

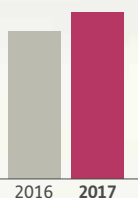
In focus

One specialist lender

Gross new organic lending

+14%

2017: £2.6bn
2016: £2.3bn



We focus on specialist mortgage lending to consumers, entrepreneurs and SMEs in sub-sectors of the UK market where we have identified opportunities for high returns on a risk-adjusted basis and where we can take a leading position.

Sub-sector market specialisation

The markets we focus on are:

- Buy-to-Let
- commercial and semi-commercial
- residential development
- bespoke specialist residential
- second charge residential
- shared ownership, and
- bridging and short-term loans.

OSB also provides funding lines to other lenders. The funding lines business is secured against pools of loan collateral with indirect access to certain high-yielding, specialist sub-segments, such as asset finance and residential bridging finance.

Intermediary relationships

Access to our specialist products and multiple brands is via intermediaries. Relationships are key and partnerships continue to flourish with our panel of selected specialist mortgage intermediaries, who are leaders in their sub-sectors.

We listen to and work with the intermediaries to develop new opportunities and bespoke solutions for our clients. In the year, we developed joint marketing and education campaigns and provided dedicated marketing support.

Our sales team was awarded The Best Business Development Team in 2017 by The Mortgage Strategy Awards.

Inorganic growth

The Group is focused on organic origination as its core growth strategy. In addition, we continue to evaluate selective inorganic opportunities that provide long-term value and meet our strategic objectives. In 2017, the Group made no portfolio acquisitions as market pricing did not meet the Group's stringent return conditions.

Bespoke underwriting

All of our loans are underwritten by experienced and skilled underwriters. At OSB, we do not use automated or scorecard-based processes. We take each loan on its own merits, responding quickly and flexibly to offer the best solution for each of our customers. For this bespoke approach, expertise and

going out of our way for our clients, we received the Best Specialist Lender award at The Mortgage Strategy Awards and Specialist Lender of the Year from Mortgage Introducer Awards.

To support this manual and bespoke approach, in 2017 we implemented new technology to reduce administrative burdens on our underwriters and mortgage intermediaries. This provides a simple and speedy solution to enable landlords and brokers to meet the PRA's underwriting standards for portfolio landlords. Implemented in October 2017, the system provides valuations and verifications of entire portfolios in seconds, giving our underwriters high levels of confidence in their valuations.

No case is too complex for us and for those borrowers with more tailored or larger borrowing requirements our Transactional Credit Committee meets twice a week – and in 2017 met 103 times – to demonstrate our responsiveness to broker needs.

What we will do

We will continue to develop our sales and underwriting teams through attracting the top talent and then nurturing it through training and coaching programmes. We will also ensure that our relationships with intermediaries continue to flourish and that we deliver a high quality, differentiated service for our clients.

Our strategy in action

Be a leading specialist lender in our chosen markets

Further deepen relationships and reputation for delivery with intermediaries

EMILY MACHIN
NATIONAL ACCOUNT
MANAGER



Our support goes way beyond words

2017 was an important year for me in the newly established role of National Account Manager. Our strategy is to continuously improve our working relationships with our large corporate clients and in 2017 we had a particular focus on the regulatory and market changes that brokers are currently facing.

We were recognised by our intermediaries for being able to assist even in the most complex of cases. One of the things that I am most proud of is how we coordinate our efforts across different parts of the Bank, including

marketing and underwriting, to make sure that our support is demonstrated through our service rather than just words.

Of course, this also meant demonstrating how Kent Reliance can help as the Buy-to-Let market becomes more focused on professional landlords and the different demands that this will bring.

