

The Directors
OneSavings Bank plc
Reliance House
Sun Pier
Chatham
Kent ME4 4ET

STRICTLY PRIVATE AND CONFIDENTIAL

19 November 2018

Dear Sirs

We refer to the possible merger of OneSavings Bank plc ("**Orange**") and Charter Court Financial Services Group plc ("**Cobalt**") (whether by takeover offer or a scheme of arrangement) ("**Transaction**").

In consideration of each party agreeing to make available to the other party and its advisers certain Confidential Information (as more particularly defined in paragraph 1 of this letter), each party undertakes to the other in the terms set out below.

1 Definitions

1.1 The following definitions apply for the purposes of this letter:

"**Associate**", in relation to any person, means:

- (i) any corporation within the same Group as that person; or
- (ii) any director of that person or of any corporation within the same Group as that person; or
- (iii) any corporation, 20 per cent. or more of whose issued share capital (or share capital carrying 20 per cent. or more of the votes ordinarily exercisable at shareholders' meetings) is owned by members of the same Group as that person; or
- (iv) any person who would otherwise be acting in concert as defined in the Code;

"**Code**" means the City Code on Takeovers and Mergers as from time to time amended and interpreted by the Panel;

"**Confidential Information**" means information of whatever nature and in whatever form or medium (including, without limitation, written, visual, electronic or oral) relating:

- (i) directly or indirectly to the Transaction (including the existence, status, progress and contents of any negotiations or discussions relating to the Transaction and any terms proposed in relation to the Transaction and the existence and contents of this letter); and
- (ii) to the Provider or any member of the Provider's Group which is acquired by or made available to the Recipient or any member of the Recipient's Group (whether before or after this letter is agreed) by the Provider or any other member of the Provider's Group or the Provider's advisers for the purpose of considering, negotiating, advising in relation to or furthering the Transaction and includes any information, analyses, compilations,

notes, studies, memoranda or other documents derived from, containing or reflecting such information (including copies of any such information prepared by the Recipient or any of its Authorised Recipients (as defined at paragraph 2.1.1 below)),

but excludes information which:

- (i) is publicly available at the time of its disclosure under this letter; or
- (ii) becomes publicly available following disclosure under this letter (other than as a result of disclosure by the Recipient or any other person contrary to the terms of this letter); or
- (iii) was lawfully in the Recipient's possession prior to disclosure under this letter (as can be demonstrated by the Recipient's written records or other reasonable evidence) free of any restriction as to its use or disclosure; or
- (iv) following disclosure under this letter, becomes available to the Recipient (as can be demonstrated by the Recipient's written records or other reasonable evidence) from a source other than the Provider, which source is not, so far as the Recipient is aware, bound by any obligation of confidentiality to the Provider in relation to such information;

"Data Protection Law" means (a) the GDPR; and (b) any other applicable data protection and privacy laws and regulations and other similar instruments in any other jurisdiction;

"FCA" means the Financial Conduct Authority;

"GDPR" means the General Data Protection Regulation (EU) (2016/679) (as amended from time to time) and any laws and/or regulations of the United Kingdom that: (a) implement and/or exercise derogations under it; and/or (b) replace or supersede it;

"Group", in relation to any person, means any corporations which are holding companies or subsidiaries or subsidiary undertakings (as such terms are defined in the Companies Act 2006) of it or of any such holding company;

"Mutual Shareholders" means Merian Global Investors and JP Morgan Asset Management, and **"Mutual Shareholder"** shall mean any one of them.

