements, see note 27 for further details.

24. 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 (Prestige second charge) has been completed. This review has led the Group continuing to recognise a provision of £2.6m as of 30 June 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 the second half of 2025.

The Group recognised a provision of £1.0m (31 December 2024: £1.1m) relating to dismantling costs. This was capitalised to the cost of the associated right-of-use asset.

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.

An analysis of the Group's provisions is presented below:

	Other regulatory provisions £m	ECL on undrawn loan facilities £m	Dismantling cost £m	Total £m
As at 1 January 2024	-	0.8	-	0.8
Profit or loss charge/(credit)	3.0	(0.3)	-	2.7
Additions	-	-	1.1	1.1
As at 31 December 2024 (Audited)	3.0	0.5	1.1	4.6
Paid during the period	**(0.4)**	**-**	**-**	**(0.4)**
Profit or loss charge	**-**	**0.1**	**-**	**0.1**
Reversal	**-**	**-**	**(0.1)**	**(0.1)**
As at 30 June 2025 (Unaudited)	**2.6**	**0.6**	**1.0**	**4.2**

25. Senior notes

The Group's outstanding senior notes are as follows:

	Reset date	Spread	**As at 30-Jun-25 (Unaudited) £m**	As at 31-Dec-24 (Audited) £m
Fixed rate:				
Senior notes 2028 (9.5%)	7 September 2027	4.985%	**307.9**	307.7
Senior notes 2030 (8.875%)	16 January 2029	5.252%	**415.1**	415.0
			723.0	722.7

The senior notes comprise fixed rate notes 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 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 as well as equity holders of OSBG.

Movements during the period in senior notes are analysed below:

	Six months ended 30-Jun-25 (Unaudited) £m	Year ended 31-Dec-24 (Audited) £m
As at 1 January	**722.7**	307.5
Addition	**-**	398.0
Movement in accrued interest	**0.3**	17.2
	723.0	722.7

26. Subordinated liabilities

The Group's outstanding subordinated debt liabilities are summarised below:

	Reset date	Spread	**As at 30-Jun-25 (Unaudited) £m**	As at 31-Dec-24 (Audited) £m
Fixed rate:				
Subordinated debt liabilities 2033 (9.993%)	27 July 2028	6.296%	**259.9**	259.8

All subordinated 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 new floating 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 and of equity of OSBG.

Movements during the period of the subordinated debt liabilities are analysed below:

	Six months ended 30-Jun-25 (Unaudited) £m	Year ended 31-Dec-24 (Audited) £m
As at 1 January	**259.8**	259.5
Movement in accrued interest	**0.1**	0.3
	259.9	259.8

27. 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)	-
Shares issued under OSBG employee share plans	1,554,107	-	0.7
As at 31 December 2024 (Audited)	372,145,792	3.7	4.5
Shares cancelled under repurchase programme	**(8,604,568)**	**(0.1)**	**-**
Shares issued under OSBG employee share plans	**1,561,371**	**-**	**0.4**
As at 30 June 2025 (Unaudited)	**365,102,595**	**3.6**	**4.9**

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.

Since the inception of a new share repurchase programme on 14 March 2025, 6,270,473 shares were repurchased as at 30 June 2025 at an average price of £4.48 per share and a total cost of £28.1m, of which 6,124,809 shares have been cancelled representing 1.65% 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 period and prior year were fully paid.

28. Cash flows from financing activities

The tables below show a reconciliation of the Group's liabilities classified as financing activities within the Condensed Consolidated Statement of Cash Flows:

	Amounts owed to credit institutions (see note 19) £m	**Debt securities in issue (see note 21) £m**	**Senior notes (see note 25) £m**	**Subordinated liabilities (see note 26) £m**	**PSBs £m**	**Total £m**
As at 1 January 2025	**1,775.2**	**1,018.3**	**722.7**	**259.8**	**-**	**3,776.0**
Cash movements:						
Principal drawdowns	**288.7**	**-**	**-**	**-**	**-**	**288.7**
Principal repayments	**(1,195.7)**	**(108.7)**	**-**	**-**	**-**	**(1,304.4)**
Interest paid	**(38.0)**	**(25.9)**	**(32.0)**	**(12.5)**	**-**	**(108.4)**
Non-cash movements:						
Interest charged	**25.3**	**25.9**	**32.3**	**12.6**	**-**	**96.1**
As at 30 June 2025 (Unaudited)	**855.5**	**909.6**	**723.0**	**259.9**	**-**	**2,748.0**

