



Charter Court Financial Svs Grp PLC_ - CCFS
Statement re Possible Offer
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Charter Court Financial Svs Grp PLC
11 March 2019

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THIS IS AN ANNOUNCEMENT OF A POSSIBLE OFFER UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE"). THIS ANNOUNCEMENT IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION
FOR IMMEDIATE RELEASE**

11 March 2019

Charter Court Financial Services Group plc ("Charter Court") and OneSavings Bank plc ("OSB")

Statement regarding a potential all-share combination of Charter Court and OSB

The Boards of Charter Court and OSB note recent speculation in relation to Charter Court and OSB and confirm that they are in advanced discussions regarding a possible all-share combination of the two companies (the "**Possible Combination**").

Under the proposed terms, OSB would acquire all the issued and to be issued ordinary share capital of Charter Court on the basis of an exchange ratio of 0.8253 new OSB shares for each Charter Court share. On this basis, on completion of the Possible Combination, OSB shareholders would hold approximately 55% and Charter Court shareholders would hold approximately 45%¹ of the combined group.

It is proposed that Andy Golding, currently CEO of OSB, will become CEO of the combined group.

The Boards of Charter Court and OSB believe that the Possible Combination has the potential to create material shareholder value and has a compelling strategic and financial rationale. In particular, the Boards of Charter Court and OSB believe that the Possible Combination would create a highly compelling opportunity to:

- create a leading specialist mortgage lender in the UK with greater scale and resources to deploy on growth opportunities;
- leverage complementary strengths to create a comprehensive and diversified platform across product capabilities, brands and team cultures;
- leverage complementary underwriting capabilities to enhance the customer proposition;

- establish a well-balanced, resilient and diversified retail-wholesale funding platform;
- maintain two leading, independent broker distribution platforms to create an enhanced proposition to the broker community; and
- maintain operational centres of excellence to drive service levels and platform efficiency.

Subject to the successful outcome of ongoing discussions, the Boards of OSB and Charter Court expect to recommend the Possible Combination to their respective shareholders.

An announcement of a firm intention to make an offer on a recommended basis by OSB under Rule 2.7 of the Code remains conditional on, inter alia, agreement on the terms and conditions of the Possible Combination, satisfactory completion of customary mutual due diligence, final approval by the Boards of OSB and Charter Court, and the unanimous and unconditional recommendation of the Possible Combination by the Board of Charter Court. Each of OSB and Charter Court reserves the right to waive any or all of their respective pre-conditions, in whole or in part.

A further announcement will be made as and when appropriate.

Notes

It is currently intended that the proposed transaction would be structured as an offer by OSB for Charter Court. Consequently, in accordance with Rule 2.6(a) of the Code, OSB is required, by not later than 5.00 p.m. on 6 April 2019, either to announce a firm intention to make an offer for Charter Court in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Panel on Takeovers and Mergers in accordance with Rule 2.6(c) of the Code.

This announcement does not amount to an announcement of a firm intention to make an offer and accordingly there can be no certainty that an offer will be made even if the pre-conditions referred to above are satisfied or waived. Any transaction would be subject to requisite regulatory approvals including the approval of the Prudential Regulation Authority, approval by OSB shareholders (as the Possible Combination would represent a Class 1 transaction for OSB under the Listing Rules) and Charter Court shareholders, as well as other customary terms and conditions.

OSB reserves the right to make an offer for Charter Court on less favourable terms than those set out in this announcement: (i) with the agreement or recommendation of the Charter Court Board; (ii) if a third party announces a firm intention to make an offer for Charter Court which, at that date, is of a value less than the value implied by the Possible Combination; or (iii) following the announcement by Charter Court of a whitewash transaction pursuant to the Code. OSB reserves the right to introduce other forms of consideration and/or vary the mix or composition of consideration of any offer. OSB reserves the right to adjust the terms of the Possible Combination to take account of the value of any dividend or other distribution which is announced, declared, made or paid by either party after the date of this announcement to the extent that such dividends are outside the ordinary course of business of, or inconsistent with the stated dividend policy of, OSB or Charter Court, as the case may be. This announcement has been made with the consent of OSB.