"Panel" means the Panel on Takeovers and Mergers;

"Part VI Rules" means any of the Listing Rules, Disclosure Guidance & Transparency Rules or Prospectus Rules made by the Financial Conduct Authority in exercise of its functions as competent authority pursuant to Part VI of the Financial Services and Markets Act 2000 (**"FSMA"**);

"personal data" means any personal data (as defined under applicable Data Protection Law) that is disclosed by or acquired in any way (and whether directly or indirectly, before, on or after the date of this letter) from either party or any member of the Group of either party and includes all copies of any such personal data prepared by or on behalf of any such party or member of its Group;

"PRA" means the Prudential Regulation Authority;

"Principle 11" means principle 11 as contained at PRIN 2.1.1R of the FCA Handbook, and Fundamental Rule 7 as contained at section 2.7 of the PRA Rulebook;

"Provider" means the party providing (either directly or indirectly) Confidential Information to the other party pursuant to this letter; and

"Recipient" means the party to whom Confidential Information is furnished by the other party (either directly or indirectly) pursuant to this letter.

- 1.2 The obligations expressed to be undertaken by each party are obligations each party owes to the other party and to each member of that other party's Group.

2 Confidential Information

- 2.1 Subject to paragraphs 2.2, 8.2 and 8.6, the Recipient shall:

- 2.1.1 keep the Confidential Information secret and confidential and not, without the Provider's prior written consent, directly or indirectly communicate or disclose (whether in writing or orally or in any other manner) any of it to any person other than members of its Group and its and their respective directors, employees and professional advisers (including the directors, partners and employees of such advisers) who strictly need to know the same for the purposes of considering, evaluating, advising on or furthering the Transaction (together, the **"Authorised Recipients"**);
- 2.1.2 only use the Confidential Information for the sole purpose of considering, evaluating, advising on or furthering the Transaction and shall not use it for any other purpose;
- 2.1.3 keep the Confidential Information and any copies thereof secure and in such a way so as to prevent unauthorised access by any third party, and shall otherwise comply with Data Protection Law, including by taking such security measures against unauthorised or unlawful processing or actual loss or destruction of, or damage to, personal data as may be required under Data Protection Law;
- 2.1.4 not make or permit or procure to be made any copies of Confidential Information or reproduce it in any form except (i) for the purpose of supplying the same to those to whom disclosure is expressly permitted in accordance with this letter; or (ii) with the Provider's prior written consent;
- 2.1.5 to the extent permitted by law or regulation, inform the Provider immediately if the Recipient becomes aware of any breach or threatened breach of this letter (including, without limitation, the disclosure of Confidential Information to an unauthorised third party);
- 2.1.6 maintain a list (or ensure that lists are maintained) of the names of all persons who have received or have access to any Confidential Information (and promptly upon written request from the Provider, supply a copy of such list (or lists) to the Provider); and
- 2.1.7 notify the Provider in the event that it receives any communication (a) which relates to either party's compliance with Data Protection Law in respect of personal data, or (b) from or on behalf of an individual to exercise any of their rights under Data Protection Law in relation to the personal data, including a request to obtain a copy of his or her personal data, and comply with the Provider's instructions with respect to such request.

- 2.2 Subject always to Cobalt's ability to announce information falling within paragraph (i) of the definition of "Confidential Information" pursuant to Rule 2.3(d) of the Code, paragraph 2.1 shall

not restrict any disclosure required by law (including Principle 11) or by any court of competent jurisdiction, the Part VI Rules, the rules and regulations of the London Stock Exchange (or any other stock exchange on which the Recipient's or the Provider's shares are listed, traded or quoted), or by the rules of, or at the request of, any applicable governmental, supervisory or regulatory body or organisation (including, without limitation, the UK Listing Authority, the FCA, the PRA, the Panel and the Competition and Markets Authority) which is lawfully entitled to require any such disclosure provided that, to the extent reasonably practicable and permitted by applicable law and regulation (including, without limitation, the rules of any applicable regulatory, governmental or supervisory organisation), prior to any such disclosure involving the disclosure of any Confidential Information (including any announcement by Cobalt pursuant to Rule 2.3(d) of the Code), the Recipient shall promptly consult the Provider in advance of such disclosure with a view to providing the opportunity for the Provider to contest or limit such disclosure or otherwise to agree the timing (save for any announcement by Cobalt pursuant to Rule 2.3(d) of the Code), form and content of such disclosure, and the Recipient shall consider in good faith the Provider's comments as to such timing (save for any announcement by Cobalt pursuant to Rule 2.3(d) of the Code), form and content.