	Amounts owed to credit institutions £m	Debt securities in issue £m	Senior notes £m	Subordinated liabilities £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	109.2	744.1	398.0	-	-	1,251.3
Principal repayments	(1,787.1)	(452.4)	-	-	-	(2,239.5)
Interest paid	(90.6)	(27.8)	(14.3)	(12.5)	(0.3)	(145.5)
Non-cash movements:						
Interest charged	68.4	30.4	31.1	12.6	0.3	142.8
As at 30 June 2024 (Unaudited)	1,662.1	1,112.8	722.3	259.6	15.2	3,772.0

28. Cash flows from financing activities (continued)

The table below show other financing activities:

	Note	**Six months ended 30-Jun-25 (Unaudited) £m**	Six months ended 30-Jun-24 (Unaudited) £m
Coupon paid on AT1 securities		**(4.5)**	(4.5)
Net swap interest paid on subordinated liabilities and senior notes		**(2.8)**	-
Net swap interest paid on structural hedge		**(2.4)**	-
Repayments of principal portion of lease liabilities	22	**(0.9)**	(0.9)
Proceeds from issuance of shares under employee Save As You Earn (SAYE) schemes		**0.4**	0.4
Net cash from financing activities		**(10.2)**	(5.0)

29. Risk management

The tables below are a summary of the Group's risk management and financial instruments disclosures, of which a complete disclosure for the year ended 31 December 2024 is included in the 2024 Annual Report and Accounts. The tables do not represent all risks the Group is exposed to and should be read in conjunction with Principal risks and uncertainties in the Risk review.

Credit risk

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.

	As at 30-Jun-25 (Unaudited)					
	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**
Stage 1	**12,753.7**	**12,696.3**	**7,142.3**	**7,142.1**	**19,896.0**	**19,838.4**
Stage 2	**2,540.6**	**2,539.2**	**2,038.6**	**2,038.4**	**4,579.2**	**4,577.6**
Stage 3	**717.2**	**709.8**	**296.2**	**294.4**	**1,013.4**	**1,004.2**
Stage 3 (POCI)	**24.5**	**24.2**	**29.7**	**29.6**	**54.2**	**53.8**
	16,036.0	**15,969.5**	**9,506.8**	**9,504.5**	**25,542.8**	**25,474.0**

29. Risk management (continued)

	As at 31-Dec-24 (Audited)					
	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
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.

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:

	As at 30-Jun-25 (Unaudited)				As at 31-Dec-24 (Audited)			
	OSB £m	**CCFS £m**	**Total £m**	**%**	OSB £m	CCFS £m	Total £m	%
Band								
0% - 50%	**2,202.4**	**1,085.8**	**3,288.2**	**13**	2,375.0	1,091.3	3,466.3	14
50% - 60%	**2,086.3**	**1,231.4**	**3,317.7**	**13**	2,291.2	1,312.7	3,603.9	14
60% - 70%	**4,181.8**	**2,662.3**	**6,844.1**	**27**	4,548.2	3,035.8	7,584.0	30
70% - 80%	**5,722.2**	**3,944.3**	**9,666.5**	**37**	4,624.2	3,881.3	8,505.5	34
80% - 90%	**1,185.4**	**553.4**	**1,738.8**	**7**	1,043.7	461.5	1,505.2	6
90% - 100%	**269.8**	**13.4**	**283.2**	**1**	221.0	14.8	235.8	1
>100%	**388.1**	**16.2**	**404.3**	**2**	335.7	3.9	339.6	1
Total loans before provisions	**16,036.0**	**9,506.8**	**25,542.8**	**100**	15,439.0	9,801.3	25,240.3	100

29. Risk management (continued)

The table below shows the LTV banding for the OSB segments' two major lending streams:

	As at 30-Jun-25 (Unaudited)				As at 31-Dec-24 (Audited)			
OSB	**BTL/SME £m**	**Residential £m**	**Total £m**	**%**	BTL/SME £m	Residential £m	Total £m	%
Band								
0% - 50%	**959.0**	**1,243.4**	**2,202.4**	**14**	1,037.4	1,337.6	2,375.0	15
50% - 60%	**1,823.2**	**263.1**	**2,086.3**	**13**	2,021.2	270.0	2,291.2	15
60% - 70%	**3,979.7**	**202.1**	**4,181.8**	**26**	4,345.0	203.2	4,548.2	29
70% - 80%	**5,532.7**	**189.5**	**5,722.2**	**36**	4,430.7	193.5	4,624.2	30
80% - 90%	**942.2**	**243.2**	**1,185.4**	**7**	799.1	244.6	1,043.7	8
90% - 100%	**240.3**	**29.5**	**269.8**	**2**	190.8	30.2	221.0	1
>100%	**381.2**	**6.9**	**388.1**	**2**	331.6	4.1	335.7	2
Total loans before provisions	**13,858.3**	**2,177.7**	**16,036.0**	**100**	13,155.8	2,283.2	15,439.0	100

