

Our business model

The Group leverages our unique business model to differentiate ourselves from the competition, offering well-defined propositions in our chosen markets. We apply a specialist, personal and flexible approach to our intermediary and customer relationships, focusing on delivering long-term value.

1. Resources and relationships

Brands and heritage

We have a family of specialist lending brands supported by our savings franchise with a 150-year heritage.

Employees

Our team of highly-skilled employees possess expertise and in-depth knowledge of the property and savings markets.

Infrastructure

We benefit from cost advantages provided by our wholly-owned subsidiary OSBIndia.

Relationships with intermediaries

We have strong and deep relationships with the mortgage intermediaries who distribute our products.

Financial

We have a strong equity Tier 1 capital ratio which can support significant loan book growth.

2. What we do

Attractive retail savings

We deliver straightforward products that meet customer needs for cash savings. We offer good and consistent value to attract and retain a loyal customer base, without having to price at the top of the best buy tables.

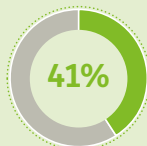
Our proven retail savings performance provides a stable, long-term funding platform to grow our loan book.

How we do it
Our channels:

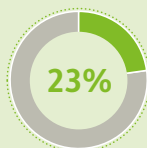
Online



Direct



High street branches



Specialist lending business

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.

We adopt an expertise-based, bespoke and manual approach to underwriting in each market sub-sector, specifically geared to each individual customer. We do not use automated or scorecard-based processes for underwriting new loans.

How we do it

Our segments are:

Buy-to-Let/SME lending
77%

Residential lending
23%

Unique operating model

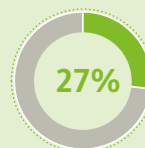
We capitalise on our cross-company expertise, operating under a common operational framework that supports our key lending brands. Distribution, sales, credit and risk processes operate under a simple, coordinated management structure giving us the ability to present our multiple lending brands with great efficiency.

We put customer needs first and drive continuous customer-focused improvement through our flexible and cost-effective operating platform.

How we do it

Our customer service administrative functions are based in our wholly-owned subsidiary OSBIndia.

Cost to income ratio



3. Outcomes and value creation

For shareholders

We aim for strong EPS growth and a dividend payout of at least 25% of underlying earnings.

EPS	DPS
51.1p	12.8p

For employees

We invest in training and development and employee engagement activities to make OSB the best workplace it can be.

Employees promoted in 2017	Employees who attended learning events in 2017
76	685

For customers

We provide a great customer experience and deliver high levels of customer satisfaction.

Customer NPS	Customer retention ²
+62	90%

For communities

We have well-established community services programmes in the UK and India.

Sponsorship and donations
£209k

1. 25% of underlying profit after tax attributable to ordinary shareholders.

2. Retention is defined as monthly average ratio of maturing contractual retail deposits which withdraw their funds on maturity.