- 2.3** The Recipient shall procure that its Authorised Recipients to whom Confidential Information is to be made available observe the obligations contained in this letter regarding Confidential Information as if they were a party to the letter and had undertaken the same obligations as are undertaken by the Recipient, and the Recipient shall be liable to the Provider for any breach of the terms of this letter by its Authorised Recipients.
- 2.4** Each party shall, in relation to the Transaction and the Confidential Information, make contact and deal only with the persons listed in the Appendix to this letter and such other persons as may from time to time be notified to that party by the other party in accordance with paragraph 18.2.

3 Return and Destruction of Confidential Information

- 3.1** The Recipient shall, at its expense, keep a record of the Confidential Information provided to it or its Authorised Recipients and shall, as soon as reasonably practicable following termination of discussions concerning the Transaction or within 14 days of receipt of a written demand from the Provider:
- 3.1.1** at the Recipient's option, return or destroy, or procure the return or destruction of, all originals and hard copies of documents and all other materials which are in a form reasonably capable of delivery (including, without limitation, computer disks and tapes) containing or reflecting Confidential Information and all copies thereof which have been made by or on behalf of the Recipient or its Authorised Recipients, in each case which are in the Recipient's possession or under the Recipient's custody and control;
- 3.1.2** so far as it is practicable to do so, permanently erase, or procure the permanent erasing of, all electronic copies of documents or other materials containing or reflecting any Confidential Information in the Recipient's possession or under the Recipient's custody and control;
- 3.1.3** ensure that where Confidential Information has not been returned or destroyed under 3.1.1 or 3.1.2 above, no step will be taken to access or recover such Confidential Information from any computer, word processor, telephone or other device containing

such information or which is otherwise stored or held in electronic, digital or other machine readable form. The Recipient will continue to hold such Confidential Information subject to the terms of this letter; and

- 3.1.4 on request supply a certificate signed by any director of the Recipient confirming that, to the best of his knowledge, information and belief, having made all proper enquiries, the requirements of this paragraph have been fully complied with;
- 3.2 Notwithstanding the provisions of paragraph 3.1 and subject to paragraph 3.1.3, but without prejudice to any duties of confidentiality in relation to such Confidential Information contained in this letter, the Recipient may retain any Confidential Information or a copy thereof as may be required by law or regulation or the rules of any applicable regulatory, governmental or supervisory organisation to which it is subject or which is contained in any board or committee papers or as back-ups or archives as a matter of reasonable routine processes on either party's (or any of its Authorised Recipients') electronic information management and communications systems or servers (provided that such Confidential Information is held in compliance with paragraph 3.1.3 above) and such information will continue to be held subject to the terms of this letter.

4 Ownership of Confidential Information

The Confidential Information shall remain the property of the Provider and its disclosure shall not confer on the Recipient or any other person any right or licence (including any intellectual property right) over the Confidential Information whatsoever beyond those contained in this letter.

5 No Offer

Neither the Confidential Information nor anything else in this letter shall constitute an offer by or on behalf of either party and neither party shall be under any obligation to accept any offer or proposal which may be made by either party or on either party's behalf.

6 No Representation

None of the Confidential Information has been subject to verification, and neither the Provider nor any member of its Group nor any of its representatives or advisers accepts responsibility for or makes any representation, express or implied, or gives any warranty or undertaking with respect to the accuracy or completeness of the Confidential Information or any other information supplied by it or as to the reasonableness of any assumptions on which any of the same is based or the use of any of the same, or any oral communication in connection with the Confidential Information and the Recipient undertakes to the Provider (for itself and as trustee for all other companies in its Group and its representatives and advisers) to waive any liability which such parties may incur by reason of the Recipient's use of, or reliance upon, any of the Confidential Information. Each statement in this paragraph has no application in the case of fraud.