The tables below show the LTV analysis of the OSB BTL/SME sub-segment:

	As at 30-Jun-25 (Unaudited)				
OSB	**Buy-to-Let £m**	**Commercial £m**	**Residential development £m**	**Funding lines £m**	**Total £m**
Band					
0% - 50%	**834.4**	**111.5**	**12.7**	**0.4**	**959.0**
50% - 60%	**1,592.5**	**136.8**	**87.5**	**6.4**	**1,823.2**
60% - 70%	**3,484.8**	**301.7**	**186.4**	**6.8**	**3,979.7**
70% - 80%	**4,892.9**	**624.7**	**15.1**	**-**	**5,532.7**
80% - 90%	**744.8**	**197.4**	**-**	**-**	**942.2**
90% - 100%	**132.3**	**108.0**	**-**	**-**	**240.3**
>100%	**314.1**	**65.9**	**1.0**	**0.2**	**381.2**
Total loans before provisions	**11,995.8**	**1,546.0**	**302.7**	**13.8**	**13,858.3**

	As at 31-Dec-24 (Audited)				
OSB	Buy-to-Let £m	Commercial £m	Residential development £m	Funding lines £m	Total £m
Band					
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

29. Risk management (continued)

The tables below show the LTV analysis of the OSB Residential sub-segment:

	As at 30-Jun-25 (Unaudited)			As at 31-Dec-24 (Audited)		
OSB	**First charge £m**	**Second charge £m**	**Total £m**	First charge £m	Second charge £m	Total £m
Band						
0% - 50%	**1,186.3**	**57.1**	**1,243.4**	1,272.8	64.8	1,337.6
50% - 60%	**244.9**	**18.2**	**263.1**	248.6	21.4	270.0
60% - 70%	**193.8**	**8.3**	**202.1**	192.9	10.3	203.2
70% - 80%	**185.9**	**3.6**	**189.5**	189.5	4.0	193.5
80% - 90%	**242.5**	**0.7**	**243.2**	244.0	0.6	244.6
90% - 100%	**29.1**	**0.4**	**29.5**	29.8	0.4	30.2
>100%	**6.9**	**-**	**6.9**	3.6	0.5	4.1
Total loans before provisions	**2,089.4**	**88.3**	**2,177.7**	2,181.2	102.0	2,283.2

The table below shows the LTV analysis of the four CCFS sub-segments:

	As at 30-Jun-25 (Unaudited)					
CCFS	**Buy-to-Let £m**	**Residential £m**	**Bridging £m**	**Second charge lending £m**	**Total £m**	**%**
Band						
0% - 50%	**313.4**	**606.5**	**146.0**	**19.9**	**1,085.8**	**11**
50% - 60%	**625.9**	**483.3**	**108.0**	**14.2**	**1,231.4**	**13**
60% - 70%	**1,721.4**	**800.0**	**129.8**	**11.1**	**2,662.3**	**28**
70% - 80%	**3,144.3**	**703.9**	**89.4**	**6.7**	**3,944.3**	**42**
80% - 90%	**190.4**	**358.3**	**3.3**	**1.4**	**553.4**	**6**
90% - 100%	**6.6**	**6.3**	**0.5**	**-**	**13.4**	**-**
>100%	**11.3**	**1.6**	**3.3**	**-**	**16.2**	**-**
Total loans before provisions	**6,013.3**	**2,959.9**	**480.3**	**53.3**	**9,506.8**	**100**

29. Risk management (continued)

	As at 31-Dec-24 (Audited)					
CCFS	Buy-to-Let £m	Residential £m	Bridging £m	Second charge lending £m	Total £m	%
Band						
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 on pages 46 to 69 of the 2024 Annual Report and Accounts.

A summary of the forbearance measures undertaken during the period is shown below. The balances disclosed reflect the period end balance of the accounts where a forbearance measure was undertaken during the period.

	Six months ended 30-Jun-25 (Unaudited)		Restated[1] Six months ended 30-Jun-24 (Unaudited)	
Forbearance type	**Number of accounts**	**£m**	Number of accounts	£m
Interest-only switch	**391**	**52.3**	619	85.8
Interest rate reduction	**430**	**47.5**	552	48.2
Payment deferral	**387**	**65.6**	418	66.1
Others	**92**	**9.7**	54	18.6
Total	**1,300**	**175.1**	1,643	218.7
Loan type				
First charge owner-occupier	**972**	**108.8**	1,251	147.9
Second charge owner-occupier	**50**	**1.7**	105	3.1
Buy-to-Let	**256**	**61.4**	251	59.2
Commercial	**22**	**3.2**	36	8.5
Total	**1,300**	**175.1**	1,643	218.7

1. In second half of 2024 the Group updated its forbearance reporting to standardise the approach used across its entities. To aid comparability, the 2024 figures have been restated to reflect this change. This has the effect of increasing the number of accounts by 542 to 1,643 and the balances by £37.7m to £218.7m for the six months ended 30 June 2024.