Enquiries

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Important notice

This announcement is not intended to, and does not, constitute, represent or form part of any offer, invitation or solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

Disclaimer

RBC Europe Limited (trading as RBC Capital Markets), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting for Charter Court and no one else in connection with the Possible Combination or any other matter referred to in this announcement and will not be responsible to anyone other than Charter Court for providing the protections afforded to clients of RBC Capital Markets, or for providing advice in connection with the Possible Combination or any other matter referred to in this announcement.

Credit Suisse International ("Credit Suisse"), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser exclusively for Charter Court and no one else in connection with the matters set out in this Announcement and will not be responsible to any person other than Charter Court for providing the protections afforded to clients of Credit Suisse, nor for providing advice in relation to the content of this announcement or any matter referred to herein. Neither Credit Suisse nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Credit Suisse in connection with this announcement, any statement contained herein or otherwise.

N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for OSB and no one else in relation to the matters referred to in this announcement and will not be responsible to anyone other than OSB for providing the protections afforded to clients of Rothschild & Co nor for providing advice in relation to the Potential Combination.

Barclays Bank PLC, acting through its Investment Bank ("Barclays"), which is authorised by the Prudential Regulatory Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for OSB and no one else in relation to the Possible Combination and will not be responsible to anyone other than OSB for providing the protections afforded to its clients nor for providing advice in relation to the Possible Combination or any other matter referred to in this announcement.

In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in OSB and Charter Court securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the tenth business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Overseas jurisdictions

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. The information disclosed in this announcement may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

The shares mentioned in this announcement (the "Shares") have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the US Securities Act of 1933 or an exemption therefrom. There will be no public offer of Shares in the United States.

Additional information

In accordance with Rule 26.1 of the Code, a copy of this announcement will be made available, subject to certain restrictions relating to persons resident in restricted jurisdictions, at www.chartercourts.co.uk and www.osb.co.uk by no later than 12 noon London time on the business day following this announcement. The content of the websites referred to in this announcement is not incorporated into and does not form part of this announcement.

In accordance with Rule 2.9 of the Code, Charter Court confirms that, as at the date of this announcement, it has in issue 239,320,419 ordinary shares of 1 pence each in issue and admitted to trading on the London Stock Exchange. The International Securities Identification Number for the ordinary shares of Charter Court is GB00BD822578 and Charter Court's LEI number is 213800LWUMOSRMT5G527. The person responsible for arranging for the release of this announcement on behalf of Charter Court is Sebastien Maloney, Chief Financial Officer.

In accordance with Rule 2.9 of the Code, OSB confirms that, as at the date of this announcement, it has in issue 244,487,537 ordinary shares of 1 pence each in issue and admitted to trading on the London Stock Exchange. The International Securities Identification Number for the ordinary shares of OSB is GB00BM7S7K96 and OSB's LEI number is 213800WTQKOQI8ELD692. The person responsible for arranging for the release of this announcement on behalf of OSB is Jason Elphick, Group General Counsel and Company Secretary.

¹Based on an issuance of 201,018,508 new OSB shares for Charter Court's 243,570,227 ordinary shares on a fully diluted basis (including 239,320,419 Charter Court ordinary shares currently in issue (as at the date of this announcement) and a maximum of 4,249,808 Charter Court ordinary shares which may be issued on or after the date of this announcement on the exercise of options or vesting of awards under Charter Court's share schemes (based on outstanding options and awards as at the date of this announcement), giving a pro forma share count for the combined group of 445,506,045. The actual number of Charter Court ordinary shares issued under Charter Court's share schemes should the Possible Combination proceed will be affected by the application of performance conditions and time pro rating.

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