7 Non-solicitation of employees

- 7.1** Each party agrees that it shall not, and shall procure that members of its Group shall not, for a period of 12 months from the date on which discussions between the parties in respect of the Transaction terminate, directly or indirectly solicit, endeavour to entice away, employ or offer to employ or enter into any contract for services with any person who is at any time during the negotiation of the Transaction an officer of, or an employee holding an executive or senior management position with, the other party or any member of its Group and is a person who has participated in the discussions relating to the Transaction or is a person that the other party has been made aware of as a result of receiving or reviewing the Confidential Information or discussions relating to the Transaction, whether or not such person would commit any breach of his contract of service in leaving its employment.
- 7.2** Neither the placing of an advertisement of a post available to a member of the public generally nor the recruitment of a person, either following an application made by such person in response to such a recruitment advertisement or through an employment agency, shall constitute a breach of this paragraph 7 provided that, in the case of the recruitment of a person through an agency, no member of the relevant party's Group encourages or advises such agency to approach any such person.

8 Announcements and disclosure

- 8.1** Subject to paragraphs 2.2, 8.2 and 8.6, neither party will make, or permit or procure to be made or solicit or assist any other person to make any disclosure or announcement (including under Rule 2.7 of the Code) concerning, or otherwise publicise, the Transaction or any other arrangement with the other party connected in any way with the Transaction.
- 8.2** If either party becomes (or it is reasonably likely will become) compelled by law or the rules of, or is requested by, any applicable regulatory, governmental or supervisory body or organisation to whose jurisdiction the relevant party is subject, to disclose any details of the Transaction, the relevant party will, where and to the extent permitted by law and such rules, immediately notify the other party, consult with the other party and take account of its reasonable requests so as to prevent or minimise that disclosure.
- 8.3** Where a disclosure is required under paragraph 8.2, the disclosure will (to the extent practicable and where permitted by law or regulation) be made only after prompt consultation with the other party and after taking into account its reasonable requests as to the timing, manner and content of making the disclosure.
- 8.4** Where, in accordance with paragraph 8.2, the person making such disclosure is not permitted to consult with the other party before disclosure is made that person will, to the extent permitted by law or regulation, inform the other party of the circumstances, timing, content and manner of making of the disclosure promptly after such disclosure has been made.
- 8.5** Without prejudice to paragraphs 8.2, 8.3 and 8.4, neither party shall, and each party shall procure that none of its Authorised Recipients shall, without either doing so jointly with the other party or having obtained the prior written consent of the other party, directly or indirectly disclose the Transaction or otherwise discuss the Transaction or contact or enter into any communication, in relation to the Transaction, with any shareholder of the other party.

8.6 Nothing in this letter shall prevent:

- 8.6.1** either party or its advisers holding discussions with its own shareholders (in such capacity) which, in such party's or its advisers' reasonable opinion, are necessary or desirable for the purposes of furthering the Transaction, provided that (a) any discussion by either party with any Mutual Shareholder at a time when the existence of negotiations or discussions between the parties relating to the Transaction remains confidential shall require the prior written consent of the other party, such consent not to be unreasonably withheld or unreasonably delayed; and (b) such discussions shall not involve the disclosure of any Confidential Information other than information falling within limb (i) of the definition of "Confidential Information"; or
- 8.6.2** an announcement by Orange in response to an announcement issued by or on behalf of Cobalt pursuant to Rule 2.4(a) or Rule 2.4(b) of the Code and which identifies Orange as a potential offeror provided that any Confidential Information that is disclosed by Orange falls within paragraph (i) of that definition and Orange has consulted with Cobalt in respect of the form of that announcement and has given reasonable consideration to any comments that Cobalt may have prior to making such announcement.