29. Risk management (continued)

Geographical analysis by region

An analysis of loans, excluding asset finance leases, by region is provided below:

	As at 30-Jun-25 (Unaudited)				As at 31-Dec-24 (Audited)			
	OSB	**CCFS**	**Total**		OSB	CCFS	Total	
Region	**£m**	**£m**	**£m**	**%**	£m	£m	£m	%
East Anglia	**442.6**	**1,048.1**	**1,490.7**	**6**	447.4	1,084.7	1,532.1	6
East Midlands	**803.6**	**663.7**	**1,467.3**	**6**	756.7	674.3	1,431.0	6
Greater London	**6,617.5**	**2,628.6**	**9,246.1**	**37**	6,329.8	2,769.6	9,099.4	36
Guernsey	**15.7**	**-**	**15.7**	**-**	17.0	-	17.0	-
Jersey	**58.9**	**-**	**58.9**	**-**	63.2	-	63.2	-
North East	**236.9**	**282.2**	**519.1**	**2**	224.4	282.4	506.8	2
North West	**1,059.1**	**869.0**	**1,928.1**	**8**	1,017.1	890.1	1,907.2	8
Northern Ireland	**7.3**	**-**	**7.3**	**-**	7.9	-	7.9	-
Scotland	**20.7**	**276.1**	**296.8**	**1**	23.5	282.1	305.6	1
South East	**3,507.5**	**1,529.9**	**5,037.4**	**19**	3,419.1	1,577.6	4,996.7	20
South West	**1,062.4**	**684.7**	**1,747.1**	**7**	1,047.7	680.1	1,727.8	7
Wales	**357.7**	**275.7**	**633.4**	**3**	345.1	289.4	634.5	3
West Midlands	**934.6**	**734.9**	**1,669.5**	**7**	907.4	755.9	1,663.3	7
Yorks and Humberside	**529.6**	**513.9**	**1,043.5**	**4**	515.8	515.1	1,030.9	4
Total loans before provisions	**15,654.1**	**9,506.8**	**25,160.9**	**100**	15,122.1	9,801.3	24,923.4	100

29. Risk management (continued)

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 are aligned with capital models to generate the risk grades which are then further grouped into the following credit quality segments:

- Excellent quality – where there is a very high likelihood the asset will be recovered in full with a negligible or very low risk of default.
- Good quality – where there is a high likelihood the asset will be recovered in full with a low risk of default.
- Satisfactory quality – where the assets demonstrate a moderate default risk.
- Lower quality – where the assets require closer monitoring and the risk of default is of greater concern.

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. Such loans may still be graded as excellent quality, if they meet the overall criteria.

	As at 30-Jun-25 (Unaudited)						
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Stage 3 (POCI) £m	Total £m	PD lower range %	PD upper range %
OSB							
Excellent	**5,623.3**	**232.4**	**-**	**-**	**5,855.7**	**-**	**0.3**
Good	**6,436.3**	**1,182.4**	**-**	**-**	**7,618.7**	**0.3**	**2.0**
Satisfactory	**612.8**	**511.6**	**-**	**-**	**1,124.4**	**2.0**	**7.4**
Lower	**81.3**	**614.2**	**-**	**-**	**695.5**	**7.4**	**100.0**
Impaired	**-**	**-**	**717.2**	**-**	**717.2**	**100.0**	**100.0**
POCI	**-**	**-**	**-**	**24.5**	**24.5**	**100.0**	**100.0**
CCFS							
Excellent	**4,299.7**	**648.8**	**-**	**-**	**4,948.5**	**-**	**0.3**
Good	**2,624.1**	**798.6**	**-**	**-**	**3,422.7**	**0.3**	**2.0**
Satisfactory	**206.4**	**246.5**	**-**	**-**	**452.9**	**2.0**	**7.4**
Lower	**12.1**	**344.7**	**-**	**-**	**356.8**	**7.4**	**100.0**
Impaired	**-**	**-**	**296.2**	**-**	**296.2**	**100.0**	**100.0**
POCI	**-**	**-**	**-**	**29.7**	**29.7**	**100.0**	**100.0**
	19,896.0	**4,579.2**	**1,013.4**	**54.2**	**25,542.8**		

29. Risk management (continued)

	As at 31-Dec-24 (Audited)						
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Stage 3 (POCI) £m	Total £m	PD lower range %	PD upper range %
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		

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.