9 **Restrictions on share acquisitions**

9.1 Without prejudice to any obligations it may have at law, under other provisions of this letter, under the Code or otherwise, Orange agrees that it shall not, and shall procure that the members of its Group and (so far as it is able to do so) its representatives and Associates shall not, directly or indirectly, alone or with others, for a period of 12 months from the date of this letter, without the prior consent in writing of Cobalt, be involved in any Prohibited Activity.

9.2 For the purposes of paragraph 9.1, each of the following is a "**Prohibited Activity**":

- (a) acquiring or seeking to acquire any interest in the shares (as defined in the Code) of Cobalt or any member of its Group, including rights to acquire, rights to subscribe for, options in respect of, and derivatives referenced to, such securities; or
- (b) entering into any agreement or arrangement (conditionally or otherwise and whether legally binding or not) with any person in relation to the acquisition of such an interest; or
- (c) communicating with any shareholder of Cobalt with the purpose of encouraging such shareholder to:
 - (i) oppose the board of directors of Cobalt's business strategy or management of the business; or
 - (ii) request (publicly or otherwise) that the board of directors of Cobalt takes a particular course of action, or otherwise seek to influence the position of the board of directors of Cobalt, in relation to any proposal, possible offer or offer for all or any part of the voting share capital of Cobalt announced by Orange;
- (d) making a general offer, including a mandatory offer, for all or any part of the share capital of Cobalt or any member of its Group; or

- (e) announcing, or taking any action which, under the Code or otherwise, would require the announcement of, any proposals for any takeover, merger, consolidation or share exchange or similar transaction involving the securities of Cobalt or any member of its Group; or
- (f) taking any step which might give rise to any obligation under the Code or its equivalent in any jurisdiction to make any offer for all or any part of the share capital of Cobalt or any member of its Group; or
- (g) assisting or advising any person in relation to, any of the foregoing.

9.3 The restrictions in paragraph 9.1 (without prejudice to other obligations or restrictions) shall cease to apply in the event that Orange makes a firm offer announcement under Rule 2.7 of the Code in respect of a recommended transaction with Cobalt in compliance with paragraph 8.1 above.

9.4 In the event that Orange, any members of its Group, its representatives or Associates acquires any interests in securities of Cobalt in breach of paragraph 9.1, then, on request of Cobalt (without prejudice to any other right of Cobalt under this letter) Orange shall dispose of or procure the disposal of such interest within 7 days.

10 Insider dealing and market abuse

10.1 The Recipient acknowledges that the Confidential Information is given in confidence and that some or all of the Confidential Information may be inside information for the purposes of the Market Abuse Regulation (EU) No 596/2014 ("**MAR**") and the Criminal Justice Act 1993 ("**CJA**") and that:

10.1.1 once it has received such information it must not act or use the information in any way that contravenes MAR for such time as the information remains inside information; and

10.1.2 subject to and in accordance with applicable law, it must not deal in securities that are price-affected securities (as defined in the CJA) in relation to the inside information, encourage another person to deal in price-affected securities or disclose the information (except as permitted by the CJA) for such time as the information remains inside information,

in each case including (without limitation) during any discussions with shareholders permitted by paragraph 8.6.1.

11 Privilege

Each party represents and agrees that to the extent any Confidential Information attracts any form of privilege or refers to other documents which attract any form of privilege, then such privilege shall not be waived, prejudiced or otherwise affected in any way (directly or indirectly) by being made available to the other party. Each party acknowledges that the other party expressly relies on such representation and agreement in permitting the Recipient to have access to such Confidential Information.

12 Principal

Each party confirms in respect of itself only that it is acting as a principal on its own account and not as an agent or broker for any other person and that it shall be responsible for any costs incurred by it or on its behalf in connection with the Transaction and/or the consideration and evaluation of the Confidential Information.

13 Duration

The obligations set out in this letter shall cease to have effect upon completion of the Transaction. In the event of the termination of discussions or negotiations relating to the Transaction, the obligations set out in this letter shall, subject to the terms of this letter, continue in full force and effect notwithstanding the return or destruction of Confidential Information and any copies of it until the expiry of the period ending 24 months from the date of this letter.