	As at 30-Jun-25 (Unaudited)			
	Excellent £m	**Good £m**	**Satisfactory £m**	**Total £m**
Investment securities	**1,487.2**	**1.9**	**2.2**	**1,491.3**
Loans and advances to credit institutions	**2,875.4**	**115.0**	**23.6**	**3,014.0**
Derivative assets	**85.5**	**79.1**	**-**	**164.6**
	4,448.1	**196.0**	**25.8**	**4,669.9**

	As at 31-Dec-24 (Audited)			
	Excellent £m	Good £m	Satisfactory £m	Total £m
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

30. Financial instruments and fair values

The following tables provide an analysis of financial assets and financial liabilities measured at fair value in the Condensed Consolidated Statement of Financial Position grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

As at 30-Jun-25 (Unaudited)	Carrying amount £m	Principal amount £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets						
Investment securities	**546.7**	**545.2**	**129.5**	**417.0**	**0.2**	**546.7**
Loans and advances to customers	**11.9**	**13.8**	**-**	**-**	**11.9**	**11.9**
Derivative assets	**164.6**	**17,087.8**	**-**	**164.6**	**-**	**164.6**
	723.2	**17,646.8**	**129.5**	**581.6**	**12.1**	**723.2**
Financial liabilities						
Derivative liabilities	**150.1**	**13,057.7**	**-**	**150.1**	**-**	**150.1**

As at 31-Dec-24 (Audited)	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.

30. 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 Condensed Consolidated Statement of Financial Position grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

			Estimated fair value			
As at 30-Jun-25 (Unaudited)	**Carrying amount £m**	**Principal amount £m**	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial assets						
Cash in hand	**0.3**	**0.3**	**-**	**0.3**	**-**	**0.3**
Loans and advances to credit institutions	**3,014.0**	**3,009.4**	**-**	**3,014.0**	**-**	**3,014.0**
Investment securities	**944.6**	**939.0**	**-**	**942.8**	**-**	**942.8**
Loans and advances to customers	**25,417.7**	**25,641.1**	**-**	**2,237.4**	**23,254.1**	**25,491.5**
Other assets[1]	**3.5**	**3.5**	**-**	**3.5**	**-**	**3.5**
	29,380.1	**29,593.3**	**-**	**6,198.0**	**23,254.1**	**29,452.1**
Financial liabilities						
Amounts owed to retail depositors	**24,590.1**	**24,270.5**	**-**	**9,947.0**	**14,639.7**	**24,586.7**
Amounts owed to credit institutions	**862.6**	**853.1**	**-**	**862.6**	**-**	**862.6**
Amounts owed to other customers	**441.2**	**436.0**	**-**	**-**	**441.2**	**441.2**
Debt securities in issue	**909.6**	**907.9**	**-**	**909.6**	**-**	**909.6**
Other liabilities[2]	**129.6**	**129.6**	**-**	**129.6**	**-**	**129.6**
Senior notes	**723.0**	**700.0**	**-**	**767.4**	**-**	**767.4**
Subordinated liabilities	**259.9**	**250.0**	**-**	**274.9**	**-**	**274.9**
	27,916.0	**27,547.1**	**-**	**12,891.1**	**15,080.9**	**27,972.0**

1. Balance excludes prepayments.
2. Balance excludes deferred income.

30. Financial instruments and fair values (continued)

As at 31-Dec-24 (Audited)	Carrying amount £m	Principal amount £m	Estimated fair value Level 1 £m	Level 2 £m	Level 3 £m	Total £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 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.

The valuation techniques for all the financial instruments are consistent with those set out on page 248-249 of the 2024 Annual Report and Accounts. For other assets and other liabilities fair value is considered to be equal to carrying value.

31. 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:

	OSB £m	CCFS £m	Combination £m	Total £m
Balances as at 30 June 2025 (Unaudited)				
Gross loans and advances to customers	**16,036.0**	**9,518.7**	**-**	**25,554.7**
Expected credit losses	**(103.0)**	**(22.1)**	**-**	**(125.1)**
Loans and advances to customers	**15,933.0**	**9,496.6**	**-**	**25,429.6**
Capital expenditure	**16.0**	**-**	**-**	**16.0**
Depreciation and amortisation	**5.9**	**1.0**	**-**	**6.9**
Profit for six months ended 30 June 2025 (Unaudited)				
Net interest income	**203.9**	**133.1**	**-**	**337.0**
Other income	**(13.2)**	**2.0**	**-**	**(11.2)**
Total income	**190.7**	**135.1**	**-**	**325.8**
Impairment of financial assets	**(6.1)**	**4.1**	**-**	**(2.0)**
Contribution to profit	**184.6**	**139.2**	**-**	**323.8**
Administrative expenses	**(77.9)**	**(53.5)**	**-**	**(131.4)**
Provisions	**(0.1)**	**-**	**-**	**(0.1)**
Profit before taxation	**106.6**	**85.7**	**-**	**192.3**
Taxation	**(27.6)**	**(22.6)**	**-**	**(50.2)**
Profit for the period	**79.0**	**63.1**	**-**	**142.1**