14 Waiver

No failure or delay by either party in exercising any of its rights under this letter shall operate as a waiver thereof, nor shall any single or partial exercise preclude any other or further exercise of such rights. No waiver will be binding upon either party unless in writing and signed by the party granting the waiver.

15 Remedies

Without prejudice to any other rights or remedies which either party may have, each party acknowledges and agrees that damages would not be an adequate remedy for any breach by either party of the provisions of this letter and/or breach of confidence and each party shall be entitled to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of any such provision by the other party or any other relevant person and no proof of special damages shall be necessary for the enforcement by either party of the rights under this letter and/or for breach of confidence.

16 Variation

No variation or termination of this letter shall be effective unless in writing and signed by or on behalf of each of the parties.

17 Severability

If any provision of this letter shall be held to be illegal, invalid, void or unenforceable, in whole or in part by a court of competent jurisdiction, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable. To the extent it is not possible to delete or modify the provision, then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this letter and the legality, validity and enforceability of the remainder of this letter shall, subject to any deletion or modification made under this paragraph, not be affected.

18 Notices

- 18.1** Subject to paragraph 18.2, any notice, claim or demand in connection with this letter shall be given in writing to the relevant party at the address stated in this letter (or such other address as it shall previously have notified to the other party). Any notice sent by fax shall be deemed received when sent, any notice sent by hand shall be deemed received when delivered and any notice sent by first class post within the United Kingdom shall be deemed received 48 hours after posting.
- 18.2** Any notification made pursuant to paragraph 2.4 will be made by email to the relevant person whose contact details are set out below or to such other person or contact details as may be notified in writing from time to time.

	Name	Email address
Orange	Jason Elphick	jason.elphick@osb.co.uk
Cobalt	Philip Horsfield	philip.horsfield@chartercourtfs.co.uk
	Dianne Malsbury	dianne.malsbury@chartercourtfs.co.uk

19 Third Party Rights

- 19.1** The provisions of this letter confer benefits on the persons specifically referred to in paragraph 1.2 (each a "Third Party") and, subject to the remaining terms of this paragraph 19, are intended to be enforceable by each Third Party by virtue of the Contracts (Rights of Third Parties) Act 1999.
- 19.2** Notwithstanding paragraph 19.1 of this letter, this letter may be rescinded or varied in any way and at any time without the consent of any Third Party.

20 Counterparts

This letter may be entered into in any number of counterparts, all of which taken together shall constitute one and the same letter. Either party may enter into this letter by signing any such counterpart.

21 Governing Law and Jurisdiction

- 21.1** This letter and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.
- 21.2** Each of the parties irrevocably agrees that the courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this letter and that accordingly any proceedings arising out of or in connection with this letter shall be brought in such courts. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

2 Charter Court Broadlands Wolverhampton WV10 6TD
T: 0333 014 3477

www.chartercourtfss.co.uk



Charter Court
Financial Services Group plc

Please indicate your acceptance of these terms by signing the enclosed duplicate of this letter and returning it to us.

Yours faithfully

Name: Ian Lonergan

Title: Chief Executive Officer

For and on behalf of Charter Court Financial Services Group plc

2 Charter Court Broadlands Wolverhampton WV10 6TD
T: 0333 014 3477

www.chartercourts.co.uk



Appendix

List of contacts

Part A – Cobalt

- Ian Lonergan
- Sebastien Maloney
- Philip Horsfield

Part B – Orange

- David Weymouth
- Andy Golding
- April Talintyre
- Jason Elphick
- Jens Bech

2 Charter Court Broadlands Wolverhampton WV10 6TD
T: 0333 014 3477
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We hereby agree to and accept the terms of this letter.


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Name: JASON ELPHICK

Title: GROUP GENERAL COUNSEL & COMPANY SECRETARY

For and on behalf of OneSavings Bank plc

Dated: 19 November 2018
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