31. Operating segments (continued)

	OSB £m	CCFS £m	Combination £m	Total £m
Balances as at 31 December 2024 (Audited)				
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 for six months ended 30 June 2024 (Unaudited)				
Net interest income/(expense)	194.6	167.4	(8.5)	353.5
Other income	3.2	5.0	0.9	9.1
Total income/(expense)	197.8	172.4	(7.6)	362.6
Impairment of financial assets	(3.8)	9.0	(0.5)	4.7
Contribution to profit	194.0	181.4	(8.1)	367.3
Administrative expenses	(58.8)	(66.9)	(0.5)	(126.2)
Provisions	0.2	-	-	0.2
Profit/(loss) before taxation	135.4	114.5	(8.6)	241.3
Taxation[1]	(37.5)	(27.9)	2.4	(63.0)
Profit/(loss) for the period	97.9	86.6	(6.2)	178.3

1. The taxation on Combination credit includes the release of deferred taxation on CCFS Combination relating to the unwind of the deferred tax liabilities recognised on the fair value adjustments of the CCFS assets and liabilities at the acquisition date £2.4m.

32. Adjustments for non-cash items and changes in operating assets and liabilities

	Six months ended 30-Jun-25 (Unaudited) £m	Six months ended 30-Jun-24 (Unaudited) £m
Adjustments for non-cash and other items:		
Depreciation and amortisation	**6.9**	5.6
Interest on investment securities	**(29.4)**	(17.5)
Interest on subordinated liabilities	**12.6**	12.6
Interest on PSBs	**-**	0.3
Interest on securitised debt	**25.9**	30.4
Interest on senior notes	**32.3**	31.1
Interest on financing debt	**25.3**	68.4
Interest on other liquid assets	**(0.6)**	-
Impairment charge/(credit) on loans	**2.0**	(4.7)
Administrative expenses	**(0.2)**	-
Provisions	**0.1**	(0.2)
Net expense on derivative financial instruments - subordinated liabilities and senior notes	**1.4**	**-**
Net expense on derivative financial instruments - structural hedge	**2.4**	**-**
Fair value losses/(gains) on financial instruments	**14.3**	(5.9)
Share-based payments	**3.0**	3.9
Total adjustments for non-cash and other items	**96.0**	124.0
Changes in operating assets and liabilities:		
(Increase)/decrease in loans and advances to credit institutions	**(24.3)**	97.0
Increase in loans and advances to customers	**(305.2)**	(363.4)
Increase in amounts owed to retail depositors	**769.8**	2,165.8
(Decrease)/increase in cash collateral and margin received	**(152.9)**	83.0
Net (increase)/decrease in other assets	**(5.1)**	9.6
Net increase/(decrease) in derivatives and hedged items	**9.2**	(18.7)
Net increase/(decrease) in amounts owed to other customers	**336.3**	(24.7)
Net increase in other liabilities	**11.2**	8.7
Exchange differences on working capital	**(1.7)**	0.2
Total changes in operating assets and liabilities	**637.3**	1,957.5

33. Capital management

The Group's individual regulated entities and the Group as a whole complied with all of the capital requirements, which they were subject to, for the periods presented.

The Group's Pillar 1 capital information is presented below:

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Unaudited) £m
Common Equity Tier 1 (CET1) capital		
Called up share capital	**3.6**	3.7
Share premium	**4.9**	4.5
Retained earnings	**3,363.1**	3,406.4
Foreseeable dividends	**(54.6)**	(85.2)
Other reserves	**(1,342.3)**	(1,341.2)
CET1 capital: instruments and reserves	**1,974.7**	1,988.2
Regulatory Adjustments		
Prudent valuation adjustment[1]	**(0.8)**	(0.4)
Intangible assets	**(58.3)**	(48.8)
Deferred tax asset	**(0.1)**	(0.2)
COVID-19 ECL transitional adjustment	**-**	7.6
Total CET1 capital	**1,915.5**	1,946.4
AT1 capital		
AT1 securities	**150.0**	150.0
Total Tier 1 capital	**2,065.5**	2,096.4
Tier 2 capital		
Tier 2 securities	**250.0**	250.0
Total Tier 2 capital	**250.0**	250.0
Total regulatory capital	**2,315.5**	2,346.4
Risk-weighted assets (RWAs)	**12,205.0**	11,915.7

1. The Group has adopted the simplified approach under the Prudent Valuation rules, recognising a deduction equal to sum of absolute value equal to 0.1% (31 December 2024: 0.1%) of fair value assets and liabilities excluding offsetting fair-valued assets and liabilities.

33. Capital management (continued)

The Group's MREL information is presented below:

	As at 30-Jun-25 (Unaudited) £m	As at 31-Dec-24 (Unaudited) £m
Total regulatory capital	**2,315.5**	2,346.4
Eligible liabilities	**700.0**	700.0
Total own funds and eligible liabilities	**3,015.5**	3,046.4

The Group has been given a preferred resolution strategy of a single point of entry bail-in at the holding company level by the PRA and was initially given an interim MREL requirement (including buffers) of 18% of RWAs.

The end-state MREL requirement applies from July 2026 and is higher of:

(i) two times the sum of Pillar 1 and Pillar 2A plus regulatory buffers; or
(ii) if subject to a leverage ratio, two times the applicable requirement plus regulatory buffers.

34. Related parties

The Group had no related party transactions during the six months to 30 June 2025 and 30 June 2024 that materially affected the position or performance of the Group.

Transactions with key management personnel
During the period, the Group granted 239,402 (30 June 2024: 250,393) awards under the Deferred Share Bonus Plan and 1,305,158 (30 June 2024: 1,090,734) awards under the Performance Share Plan to 11 (30 June 2024: 11) key management personnel. The awards were granted on 24 March 2025 and 15 April 2025 with a grant price of £3.57. Details of these plans can be found in note 10 of the 2024 Annual Report and Accounts on pages 215 to 217.

Appendix

Independent assurance statement by Deloitte LLP to OSB GROUP PLC on selected Alternative Performance Measures

Opinion

We have performed an independent limited assurance engagement on the Alternative Performance Measures (collectively, the APMs) set out below for the financial half year ended 30 June 2025. The definition and the basis of preparation for each of the following assured APMs is described in the Appendix to the 2025 Interim Report (OSB Group's APM Definitions and Basis of Preparation).

- Gross new lending
- Net interest margin
- Cost to income ratio
- Management expense ratio
- Dividend per share
- Loan loss ratio
- Basic earnings per share
- Return on tangible equity

In our opinion nothing has come to our attention that causes us to believe that the assured APMs for the financial half year ended 30 June 2025, have not been prepared, in all material respects, in accordance with OSB Group's APM Definitions and Basis of Preparation.

Directors' responsibilities

The directors of OSB Group are responsible for:
- selecting APMs with which to describe the entity's performance and appropriate criteria (as set out in the Group's APM Definitions and Basis of Preparation) to measure them;
- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the assured APMs that are free from material misstatement, whether due to fraud or error; and
- preparing and presenting the APMs.

Our responsibilities

We are responsible for:
- planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance opinion on the assured APMs;
- communicating matters that may be relevant to the assured APMs to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the assured APMs; and
- reporting our conclusion in the form of an independent limited assurance report to the directors of OSB GROUP PLC.

Key procedures performed

We are required to plan and perform our procedures in order to obtain limited assurance as to whether the assured APMs have been prepared, in all material respects, in accordance with OSB Group's APM Definitions and Basis of Preparation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of the assurance procedures selected depended on our judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, of the assured APMs.

In making those risk assessments, we considered internal controls relevant to the preparation of the assured APMs.

Based on that assessment we carried out testing which included:

- agreeing amounts used in the calculation of the assured APMs which are derived or extracted from the financial statements of OSB Group for the period ended 30 June 2025 to the financial statements.
- for amounts used in the calculation of the assured APMs which were not derived or extracted from the financial statements of OSB Group for the period ended 30 June 2025, agreeing the amounts to the underlying data used in determining the assured APMs.
- checking the mathematical accuracy of the calculations used to prepare the assured APMs and testing whether they are prepared in accordance with OSB Group's APM Definitions and Basis of Preparation; and
- reading the 2025 Interim Report and assessing whether the assured APMs were presented and described consistently.

We were not asked to give, and therefore have not given any assurance over (i) any APMs other than the assured APMs or (ii) other data in the Interim Report as part of this engagement. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Our independence and quality control

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied the International Standard on Quality Management (UK) 1 ("ISQM (UK) 1"), issued by the Financial Reporting Council. Accordingly, we maintained a comprehensive system of quality including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Use of our report

This assurance report is made solely to OSB GROUP PLC in accordance with ISAE 3000 (Revised) and the terms of the engagement letter between us. Our work has been undertaken so that we might state to OSB GROUP PLC those matters we are required to state to them in an independent limited assurance report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than OSB GROUP PLC and the directors of OSB GROUP PLC, we acknowledge that the directors of OSB GROUP PLC may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than OSB GROUP PLC and the directors of OSB GROUP PLC as a body, for our assurance work, for this assurance report or for the opinions we have formed.

Deloitte LLP, London
20 August 2025

Key performance indicators

Net interest margin (NIM)

NIM is calculated as net interest income annualised on an actual days basis, as a percentage of a 7 point average[1] of interest earning assets (cash, investment securities, loans and advances to customers and to credit institutions). It represents the margin earned on loans and advances and liquid assets after swap expense/income and cost of funds.

	H1 2025 £m	H1 2024 £m	H2 2024 £m
Net interest income	**337.0**	353.5	312.9
Net interest income annualised on an actual days basis – A	**679.6**	710.9	622.4
7 point average of interest earning assets – B	**29,563.2**	29,964.4	30,286.1
NIM equals A/B	**230bps**	237bps	206bps

Cost to income ratio

The cost to income ratio is calculated as administrative expenses as a percentage of total income. It is a measure of operational efficiency.

	H1 2025 £m	H1 2024 £m	H2 2024 £m
Administrative expenses – A	**131.4**	126.2	131.9
Total income – B	**325.8**	362.6	304.6
Cost to income equals A/B	**40.3%**	34.8%	43.3%

Management expense ratio

The management expense ratio is calculated as administrative expenses annualised on a simple basis as a percentage of a 7 point average[1] of total assets. It is a measure of operational efficiency

	H1 2025 £m	H1 2024 £m	H2 2024 £m
Administrative expenses (as in cost to income ratio above) – A	**131.4**	126.2	131.9
7 point average of total assets – B	**29,864.6**	30,265.5	30,582.6
Management expense ratio equals A/B	**88bps**	83bps	86bps

Loan loss ratio

The loan loss ratio is calculated as impairment losses annualised on a simple basis as a percentage of a 7 point average[1] of gross loans and advances. It is a measure of the credit performance of the loan book.

	H1 2025 £m	H1 2024 £m	H2 2024 £m
Impairment charge/(credit) – A	**2.0**	(4.7)	(7.0)
7 point average of gross loans – B	**25,377.9**	26,116.3	26,216.8
Loan loss ratio equals A/B	**2bps**	(4)bps	(5)bps

Return on tangible equity (RoTE)

RoTE is calculated as profit attributable to ordinary shareholders, which is profit after tax and after deducting coupons on AT1 securities, annualised on a simple basis, as a percentage of a 7 point average[1] of shareholders' equity excluding 7 point average of intangible assets and excluding £150m of AT1 securities.

	H1 2025 £m	H1 2024 £m	H2 2024 £m
Profit after tax	**142.1**	178.3	129.8
Coupons on AT1 securities	**(4.5)**	(4.5)	(4.5)
Profit attributable to ordinary shareholders – A	**137.6**	173.8	125.3
7 point average of tangible shareholders' equity (excluding AT1 securities) – B	**2,010.9**	1,997.6	2,004.7
Return on tangible equity equals A/B (annualised)	**13.7%**	17.4%	12.5%

Basic earnings per share

Basic earnings per share is defined as 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.

	H1 2025 £m	H1 2024 £m	H2 2024 £m
Profit attributable to ordinary shareholders (as in RoTE ratio above) – A	**137.6**	173.8	125.3
Weighted average number of ordinary shares in issue – B	**368.7**	391.4	379.9
Basic earnings per share equals A/B	**37.3**	44.4	33.0

1. 7 point average is calculated as an average of opening balance and closing balances for six months to 30 June.

Tangible net asset value per share (TNAV)
TNAV is calculated as shareholders' equity excluding intangible assets and £150m of AT1 securities as at the end of the period divided by the number of shares outstanding at the end of the period.

	H1 2025 £m	H1 2024 £m	H2 2024 £m
Shareholders' equity	**2,179.3**	2,186.9	2,223.4
Intangible assets	**(58.3)**	(37.8)	(48.8)
AT1 securities	**(150.0)**	(150.0)	(150.0)
Tangible net asset value – A	**1,971.0**	1,999.1	2,024.6
Number of shares outstanding – B	**365.1**	386.9	372.1
Tangible net asset value per share (pence) A/B	**540**	517	544

OSB GROUP PLC
Interim report
for the six months ended 30 June 2025

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 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 Term Funding Scheme with additional incentives for SMEs.

Charter Court Financial Services Group (CCFS)

CCFS focuses on providing Buy-to-Let and specialist residential mortgages 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 Term Funding Scheme with additional incentives for SMEs.

Important disclaimer
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OSB GROUP PLC

Interim report

for the six months ended 30 June 2025

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